



# ANNUAL REPORT

# 2023

# OUR LOCATIONS

Head Office, Main Branches, and Subsidiaries

## HEAD OFFICE

P.O. Box: 839 – Abu Dhabi  
Tel: 02 4080100  
Fax: 02 4080604  
Email: [adnic@adnic.ae](mailto:adnic@adnic.ae)

## MUSSAFAH BRANCH

ADNOC Vehicle Inspection Centre  
Mussafah M4  
P.O. Box: 92572 – Abu Dhabi  
Tel: 02 4080696  
Fax: 02 4080690

## SAMHA TRAFFIC BRANCH

Samha ADNOC Station  
Tel: 04 4080376  
Fax: 02 4080604

## ABU DHABI BRANCH

Abu Dhabi Traffic Police  
Vehicle Test Section  
Tel: 02 4080587/588  
Fax: 02 4080604

## AL SHAMKHA BRANCH

ADNOC Service Station  
169 | Motor World  
Tel: 02 4080576  
Fax: 02 4080604

## RUWAIS BRANCH

Ruwais City – Ruwais Mall,  
Tamm Center  
Tel: 02 8772123  
Fax: 02 4080604

## GHUWAIFAT - SILA'A BRANCH

Tel: 02 8723287  
Fax: 02 4080604

## MAHAWI BRANCH

Abu Dhabi Traffic Police Department  
Vehicle Inspection Centre  
Abu Dhabi - Al Ain Highway  
Tel: 02 6585158  
Fax: 02 4080604

## AL AIN BRANCH (1)

Khalaf Bin Ahmad Al-Otaibah Building  
Main Street (Sheikh Zayed Road)  
P.O. Box: 1407 – Al Ain  
Tel: 03 7641834  
Fax: 03 7663147

## AL AIN BRANCH (2)

Al Ain Traffic Police Dept. – Zakher  
Tel: 03 7828666  
Fax: 03 7663147

## AL AIN BRANCH (3)

Mizyad  
Abu Dhabi Traffic Police Dept.  
Tel: 03 7824250  
Fax: 03 7663147

## DUBAI BRANCH (1)

Al Muraikhi Tower, Al Maktoum Street  
P.O. Box: 11236 – Deira  
Tel: 04 5154850  
Fax: 04 5154910

## DUBAI BRANCH (2)

International Division  
Maze Tower  
Dubai - Opposite DIFC  
Tel: 04 5154850  
Fax: 04 5154910

## SHARJAH BRANCH

Al Hosn Tower,  
Showroom No. 2, Building  
No. 617/A, Al Ittihad Street  
P.O. Box: 3674 – Sharjah  
Tel: 06 5683743  
Fax: 06 5682713

### SUBSIDIARIES:

## ADNIC INTERNATIONAL LTD. LONDON - UK

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30th floor  
EC3V 4AB  
Tel: +44(0)2037534686/687

# ANNUAL REPORT

2023



صاحب السمو الشيخ محمد بن زايد آل نهيان  
رئيس دولة الإمارات العربية المتحدة  
HIS HIGHNESS SHEIKH MOHAMED BIN ZAYED AL NAHYAN  
PRESIDENT OF THE UNITED ARAB EMIRATES



المغفور له بإذن الله الشيخ زايد سلطان آل نهيان  
نعمته الله بواسع رحمته  
SHEIKH ZAYED BIN SULTAN AL NAHYAN



صاحب السمو الشيخ محمد بن راشد آل مكتوم  
نائب رئيس الدولة، رئيس مجلس الوزراء، حاكم دبي  
HIS HIGHNESS SHEIKH MOHAMMED BIN RASHID AL MAKTOUM  
VICE PRESIDENT AND PRIME MINISTER OF THE UAE AND RULER OF DUBAI

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# BOARD OF DIRECTORS



**Sheikh Mohamed Bin Saif Al-Nahyan**  
Chairman of the Board



**Sheikh Theyab Bin Tahnoon Al-Nahyan**  
Vice Chairman of the Board



**H.E. Sultan Rashed Al-Dhaheri**  
Board Member



**Mr. Abdulla Khalaf Al-Otaiba**  
Board Member



**Mr. Omar Liaqat**  
Board Member



**Mr. Abdulrahman Hamad Al-Mubarak**  
Board Member



**Mr. Hazza Mohamed Rubayea Al-Mheiri**  
Board Member



**Mr. Hamoodah Ghanem Bin Hamoodah**  
Board Member



**Mrs. Futoon Hamdan Al-Mazrouei**  
Board Member



# A MESSAGE FROM THE CHAIRMAN OF THE BOARD



**The Board of Directors is pleased to report Abu Dhabi National Insurance Company's financial results for the year ended 31 December 2023.**

This year marked a significant new chapter in the company's growth journey, underscored by its strong financial performance, strategic expansion, and the ongoing commitment to creating and growing the return on investments. During 2023, ADNIC recorded a total profit of AED 401.2 million, one of the highest in the company's history and representing an increase of 12.18% compared with the previous year. Our results are a significant indicator of the strength and excellence of the company's underwriting and investment strategies.

Going beyond our strong financial performance throughout 2023, our success indicators included expanding our geographic footprint through the strategic acquisition of a 51% stake in Allianz Saudi Fransi Cooperative Insurance Company in Saudi Arabia. This acquisition enhances our presence across the region and solidifies our position as a leading insurance company in the GCC region.

Moreover, our commitment to growth extends beyond this historic acquisition, as we continue to explore further opportunities to expand our geographic presence, reinforcing our position as a key player in the region's insurance sector. Looking ahead, we will build on our commitment towards continuous growth, leveraging our strong financial performance and operational excellence to maximise sustainable value to all our stakeholders.

Additionally, our participation in COP28 highlighted our commitment and contribution to a sustainable future, advancing the company's role in promoting the values of responsibility, preserving the environment, and securing a bright and prosperous future for generations to come.

The year 2023 represents a year of exceptional achievements for ADNIC. We extend our gratitude to our shareholders for their continuous support, and to our employees and management team whose work was the cornerstone for all our achievements.

We look forward to the year ahead with all the new challenges and opportunities it brings to the insurance sector. ADNIC is well qualified to capitalise on future opportunities and solidify its leading position within the insurance sector in the UAE.

On behalf of the Board of Directors, I would like to extend our sincere gratitude to His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister, and Ruler of Dubai, and His Highness Sheikh Mansour Bin Zayed Al Nahyan, UAE Vice President, Deputy Prime Minister, and Chairman of the Presidential Court, and Their Highnesses the members of the Supreme Council and Rulers of the Emirates, for their unwavering support.

**Sheikh Mohamed Bin Saif Al-Nahyan**  
Chairman of the Board

# A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Our journey in 2023 featured robustness, resilience and a steady progression towards our goals, exceeding expectations and opening doors in exciting new markets.

Our net profit has reached a record of AED xx million, reflecting an xx% increase compared to the previous year. This record performance is a testament to our market-leading underwriting and investment strategies. It also demonstrates our ability to create enhanced value for our esteemed shareholders.

Our growth goes beyond financial metrics. We have been actively expanding our geographic footprint, and our strategic acquisition of Allianz Saudi Fransi Cooperative Insurance Company has not only secured us a significant presence in the KSA market but has also strengthened our position as a key player in the GCC region.

Sustainability remains a core pillar of our strategic vision. We have participated in COP28 and proudly signed the UAE Climate Responsible Companies Pledge, reaffirming our commitment to environmental stewardship and aligning with the UAE's ambitious climate goals. We have made substantial investments in community projects and

initiatives, particularly in education and training programmes. Furthermore, we have fostered strong partnerships with our stakeholders, recognising that collaboration is fundamental to achieving our sustainability objectives.

Looking ahead, we remain steadfast in our commitment to achieving our ambitious sustainability goals and contributing to the nation's net-zero target by 2050. We are confident that through continued innovation, strategic partnerships, and unwavering dedication, we will set new industry benchmarks in sustainable practices.

Throughout the year, our employees faced every challenge with dedication and optimism. They navigated complex challenges with expertise, brought innovative solutions to life, and built bridges of trust with every customer interaction. They went above and beyond, not just fulfilling their duties, but embodying the very essence of what makes our company a beacon of reliability and trust.

A stylized, handwritten signature in black ink.

**Charalampos Mylonas**  
Chief Executive Officer



# CORPORATE SOCIAL RESPONSIBILITY

As the UAE embarks on a bold journey towards a sustainable future, insurance companies are poised to play a pivotal role in driving the nation's ambitious green transformation. At ADNOC, corporate social responsibility is a key pillar of our business. As one of the leading regional multi-line insurance providers for corporates and individuals, being responsible is fundamental to our long-term sustainability. We are committed to creating sustainable value for our shareholders, our customers, our employees and the community.

Our strategy is constantly evolving, and we are committed to using our resources and influence to drive positive change. Our efforts are not restricted to specific types of projects - initiatives range from health to social programmes. ADNOC's main guiding principle when it comes to CSR projects is supporting partners that help communities and address sustainability challenges. Our commitment to communities around the UAE is demonstrated in

our continuous support to knowledge initiatives such as "Bil Arabi" by the Mohammed Bin Rashid Al Maktoum Knowledge Foundation, which celebrates and highlights the importance of the Arabic language.

Our work with entities such as Ma'an and the Reach campaign is bringing attention to communities in need across the emirates, and helping them towards a brighter and healthier life. Some of the many organisations that we work with is Emirates Nature-WWF, which is helping build a future where people and nature can thrive.

Additionally, ADNOC has partnered with over 25 notable organisations across the emirates as part of its commitment to social causes.

# CONSOLIDATED **FINANCIAL STATEMENTS**

# PROPOSAL TO SHAREHOLDERS

**The Board of Directors, after the review of the Company's operations during the year 2022, proposes the following to the shareholders for their approval:**

1. Appoint the Meeting Secretary and Vote Collector.
2. Listen to and approve the Board of Directors' Report on the Company's activity and its financial position for the Fiscal Year ended on 31/12/2022.
3. Listen to and approve the Auditor's Report for the Fiscal Year ended on 31/12/2022.
4. Discuss and approve the Company's Balance Sheet and Profit & Loss Account for the Fiscal Year ended on 31/12/2022.
5. Discuss and approve the Board of Directors' proposal regarding the distribution of cash dividends of 40% of the Share Nominal Value (AED 0.40 per Share), amounting to AED 228 million for the Fiscal Year ended on 31/12/2022.
6. Discharge the Members of the Board of Directors from the responsibility for the Fiscal Year ended on 31/12/2022.
7. Discharge the Auditors from the responsibility for the Fiscal Year ended on 31/12/2022.
8. Approve the proposal regarding the remuneration of the Members of the Board of Directors for the Fiscal Year ended on 31/12/2022.
9. Appoint KPMG Lower Gulf Limited as the Auditors for the Fiscal Year 2023 and determine their fees.

**Note:**

The above proposals were approved by the shareholders during the Annual General Assembly Meeting held on 21st March 2023.

# INDEPENDENT AUDITORS' REPORT

“ To the Shareholders of Abu Dhabi National Insurance Company PJSC  
Report on the Audit of the Consolidated Financial Statements ”

## Opinion

We have audited the consolidated financial statements of Abu Dhabi National Insurance Company PJSC (“the Company”) and its subsidiary (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

## Basis for Opinion

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

Key Audit Matters (continued)

## Measurement of Insurance contract Liabilities

See note 2(f)(i), 4 and 11 to the consolidated financial statements.

## The Key Audit Matter

Measurement of gross insurance contract liabilities is a key audit matter due to the financial significance to the consolidated financial statements, and the inherent complexity involved within the estimation process. The gross insurance contract liabilities comprise premium provisions (liability for remaining coverage – LRC) and claims provisions (liability for incurred claims – LIC).

The Group has applied the Premium Allocation Approach (“PAA”) for all groups of insurance contracts, except for the life business which is measured under the General Measurement Model (“GMM”) approach.

The measurement process involves a number of actuarial estimation techniques. These techniques are reliant on historical data and a number of assumptions which are subjective in nature. Further, significant judgement is required in determining the appropriate measurement approach for distinct portfolios.

Changes to estimation techniques and assumptions can lead to a material impact on the measurement of insurance contract liabilities and a corresponding effect on the consolidated statement of profit or loss.

Insurance contract liabilities measured using the PAA remain susceptible to a risk that an inappropriate amount of LIC is estimated due the following elements:

- Methods to determine ultimate expected claims are inappropriately determined.
- Assumptions used in estimating ultimate expected claims are inappropriately developed.

- The methods, assumptions and data are inappropriately applied.

Insurance contracts liabilities measured using the GMM remain susceptible to a risk that the LRC, the contractual service margin (“CSM”) and LIC is inappropriately estimated due to the following elements:

- Methods and assumptions to determine future cash flows, CSM, discount rate and ultimate expected claims are inappropriately determined.
- The methods, assumptions and data are inappropriately applied.

The measurement of these liabilities depends on complete and accurate data. If the data used in calculating the above insurance contract liabilities is not complete and accurate, then material impacts on financial statements may arise.

Specific audit and actuarial expertise is required to evaluate complex actuarial methodologies and assumptions.

## Transition to IFRS 17

Transition to IFRS 17 Insurance Contracts (“IFRS 17”) represents a material change to the recognition, measurement and presentation of insurance contracts. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”), the Group has recognized the impact upon transition to the new standard within equity and has restated the comparative financial information.

IFRS 17 also introduced disclosure requirements which require considerable management effort and interpretation in the preparation of the consolidated financial statements.

Measurement of Insurance contract Liabilities

See note 2(f)(i), 4 and 11 to the consolidated financial statements.

How the matter was addressed in our audit

- Our audit procedures, supported by our actuarial and accounting specialists, included:
- Performing walkthroughs to understand and assess the design effectiveness and implementation of the controls over the underwriting, claims payments and reserving (estimation of LIC and LRC) processes.
- Testing operating effectiveness of key controls over underwriting, claims payments and reserving process, including IT general and application controls.
- Holding discussions with finance and actuarial staff and management’s actuarial specialists to obtain an understanding of the following:
  - LIC, LRC and CSM estimation methodology;
  - Key assumptions used and changes thereof; and
  - Transition approach and the process followed.
- Assessing the appropriateness of management’s assessment to determine the classification of groups of insurance contracts; and the selection of the appropriate measurement approaches.
- Evaluating methods and assumptions to determine the appropriateness of ultimate expected claims including ultimate claim ratios, frequency and severity of claims, and claims payment patterns. This included evaluating management’s methodology against market practice.
- Performing an independent calculation of LIC for a sample of insurance contract groups to challenge management’s assumptions used within the LIC calculation.
- Evaluating methods and assumptions used by management to estimate amount, timing, uncertainty of future cash flows and estimate discount rate and the CSM. This involved:
  - evaluating management’s methodology to estimate the discount rate and its re-calculation;
  - performing a re-projection of the cash flows and CSM;
  - performing a roll forward of CSM for a sample of contracts.
- Checking the mathematical accuracy of the methods, assumptions and data to measure the insurance contract liabilities.
- Evaluating management’s method for determining expected premium receipts, including the methodology for allocation of expected premium receipts to the relevant accounting period.
- Assessing the competence, qualification, independence and integrity of the Group’s external actuarial experts.
- Considering the terms of engagement between management specialists and the Group to understand the scope of work to be performed by management specialists, and evaluating whether the scope addresses the specific requirements of IFRS 17 implementation.
- Testing the completeness, accuracy and relevance of data used to determine LIC, LRC and the CSM balance.
- Evaluating the new accounting policies adopted by the Group upon transition to IFRS 17. This involved challenging management on areas of judgement and methodology choices considering the IFRS 17 principles and market practice.
- Assessing the completeness and accuracy of disclosures within the financial statements in respect of the transition, LIC, LRC and the CSM considering the disclosure requirements of IFRS 17.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors’ statement and Chief Executive Officer’s statement, which we obtained prior to the date of this auditors’ report, and the remaining sections of the Group’s Annual Report which are expected to be made available to us after that date.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, UAE Federal Law No. 48 of 2023 and the Financial Regulations for Insurance Companies issued on 28 December 2014, 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.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 within 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 period and are therefore the key audit matters. We describe these matters in our auditors' 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.

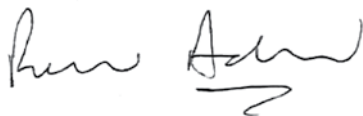
## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2023:

- 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 Decree Law No. 32 of 2021;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 8 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2023;
- vi) note 25 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 UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2023; and
- viii) note 31 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2023.

Further, as required by the UAE Federal Law No. 48 of 2023 and the Financial Regulations for Insurance Companies issued on 28 December 2014, we report that we have obtained all the information and explanations we considered necessary for the purposes of our audit.

KPMG Lower Gulf Limited



Richard Ackland  
Registration number: 1015  
Abu Dhabi, United Arab Emirates

Date: 12 Feb 2024

# ABU DHABI NATIONAL INSURANCE COMPANY PJSC AND ITS SUBSIDIARY

## CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

Assets	Note	31 December 2023 AED'000	31 December 2022 AED'000 Restated*	01 January 2022 AED'000 Restated*
Property and equipment	7	77,598	82,750	83,368
Financial assets at amortised cost	8	1,146,479	961,658	759,325
Financial assets at fair value through other comprehensive income	8	1,529,033	1,594,847	1,865,607
Financial assets at fair value through profit or loss	8	347,305	407,673	378,031
Investment properties	9	670,987	672,669	663,711
Statutory deposits	10	10,000	10,000	10,000
Insurance contract assets	11	14,491	2,706	-
Reinsurance contract assets	11	2,729,109	1,662,970	1,440,155
Prepayments and other receivables	12	34,001	36,368	31,708
Deposits	13	121,721	278,331	243,440
Cash and cash equivalents	13	1,035,637	692,583	778,549
<b>Total assets</b>		<b>7,716,361</b>	<b>6,402,555</b>	<b>6,253,894</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Retained earnings	14	1,015,055	827,727	627,270
Share capital	15	570,000	570,000	570,000
Share premium		110,925	110,925	110,925
Legal reserve	16(a)	285,000	285,000	285,000
Insurance finance reserve	16(b)	51,628	77,177	(1,253)
Fair value reserve	16(c)	(173,518)	(186,468)	195,219
General reserve	17	1,000,000	1,000,000	1,000,000
Reinsurance default risk reserve	18	59,998	43,892	26,563
<b>Total equity</b>		<b>2,919,088</b>	<b>2,728,253</b>	<b>2,813,724</b>
<b>Liabilities</b>				
Insurance contract liabilities	11	4,633,613	3,428,626	3,227,099
Reinsurance contract liabilities	11	4,400	23,818	2,759
Employees' end of service benefits	19	22,465	23,922	24,106
Bank overdraft	13	-	44,400	56,393
Other payables	20	136,795	153,536	129,813
<b>Total liabilities</b>		<b>4,797,273</b>	<b>3,674,302</b>	<b>3,440,170</b>
<b>Total equity and liabilities</b>		<b>7,716,361</b>	<b>6,402,555</b>	<b>6,253,894</b>

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the financial Position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2023.



Chairman of the Board of Directors



Chief Executive Officer

The notes set out on pages 12 to 105 form an integral part of these consolidated financial statements.

The independent auditors' report on audit of the consolidated financial statements is set out on pages 1 to 6.

\* Comparative information has been restated on account of first-time adoption of IFRS 17 Insurance Contracts (refer note 4).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December

	Note	2023 AED'000	2022 AED'000 Restated*
Insurance revenue	26	4,640,858	4,662,851
Insurance service expenses	26	(3,614,858)	(2,951,319)
Income from reinsurance contracts	26	2,065,081	1,541,846
Expenses from reinsurance contracts	26	(2,724,473)	(2,870,790)
Insurance service result		366,608	382,588
Net Investment income**	21	206,686	144,235
Finance income / (expenses) from insurance contracts, net	21	65,577	(5,186)
Finance (expenses) / income from Reinsurance contracts, net	21	(57,905)	1,400
Net finance income / (expenses)		7,672	(3,786)
Net financial result		580,966	523,037
Other operating expenses	22	(179,799)	(165,428)
Profit before tax		401,167	357,609
Tax expense	23	(4)	(18)
Profit for the year		401,163	357,591
Earnings per share:			
Earnings per share (AED)	24	0.70	0.63

The notes set out on pages 12 to 105 form an integral part of these consolidated financial statements.

The independent auditors' report on audit of the consolidated financial statements is set out on pages 22 to 27.

\* Comparative information has been restated on account of first time adoption of IFRS 17 Insurance Contracts (refer note 4).

\*\* Net investment income includes interest income based on effective interest rate.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	2023 AED'000	2022 AED'000 Restated*
Profit for the year	401,163	357,591
Other comprehensive income		
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Gain on sale of equity investments at fair value through other comprehensive income, net	29,493	88,195
Change in fair value of equity investments at fair value through other comprehensive income, net	13,574	(328,888)
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:		
Net change in fair value of debt investments at fair value through other comprehensive income	(663)	(52,675)
Impairment charge / (reversal) on debt investments measured at fair value through comprehensive income – reclassified to profit or loss	39	(124)
Finance (expenses) / income from insurance contracts, net	(101,459)	182,875
Finance income / (expenses) from reinsurance contracts, net	75,910	(104,445)
Other comprehensive income / (loss) for the year	16,894	(215,062)
Total comprehensive income for the year	418,057	142,529

The notes set out on pages 12 to 105 form an integral part of these consolidated financial statements.

The independent auditors' report on audit of the consolidated financial statements is set out on pages 22 to 27.

\* Comparative information has been restated on account of first time adoption of IFRS 17 Insurance Contracts (refer note 4).

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December

	Share capital AED'000	Share premium AED'000	Legal Reserve AED'000	General Reserve AED'000	Fair value reserve AED'000	Insurance finance reserve AED'000	Reinsurance default risk reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2022, as previously reported	570,000	110,925	285,000	1,000,000	195,219	-	26,563	643,746	2,831,453
Adjustment on initial application of IFRS 17, net of tax	-	-	-	-	-	-	-	(16,476)	(16,476)
Adjustment in other comprehensive income on initial application of IFRS 17, net of tax	-	-	-	-	-	(1,253)	-	-	(1,253)
Restated balance at 1 January 2022	570,000	110,925	285,000	1,000,000	195,219	(1,253)	26,563	627,270	2,813,724
<i>Total comprehensive income (restated*)</i>									
Profit for the year	-	-	-	-	-	-	-	357,591	357,591
Other comprehensive (loss) / income for the year	-	-	-	-	(381,687)	78,430	-	88,195	(215,062)
Total comprehensive (loss) / income for the year (restated*)	-	-	-	-	(381,687)	78,430	-	445,786	142,529
<i>Transactions with owners of the Company</i>									
Dividend paid (note 14)	-	-	-	-	-	-	-	(228,000)	(228,000)
Total transactions with owners of the Company	-	-	-	-	-	-	-	(228,000)	(228,000)
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	-	17,329	(17,329)	-
<b>Restated balance at 31 December 2022</b>	<b>570,000</b>	<b>110,925</b>	<b>285,000</b>	<b>1,000,000</b>	<b>(186,468)</b>	<b>77,177</b>	<b>43,892</b>	<b>827,727</b>	<b>2,728,253</b>
Balance at 1 January 2023	570,000	110,925	285,000	1,000,000	(186,468)	77,177	43,892	827,727	2,728,253
<i>Total comprehensive income:</i>									
Profit for the year	-	-	-	-	-	-	-	401,163	401,163
Other comprehensive income / (loss) for the year	-	-	-	-	12,950	(25,549)	-	29,493	16,894
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,950</b>	<b>(25,549)</b>	<b>-</b>	<b>430,656</b>	<b>418,057</b>
<i>Transaction with owners of the Company:</i>									
Dividend paid (note 14)	-	-	-	-	-	-	-	(228,000)	(228,000)
Dividend unpaid written off	-	-	-	-	-	-	-	778	778
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(227,222)</b>	<b>(227,222)</b>
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	-	16,106	(16,106)	-
<b>Balance at 31 December 2023</b>	<b>570,000</b>	<b>110,925</b>	<b>285,000</b>	<b>1,000,000</b>	<b>(173,518)</b>	<b>51,628</b>	<b>59,998</b>	<b>1,015,055</b>	<b>2,919,088</b>

The notes set out on pages 12 to 105 form an integral part of these consolidated financial statements.

The independent auditors' report on audit of the consolidated financial statements is set out on pages 22 to 27.

\* Comparative information has been restated on account of first time adoption of IFRS 17 Insurance Contracts (refer note 4).

CONSOLIDATED STATEMENT  
OF CASH FLOWS

for the year ended 31 December

	Note	2023 AED'000	2022 AED'000 Restated*
<b>Cash flows from operating activities</b>			
Profit for the year		401,163	357,591
<i>Adjustments for:</i>			
Depreciation	7	21,283	20,018
Amortisation expense, net	8	(127)	59
Charge of expected credit losses of other financial assets, net		(178)	(478)
Change in fair value of financial assets at fair value through profit or loss, net	21	(23,568)	20,609
Change in fair value of investment properties	21	2,150	(7,548)
Provision for employees' end of service benefits	19	3,761	3,565
Other finance cost		1,525	1,048
Interest income	21	(82,944)	(36,538)
Dividend income	21	(79,784)	(111,332)
Gain on sale of financial assets at fair value through profit or loss	21	(14,591)	(5,469)
Tax expense	23	4	18
Net cash generated from operations		228,694	241,543
Changes in:			
Insurance and reinsurance contracts		82,097	75,494
Prepayments and other receivables		12,300	(544)
Other payables		(16,741)	23,723
Cash from operations		306,350	340,216
Employees' end of service benefits paid		(5,218)	(3,749)
Interest paid		(1,526)	(1,048)
Tax paid		(4)	(18)
Net cash generated from operating activities		299,602	335,401
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		1,218,552	924,946
Purchase of investments		(1,196,676)	(1,194,616)
Bank deposits withdrawn		278,331	243,440
Bank deposits placed		(121,721)	(278,331)
Additions to property and equipment	7	(16,131)	(19,400)
Additions to investment properties	9	(468)	(1,410)
Interest received		73,490	32,450
Dividend income received		79,784	111,332
Net cash generated from / (used in) investing activities		315,207	(181,602)
<b>Cash flows from financing activities</b>			
Dividend paid	14	(228,000)	(228,000)
Dividend unpaid write off		778	-
financing activities		(227,222)	(228,000)
Net decrease in cash and cash equivalents		387,587	(74,201)
Cash and cash equivalents at 1 January		648,280	722,481
Cash and cash equivalents at 31 December	13	1,035,867	648,280

The notes set out on pages 12 to 105 form an integral part of these consolidated financial statements.

The independent auditors' report on audit of the consolidated financial statements is set out on pages 22 to 27.

\* Comparative information has been restated on account of first time adoption of IFRS 17 Insurance Contracts (refer note 4).

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

1. Legal status and activities

Abu Dhabi National Insurance Company PJSC (the 'Company') is a Public Joint Stock Company registered and incorporated in Abu Dhabi, United Arab Emirates, by virtue of Law No. (4) of 1972 (as amended), and is governed by the provisions of Federal Law No. (48) of 2023 concerning the Organization of the Insurance Operations and the Federal Decree Law No. (32) of 2021 concerning the Commercial Companies, Central Bank of UAE Board of Directors' Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Central Bank of UAE Board of Directors' Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations.

The Company's principal activity is the transaction of insurance and reinsurance business of all classes and is registered and it is licensed and supervised by the Central Bank of UAE under registration No. (001). The registered office of the Company is located in ADNIC Building No. (403), Khalifa Street, P. O. Box 839, Abu Dhabi, UAE.

2. Basis of preparation

(a) Basis of consolidation

The consolidated financial statements comprises the financial results of the Company and its following subsidiary (together "the Group"):

Subsidiary	Principal activity	Country of incorporation	Ownership
ADNIC International LTD*	Other activities auxiliary to insuranc	United Kingdom	100%

\* The Company incorporated a wholly owned subsidiary on 3 July 2017 named ADNIC International LTD to operate as a representative office of the Company in London, England.

The subsidiary is fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary are prepared for the same reporting year as the Group, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised gains / losses arising from intra-group transactions, are eliminated in preparing the Group's consolidated financial statements.

(b) Basis of accounting

As explained in note 3, the Group has adopted IFRS 17 Insurance Contracts, including any consequential amendments to other standards, with a date of initial application of 1 January 2023. The requirements of IFRS 17 have resulted in significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts in the opening balances.



**2. Basis of preparation (continued) »»**

**(c) Statement of compliance**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply with applicable requirements of the Federal Law No. (48) of 2023 (as amended) concerning the Establishment of the Insurance Authority & Organisation of the Insurance Operations, the Federal Decree Law No. 32 of 2021 concerning the Commercial Companies, Central Bank of UAE Board of Directors' Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Central Bank of UAE Board of Directors Decision No. (23) of 2019 Concerning Instructions Organising Reinsurance Operations.

**(d) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention except for the following:

- Investment properties, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income which are carried at fair values.
- Groups of insurance and reinsurance contracts, which are measured as a sum of the fulfilment cash flows, which represent the risk-adjusted present value of estimates of expected cash flows, and the contractual service margin (CSM), which represents the unearned profit that the entity will recognise as it provides services over the coverage period. The Group also elects to measure all insurance contracts under the premium allocation approach PAA where eligible to do so. The details of the Group's significant accounting policies and measurement approach are included in note 4 of these financial statements.

**(e) Functional and reporting currency**

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Parent's functional currency whereas the currency of subsidiary in GBP. Except as indicated, financial statements presented in AED has been rounded to the nearest thousand.

**(f) Use of judgements and estimates**

In preparing these Consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

**(i) 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:

*Discount rates*

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). Management uses judgement to assess liquidity characteristics of the liability cash flows.

**2. Basis of preparation (continued) »»**

*(f) Use of judgements and estimates (continued)*

*(i) Estimation uncertainty (continued)*

*Estimates of future cash flows to fulfil insurance contracts:*

Included in the measurement of each group of contracts within the scope of IFRS 17, are all future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows.

The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts using relevant proxies.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Such estimates are made using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

*Methods used to measure the risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion.

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond.

*Measurement of the expected credit losses allowance*

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL") requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

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

## 2. Basis of preparation (continued) >>

(f) Use of judgements and estimates (continued)

(i) Estimation uncertainty (continued)

Measurement of the expected credit losses allowance (continued)

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

### Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation consultants based on discounted cash flow (DCF) and investment method of valuation. The investment method analyses potential rental income from the property taking into account expected rental growth and deducts the expenses incurred in the operation of the asset. The DCF method calculates the present value of net cashflows.

Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual values realised. The change in fair value recognised in the consolidated statement of profit or loss for the year ended 31 December 2023 is a decrease of AED 2,150 thousand (31 December 2022 AED 7,548 thousand).

### (ii) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements.

#### Classification of investments

Management decides on acquisition of an investment whether it should be classified as investments carried at fair value or amortised cost on the basis of both:

- (a) its business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

For equity investments carried at fair value, management decides whether it should be classified as financial assets carried at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Investments in equity instruments are classified and measured at FVTPL except if the equity investment is not held for trading and is designated by the Group at FVOCI.

Further, even if the asset meets the amortised cost criteria the Group may choose at initial recognition to designate the financial asset as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For debt securities acquired to match its business model of development of the line of business, the Group classifies these investments as financial assets at fair value through other comprehensive income.

### Fair value of financial instruments

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

## 2. Basis of preparation (continued) >>

(f) Use of estimates and judgement (continued)

(ii) Judgements (continued)

Fair value of financial instruments (continued)

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 values are based on Net Asset Values (NAV) calculated by the respective fund managers. For other investments, if there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

### Definition and classification

Judgement is required in order to determine whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, which measurement model is applicable:

- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk;
- Whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features;
- Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:
  - whether the pool of underlying items is clearly identified;
  - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
  - whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.
- For insurance contracts with a coverage period of more than one year and for which the entity applies the Premium Allocation Approach (PAA), the eligibility assessment as required by paragraphs 53(a), 54, 69(a) and 70 of IFRS 17 might involve significant judgement.

Judgement is involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts – whether the contract with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination;
- Separation – whether components in paragraphs 11–12 of IFRS 17 are distinct (that is, they meet the separation criteria); and
- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

### Unit of account

Judgement is involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together).

**2. Basis of preparation (continued) »»**

(f) Use of estimates and judgement (continued)  
(ii) Judgements (continued)  
Unit of account (continued)

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

- paragraph 17 of IFRS 17 – the determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by paragraph 16 of IFRS 17; and
- paragraphs 18 and 19 of IFRS 17 – judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of potential judgement.

For insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

The determination of whether laws or regulations constrain the Group's practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Group might include such contracts in the same group, disregarding the aggregation requirements set in paragraphs 14–19 of IFRS 17, is an area of judgement.

*Recognition and derecognition*

When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition. In particular, after the modification, judgement is applied to determine whether:

- significant insurance risk still exists;
- there are elements that are to be distinct from the contract;
- contract boundaries have changed;
- the contract would have to be included in a different group, subject to aggregation requirements; and
- the contract no longer meets the requirements of the measurement model.

*Fulfilment cash flows*

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17.

Judgements might be involved to determine when the Group is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.

Where features such as options and guarantees are included in the insurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.

The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses, because investment components should be excluded from those.

**2. Basis of preparation (continued) »»**

(f) Use of estimates and judgement (continued)  
(ii) Judgements (continued)

*Revenue recognition*

Insurance revenue and reinsurance expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognised in consolidated statement of profit or loss for the insurance contract services provided or received in the year.

Areas of potential judgement are:

- the determination of the expected coverage period over which the CSM is allocated into consolidated statement of profit or loss for the services provided or received, that is, the determination of expected insurance coverage period;
- the determination of the coverage units provided or received in the current period and expected to be provided in future periods, including the determination of the relative weighting of the benefits provided by insurance coverage; and
- factoring in the time value of money when determining the equal allocation of the CSM to the coverage units provided or received.

An entity might apply judgement to determine whether the treatment of certain consequential insurance risks within Liability For Remaining Coverage (LRC) or Liability For Incurred Claims (LIC) reflects the most useful information about the insurance services provided by the entity to the policyholder.

For contracts measured under the General Measurement Model (GMM) in which the Group has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Group considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Group's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

**3. New and amended standards and interpretations**

**New currently effective requirements**  
**IFRS 17 Insurance Contracts**

The Group has initially applied IFRS 17 Insurance Contracts (IFRS 17), which replaces IFRS 4 Insurance Contracts (IFRS 4), including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group has restated certain comparative amounts for the prior year.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The application of the principles set out under IFRS 17 is covered in note 4.

**Other new standards or amendments**

The following are other new standards or amendments which do not have a significant impact on the Group's consolidated financial statements, when effective:

3. New and amended standards and interpretations (continued) >>

*New currently effective requirements (continued)*

Other new standards or amendments	Effective date
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 - International Tax Reform – Pillar Two Models Rules	23 May 2023

**Forthcoming requirements**

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing this Consolidated financial statements.

New standards or amendments	Effective date
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 16 – Supplier Finance Agreement	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Construction of Assets between an Investor and its Associate or Joint Venture	N/A*

\* Available for optional adoption / effective date deferred indefinitely.

4 **Material accounting policies**



The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise in these consolidated financial statements.

In addition, the Group adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) and from 1 January 2023. The amendments require the disclosure of material rather than significant accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

**Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*(a) As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

4 **Material accounting policies (continued) >>**

*Leases*

*(a) as a lessee (continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'other payables' in the consolidated statement of financial position.

*Short-term leases and leases of low-value assets*

The Group does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*(b) As a lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.



#### 4 Material accounting policies (continued) »»

*Leases (continued)*

*(b) As a lessor (continued)*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (note 4, impairment). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

##### **Financial assets and liabilities**

###### ***Recognition***

The Group initially recognises deposits and debt securities issued on the date that they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Group commits to purchase or sell the asset. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

###### ***Derecognition***

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

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in:

- (i) Consolidated statement of profit or loss, for securities held at amortised cost or FVTPL, or
- (ii) Consolidated statement of profit or loss and other comprehensive income, for investments at FVOCI. At the time of derecognition of FVOCI equity investment any revaluation reserve is transferred to retained earnings. On derecognition of FVOCI debt investments, gains and losses accumulated in OCI are reclassified to profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

#### 4 Material accounting policies (continued) »»

*Financial assets and liabilities (continued)*

*Derogation (continued)*

###### ***Designation at amortised cost***

Debt instruments are classified as investments at amortised cost only if:

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

If either of the two criteria is not met, the financial instrument is classified at fair value through profit or loss, unless meets the classification as FVTOCI-. Further, even if the asset meets the amortised cost criteria, the Group may choose at initial recognition to designate the financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

###### ***Designation at fair value***

Investments in equity instruments are classified and measured at fair value through profit or loss except if the equity investment is not held for trading and is designated by the Group at fair value through other comprehensive income. If the equity investment is designated at fair value through other comprehensive income, all gains and losses, except for dividend income which is recognised on the date on which the Group's right to receive payment is established, are recognised in consolidated statement of other comprehensive income and are not subsequently reclassified to the consolidated statement of profit or loss.

###### ***Other financial assets***

Other non-derivative financial assets, such as cash and cash equivalents, statutory deposits, insurance and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

###### ***Offsetting***

Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards. Gains and losses arising from a group of similar transactions are reported on a net basis.

###### ***Amortised cost measurement***

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

###### ***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.



## 4 Material accounting policies (continued) »»

*Fair value measurement (continued)*

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 best economic interest.

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

The 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 6.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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

## 4 Material accounting policies (continued) »»

### Impairment

#### (i) Financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If the credit risk on the financial asset has increased significantly since initial recognition, loss allowance equal to the lifetime ECL is recognised and if the credit risk on the financial asset has not increased significantly since initial recognition, loss allowance equal to the 12-months ECL is recognised.

#### (i) Financial assets

For insurance balances and other receivables, the Group applies the simplified approach permitted by IFRS 9 which requires expected credit lifetime losses to be recognised from initial recognition of receivables. The expected loss rates are based on the historical credit losses experienced by assessing the payment profiles of sales. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the counterparties to settle the receivable. Insurance balances and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Expected credit losses for other financial assets, i.e., bank balances, term deposits, debt instruments at amortised cost and FVOCI are determined using the low credit risk expedient, and therefore the Group measures loss allowance for these financial assets at 12-month ECL.

The impairment charge of debt investments at FVOCI is charged to consolidated statement of profit or loss and reduces the fair value loss otherwise recognised in consolidated statement of profit or loss and other comprehensive income.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### (ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties) whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

4 Material accounting policies (continued) »»

Impairment (continued)  
(ii) Non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Finance cost

Finance cost / interest paid is recognised in the consolidated statement of profit or loss as it accrues and is calculated by using the effective interest rate method.

Property and equipment

Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent cost

The cost of replacing a part of property and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits within the part will flow to the Group and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The cost of day-to-day servicing of property and equipment is recognised in the consolidated statement of profit or loss.

Gains and losses on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within other operating income in the consolidated statement of profit or loss.

Depreciation

Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the remaining economic useful lives of all property and equipment. Freehold land and capital work in progress are not depreciated.

The economic useful lives of assets, from the date of use, for the current and comparative period are estimated to be as follows:

	Useful life
Building	10 - 20 years
Furniture, fixtures and leasehold improvements	4 - 10 years
Computer hardware, software and office equipment	2 - 8 years
Motor vehicles	5 years
Depreciation methods, useful lives and residual values are reassessed at each reporting date.	

4 Material accounting policies (continued) »»

Impairment (continued)

Impairment

The carrying amounts are reviewed at each reporting date for indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the consolidated statement of profit or loss to the extent that carrying values do not exceed the recoverable amounts.

Cash and cash equivalents

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

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in the consolidated statement of profit or loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Group holds investment properties which are disclosed in note 9.

Revenue – non-insurance

Revenue is measured based on the consideration specified in a contract.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease and is stated net of related expenses.

Investment income

Interest income is recognised in the consolidated statement of profit or loss as it accrues on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends which is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities.

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.

**4 Material accounting policies (continued) »»**

**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.

**Provisions**

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

**Employees end of service benefits**

*Defined benefit plan*

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

*Defined contribution plan*

The Group pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with the Federal Law No. (7) of 1999 and Federal Decree Law No. (57) of 2023 for Pension and Social Security.

**Dividend**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

**Taxes**

*Current income tax*

The tax currently payable is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group or its subsidiary operates and generates taxable income.

**Insurance contracts**

*Definition and classification*

The Group issues contracts that transfer either insurance risk or both insurance and financial risks. The Group does not issue contracts that transfer only financial risks.

**4 Material accounting policies (continued) »»**

*Insurance contracts (continued)*

*Definition and classification (continued)*

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

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

The Group does not write any investment contracts with discretionary participation features or insurance contracts with direct participation features.

*Changes to classification and measurement*

For the Group, IFRS 17 has not resulted in a material change in the classification of insurance contracts relative to IFRS 4.

Previously, the Group measured contracts at the line of business level under IFRS 4. IFRS 17 has introduced a new unit of account at which insurance and reinsurance contracts are measured. Contracts are grouped into a unit of account based on the portfolio, cohort and profitability group to which the contract belongs.

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 CSM.

The Group applies the premium allocation approach (PAA) to simplify the measurement of contracts for all groups except for the single premium credit life business which is not eligible for this approach. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

*Changes to preparation and disclosures*

For presentation in the statement of financial position, the line items for insurance and reinsurance contracts issued and reinsurance contracts held have been changed significantly compared with last year. Previously balance sheet items related to insurance and reinsurance contracts were split into the following line items:

- **Assets:**
  - Insurance balances receivable;
  - Reinsurers' share of unearned premiums reserve;
  - Reinsurers' share of outstanding claims reserve; and
  - Reinsurers' share of claims incurred but not reported reserve.

## 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*

*Changes to preparation and disclosures (continued)*

### • Liabilities:

- Unearned premiums reserve;
- Outstanding claims reserve;
- Claims incurred but not reported reserve; and
- Allocated and unallocated loss adjustment expenses reserve.

Under IFRS 17, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately on the balance sheet:

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

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

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

- Gross written premiums;
- Reinsurance share of gross written premiums;
- Net transfer to unearned premiums reserve;
- Commissions earned;
- Commissions incurred;
- Gross claims paid;
- Reinsurance share of claims paid;
- Change in outstanding claims reserve;
- Change in reinsurance share of outstanding claims reserve;
- Net change in incurred but not reported claims reserve;
- Change in allocated and unallocated loss adjustment expenses reserve;
- Other income and expenses related to underwriting activities;
- General and administrative expenses; and
- Charge for expected credit losses of insurance balances receivable.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expenses;
- Reinsurance expenses;
- Reinsurance income;
- Insurance finance income and expenses; and
- Reinsurance finance income and expenses.

The Company provides disaggregated qualitative and quantitative information about:

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

### *Application of judgement on transition*

The Group has determined that reasonable and supportable information was available for all contracts in force at the transition date. For all contracts that are eligible for the PAA, the Group has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full

## 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*

*Application of judgement on transition (continued)*

retrospective application practicable. All contracts not measured under the PAA were issued during the financial year prior to transition and thus there is reasonable and supportable information to use the fully retrospective approach for these contracts.

Accordingly, the Group has: identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied; derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

The Group has not recognised any insurance acquisition cash flows assets relating to insurance contracts issued or expected to be issued.

### *Unit of account*

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts except for some smaller lines which are managed together and have been combined into a single portfolio.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year.

Each cohort is further disaggregated into groups of contracts:

- Contracts that are onerous at initial recognition;
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- A group of remaining contracts.

This level of granularity determines sets of contracts. Significant judgement is used to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Group will assess profitability at the cohort level as these are all deemed to have homogenous profitability. If facts and circumstances indicate that any specific segment / group of contracts within the portfolio is expected to have different profitability characteristics from the rest of the portfolio, then these will be split into a separate profitability group.

For short duration contracts, the Group uses normalised risk adjusted expected total combined ratio to split contracts into the three different groups above. For longer term contracts, the Group calculates a risk adjusted profit margin (the ratio of the CSM to the present value of future premiums) at inception to determine the profitability grouping.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group has split reinsurance contracts into portfolio based on the product lines which are covered by the reinsurance contract.

Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a cohort into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.



4 Material accounting policies (continued) »»

Insurance contracts (continued)  
Unit of account (continued)

This level of granularity determines sets of contracts. Significant judgement is used to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all reinsurance contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For all reinsurance contracts net gain or net loss is assessed at a cohort level as this is the most granular level where profitability is available.

The Group uses the reinsurance combined ratio to allocate contracts to each of the three groups above.

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts.

Recognition and derecognition

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

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

Insurance contracts acquired in a business combination within the scope of IFRS 3 or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held are recognised as follows:

- A group of reinsurance contracts held that provide proportionate coverage is recognised at the later of the beginning of the coverage period of the group and the initial recognition of any underlying insurance contract; and
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held; unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the cohort restriction. Composition of the groups is not reassessed in subsequent periods.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

4 Material accounting policies (continued) »»

Insurance contracts (continued)  
Recognition and derecognition (continued)

- If the modified terms had been included at contract inception and the Group would have concluded that the modified contract is not within the scope of IFRS 17, results in different separable components, results in a different contract boundary or belongs to a different group of contracts;
- The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; and
- The original contract was measured under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a contract is derecognised (and not measured under the PAA), the liability is adjusted as follows:

1. The present value of future cash flows and risk adjustment (RA) for the group of contracts is adjusted such that they are equal to zero; and
2. The CSM or LC is adjusted as follows:
  - a. if the derecognition is not as a result of a transfer to a third party or a modification: the full change in the FCFs is made to the present value of future cash flows and risk adjustment (RA) for the group of contracts;
  - b. If the contract is transferred to a third party: the full change in the FCFs is made to the present value of future cash flows and risk adjustment (RA) for the group of contracts less the premium charged by the third party; and
  - c. If the contract is derecognised due to a modification: the full change in the FCFs is made to the present value of future cash flows and risk adjustment (RA) for the group of contracts less the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium was actually received.

The number of coverage units for the expected remaining coverage will be reduced by the number of coverage units that the contract derecognised represented.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to the consolidated statement of profit or loss:

- If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment; and
- If the contract is transferred to a third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party

If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms, is recognised as the new contract at the date of the contract modification less any additional premium charged for the modification.

Measurement approach

The Group elects to measure all insurance contracts under the PAA where eligible to do so. Currently all insurance contracts are eligible and thus measured under the PAA except for the single premium credit life business which is measured under the GMM.

Contracts written by the Group that have a coverage period of one year or less are automatically eligible for the PAA. The Group does write some contracts that have a coverage period exceeding one year and which were not automatically eligible. These are the Property, Motor (non-Fleet), Casualty and Engineering portfolios. For all the groups of contracts within the portfolio, the LRC measured under the PAA and the GMM were projected over the lifetime of the contracts, considering different reasonable scenarios, to determine if the differences were significant.



## 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*  
*Measurement approach (continued)*

The Group has found that for all these contracts the PAA provided a reasonable approximation of the GMM and were thus eligible for measurement under the PAA.

The Group elects to measure all reinsurance contracts under the PAA where eligible to do so. Currently all reinsurance contracts are eligible (and thus measured under the PAA) except for the single premium credit life reinsurance portfolio.

### *Accounting approach*

ADNIC has elected to determine cumulative results for each reporting period, and estimates made by the Group in previous financial statements will not be considered when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

### *Measurement of the FCF*

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

The Group has used consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts.

The Group measures the estimates of the present value of the future cash flows for the group of reinsurance contracts held and includes the effect of any risk of non-performance by the issuer of the reinsurance contract. In addition, the Group includes the effects of collateral and losses from the disputes while estimating the present value of the future cash flows for the group of reinsurance contracts held. Accordingly, the respective line 'changes in the risk of non-performance of the issuer of reinsurance contracts held' is included in the reinsurance contracts assets and liabilities reconciliation.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

### *Contract boundaries*

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

## 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*  
*Contract boundaries (continued)*

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

- i) the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio;
- ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods; and
- iii) beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary of the treaty business of the Group which is written on a risk attaching basis includes the reinsurer's share of all the cash flows of all contracts that attach during the term of the treaty. Treaty business written on a loss occurring basis includes the reinsurer's share of all the cash flows that are incurred within the treaty term. Reinsurance contracts written on a facultative business include the reinsurer's share of all the cash flows within the contract boundary of the underlying contract.

### *Measurement of expenses*

The Group had defined acquisition expenses as the costs of selling, underwriting and starting issuing a group of insurance contracts as per IFRS 17 requirements. The Group had defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or group of contracts (as opposed to new business in general).

The Group has defined all other expenses as maintenance expenses. The Group has defined maintenance costs as attributable if they could not have been avoided if the contract had not been entered into. Where this is unclear, the Group has determined that maintenance costs are attributable if that expense would continue in run-off.

The Group has separated the outwards reinsurance costs from other expenses using a systematic allocation. The Group defines such expenses as attributable to the reinsurance contracts in line with the principles for direct contracts.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance and reinsurance contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Group allocates these using relevant proxies. Similar methods are consistently applied to allocate expenses of a similar nature.

4 Material accounting policies (continued) >>>

*Insurance contracts (continued)*  
*Measurement of expenses (continued)*

The Group does not pay (or recognise a liability, applying a standard other than IFRS 17) directly attributable acquisition costs before a group of insurance contracts is recognised. As such, no pre-recognition acquisition costs assets have been established.

**Initial and subsequent measurement – group of contracts measured under the PAA**

For insurance contracts issued measured under the PAA, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid. Insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- Increased for premiums received during the year;
- Decreased for insurance acquisition cash flows paid during the year;
- Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided during the year; and
- Increased for the amortisation of insurance acquisition cash flows during the year recognised as insurance service expenses.

The Group does not adjust the LRC for insurance contracts issued for the effect of the time value of money, because insurance premiums are due within a year of the coverage provided associated with each premium.

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts with the exception of engineering (all risk) and Construction (all risk) and Marine Cargo contracts where revenue is recognised based on expected timing of incurred insurance service expenses.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage for contracts measured under the PAA at the amount of ceding premiums paid less ceding commission received from the reinsurer.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- Increased for ceding premiums paid during the year;
- Decreased for ceding commissions or investment components received during the year; and
- Decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received during the year.

The Group does not adjust the remaining coverage for reinsurance contracts held for the effect of the time value of money, because reinsurance premiums are due within a year of the coverage provided associated with each premium.

For groups of reinsurance contracts measured under the PAA, the Group recognises reinsurance expenses related to the premium ceded based on the pattern of the groups of underlying contracts.

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss

4 Material accounting policies (continued) >>>

*Insurance contracts (continued)*  
*Initial and subsequent measurement – group of contracts measured under the PAA (continued)*

component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. The resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses as the option to adjust for the effect of the time value of money and financial risk in the calculation of the FCFs has been selected.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Changes in the loss recovery component are not disaggregated between income and expenses from reinsurance contracts held and reinsurance finance income or expenses for the effect of the time value of money and financial risk as the underlying loss components, which are all measured under the PAA, are not adjusted for the effect of the time value of money and financial risk.

**Initial and subsequent measurement – group of contracts measured under the GMM**

*CSM at initial recognition*

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- The initial recognition of the FCF;
- Cash flows arising from the contracts in the group at that date; and
- The derecognition of any pre-recognition cash flows.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in Consolidated statement of profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (as per below note).

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- The initial recognition of the FCF;
- Cash flows arising from the contracts in the group at that date;
- The amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and

#### 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*

*Initial and subsequent measurement – group of contracts measured under the GMM (continued)*

- Any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

##### *CSM at subsequent measurement*

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- The addition of CSM for new contracts recognised for the first time in the current reporting period;
- The interest accreted at the locked in yield curve on the carrying amount of the CSM;
- Changes in the FCFs relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that this does not result in a negative CSM. When an increase in the FCFs result in a negative CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with corresponding changes to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM;
- The effect of any currency exchange differences; and
- The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- Experience adjustments arising from premiums received during the year that relate to future service and related cash flows such as insurance acquisition cash flows (experience adjustments represents the differences between the estimate, at the beginning of the period, of amounts expected during the year and the actual payments during the period);
- Changes in estimates of the present value of future cash flows in the LRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;
- Differences between any investment component expected to become payable during the year and the actual investment component that becomes payable during the year, determined by comparing the actual investment component that becomes payable in a period with the payment during the year that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
- Changes in the estimate of the LRC RA at the end of the period (the Group does not disaggregate these changes between insurance finance income and expenses and amounts that adjust the CSM - all changes are allocated to the latter).

Adjustments in point a and b above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- The addition of CSM for new contracts recognised for the first time in the current reporting period;
- Interest accreted on the carrying amount of the CSM;
- Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised;

#### 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*

*CSM at subsequent measurement (continued)*

- Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held;
- Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts. Changes in the FCF cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not relate to future service and shall not adjust the contractual service margin;
- The effect of any currency exchange differences; and
- The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

The Group prepares Consolidated financial statements on a quarterly basis. The Group has elected to determine cumulative results for each reporting period, and estimates made by the Group in previous Consolidated financial statements will not be considered when applying IFRS 17 in subsequent interim periods or in the annual consolidated financial statements.

##### *Interest accretion of the CSM*

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition of the group of contracts, i.e. the first day of the cohort, namely 1 January of the respective year that the cohort is recognised.

##### *Release of CSM to profit and loss*

The amount of the CSM recognised in profit or loss for insurance contract services during the year is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage). The coverage period used corresponds with the term of the contracts. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- The quantity of benefits provided by contracts in the groups;
- The expected coverage period of contracts in the group; and
- The likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage.

The Group determines coverage units as follows:

- Earned premiums for general insurance and Group Life business; and
- Outstanding loan amount for Single Premium Credit Life.

The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer during the year. The coverage units are defined in line with premium earning pattern for general insurance and Group Life contracts. For Single Premium Credit Life, outstanding loan amount are used.

## 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*

### *Onerous contracts – loss component*

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the CSM allocation approach described above:

- a) Expected incurred claims and other directly attributable expenses for the period;
- b) Changes in the RA for the risk expired; and
- c) Finance income or expenses from insurance contracts issued.

The amounts of loss component allocation in point a and b above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

### *Reinsurance contracts held – loss-recovery component*

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised when a loss component is set up for the group of onerous underlying insurance contracts.

This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, The Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Subsequently, the loss recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The loss-recovery component of the Group was not affected by changes in the risk of reinsurers' non-performance.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

### **Amounts recognised in comprehensive income**

#### *Insurance revenue*

For contracts not measured under the PAA, insurance revenue comprises the following:

- Insurance claims and expenses incurred during the year as expected at the start of the period, excluding amounts related to the loss component, repayments of investment components and insurance acquisition expenses;

## 4 Material accounting policies (continued) »»

*Insurance contracts (continued)*

*Amounts recognised in comprehensive income (continued)*

- Changes in the RA, excluding changes that relate to future coverage which adjusts the CSM and amounts allocated to the loss component;
- Amounts of the CSM recognised in profit and loss for the services provided during the year;
- Actual vs expected premiums (or other premium-related cash flows such as commission) that relate to past or current services; and
- The recovery of the insurance acquisition cash flows which is determined by allocating a portion of the premiums related to the recovery of these cashflows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts with the exception of Engineering (all risk) and Construction (all risk) contracts where revenue is recognised using an increasing risk pattern and Marine Cargo where it is assumed that 25% of premium is unearned at the valuation date.

#### *Insurance service expenses*

Insurance service expenses include the following:

- Claims incurred during the year (excluding investment components) and other directly attributable insurance service expenses incurred during the year;
- The amortisation of insurance acquisition cash flows;
- Changes that relate to past service (specifically changes in the estimate of the LIC at the start of the period including the change in the RA on the LIC); and
- Losses on onerous groups of contracts (i.e. the loss on setting up a loss component) and reversals of such losses which represent changes that relate to future service.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the pattern of revenue recognition under the PAA.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

#### *Net income (expenses) from reinsurance contracts held*

The Group presents the income from reinsurance contracts held and the expenses for reinsurance contracts held separately.

Reinsurance income will consist of:

- Actual claims and other expenses recovered during the period;
- The effect of changes in the risk of reinsurers non-performance;
- Losses recovered on underlying contracts and reversal of such recoveries;
- Changes that relate to past service adjustments to incurred claims component; and
- Other incurred directly attributable expenses.

For contracts measured under the PAA, reinsurance expenses will consist of:

- PAA premiums recognised as revenue during the year ceded to the reinsurer; and
- Ceding commission earned during the year.



**4 Material accounting policies (continued) »»**

*Insurance contracts (continued)*  
*Insurance service expenses (continued)*

For contracts measured under the GMM, reinsurance expenses will consist of:

- Expected claims and other expenses recovery;
- Changes in the RA recognised for the risk expired;
- CSM recognised for the services received; and
- Premium (and other related cash flows) experience adjustments relating to current service.

*Insurance finance income or expenses*

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

- Interest accreted on the CSM;
- Interest accreted on the PAA LRC excluding the LC (if adjusted for the financing effect);
- The financing effect on the LC measured under the PAA (if adjusted for the financing effect);
- The effect of changes in FCFs at current rates, when the corresponding CSM unlocking is measured at the locked-in rates;
- Any interest charged to or added to insurance / reinsurance asset or liability balances; and
- The effect of changes in interest rates and other financial assumptions.

For all groups of contracts, the Group disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income (that is, the OCI option is applied). The finance income and expenses from insurance contracts issued recognised in the consolidate statement of profit or loss reflects the unwind of the liabilities at the locked-in rates. The remaining amount of finance income and expenses from insurance contracts issued for the period is recognised in OCI.

*Transition*

The Group has applied IFRS 17 from financial reporting periods commencing on 1 January 2023 with the date of transition from IFRS 4 being 1 January 2022.

The Group has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date.

**Estimates and assumptions**

*Best estimate cash flows*

The best estimate liability (BEL) represents the explicit, unbiased and probability weighted best estimate (expected value) of the future cash outflows minus the future cash inflows that arise when the Group fulfils its obligations with respect to the insurance contracts. The BEL, thus include the effects of discounting, allowing for financial risks (to the extent not included in the estimate of the cash flows).

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the Group:

- Can compel the policyholder to pay the premium; or
- Has a substantive obligation to provide the policyholder with coverage or other services.

A substantive obligation to provide services ends when the Group has the ‘practical ability’ to reassess the risks and can set a price or level of benefits that fully reflects those reassessed risks.

Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the

**4 Material accounting policies (continued) »»**

*Insurance contracts (continued)*  
*Estimates and assumptions (continued)*  
*Best estimate cash flows (continued)*

occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included. Such assets or liabilities (referred to as ‘other pre-recognition cash flows’) are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group applies the following principles:

- Where there is sufficient data, experience investigations are performed, with adjustments made for any trends as well as to account for external considerations and business strategy; or
- Where data is insufficient or lacks credibility, benchmarks and industry experience would be considered, with appropriate and justifiable adjustments.

The Group makes use of estimates that are current by ensuring that:

- Updates are made to assumptions such that they faithfully represent the conditions at the valuation date;
- The changes in estimates faithfully represent the changes in conditions during the period; and
- Future changes in legislation are not taken into account, unless they have been substantively enacted.

The Group makes use of the following assumptions to project the cash flows for the non-life and group life business where required:

- Expected premium receipts pattern;
- Expected claims ratio;
- Expected attributable expense ratio;
- Expected bad debt;
- Expected incidence of risk; and
- Expected claims payment pattern.

The Group makes use of the following assumptions to project the cash flows for the life business:

- Expected premium receipts pattern;
- Mortality / morbidity rates;
- Persistency; and
- Expenses.

For the measurement of the LIC, the Group uses a blended approach (i.e. the chain-ladder, Bornhuetter Ferguson and expected loss ratio techniques are used) for calculating LIC for all direct lines of business. The Group performs the calculations using quarterly claims development for all portfolios except Motor and Medical where monthly claims development is used.

The calculations are performed using incurred claims except for the Medical business where the calculations are performed using paid claims. Incurred claims are set as paid claims plus the outstanding claims reserve. The outstanding claims reserves are set in line with the case estimates that are determined when a claim is reported.

For the measurement of the inwards reinsurance LIC, the Group uses the expected loss ratio method given the small size of this portfolio.

Expenses related directly to the settlement of the claim are implicitly included in the claims estimates described above. Other overhead expenses deemed attributable to the settlement of the claim are determined using the Kittel method.



4 Material accounting policies (continued) >>>

Insurance contracts (continued)  
Estimates and assumptions (continued)  
Best estimate cash flows (continued)

Future cash flows are adjusted for the time value of money as most claims take more than a year to be settled by the Group.

The approach used to accurately allow for non-performance would be to model the loss to be suffered on a default event and the probability of such an event occurring. Mathematically this could be expressed as:

Probability of default (“PD”) x Loss given default (“LGD”) x Exposure at default (“EAD”)

Assumptions for PDs and LGDs should be set using market data at the valuation date.

The Group uses a range of macro-economic factors, forward-looking estimates and credit behavior of the reinsurer in the assessment of risk of reinsurers’ non-performance. The Group periodically reviews and updates selected economic series and applies judgement in determining what constitutes reasonable and forward-looking estimates.

Discount rates

The bottom-up approach was used to derive the discount rate for all contracts within the scope of IFRS 17. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an ‘illiquidity premium’). The risk-free rate was derived using the Abu Dhabi Sovereign Bonds Yield Curves.

Management uses judgement to assess liquidity characteristics of the liability cash flows. It was determined that all contracts are considered less liquid than the financial assets used to derive the risk-free yield. For all contracts, the illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

Where the Group is exposed to FCFs that vary with inflation (e.g. claims and expense cash flows), the Group has explicitly allowed for inflation in the FCFs measurement and has discounted these using nominal discount rates set using the bottom-up approach.

The yield curves that were used to discount the estimates of future cash flows are as follows:

Financial year	1 Year	5 Year	10 Year	20 year	30 Year
31 December 2023	5.39%	4.22%	4.35%	4.86%	4.88%
31 December 2022	5.21 %	4.47 %	4.36 %	4.62 %	4.45 %

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

The Group has used the Value at Risk (VAR) approach to determine the RA for all contracts except the single premium credit life contracts where provisions for adverse deviation has been used. The Group allows for all non-financial risks related to the insurance contract when calculating the RA.

For the VAR approach, the Group has used the Mack method to determine the RA for the LIC at the chosen confidence level. The distributions used in the method were selected based on a goodness of fit test. The RA for the LRC was estimated by scaling the calculation for the CBUAE premium risk module to the selected confidence level.

4 Material accounting policies (continued) >>>

Insurance contracts (continued)  
Estimates and assumptions (continued)  
Risk adjustment for non-financial risk (continued)

For single premium credit life, the margins used in the methodology were calibrated to be in line with the Group’s selected confidence level.

Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Group’s degree of risk aversion. These estimates are made based on the expected diversification across all of the Group’s insurance contracts.

The risk adjustment for the Motor, Medical and Property portfolio corresponds to a 60% confidence level whereas the risk adjustment for all other lines of business correspond to a 70% confidence level.

The Group does not disaggregate changes in the RA between insurance service result and insurance finance income or expenses.

The Group has used consistent approach to calculate the RA as for the insurance contracts.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. 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;
- identified, recognised and measured any assets for insurance acquisition cash flows 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 some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as ‘value of business acquired’), insurance receivables and payables, and provisions for levies 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.

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 statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity.

5 Risk management

This section summarises the risks faced by the Group and the way the Group manages them.

(i) Introduction and overview

Overall framework

The primary objective of the Group’s risk and financial management framework is to protect the Group’s shareholders from events that hinder the sustainable achievement of the set financial performance objectives, and to ensure insurance benefits are available to policyholders as and when needed. Management recognises the critical importance of having an efficient and effective enterprise risk management framework embedded in the Group.

5 Risk management (continued) >>

(i) Introduction and overview (continued)  
Overall framework (continued)

The Board Risk Committee effectively assists the Board of Directors by providing leadership, direction and supervision of the risk acceptance framework, taking the risk and the management of the risk acceptance. Key Responsibilities include evaluate and review the effectiveness and design of the risk management framework, its impact on the Company's activities, provide independent and objective advice to develop the policies of the Board of Directors and monitor the activities of the Company.

ADNIC's Audit Committee assists the Board of Directors in discharging its responsibilities with regard to the financial reporting, external audit, internal audit and compliance functions. The responsibility includes, reviewing and monitoring the integrity of annual consolidated financial statements and consolidated financial statements, corporate governance report, advising on the appointment of external auditors, supervise their independence, reviewing the effectiveness of the external audit process, reviewing the effectiveness of internal audit and compliance functions, review the effectiveness of ADNIC's risk management framework, along with assessment and responses to key business risks, and compliance with the applicable laws and regulations.

The Board of Directors has approved and implemented governance functions and structures, including an Internal Audit function that is independent of the Management and reports directly to the Group's Audit Committee.

Capital management framework

The Group Risk Management Framework aims to identify risks to which each of its business units and the Group as a whole is exposed, and which may impact the longer-term solvency of the entity. This is supported by specific capital risk tolerance limits and a stress-testing framework across all risk types, to ensure sufficient solvency under severe but plausible circumstances.

Regulatory framework

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

The operations of the Group are also subject to regulatory requirements within the UAE. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The chairman of the Central Bank of 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. The major highlights of the regulation are summarised in the below table:

Regulation

- a) Basis of Investing the Rights of the Policy Holders
- b) Solvency Margin and Minimum Guarantee Fund
- c) Basis of calculating the technical reserves
- d) Determining the Group's assets that meet the accrued insurance liabilities
- e) Records which the Group shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority

5 Risk management (continued) >>

(i) Introduction and overview (continued)  
Regulation (continued)

- f) Principles of organising accounting books and records of the Group, agents and brokers and determining data to be maintained in these books and records
- g) Accounting policies to be adopted and the necessary forms needed to be prepared and present reports and financial statements

(ii) Insurance risk

The Group accepts insurance risk through its written insurance and reinsurance contracts. The Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts and the Risk Management Framework covers exposure through pricing, reserving and aggregation.

The Group writes the following types of insurance contracts:

- Marine hull insurance
- Marine cargo insurance
- Aviation insurance
- Engineering and construction insurance
- Energy insurance
- Liability insurance
- Financial lines insurance
- Property insurance
- Personal accident insurance
- Group and credit life insurance
- Motor insurance
- Health insurance

Two key elements of the Group's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below.

Underwriting strategy

The Group's underwriting strategy is to build balanced portfolios based on a large number of similar risks 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 underwriting strategy is set out by the Group and aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The strategy establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Group is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio. Generally, all general insurance contracts are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

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

5 Risk management (continued) »»

(ii) Insurance risk (continued)  
Underwriting strategy (continued)

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.

The Group operates a number of oversight committees that monitor aggregate risk data and take overall risk management decisions.

Geographical concentration of risks

The insurance risk arising from insurance contracts is primarily concentrated in the United Arab Emirates. The geographical concentration of risks is similar to last year.

Reinsurance strategy

The reinsurance arrangements include proportional, excess and catastrophe coverage. The Group reinsures a portion of the insurance risks it underwrites in order to control manage its exposure to losses and protect capital resources.

Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Group has a reinsurance department that is responsible for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy.

The underwriters buy a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Group. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances. All purchases of facultative reinsurance are subject to business unit pre-approval and the total expenditure on facultative reinsurance is monitored regularly by the reinsurance department.

The loss ratios determined by assessing net incurred claims in relation to net earned premium are analysed below by class of business for the current and previous year:

Type of risk	31 December 2023		31 December 2022	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Commercial	53%	45%	39%	30%
Consumer	88%	79%	80%	78%

5 Risk management (continued) »»

(ii) Insurance risk (continued)  
Reinsurance strategy (continued)

Sensitivity of underwriting profit and losses

The underlying risk of any agreed insurance contract is the possibility that the insured event occurs and the level of certainty the insurer can project on any resulting claim. By the nature of an insurance contract, this risk is often random and the amount of payable claim even more unpredictable. Therefore, the Group applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the insurance liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated. Whilst the Group applies the portfolio approach to understand its projected claims, events leading to actual claims vary and therefore profitability is impacted, either positively or negatively on an annual basis.

The Group has an overall risk retention level of 35% (31 December 2022: 32%) and this is mainly due to overall low retention levels in commercial lines. Despite these low retention levels on commercial lines, due to the unpredictability in events and their extreme volatility, large events stress the performance of the Group despite transferring risks to other parties. For all lines of business, the Group is adequately covered by excess of loss reinsurance programs to guard against any major financial impact.

The following tables present information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »»

(ii) Insurance risk (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the GMM at 31 December 2023

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase / (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities	310,541	14,221	324,762						
Reinsurance contract assets	2,584	(76,260)	(73,676)						
Net insurance contract liabilities	313,125	(62,039)	251,086						
Discount rate +0.5%									
Insurance contract liabilities				(9,040)	-	(9,040)	14,222	-	9,040
Reinsurance contract assets				(308)	-	(308)	(76,261)	-	308
Net insurance contract liabilities				(9,348)	-	(9,348)	(62,039)	-	9,348
Discount rate -0.5%									
Insurance contract liabilities				9,521	-	9,521	14,222	-	(9,521)
Reinsurance contract assets				320	-	320	(76,261)	-	(320)
Net insurance contract liabilities				9,841	-	9,841	(62,039)	-	(9,841)
Mortality claim+5%									
Insurance contract liabilities				14,428	(142)	14,286	14,080	(16,586)	(14,286)
Reinsurance contract assets				(195)	89	(105)	(76,172)	110	105
Net insurance contract liabilities				14,233	(53)	14,181	(62,092)	(16,476)	(14,181)
Mortality claim-5%									
Insurance contract liabilities				(13,741)	135	(13,606)	14,357	15,797	13,606
Reinsurance contract assets				185	(85)	101	(76,346)	(106)	(101)
Net insurance contract liabilities				(13,556)	50	(13,505)	(61,989)	15,691	13,505

## 5 Risk management (continued) »»

(ii) Insurance risk (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the GMM at 31 December 2023

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase / (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Surrender claim + 5%									
Insurance contract liabilities				68	(28)	39	14,193	(42)	(39)
Reinsurance contract assets				(21)	9	(11)	(76,251)	12	11
Net insurance contract liabilities				47	(19)	28	(62,058)	(30)	(28)
Surrender claim - 5%									
Insurance contract liabilities				(65)	27	(38)	14,249	40	38
Reinsurance contract assets				20	(9)	11	(76,270)	(12)	(11)
Net insurance contract liabilities				(45)	18	(27)	(62,021)	28	27

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »»

(ii) Insurance risk (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the GMM at 31 December 2022

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase / (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities	293,054	44,887	337,941						
Reinsurance contract assets	13,180	(9,603)	3,577						
<b>Net insurance contract liabilities</b>	<b>306,234</b>	<b>35,284</b>	<b>341,518</b>						
Discount rate +0.5%									
Insurance contract liabilities				(9,587)	-	(9,587)	44,887	-	9,587
Reinsurance contract assets				17	-	17	(9,603)	-	(17)
<b>Net insurance contract liabilities</b>				<b>(9,570)</b>	<b>-</b>	<b>(9,570)</b>	<b>35,284</b>	<b>-</b>	<b>9,570</b>
Discount rate -0.5%									
Insurance contract liabilities				10,122	-	10,122	44,887	-	10,122
Reinsurance contract assets				(17)	-	(17)	(9,603)	-	(17)
<b>Net insurance contract liabilities</b>				<b>10,105</b>	<b>-</b>	<b>10,105</b>	<b>35,284</b>	<b>-</b>	<b>10,105</b>
Mortality claim+5%									
Insurance contract liabilities				14,798	(7,156)	7,641	37,732	(10,187)	(7,641)
Reinsurance contract assets				(412)	175	(236)	(9,428)	250	236
<b>Net insurance contract liabilities</b>				<b>14,386</b>	<b>(6,981)</b>	<b>7,405</b>	<b>28,304</b>	<b>(9,937)</b>	<b>(7,405)</b>
Mortality claim-5%									
Insurance contract liabilities				(14,093)	6,815	(7,278)	51,702	9,702	7,278
Reinsurance contract assets				392	(147)	245	(9,750)	(258)	(245)
<b>Net insurance contract liabilities</b>				<b>(13,701)</b>	<b>6,668</b>	<b>(7,033)</b>	<b>41,952</b>	<b>9,444</b>	<b>7,033</b>

## 5 Risk management (continued) »»

(ii) Insurance risk (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the GMM at 31 December 2022

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase / (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Surrender claim + 5%									
Insurance contract liabilities				125	(69)	56	44,818	(62)	(56)
Reinsurance contract assets				(317)	126	(191)	(9,477)	202	191
<b>Net insurance contract liabilities</b>				<b>(192)</b>	<b>57</b>	<b>(135)</b>	<b>35,341</b>	<b>140</b>	<b>135</b>
Surrender claim - 5%									
Insurance contract liabilities				(119)	65	(54)	44,952	59	54
Reinsurance contract assets				302	(102)	200	(9,705)	(209)	(200)
<b>Net insurance contract liabilities</b>				<b>183</b>	<b>(37)</b>	<b>146</b>	<b>35,247</b>	<b>(150)</b>	<b>(146)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »

(ii) Insurance risk (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the PAA

	2023				2022			
	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities	4,673,046				3,794,156			
Reinsurance contract assets	(4,634,000)				(3,380,584)			
Net insurance contract liabilities	39,046				413,572			
Discount rate +0.5%								
Insurance contract liabilities		(12,037)	-	12,037		(9,734)	-	9,734
Reinsurance contract assets		9,561	-	(9,561)		7,532	-	(7,532)
Net insurance contract liabilities		(2,476)	-	2,476		(2,202)	-	2,202
Discount rate -0.5%								
Insurance contract liabilities		12,184	-	(12,184)		9,853	-	(9,853)
Reinsurance contract assets		(9,678)	-	9,678		(7,624)	-	7,624
Net insurance contract liabilities		2,506	-	(2,506)		2,229	-	(2,229)
Risk adjustment + 5%								
Insurance contract liabilities		7,158	-	(7,158)		4,925	-	(4,925)
Reinsurance contract assets		(5,568)	-	5,568		(3,424)	-	3,424
Net insurance contract liabilities		1,590	-	(1,590)		1,501	-	(1,501)
Risk adjustment - 5%								
Insurance contract liabilities		(7,158)	-	7,158		(4,925)	-	4,925
Reinsurance contract assets		5,568	-	(5,568)		3,424	-	(3,424)
Net insurance contract liabilities		(1,590)	-	1,590		(1,501)	-	1,501

## 5 Risk management (continued)

(ii) Insurance risk (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the PAA (continued)

	2023				2022			
	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity	LIC as at 31 December	Impact on LIC	Impact on profit before income tax	Impact on equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Loss reserves +5%								
Insurance contract liabilities		195,894	189,804	(195,894)		157,548	158,494	(157,548)
Reinsurance contract assets		(152,918)	(148,245)	152,918		(119,250)	(120,514)	119,250
Net insurance contract liabilities		42,976	41,559	(42,976)		38,298	37,980	(38,298)
Loss reserves -5%								
Insurance contract liabilities		(195,894)	(189,804)	195,894		(157,548)	(158,494)	157,548
Reinsurance contract assets		152,918	148,245	(152,918)		119,250	120,514	(119,250)
Net insurance contract liabilities		(42,976)	(41,559)	42,976		(38,298)	(37,980)	38,298

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »

(ii) Insurance risk (continued)

Gross claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2023.

	Prior	2019	2020	2021	2022	2023	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000

### Commercial (gross)

(Estimate of ultimate claim cost gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)

At the end of the reporting year	-	808,126	692,025	692,995	1,149,295	1,455,177	4,797,618
One year later	-	845,288	756,189	607,601	1,163,856	-	3,372,934
Two years later	-	807,208	660,829	787,702	-	-	2,255,739
Three years later	-	769,185	690,794	-	-	-	1,459,979
Four years later	-	741,824	-	-	-	-	741,824
Gross current cumulative claims liabilities	-	741,824	690,794	787,702	1,163,856	1,455,177	4,839,353
Cumulative gross claims and other directly attributable expenses paid	-	622,913	544,865	304,144	261,907	286,206	2,020,035
Gross cumulative claims liabilities	325,825	118,911	145,929	483,558	901,949	1,168,971	3,145,143
Effect of discounting							104,263
Effect of the risk adjustment margin for non-financial risk							103,991
Gross insurance payable balances							339,045
<b>Gross LIC for the contracts originated</b>							<b>3,483,916</b>

## 5 Risk management (continued)

(ii) Insurance risk (continued)

Gross claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2023

	Prior	2019	2020	2021	2022	2023	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000

### Consumer (gross)

(Estimate of ultimate claim cost gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)

At the end of the reporting year	-	1,049,941	963,967	1,313,191	1,387,486	1,642,122	6,356,707
One year later	-	1,234,786	1,130,700	1,335,083	1,437,504	-	5,138,073
Two years later	-	1,276,247	1,141,524	1,340,083	-	-	3,757,854
Three years later	-	1,268,350	1,143,825	-	-	-	2,412,175
Four years later	-	1,250,403	-	-	-	-	1,250,403
Gross current cumulative claims liabilities	-	1,250,403	1,143,825	1,340,083	1,437,504	1,642,122	6,813,937
Cumulative gross claims and other directly attributable expenses paid	-	1,242,595	1,123,588	1,213,519	1,292,756	1,190,205	6,062,663
Gross cumulative claims liabilities	10,684	7,808	20,237	126,564	144,748	451,917	761,958
Effect of discounting							24,611
Effect of the risk adjustment margin for non-financial risk							39,170
Gross insurance payable balances							412,613
<b>Gross LIC for the contracts originated</b>							<b>1,189,130</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »

(ii) Insurance risk (continued)

Net claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2023.

	Prior	2019	2020	2021	2022	2023	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000

### Commercial (net)

(Estimate of ultimate claim cost gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)

At the end of the reporting year	-	350,628	269,537	218,757	235,197	374,601	1,448,720
One year later	-	248,339	205,396	160,645	127,831	-	742,211
Two years later	-	234,310	188,727	146,964	-	-	570,001
Three years later	-	230,125	188,857	-	-	-	418,982
Four years later	-	236,723	-	-	-	-	236,723

Net current cumulative claims liabilities	-	236,723	188,857	146,964	127,831	374,601	1,074,976
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Cumulative net claims and other directly attributable expenses paid	-	188,683	151,606	95,833	60,416	86,452	582,990
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Net cumulative claims liabilities	67,354	48,040	37,251	51,131	67,415	288,149	559,340
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Effect of discounting							17,976
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Effect of the risk adjustment margin for non-financial risk							20,648
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Net insurance payable balances							(172,496)
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<b>Net LIC for the contracts originated</b>							<b>389,516</b>
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## 5 Risk management (continued) »

(ii) Insurance risk (continued)

Net claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2023.

	Prior	2019	2020	2021	2022	2023	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000

### Consumer (net)

(Estimate of ultimate claim cost gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)

At the end of the reporting year	-	830,440	699,915	824,601	826,982	766,683	3,948,621
One year later	-	817,810	678,411	822,817	934,080	-	3,253,118
Two years later	-	838,825	685,197	847,958	-	-	2,371,980
Three years later	-	833,702	698,368	-	-	-	1,532,070
Four years later	-	831,216	-	-	-	-	831,216

Net current cumulative claims liabilities	-	831,216	698,368	847,958	934,080	766,683	4,078,305
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Cumulative net claims and other directly attributable expenses paid	-	828,633	690,836	822,143	888,949	555,133	3,785,694
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Net cumulative claims liabilities	4,995	2,583	7,532	25,815	45,131	211,550	297,606
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Effect of discounting							8,517
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Effect of the risk adjustment margin for non-financial risk							11,160
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Net insurance payable balances							(650,719)
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<b>Net LIC for the contracts originated</b>							<b>(350,470)</b>
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued)»»

(ii) Insurance risk (continued)

### Concentration of insurance risk

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 arrangements with other parties for reinsurance purposes. The Group manages its risks through its prudent underwriting strategy, reinsurance arrangements aligned with the Group's risk appetite and thorough claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria for the type of risk being underwritten based on our historical data and market analysis.

As part of the Group's strategy to decrease volatility due to concentration of exposure, 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 where relevant. 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.

The concentration of insurance risk as at 31 December 2023 was as follows:

	Commercial		Consumer		Total exposure	
	Sum insured		Sum insured		Sum insured	
	Gross	Net	Gross	Net	Gross	Net
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
UAE	2,396,893,624	273,103,631	96,279,606	23,032,299	2,493,173,230	296,135,930
GCC countries	139,928,263	29,511,358	1,865,390	1,322,427	141,793,653	30,833,785
Others	244,381,654	34,373,802	1,853,806	998,481	246,235,460	35,372,283
	2,781,203,541	336,988,791	99,998,802	25,353,207	2,881,202,343	362,341,998

The concentration of insurance risk as at 31 December 2022 was as follows:

	Commercial		Consumer		Total exposure	
	Sum insured		Sum insured		Sum insured	
	Gross	Net	Gross	Net	Gross	Net
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
UAE	2,687,891,039	263,602,192	96,767,897	22,826,390	2,784,658,937	286,428,582
GCC countries	150,941,470	29,608,055	1,933,402	1,350,844	152,874,872	30,958,899
Others	294,138,004	40,456,039	1,925,510	1,058,444	296,063,513	41,514,483
	3,132,970,513	333,666,286	100,626,809	25,235,678	3,233,597,322	358,901,964

## 5 Risk management (continued)»»

### (iii) Financial risk management

The Group has exposure to the following risks from financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk
- d. Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Credit risk

Credit risk is the risk that a customer or counterparty fails to pay the Group, as and when required, which will cause a financial loss to the Group by failing to discharge an obligation. This credit risk is derived primarily from receivables from customers, other insurers and outsourced parties, reinsurance receivables (including captive exposure), and asset management exposure.

A receivables credit risk policy setting out the management of receivable credit risk for the Group has been established in order to mitigate the Group's exposure to credit risk. Exposure to credit risk:

	2023	2022
	AED'000	AED'000
<b>Maximum exposure</b>		
Financial assets at amortised cost	1,146,479	961,658
Bank balances, including deposits	1,167,358	980,859
<b>Total</b>	<b>2,313,837</b>	<b>1,942,517</b>

The Group manages its credit risk from investment exposure by applying its investment guidelines which establish minimum credit ratings for issuers of bonds, deposits and other securities/ instruments, and provide for concentration limits by issuer of such investments.

Credit risk exposures are monitored, and management actions are taken to ensure exposure is kept within the risk appetite of the Group.

For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the reporting date.

#### Management of credit risk

The Group has adopted a policy of only 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 its counterparties are continuously

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »»

(iii) Financial risk management (continued)  
Credit risk (continued)  
Management of credit risk (continued)

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 management annually. Substantial amounts of investments are placed with the counterparties in respect of above balances, having credit ratings ranging from AAA to A.

Management and Board committees review credit quality relative to investment purchases and also monitor the credit quality of invested assets over time. Management reports regularly to the Board Investment Committee on the credit risk to which the portfolio is exposed.

The credit risk on liquid funds maintained with banks is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies or reputable local banks closely monitored by the regulatory body.

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.

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

Reinsurance credit risk is managed through the placement with approved reinsurers, which include international reputed companies with acceptable credit ratings. The risk appetite is for substantial reinsurance agreements to be placed by the Group with an "A" or above rated company on S&P or equivalent rating agency.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group regularly 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.

The amounts that best represent the maximum exposure to credit risk in reinsurance contract assets at the reporting dates are analysed below, using the Group's credit risk rating grading.

	2023	2022
	AED'000	AED'000
<b>Maximum credit risk exposure</b>		
AA	60,640	4,645
A	1,891,935	1,428,474
Other grade	776,534	229,851
<b>Total</b>	<b>2,729,109</b>	<b>1,662,970</b>

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations when they become due.

Forward-looking liquidity requirements are covered by the Risk Appetite Framework and monitored on an ongoing basis by the Finance department, who ensures that sufficient funds are available to meet commitments as they arise.

## 5 Risk management (continued) »»

(iii) Financial risk management (continued)  
Liquidity risk (continued)

### Management of liquidity risk

The Group manages liquidity risk by maintaining adequate liquid reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Details of the Group's financial liabilities are summarised in the table below by the maturity profile of the Group's assets and liabilities based on the contractual repayment arrangements. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Contractual cash outflows		
	Carrying amount AED'000	Upto 180 days AED'000	181 to 365 days AED'000
<b>Financial liabilities at 31 December 2023</b>			
Other payables	136,795	(136,795)	-
<b>Total</b>	<b>136,795</b>	<b>(136,795)</b>	<b>-</b>
<b>Financial liabilities at 31 December 2022</b>			
Other payables	153,536	(153,536)	-
<b>Total</b>	<b>153,536</b>	<b>(153,536)</b>	<b>-</b>

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

	Current	Non-current	Total
	AED '000	AED '000	AED '000
<b>31 December 2023</b>			
Cash and bank balances	1,157,358	10,000	1,167,358
Investments	1,726,238	1,296,579	3,022,817
	<b>2,883,596</b>	<b>1,306,579</b>	<b>4,190,175</b>
<b>31 December 2022</b>			
Cash and bank balances	970,914	10,000	980,914
Investments	1,835,102	1,129,076	2,964,178
	<b>2,806,016</b>	<b>1,139,076</b>	<b>3,945,092</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »»

(iii) Financial risk management (continued)

### (iii) Financial risk management

A maturity analysis for portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities is presented below.

The analysis is presented by estimated timing, of the estimates of the present value of the future cash flows, for each of the first five years after the reporting date and in aggregate beyond the first five years.

As per IFRS-17 (132b), An entity is not required to include in these analyses liabilities for remaining coverage measured under the PAA approach, and accordingly, these balances have been excluded.

	31 December 2023						Total
	1 year	2 year	3 year	4 year	5 year	>6 year	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	
Insurance contract liabilities	3,456,073	752,707	349,335	101,475	35,008	153,151	4,847,749
Reinsurance contract liabilities	(23,440)	(4,176)	(1,307)	(110)	-	-	(29,033)
Total	3,432,633	748,531	348,028	101,365	35,008	153,151	4,818,716

	31 December 2022						Total
	1 year	2 year	3 year	4 year	5 year	>6 year	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	
Insurance contract liabilities	2,472,819	752,923	297,675	256,780	55,504	158,475	3,994,176
Reinsurance contract liabilities	(102,485)	(29,735)	(4,120)	(560)	(29)	-	(136,929)
Total	2,370,334	723,188	293,555	256,220	55,475	158,475	3,857,247

## 5 Risk management (continued) »»

(iii) Financial risk management (continued)

### Market risk

Market risk quantifies the adverse impact due to broad, systemic movements in one or more market risk drivers. Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates. The Group limits market risk by maintaining a diversified portfolio, within asset allocation guidelines, and by continuous monitoring of developments in local equity, real estate and debt markets. In addition, the Group actively monitors the key factors that affect market movements, including analysis of the operational and financial performance of investees and properties.

### Management of market risk

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group limits market risk 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 stock and market movements, including analysis of the operational and financial performance of investees and properties.

### Interest rate risk

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income, or net solvency position. The Group manages this risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities.

The substantial portion of the Group's assets and liabilities are re-priced within one year. Accordingly, interest rate risk is limited to that extent.

The effective interest rate of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is an original effective interest rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating instrument or an instrument carried at fair value.

At the reporting date if the interest rates are 1% (100 basis point) higher / lower and all the other variables were held constant the Group's net profit would have increased / decreased by AED 12,782 thousand (31 December 2022: AED 12,500 thousand).

### Currency risk

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

The Group has considerable exposures denominated in US Dollar. As the UAE Dirham is pegged to the US Dollar since November 1980, accordingly, the Group's exposure to currency risk is limited to that extent. Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Group has not hedged their foreign currency exposures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Risk management (continued) »»

(iii) Financial risk management (continued)

### Equity price risk

Equity price risk arises from the change in fair value of equity investments. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the financial performance of the investees.

At the reporting date if the equity prices are 10% higher / lower as per the assumptions mentioned below and all the other variables were held constant:

For investments held at fair value through profit or loss

Fair value would have increased / decreased by AED 34,730 thousand (31 December 2022: AED 40,770 thousand).

For investments held at fair value through other comprehensive income

Changes in revaluation reserves of shares would increase / decrease by AED 152,903 thousand (31 December 2022: AED 159,480 thousand) as a result of the changes in fair value of quoted shares.

### (iv) Operational risk management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's people, processes and systems, or from external factors (including legal, reputational, cyber and regulatory risks). Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Board has oversight responsibilities for operational risk management in the Group. These responsibilities are exercised through the Board Risk Committee with an established framework of policies and procedures to identify, assess, monitor, control, manage and report risks. The Board Risk Committee employs clear internal policies and procedures to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance. The framework also provides for the interrelation with other risk categories.

Compliance with policies and procedures is supported by periodic reviews undertaken by the Internal Audit as well as Compliance Departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

### (v) Capital risk management

The Group's objectives when managing capital is to ensure ongoing and future compliance with the insurance capital requirements set by the Federal Law No. (48) of 2023 (as amended) concerning the Organization of Insurance Operations.

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

In UAE, all insurance companies are required to comply with Financial Regulations for Insurance Companies that came into force on 29 January 2015. The Group is subject to local insurance solvency regulations with which it has

## 5 Risk management (continued) »»

(v) Capital risk management (continued)

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.

As per the Federal Law No. (48) of 2023 (as amended) concerning the Organization of Insurance Operations, the minimum capital requirement remains at AED 100 million for insurance companies.

The table below summarises the Minimum Capital Requirement of the Group and the total capital held by the Group.

The solvency regulations identify the required solvency margins to be held in addition to insurance liabilities. The solvency margins (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 period. 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 as defined in the regulations. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Group has disclosed the solvency position for the immediately preceding period as the current period solvency position is not finalised.

	(Unaudited) 30 September 2023	(Unaudited) 30 September 2022
	AED'000	AED'000
Total capital held by the Group	570,000	570,000
Minimum regulatory capital for an insurance company	100,000	100,000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	1,053,486	1,061,695
Minimum Guarantee Fund (MGF)	571,480	492,471
<i>Own funds</i>		
Basic own funds	2,268,304	2,301,504
Own funds eligible to meet MCR, SCR, MGF	2,268,304	2,301,504
MCR solvency margin - (surplus)	2,168,304	2,201,504
SCR solvency margin - (surplus)	1,214,818	1,239,809
MGF solvency margin - (surplus)	1,696,824	1,809,033

## 6 Fair value of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRS. It unifies the definition of fair value as 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.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The measurement approach followed for ECL is 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality, or (where the optional low credit risk simplification is applied) that have low credit risk, as at 31 December 2023 there are no financial asset which falls under ECL stage 2.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

### Assets measured at fair value – fair value hierarchy

The table below analyses assets at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

## 6 Fair value of financial instruments (continued) >>

Assets measured at fair value – fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000

### 31 December 2023

Financial assets at fair value through profit or loss	89,163	998	257,144	347,305
Financial assets at fair value through other comprehensive income	1,374,073	19,696	135,264	1,529,033
	1,463,073	20,694	392,408	1,876,338

	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000

### 31 December 2022

Financial assets at fair value through profit or loss	139,440	-	268,233	407,673
Financial assets at fair value through other comprehensive income	1,426,115	17,017	151,715	1,594,847
	1,565,555	17,017	419,948	2,002,520

### Transfers between Levels 1 and 2

At 31 December 2023, FVOCI listed securities with a carrying amount of AED 4,015 thousand (31 December 2022: AED nil) were transferred from Level 1 to Level 2 and FVPL debt securities with carrying amount of AED 998 thousand (31 December 2022: AED nil) because quoted prices in the market for such debt securities were no longer regularly available. To determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There were nil transfers from Level 2 to Level 1 in 2023 and 2022.

### Fair value of financial assets measured at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Carrying Amount	Fair value
	AED'000	AED'000
<b>31 December 2023</b>		
Financial assets at amortised cost	1,146,479	1,101,417
<b>31 December 2022</b>		
Financial assets at amortised cost	961,658	894,539

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 Fair value of financial instruments (continued) >>

*Fair value of financial asset measured at amortised cost (continued)*

All of the assets under amortised cost falls under level 1.

Movement in level 3 for investments carried at fair value through profit or loss and investments at fair value through other comprehensive income is as follows:

	2023	2022
	AED'000	AED'000
Balance as at 1 January	419,948	481,414
Change in fair value	(5,602)	(75,224)
Additions	27,452	32,220
Disposals	(49,390)	(18,462)
<b>Balance at 31 December</b>	<b>392,408</b>	<b>419,948</b>

During the year ended 31 December 2023, there were AED nil transfers from Level 3 to Level 1 (31 December 2022: AED Nil).

### *Sensitivity analysis for investments under Level 3*

For the fair values of equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Total comprehensive income	
	Increase	Decrease
	AED'000	AED'000

#### Equity securities 31 December 2023

Adjusted net asset value (5 % movement)	19,620	(19,620)
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#### 31 December 2022

Adjusted net asset value (5 % movement)	20,997	(20,997)
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## 7 Property and equipment

Property and equipment consist of buildings, furniture and fixtures, computer hardware, software, office equipment, motor vehicles, right of use leased assets and capital work in progress. Cost and accumulated depreciation accounts are aggregated as follows:

	Building	Furniture, fixtures and leasehold improvements	Computer hardware, software and office equipment	Motor vehicles	Right- of-use of leased assets	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Cost</b>							
At 1 January 2022	31,606	46,876	131,704	197	284	10,643	221,310
Additions	-	25	2,883	-	782	15,710	19,400
Disposals	-	-	-	-	-	-	-
Write off	-	-	-	-	(284)	-	(284)
Transfers	-	19	10,006	-	-	(10,025)	-
<b>At 31 December 2022</b>	<b>31,606</b>	<b>46,920</b>	<b>144,593</b>	<b>197</b>	<b>782</b>	<b>16,328</b>	<b>240,426</b>
<b>At 1 January 2023</b>	<b>31,606</b>	<b>46,920</b>	<b>144,593</b>	<b>197</b>	<b>782</b>	<b>16,328</b>	<b>240,426</b>
Additions	-	38	1,990	-	270	13,833	16,131
Disposals	-	-	-	-	-	-	-
Write off	-	-	-	-	(279)	-	(279)
Transfers	-	2,129	7,827	-	-	(9,956)	-
<b>At 31 December 2023</b>	<b>31,606</b>	<b>49,087</b>	<b>154,410</b>	<b>197</b>	<b>773</b>	<b>20,205</b>	<b>256,278</b>
<b>Accumulated depreciation</b>							
At 1 January 2022	14,233	41,077	82,325	138	169	-	137,942
Charge for the year	1,906	1,529	16,256	25	302	-	20,018
Write off	-	-	-	-	(284)	-	(284)
<b>At 31 December 2022</b>	<b>16,139</b>	<b>42,606</b>	<b>98,581</b>	<b>163</b>	<b>187</b>	<b>-</b>	<b>157,676</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 Property and equipment (continued) >>

	Building	Furniture, fixtures and leasehold improvements	Computer hardware, software and office equipment	Motor vehicles	Right- of-use of leased assets	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>At 1 January 2023</b>	<b>16,139</b>	<b>42,606</b>	<b>98,581</b>	<b>163</b>	<b>187</b>	<b>-</b>	<b>157,676</b>
Charge for the year	1,861	1,347	17,545	17	513	-	21,283
Write off	-	-	-	-	(279)	-	(279)
<b>At 31 December 2023</b>	<b>18,000</b>	<b>43,953</b>	<b>116,126</b>	<b>180</b>	<b>421</b>	<b>-</b>	<b>178,680</b>

### Carrying amounts

At 31 December 2022	15,467	4,314	46,012	34	595	16,328	82,750
<b>At 31 December 2023</b>	<b>13,606</b>	<b>5,134</b>	<b>38,284</b>	<b>17</b>	<b>352</b>	<b>20,205</b>	<b>77,598</b>

## 8 Investments



	2023	2022
	AED'000	AED'000
Financial assets at amortised cost	1,146,479	961,658
Financial assets at fair value through other comprehensive income	1,529,033	1,594,847
Financial assets at fair value through profit or loss	347,305	407,673
	<b>3,022,817</b>	<b>2,964,178</b>

## 8 Investments (continued) >>

### Financial assets at amortised cost

The movement in financial assets at amortised cost during the year is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	961,658	759,325
Additions during the year	414,296	319,057
Maturities during the year	(229,427)	(116,777)
Impairment loss on debt securities at amortised cost	(175)	112
Amortisation expense	127	(59)
<b>At 31 December</b>	<b>1,146,479</b>	<b>961,658</b>

### Financial assets at fair value through other comprehensive income

The movement in financial assets carried at fair value through other comprehensive income during the year is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	1,594,847	1,865,607
Additions during the year	512,696	750,478
Disposals during the year	(591,421)	(639,675)
Net change in fair value	12,911	(381,563)
<b>At 31 December</b>	<b>1,529,033</b>	<b>1,594,847</b>

### Financial assets at fair value through profit or loss

The movement in financial assets carried at fair value through profit or loss is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	407,673	378,031
Additions during the year	269,684	125,081
Disposals during the year	(353,620)	(74,830)
Net change in fair value (note 21)	23,568	(20,609)
<b>At 31 December</b>	<b>347,305</b>	<b>407,673</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 Investments (continued) »»

Geographical concentration of investments is as follows:

	2023	2022
	AED'000	AED'000
Within UAE	1,606,203	1,594,987
Outside UAE	1,416,614	1,369,191
	3,022,817	2,964,178

During the year ended 31 December 2023, the Group has purchased equity shares amounting to AED 433,429 thousand (31 December 2022: AED 622,310 thousand).

## 9 Investment properties

• • •

	Abu Dhabi Head Office Land and Building (i)	Al Ain Land and Building (ii)	Sharjah Land and Building (iii)	Al Raha Beach (Plot 406) and Building (iv)	Al Raha Beach (Plot 408) and Building (v)	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>At 1 January 2023</b>	<b>114,455</b>	<b>8,114</b>	<b>39,575</b>	<b>308,278</b>	<b>202,247</b>	<b>672,669</b>
Additions	260	-	-	82	126	468
(Decrease)						
/increase in fair values during the year (note 21)	(12,972)	(540)	(575)	(1,010)	12,947	(2,150)
<b>At 31 December 2023</b>	<b>101,743</b>	<b>7,574</b>	<b>39,000</b>	<b>307,350</b>	<b>215,320</b>	<b>670,987</b>
<b>At 1 January 2022</b>	<b>113,855</b>	<b>9,078</b>	<b>37,596</b>	<b>297,017</b>	<b>206,165</b>	<b>663,711</b>
Additions	-	-	80	1,252	78	1,410
Increase / (decrease) in fair values during the year (note 21)	600	(964)	1,899	10,009	(3,996)	7,548
<b>At 31 December 2022</b>	<b>114,455</b>	<b>8,114</b>	<b>39,575</b>	<b>308,278</b>	<b>202,247</b>	<b>672,669</b>

## 9 Investment properties (continued) »»

- The construction of this building which is comprised of 14 floors was completed in 1980. Part of building is classified as owner occupied and the remaining portion is available for letting to third parties.
- The construction of this six-storey building was completed in 2003. The entire building is available for letting to third parties.
- This sixteen-storey building was purchased during 1993. The entire building is available for letting to third parties.
- In 2007, the Group purchased land at Al Raha Beach in Abu Dhabi City (Plot 406). The construction on plot no 406 was completed in 2013. The entire building is available for letting to third parties.
- In 2007, the Group purchased land at Al Raha Beach in Abu Dhabi City (Plot 408). The construction on plot no 408 was completed in 2015. The entire building is available for letting to third parties.

### Measurement of fair value

In accordance with the requirements of the Central Bank of UAE Board Decision No. (25) of 2014, two independent real estate valuers performed the revaluation of the investment properties, with the average of the two being accounted for the purpose of financial reporting.

The fair value of investment properties is determined using market-based approach, discounted cash flow (DCF) model and cap rate. The fair value of the investment properties was determined (a) by an external, independent property valuer having appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued (for DCF valuations) and (b) market-based valuations.

Market based approach considers recent market transactions for similar assets or quotes / bid prices for same or similar assets.

DCF considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

The estimated fair value would increase / (decrease) if:

- expected market rental growth were higher / (lower);
- void periods were shorter / (longer);
- the occupancy rate was higher / (lower);
- rent-free periods were shorter / (longer); or
- the risk-adjusted discount rate was lower / (higher).

## 10 Statutory deposits

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In accordance with the Federal Law No. (48) of 2023 (as amended) Concerning the Establishment of the Insurance Authority & Organisation of the Insurance Operations, the Group maintains a bank deposit of AED 10,000 thousand (31 December 2022: AED 10,000 thousand) which cannot be utilised without the consent of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE.

## 11 Insurance and reinsurance contract assets and liabilities

The following reconciliations required by IFRS 17 are included below, separately for consumer and commercial lines for contracts issued and reinsurance contracts held.

Reconciliation of the liability for remaining coverage and the liability for incurred claims – applicable to contracts measured under the GMM and PAA.

Insurance contracts issued	31 December 2023							
	Remaining coverage - PAA		Remaining coverage – GMM		LIC for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss component	loss component	Excluding loss component	loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Opening insurance contract assets	-	-	(7,894)	-	5,188	-	-	(2,706)
Opening insurance contract liabilities	(706,177)	-	314,016	15,059	11,572	3,695,661	98,495	3,428,626
<b>Net balance as at 1 January</b>	<b>(706,177)</b>	<b>-</b>	<b>306,122</b>	<b>15,059</b>	<b>16,760</b>	<b>3,695,661</b>	<b>98,495</b>	<b>3,425,920</b>
Insurance revenue	(4,573,259)	-	(67,599)	-	-	-	-	(4,640,858)
Insurance service expenses	-	-	-	-	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	-	-	34,416	2,967,321	59,625	3,061,362
Changes that relate to past service - adjustments to the LIC	-	-	-	-	(15,306)	219,639	(14,959)	189,374
Losses on onerous contracts and reversal of those losses	-	-	-	28,706	-	-	-	28,706

## 11 Insurance and reinsurance contract assets and liabilities (continued) >>>

Insurance contracts issued	31 December 2023							
	Remaining coverage - PAA		Remaining coverage – GMM		LIC for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss component	loss component	Excluding loss component	loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance acquisition cash flows amortisation	327,913	-	7,503	-	-	-	-	335,416
<b>Total insurance service expenses</b>	<b>327,913</b>	<b>-</b>	<b>7,503</b>	<b>28,706</b>	<b>19,110</b>	<b>3,186,960</b>	<b>44,666</b>	<b>3,614,858</b>
<b>Insurance service result</b>	<b>(4,245,346)</b>	<b>-</b>	<b>(60,096)</b>	<b>28,706</b>	<b>19,110</b>	<b>3,186,960</b>	<b>44,666</b>	<b>(1,026,000)</b>
Finance income from insurance contracts issued	-	-	14,229	-	316	21,336	-	35,881
<b>Total amounts recognised in comprehensive income</b>	<b>(4,245,346)</b>	<b>-</b>	<b>(45,867)</b>	<b>28,706</b>	<b>19,426</b>	<b>3,208,296</b>	<b>44,666</b>	<b>(990,119)</b>
<b>Cash flows</b>								
Premiums received	4,866,464	-	7,488	-	-	-	-	4,873,952
Claims and other directly attributable expenses paid	-	-	-	-	(21,224)	(2,374,072)	-	(2,395,296)
Insurance acquisition cash flows paid	(293,627)	-	(1,708)	-	-	-	-	(295,335)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 Insurance and reinsurance contract assets and liabilities (continued) >>>

Insurance contracts issued	31 December 2023							
	Remaining coverage - PAA		Remaining coverage – GMM		LIC for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss component	loss component	Excluding loss component	loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Total cash flows	4,572,837	-	5,780	-	(21,224)	(2,374,072)	-	2,183,321
Net balance as at 31 December	(378,686)	-	266,035	43,765	14,962	4,529,885	143,161	4,619,122
Closing insurance contract assets	-	-	(17,819)	277	3,051	-	-	(14,491)
Closing insurance contract liabilities	(378,686)	-	283,854	43,488	11,911	4,529,885	143,161	4,633,613

Reconciliation of the liability for remaining coverage and the liability for incurred claims – applicable to contracts measured under the GMM and PAA.

Insurance contracts issued	31 December 2022 (restated)							
	Remaining coverage - PAA		Remaining coverage – GMM		LIC for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss component	loss component	Excluding loss component	loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Opening insurance contract assets	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	(414,279)	-	222,688	1,206	7,096	3,335,087	75,302	3,227,100
Net balance as at 1 January	(414,279)	-	222,688	1,206	7,096	3,335,087	75,302	3,227,100
Insurance revenue	(4,602,709)	-	(60,142)	-	-	-	-	(4,662,851)

## 11 Insurance and reinsurance contract assets and liabilities (continued) >>>

Insurance contracts issued	31 December 2022 (restated)							
	Remaining coverage - PAA		Remaining coverage – GMM		LIC for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss component	loss component	Excluding loss component	loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance service expenses	-	-	-	-	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	-	-	28,231	2,556,367	33,306	2,617,904
Changes that relate to past service - adjustments to the LIC	-	-	-	-	(7,298)	57,075	(10,113)	39,664
Losses on onerous contracts and reversal of those losses	-	-	-	13,853	-	-	-	13,853
Insurance acquisition cash flows amortisation	274,843	-	5,055	-	-	-	-	279,898
Total insurance service expenses	274,843	-	5,055	13,853	20,933	2,613,442	23,193	2,951,319
Insurance service result	(4,327,866)	-	(55,087)	13,853	20,933	2,613,442	23,193	(1,711,532)
Finance expenses from insurance contracts issued	-	-	(46,816)	-	(350)	(130,524)	-	(177,690)
Total amounts recognised in comprehensive income	(4,327,866)	-	(101,903)	13,853	20,583	2,482,918	23,193	(1,889,222)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 Insurance and reinsurance contract assets and liabilities (continued) »»

Reconciliation of the remaining coverage and incurred claims - applicable for contracts measured under the PAA and the GMM.

Insurance contracts issued	31 December 2022 (restated)							
	Remaining coverage - PAA		Remaining coverage – GMM		LIC for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss component	loss component	Excluding loss component	loss component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Cash flows</b>								
Premiums received	4,303,458	-	187,074	-	-	-	-	4,490,532
Claims and other directly attributable expenses paid	-	-	-	-	(10,919)	(2,122,344)	-	(2,133,263)
Insurance acquisition cash flows paid	(267,490)	-	(1,737)	-	-	-	-	(269,227)
<b>Total cash flows</b>	<b>4,035,968</b>	<b>-</b>	<b>185,337</b>	<b>-</b>	<b>(10,919)</b>	<b>(2,122,344)</b>	<b>-</b>	<b>2,088,042</b>
<b>Net balance as at 31 December</b>	<b>(706,177)</b>	<b>-</b>	<b>306,122</b>	<b>15,059</b>	<b>16,760</b>	<b>3,695,661</b>	<b>98,495</b>	<b>3,425,920</b>
Closing insurance contract assets	-	-	(7,894)	-	5,188	-	-	(2,706)
Closing insurance contract liabilities	(706,177)	-	314,016	15,059	11,572	3,695,661	98,495	3,428,626

## 11 Insurance and reinsurance contract assets and liabilities (continued) »»

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured under the GMM only as at:

	31 December 2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
<b>Insurance contracts issued</b>				
Opening insurance contract assets	(20,353)	695	16,952	(2,706)
Opening insurance contract liabilities	298,515	14,197	27,935	340,647
<b>Net balance as at 01 January</b>	<b>278,162</b>	<b>14,892</b>	<b>44,887</b>	<b>337,941</b>
CSM recognised in profit or loss for the services provided	-	-	(21,372)	(21,372)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	415	-	415
Experience adjustments – relating to insurance service expenses	(2,988)	-	-	(2,988)
<b>Changes that relate to current service</b>	<b>(2,988)</b>	<b>415</b>	<b>(21,372)</b>	<b>(23,945)</b>
Changes in estimates that adjust the CSM	(20,644)	833	19,847	36
Changes in estimates that result in onerous contract losses or reversal of losses	28,607	(1)	-	28,606
Experience adjustments – arising from premiums received during the year that relate to future service	31,083	-	(31,119)	(36)
Contracts initially recognised during the year	(1,486)	37	1,549	100
<b>Changes that relate to future services</b>	<b>37,560</b>	<b>869</b>	<b>(9,723)</b>	<b>28,706</b>
Changes that relate to past service – changes in the FCF relating to the LIC	(15,306)	(1,735)	-	(17,041)
Experience adjustments – arising from premiums received during the year that relate to past service	-	-	-	-
<b>Changes that relate to past service</b>	<b>(15,306)</b>	<b>(1,735)</b>	<b>-</b>	<b>(17,041)</b>



**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

	31 December 2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
<b>Insurance service result</b>	<b>19,266</b>	<b>(451)</b>	<b>(31,095)</b>	<b>(12,280)</b>
Net finance expenses from insurance contracts issued	14,115	-	430	14,545
<b>Total amounts recognised in comprehensive income</b>	<b>33,381</b>	<b>(451)</b>	<b>(30,665)</b>	<b>2,265</b>
<b>Cash flows</b>				
Premiums received	7,488	-	-	7,488
Claims and other directly attributable expenses paid	(21,224)	-	-	(21,224)
Insurance acquisition cash flows paid	(1,708)	-	-	(1,708)
<b>Total cash flows</b>	<b>(15,444)</b>	<b>-</b>	<b>-</b>	<b>(15,444)</b>
<b>Net balance as at 31 December</b>	<b>296,099</b>	<b>14,441</b>	<b>14,222</b>	<b>324,762</b>
Closing insurance contract assets	(21,765)	377	6,897	(14,491)
Closing insurance contract liabilities	317,864	14,064	7,325	339,253

	31 December 2022 (restated)			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
<b>Insurance contracts issued</b>				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	179,920	9,280	41,790	230,990
<b>Net balance as at 01 January</b>	<b>179,920</b>	<b>9,280</b>	<b>41,790</b>	<b>230,990</b>
CSM recognised in profit or loss for the services provided	-	-	(32,520)	(32,520)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(2,405)	-	(2,405)
Experience adjustments – relating to insurance service expenses	(6,233)	-	-	(6,233)
<b>Changes that relate to current service</b>	<b>(6,233)</b>	<b>(2,405)</b>	<b>(32,520)</b>	<b>(41,158)</b>

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

	31 December 2022 (restated)			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
Changes in estimates that adjust the CSM	(29,161)	(524)	29,685	-
Changes in estimates that result in onerous contract losses or reversal of losses	(3,307)	(191)	-	(3,498)
Contracts initially recognised during the year	2,183	9,539	5,628	17,350
<b>Changes that relate to future services</b>	<b>(30,285)</b>	<b>8,824</b>	<b>8,824</b>	<b>13,852</b>
Changes that relate to past service – changes in the FCF relating to the LIC	(7,298)	(807)	-	(8,105)
Experience adjustments – arising from premiums received during the year that relate to past service	15,109	-	-	15,109
<b>Changes that relate to past service</b>	<b>7,811</b>	<b>(807)</b>	<b>-</b>	<b>7,004</b>
Insurance service result	(28,706)	5,612	2,793	(20,301)
Finance (income) / expenses from insurance contracts issued	(47,469)	-	304	(47,165)
<b>Total amounts recognised in comprehensive income</b>	<b>(76,175)</b>	<b>5,612</b>	<b>3,097</b>	<b>(67,467)</b>
<b>Cash flows</b>				
Premiums received	187,073	-	-	187,073
Claims and other directly attributable expenses paid	(10,919)	-	-	(10,919)
Insurance acquisition cash flows paid	(1,736)	-	-	(1,736)
<b>Total cash flows</b>	<b>174,418</b>	<b>-</b>	<b>-</b>	<b>174,418</b>
<b>Net balance as at 31 December</b>	<b>278,162</b>	<b>14,892</b>	<b>44,887</b>	<b>337,941</b>
Closing insurance contract assets	(20,353)	695	16,952	(2,706)
Closing insurance contract liabilities	298,515	14,197	27,935	340,647

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 Insurance and reinsurance contract assets and liabilities (continued) »

Impact of contracts initially recognised in the year ended

	31 December 2023		
	Non-onerous contracts originated	Onerous contracts originated	Total
	AED'000	AED'000	AED'000
<b>Insurance contracts issued</b>			
<i>Estimates of the present value of future cash outflows</i>			
Insurance acquisition cash flows	233	15	248
Claims and other directly attributable expenses	666	223	889
<b>Total estimates of the present value of future cash outflows</b>	<b>899</b>	<b>238</b>	<b>1,137</b>
Estimates of the present value of future cash inflows	(2,475)	(149)	(2,624)
Risk adjustment for non-financial risk	27	11	38
CSM	1,549	-	1,549
<b>Increase in insurance contract liabilities from contracts recognised during the year</b>	<b>-</b>	<b>100</b>	<b>100</b>

	31 December 2022 (restated)		
	Non-onerous contracts originated	Onerous contracts originated	Total
	AED'000	AED'000	AED'000
<b>Insurance contracts issued</b>			
<i>Estimates of the present value of future cash outflows</i>			
Insurance acquisition cash flows	2,734	470	3,204
Claims and other directly attributable expenses	6,055	193,231	199,286
<b>Total estimates of the present value of future cash outflows</b>	<b>8,789</b>	<b>193,701</b>	<b>202,490</b>
Estimates of the present value of future cash inflows	(14,670)	(185,637)	(200,307)
Risk adjustment for non-financial risk	253	9,286	9,539
CSM	5,628	-	5,628
<b>Increase in insurance contract liabilities from contracts recognised during the year</b>	<b>-</b>	<b>17,350</b>	<b>17,350</b>

## 11 Insurance and reinsurance contract assets and liabilities (continued) »

Reconciliation of the remaining coverage and incurred claims – for contracts measured under the PAA and the GMM.

Reinsurance contracts held	31 December 2023							
	Remaining coverage - PAA		Remaining coverage - GMM		Incurred claims for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Opening reinsurance contract assets	1,562,789	-	-	-	-	(3,161,550)	(64,209)	(1,662,970)
Opening reinsurance contract liabilities	175,066	-	5,650	-	(2,073)	(150,566)	(4,259)	23,818
<b>Net balance as at 1 January</b>	<b>1,737,855</b>	<b>-</b>	<b>5,650</b>	<b>-</b>	<b>(2,073)</b>	<b>(3,312,116)</b>	<b>(68,468)</b>	<b>(1,639,152)</b>
<b>Net income / (expenses) from reinsurance contracts held</b>								
Reinsurance expenses	2,710,298	-	14,175	-	-	-	-	2,724,473
Other incurred directly attributable expenses	-	-	-	-	-	4,247	-	4,247
Claims recovered net of reinsurance expenses	-	-	-	-	(58,057)	(1,738,880)	(47,474)	(1,844,411)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	-	-	(9,741)	(218,582)	4,590	(223,733)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-	-	-	-

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

Reinsurance contracts held	31 December 2023							
	Remaining coverage - PAA		Remaining coverage - GMM		Incurred claims for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Reinsurance contracts held under the GMM:</b>								
Reversals of a loss recovery component other than changes in the FCF of reinsurance contracts held	-		-	-	-	-	-	-
<b>Reinsurance contracts held under the GMM:</b>								
Changes in the FCF of reinsurance contracts held from onerous underlying contracts			-	(236)	-	-	-	(236)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	(948)	-	(948)
<b>Net income / (expenses) from reinsurance contracts held</b>	<b>2,710,298</b>	<b>-</b>	<b>14,175</b>	<b>(236)</b>	<b>(67,798)</b>	<b>(1,954,163)</b>	<b>(42,884)</b>	<b>659,392</b>

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

Reconciliation of the remaining coverage and incurred claims – for contracts measured under the PAA and the GMM.

Reinsurance contracts held	31 December 2023							
	Remaining coverage - PAA		Remaining coverage - GMM		Incurred claims for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Finance expenses from reinsurance contracts held	-	-	(62)	-	(1,094)	(16,848)	-	(18,004)
<b>Total amounts recognised in comprehensive income</b>	<b>2,710,298</b>	<b>-</b>	<b>14,113</b>	<b>(236)</b>	<b>(68,892)</b>	<b>(1,971,011)</b>	<b>(42,884)</b>	<b>641,388</b>
<b>Cash flows</b>								
Premiums paid net of ceding commissions	(2,465,185)	-	(23,863)	-	-	-	-	(2,489,048)
Other directly attributable expenses paid	-	-	-	-	-	(4,247)	-	(4,247)
Recoveries from reinsurance	-	-	-	-	1,624	764,726	-	766,350
Directly attributable expenses paid	-	-	-	-	-	-	-	-
<b>Total cash flows</b>	<b>(2,465,185)</b>	<b>-</b>	<b>(23,863)</b>	<b>-</b>	<b>1,624</b>	<b>760,479</b>	<b>-</b>	<b>(1,726,945)</b>
Net balance as at 31 December	1,982,968	-	(4,100)	(236)	(69,341)	(4,522,648)	(111,352)	(2,724,709)
Closing reinsurance contract assets	1,947,737	-	(4,100)	(236)	(69,341)	(4,493,615)	(109,554)	(2,729,109)
Closing reinsurance contract liabilities	35,231	-	-	-	-	(29,033)	(1,798)	4,400

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

Reconciliation of the remaining coverage and incurred claims - for contracts measured under the PAA and the GMM.

Reinsurance contracts held	31 December 2023							
	Remaining coverage - PAA		Remaining coverage - GMM		Incurred claims for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Opening reinsurance contract assets	1,150,521	-	895	(686)	(2,281)	(2,539,750)	(48,852)	(1,440,153)
Opening reinsurance contract liabilities	29,541	-	-	-	-	(25,733)	(1,049)	2,759
<b>Net balance as at 1 January</b>	1,180,062	-	895	(686)	(2,281)	(2,565,483)	(49,901)	(1,437,394)
<b>Net income / (expenses) from reinsurance contracts held</b>								
Reinsurance expenses	2,866,171	-	4,619	-	-	-	-	2,870,790
Other incurred directly attributable expenses	-	-	-	-	-	4,623	-	4,623
Claims recovered net of reinsurance expenses	-	-	-	-	-	(1,438,174)	(22,436)	(1,460,610)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	-	-	208	(145,106)	3,869	(141,029)
Income on initial recognition of onerous underlying contracts	-	-	-	(1,540)	-	-	-	(1,540)

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

Reinsurance contracts held	31 December 2023							
	Remaining coverage - PAA		Remaining coverage - GMM		Incurred claims for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contracts held under the GMM: Reversals of a loss recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	2,226	-	-	-	2,226
Reinsurance contracts held under the GMM: Changes in the FCF of reinsurance contracts held from onerous underlying contracts								
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	54,484	-	54,484
<b>Net income / (expenses) from reinsurance contracts held</b>	2,866,171	-	4,619	686	208	(1,524,173)	(18,567)	1,328,944
Finance income from reinsurance contracts held	-	-	136	-	-	102,909	-	103,045
<b>Total amounts recognised in comprehensive income</b>	2,866,171	-	4,755	686	208	(1,421,264)	(18,567)	1,431,989

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

Reconciliation of the remaining coverage and incurred claims - for contracts measured under the PAA and the GMM.

Reinsurance contracts held	31 December 2023							
	Remaining coverage - PAA		Remaining coverage - GMM		Incurred claims for contracts measured under the GMM	LIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risk	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	(2,308,378)	-	-	-	-	-	-	(2,308,378)
Recoveries from reinsurance	-	-	-	-	-	679,254	-	679,254
Directly attributable expenses paid	-	-	-	-	-	(4,623)	-	(4,623)
<b>Total cash flows</b>	<b>(2,308,378)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>674,631</b>	<b>-</b>	<b>(1,633,747)</b>
<b>Net balance as at 31 December</b>	<b>1,737,855</b>	<b>-</b>	<b>5,650</b>	<b>-</b>	<b>(2,073)</b>	<b>(3,312,116)</b>	<b>(68,468)</b>	<b>(1,639,152)</b>
Closing reinsurance contract assets	1,562,789	-	-	-	-	(3,161,550)	(64,209)	(1,662,970)
Closing reinsurance contract liabilities	175,066	-	5,650	-	(2,073)	(150,566)	(4,259)	23,818

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts measured under the GMM only as at:

	31 December 2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
<b>Reinsurance contracts issued</b>				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	13,637	(457)	(9,603)	3,577
<b>Net balance as at 01 January</b>	<b>13,637</b>	<b>(457)</b>	<b>(9,603)</b>	<b>3,577</b>
CSM recognised in profit or loss for the services provided	-	-	9,087	9,087
Change in the risk adjustment for nonfinancial risk for the risk expired	-	207	-	207
Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	(53,565)	(18)	-	(53,583)
<b>Changes that relate to current service</b>	<b>(53,565)</b>	<b>189</b>	<b>9,087</b>	<b>(44,289)</b>
Changes in estimates that adjust the CSM	65,065	(34)	(65,031)	-
Contracts initially recognised during the year	9,100	-	(9,100)	-
Experience adjustments – arising from ceded premiums paid during the year that relate to future service	201	-	(201)	-
<b>Changes that relate to future services</b>	<b>74,366</b>	<b>(34)</b>	<b>(74,332)</b>	<b>-</b>
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(9,830)	-	-	(9,830)
Experience adjustments – arising from ceded premiums paid during the year that relate to past service	260	-	-	260
<b>Changes that relate to past service</b>	<b>(9,570)</b>	<b>-</b>	<b>-</b>	<b>(9,570)</b>
<b>Net (income) / expenses from reinsurance contracts held</b>	<b>11,231</b>	<b>155</b>	<b>(65,245)</b>	<b>(53,859)</b>
Finance expenses / (income) from insurance contracts issued	256	-	(1,412)	(1,156)
<b>Total amounts recognised in comprehensive income</b>	<b>11,487</b>	<b>155</b>	<b>(66,657)</b>	<b>(55,015)</b>



**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

31 December 2023				
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses paid	(23,863)	-	-	(23,863)
Recoveries from reinsurance	1,624	-	-	1,624
Directly attributable expenses paid	-	-	-	-
<b>Total cash flows</b>	<b>(22,239)</b>	<b>-</b>	<b>-</b>	<b>(22,239)</b>
<b>Net balance as at 31 December</b>	<b>2,885</b>	<b>(302)</b>	<b>(76,260)</b>	<b>(73,677)</b>
Closing reinsurance contract assets	2,885	(302)	(76,260)	(73,677)
Closing reinsurance contract liabilities	-	-	-	-

31 December 2022 (Restated)				
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
<b>Reinsurance contracts issued</b>				
Opening insurance contract assets	4,392	(478)	(5,987)	(2,073)
Opening insurance contract liabilities	-	-	-	-
<b>Net balance as at 01 January</b>	<b>4,392</b>	<b>(478)</b>	<b>(5,987)</b>	<b>(2,073)</b>
CSM recognised in profit or loss for the services provided	-	-	8,495	8,495
Change in the risk adjustment for nonfinancial risk for the risk expired	-	310	-	310
Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	6,034	10	-	6,044
<b>Changes that relate to current service</b>	<b>6,034</b>	<b>320</b>	<b>8,495</b>	<b>14,849</b>
Changes in estimates that adjust the CSM	23,865	(1)	(23,864)	-
Contracts initially recognised during the year	2,469	(306)	(2,163)	-
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	(1,540)	(1,540)

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

31 December 2022 (Restated)				
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	2,924	2,924
Experience adjustments – arising from ceded premiums paid during the year that relate to future service	(12,601)	-	12,601	-
<b>Changes that relate to future services</b>	<b>13,733</b>	<b>(307)</b>	<b>(12,042)</b>	<b>1,384</b>
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	199	8	-	207
Experience adjustments – arising from ceded premiums paid during the year that relate to past service	(10,926)	-	-	(10,926)
<b>Changes that relate to past service</b>	<b>(10,727)</b>	<b>8</b>	<b>-</b>	<b>(10,719)</b>
Net expenses / (income) from reinsurance contracts held	9,040	21	(3,547)	5,514
Finance expenses / (income) from insurance contracts issued	205	-	(69)	136
<b>Total amounts recognised in comprehensive income</b>	<b>9,245</b>	<b>21</b>	<b>(3,616)</b>	<b>5,650</b>
Net balance as at 31 December	13,637	(457)	(9,603)	3,577
Closing reinsurance contract assets	-	-	-	-
Closing reinsurance contract liabilities	13,637	(457)	(9,603)	3,577

Impact of reinsurance contracts recognised in the year ended

31 December 2023		
Contracts originated not in a net gain	Contracts originated in a net gain	Total
AED'000	AED'000	AED'000
<b>Reinsurance contracts held</b>		
Estimates of the present value of future cash inflows	-	82,920
Estimates of the present value of future cash outflows	-	(73,820)
Risk adjustment for non-financial risk	-	-
CSM	-	(9,100)
Increase in reinsurance contract assets from contracts recognised in the year ended	-	-

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

	31 December 2022 (Restated)		
	Contracts originated not in a net gain	Contracts originated in a net gain	Total
	AED'000	AED'000	AED'000
<b>Reinsurance contracts held</b>			
Estimates of the present value of future cash inflows	-	8,591	8,591
Estimates of the present value of future cash outflows	-	(6,122)	(6,122)
Risk adjustment for non-financial risk	-	(306)	(306)
CSM	-	(2,163)	(2,163)
Increase in reinsurance contract assets from contracts recognised in the year ended	-	-	-

Expected recognition of the contractual service margin - An analysis of the expected recognition of the CSM remaining at the end of the reporting year in profit or loss is provided in the following table (number of years until expected to be recognised).

31 December 2023	1 year	2 year	3 year	4 year	5 year	>6 year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Total CSM for insurance contracts issued	10,517	2,994	467	58	22	164	14,222
Total CSM for reinsurance contracts held	(10,440)	(8,528)	(7,751)	(7,671)	(7,689)	(34,181)	(76,260)
<b>Total</b>	<b>77</b>	<b>(5,534)</b>	<b>(7,284)</b>	<b>(7,613)</b>	<b>(7,667)</b>	<b>(34,017)</b>	<b>(62,038)</b>

**11 Insurance and reinsurance contract assets and liabilities (continued) »»**

31 December 2022 (Restated)	1 year	2 year	3 year	4 year	5 year	>6 year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Total CSM for insurance contracts issued	12,463	7,602	3,822	2,623	2,360	16,017	44,887
Total CSM for reinsurance contracts held	(5,749)	(3,022)	(783)	(49)	-	-	(9,603)
<b>Total</b>	<b>6,714</b>	<b>4,580</b>	<b>3,039</b>	<b>2,574</b>	<b>2,360</b>	<b>16,017</b>	<b>35,284</b>

Paragraph 114 of IFRS 17 requires disclosures that show the effect on insurance revenue and the CSM of groups of insurance contracts issued that were measured at the transition date. Given that the Group applies the fully retrospective approach to all groups of contracts, this disclosure is not applicable to the Group.

Reconciliation of insurance and reinsurance contract balances measured under both PAA and GMM as at:

	31 December 2023		
	PAA	GMM	Total
	AED'000	AED'000	AED'000
Insurance contract assets	-	(14,491)	(14,491)
Insurance contract liabilities	4,294,360	339,253	4,633,613
Reinsurance contract assets	(2,655,432)	(73,677)	(2,729,109)
Reinsurance contract liabilities	4,400	-	4,400
<b>Total</b>	<b>1,643,328</b>	<b>251,085</b>	<b>1,894,413</b>

	31 December 2022 (Restated)		
	PAA	GMM	Total
	AED'000	AED'000	AED'000
Insurance contract assets	-	(2,706)	(2,706)
Insurance contract liabilities	3,087,979	340,647	3,428,626
Reinsurance contract assets	(1,662,970)	-	(1,662,970)
Reinsurance contract liabilities	20,241	3,577	23,818
<b>Total</b>	<b>1,445,251</b>	<b>341,517</b>	<b>1,786,768</b>

## 12 Prepayments and other receivables

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	2023	2022
	AED'000	AED'000
		Restated
<b>Prepayments and other receivables:</b>		
Rental income receivables, net	750	3,615
Prepayments	8,904	7,650
Other receivables, net of expected credit losses (i)	24,347	25,103
<b>Total prepayments and other receivables</b>	<b>34,001</b>	<b>36,368</b>

(i) Other receivables are stated net of expected credit losses amounting to AED 1,532 thousand (31 December 2022: AED 2,496 thousand).

## 13 Cash and cash equivalents

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	2023	2022
	AED'000	AED'000
Cash on hand	54	55
Statutory deposits (i), (ii)	10,000	10,000
Cash / call / current accounts with banks, including deposits (i)	1,157,537	971,006
Less: allowance for expected credit losses	(233)	(147)
<b>Total bank balances and cash</b>	<b>1,167,358</b>	<b>980,914</b>

## 13 Cash and cash equivalents (continued) >>>

	2023	2022
	AED'000	AED'000
Less: statutory deposits	(10,000)	(10,000)
Less: deposits with original maturities of three months or more	(121,721)	(278,331)
Cash and cash equivalents in the consolidated statement of financial position	1,035,637	692,583
Add: allowance for expected credit losses	230	97
Cash and cash equivalents	1,035,867	692,680
Less: bank overdraft repayable on demand and used for cash management purposes (iii)	-	(44,400)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	1,035,867	648,280

Geographical concentration of cash and cash equivalents, statutory deposits and deposits with original maturities of three months or more, net of allowance for expected credit losses is as follows:

	2023	2022
	AED'000	AED'000
Within UAE	405,325	935,820
Outside UAE	762,033	45,094
	1,167,358	980,914

(i) Interest rates on bank deposits range between 4.80% to 5.48% (31 December 2022: 2.20% to 5.25%).

(ii) In accordance with the requirements of Federal Law No. (48) of 2023 (as amended) concerning Establishment of Central Bank of UAE of its Operations, the Group maintains bank deposits of AED 10,000 thousand (31 December 2022: AED 10,000 thousand) which cannot be utilised without the consent of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE.

(iii) The Group has availed an overdraft facility of AED 200,000 thousand which is unsecured. Interest is payable at 3 months' EIBOR plus 1.6% per annum and the tenure of the facility is 12 months. As at reporting date the Group has utilised the facility up to AED nil (31 December 2022: AED 44,400 thousand).

14 Retained earnings

At the Annual General Assembly held on 21 March 2023 (31 December 2022: held on 15 March 2022 relating to the results of the year ended 31 December 2021), the shareholders approved the distribution of cash dividend relating to the results for the year ended 31 December 2022 of AED 0.40 per share amounting to AED 228,000 thousand (31 December 2022: AED 0.40 per share amounting to AED 228,000 thousand).

15 Share capital

	2023	2022
	AED'000	AED'000
<b>Authorised</b>		
570,000,000 ordinary shares of AED 1 each (31 December 570,000,000 :2022 ordinary shares of AED 1 each)	570,000	570,000
<b>Issued and fully paid</b>		
570,000,000 ordinary shares of AED 1 each (31 December 570,000,000 :2022 ordinary shares of AED 1 each)	570,000	570,000

16 (a) Legal reservel

In accordance with the Federal Decree Law No. 32 of 2021 Concerning the Commercial Companies and the Group's Articles of Association, 10% of net profit is to be transferred to a 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 any distribution to the shareholders. Since the Group reached the 100% limit, no transfer during the year.

16 (b) Insurance finance reserve

The insurance finance reserve comprise the cumulative insurance finance income and expenses recognised in OCI.

16 (c) Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI and the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognized or reclassified. This amount is adjusted by the amount of loss allowance.

17 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors and the approval of the General Assembly. This reserve may be used for such purposes as the Directors deem fit. No transfer is made during the year.

18 Reinsurance default risk reserve

In accordance with Article (34) to Central Bank of UAE Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of UAE 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 may not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE. The decision is effective from 1 December 2020. Accordingly, an amount of AED 59,998 thousand (31 December 2022: AED 43,892 thousand) has been recorded in equity as a reinsurance default risk reserve as at 31 December 2023.

## 19 Employees' end of service benefits

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	2023	2022
	AED'000	AED'000
At 1 January	23,922	24,106
Charge for the year	3,761	3,565
Paid during the year	(5,218)	(3,749)
<b>At 31 December</b>	<b>22,465</b>	<b>23,922</b>

## 20 Other payables

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	2023	2022
	AED'000	AED'000
		<i>Restated</i>
Accrued expenses	81,071	84,925
Deferred income	6,717	6,472
Other payables	49,007	62,139
<b>Total other payables</b>	<b>136,795</b>	<b>153,536</b>

## 21 Investment income and net financial result

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	2023	2022
	AED'000	AED'000
Income from investment properties (rental income), net (i)	15,563	12,564
Dividend income	79,784	111,332
Net interest income on bank deposits and bonds	82,944	36,538
Net change in fair value of financial assets at fair value through profit or loss (note 8)	23,568	(20,609)
Gain on disposal of financial assets at amortised cost	-	86
Gain on disposal of investment through profit or loss	14,591	5,469
(Decrease) / increase in fair value of investment properties (note 9)	(2,150)	7,548
Other expenses, net	(7,614)	(8,693)
Income from investments, net	191,123	131,671
<b>Net investments and other income</b>	<b>206,686</b>	<b>144,235</b>

(i) Repair and maintenance on properties amounts to AED 9,684 thousand (31 December 2022: AED 9,490 thousand).

### Insurance and reinsurance finance income and expenses

Assets backing the insurance/reinsurance contracts		
	2023	2022
	AED'000	AED'000
		<i>Restated</i>
Finance income from insurance contracts issued	65,577	(5,186)
Finance (expenses) / income from reinsurance contracts held	(57,905)	1,400
<b>Net financial result</b>	<b>7,672</b>	<b>(3,786)</b>



## 22 Other operating expenses



	2023	2022
	AED'000	AED'000
Salaries and other benefits	63,315	70,820
Depreciation charge	21,203	19,933
Directors' remuneration	5,800	5,800
Advertisement	3,976	4,387
Social contribution (note 31)	2,755	2,599
Rent expense	1,807	1,973
(Reversal) for impairment losses on financial assets	(23)	(15)
Other expenses	80,966	59,931
	179,799	165,428

## 23 Income tax



The Group calculates the annual income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group's subsidiary operates in the United Kingdom and is subject to income tax at a rate of 19 percent.

	2023	2022
	AED'000	AED'000
Current income tax	4	18

## 24 Earnings per share



Earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
		Restated
Profit for the year used for calculating earnings per share (AED'000)	401,163	357,591
Ordinary shares outstanding during the year (shares in '000)	570,000	570,000
Earnings per share (AED)	0.70	0.63

There is no dilution effect to the basic earnings per share.

## 25 Related parties



### Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Government of Abu Dhabi holds 24 percent shareholding in the Group through Mamoura Diversified Global Holding PJSC.

Balances with major shareholders disclose below include the transactions with shareholders who hold 5% or more shares in ADNOC and others include transactions with counterparties who are related to either major shareholders or Board members. Pricing policies and terms of these transactions are approved by management. The Group maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows:

*Balances with related parties included in the Consolidated statement of financial position are as follows:*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 Related parties (continued) »»

Identity of related parties (continued)

	31 December 2023			
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Insurance contract balances	(27)	73	987,631	987,677
Employees' end of service benefits payable	3,098	-	-	3,098
Cash and bank balan	-	-	250,140	250,140
Bank overdraft	-	-	-	-
Investments	-	138,643	190,405	329,048
Statutory deposits	-	-	10,000	10,000

	31 December 2022 (Restated)			
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Insurance contract balances	804	169	1,359,739	1,360,712
Employees' end of service benefits payable	3,383	-	-	3,383
Cash and bank balances	-	-	587,258	587,258
Bank overdraft	-	-	44,400	44,400
Investments	-	118,937	272,253	391,190
Statutory deposits	-	-	10,000	10,000

Contingent liabilities issued in favor of related parties as at 31 December 2023 amounted to AED 100,910 thousand (31 December 2022: AED 103,092 thousand).

## 25 Related parties (continued) »»

Transactions with related parties during the year are as follows:

	31 December 2023			
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Insurance revenue	77	36	741,415	741,528
Insurance service expense	37	-	504,145	504,182
Dividend income	-	-	2,832	2,832
Interest income	-	3,946	14,019	17,965
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	168	168

	31 December 2022 (Restated)			
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Insurance revenue	49	64	1,232,768	1,232,881
Insurance service expenses	-	-	686,657	686,657
Dividend income	-	-	2,389	2,389
Interest income	-	3,712	5,621	9,333
Directors' remuneration	5,800	-	-	5,800
Other investment income	-	-	168	168

At the Annual General Assembly held on 21 March 2023, the shareholders approved Board of Directors' remuneration relating to the results for the year ended 31 December 2022 amounting to AED 5,800 thousand (31 December 2022: AED 5,800 thousand relating to the results for the year ended 31 December 2021).

Compensation of key management personnel is as follows:

	2023	2022
	AED'000	AED'000
Salaries and short-term benefits	18,183	18,554
Employees' end of service benefits	791	584
	18,974	19,138

## 26 Segment information

The Group is organised into two main business segments:

Underwriting of commercial lines of business – incorporating all classes of general insurance including marine cargo, marine hull, aviation, energy, property and engineering; and

Underwriting of consumer line of business – incorporating all classes of insurance including accident, life, motor and medical.

Balances for insurance and reinsurance revenue and insurance service result - applicable to all measurement models are as follows:

	31 December 2023		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
<b>Insurance revenue</b>			
<i>Contracts not measured under the PAA</i>			
Expected incurred claims and other directly attributable expenses	-	37,501	37,501
Change in the risk adjustment for non-financial risk for the risk expired	-	1,222	1,222
CSM recognised in profit or loss for the services provided	-	21,372	21,372
Experience adjustments – arising from premiums received during the year other than those that relate to future service	-	-	-
Insurance acquisition cash flow recovery	-	7,504	7,504
<b>Insurance revenue from contracts not measured under the PAA</b>	-	<b>67,599</b>	<b>67,599</b>
<b>Insurance revenue from contracts measured under the PAA</b>	<b>2,713,373</b>	<b>1,859,886</b>	<b>4,573,259</b>
<b>Total insurance revenue</b>	<b>2,713,373</b>	<b>1,927,485</b>	<b>4,640,858</b>
<b>Insurance service expenses</b>			
Incurred claims and other directly attributable expenses	(1,413,941)	(1,647,420)	(3,061,361)
Changes that relate to past service – changes in the FCF relating to the LIC	(81,678)	(107,695)	(189,373)
Losses on onerous contracts and reversal of those losses	-	(28,706)	(28,706)
Insurance acquisition cash flows amortisation	(195,185)	(140,233)	(335,418)
<b>Total insurance service expenses</b>	<b>(1,690,804)</b>	<b>(1,924,054)</b>	<b>(3,614,858)</b>

## 26 Segment information (continued) »»

	31 December 2023		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
<b>Net income / (expenses) from reinsurance contracts held</b>			
Reinsurance expenses – contracts not measured under the PAA			
Expected incurred claims and other directly attributable expenses recovery	-	(4,610)	(4,610)
Change in the risk adjustment for non-financial risk for the risk expired	-	(218)	(218)
CSM recognised for the services received	-	(9,087)	(9,087)
Experience adjustments – arising from ceded premiums paid during the year other than those that relate to future service	-	(260)	(260)
Reinsurance expenses - contracts not measured under the PAA	-	(14,175)	(14,175)
Reinsurance expenses - contracts measured under the PAA	(1,956,956)	(753,342)	(2,710,298)
<b>Total reinsurance expenses</b>	<b>(1,956,956)</b>	<b>(767,517)</b>	<b>(2,724,473)</b>
<b>Income from reinsurance contracts held</b>			
Effect of changes in the risk of reinsurers non-performance	(8,594)	9,543	949
Claims recovered	1,076,454	767,956	1,844,410
Income on initial recognition of onerous underlying contracts	-	-	-
Other directly attributable expenses	(2,082)	(2,165)	(4,247)
Reinsurance contracts held under the GMM: Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	236	236
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	141,233	82,500	223,733
<b>Total income from reinsurance contracts held</b>	<b>1,207,011</b>	<b>858,070</b>	<b>2,065,081</b>
<b>Total insurance service result</b>	<b>272,624</b>	<b>93,984</b>	<b>366,608</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 Segment information (continued) >>

	31 December 2022 (Restated)		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
<b>Insurance revenue</b>			
<i>Contracts not measured under the PAA</i>			
Change in the risk adjustment for non-financial risk for the risk expired	-	3,672	3,672
CSM recognised in profit or loss for the services provided	-	32,521	32,521
Experience adjustments – arising from premiums received during the year other than those that relate to future service	-	(15,109)	(15,109)
Insurance acquisition cash flow recovery	-	5,054	5,054
<b>Insurance revenue from contracts not measured under the PAA</b>	-	<b>60,142</b>	<b>60,142</b>
<b>Insurance revenue from contracts measured under the PAA</b>	<b>2,839,412</b>	<b>1,763,29</b>	<b>4,602,709</b>
<b>Total insurance revenue</b>	<b>2,839,412</b>	<b>1,823,439</b>	<b>4,662,851</b>
<b>Insurance service expenses</b>			
Incurred claims and other directly attributable expenses	(1,143,499)	(1,474,404)	(2,617,903)
Changes that relate to past service – changes in the FCF relating to the LIC	(122)	(39,543)	(39,665)
Losses on onerous contracts and reversal of those losses	-	(13,853)	(13,853)
Insurance acquisition cash flows amortisation	(158,721)	(121,177)	(279,898)
<b>Total insurance service expenses</b>	<b>(1,302,342)</b>	<b>(1,648,977)</b>	<b>(2,951,319)</b>
<b>Net income / (expenses) from reinsurance contracts held</b>			
Reinsurance expenses – contracts not measured under the PAA			
Expected incurred claims and other directly attributable expenses recovery	-	(6,706)	(6,706)
Change in the risk adjustment for non-financial risk for the risk expired	-	(344)	(344)
CSM recognised for the services received	-	(8,496)	(8,496)
Experience adjustments – arising from ceded premiums paid during the year other than those that relate to future service	-	10,926	10,926
Reinsurance expenses - contracts not measured under the PAA	-	(4,620)	(4,620)
Reinsurance expenses - contracts measured under the PAA	(2,173,357)	(692,813)	(2,866,170)
<b>Total reinsurance expenses</b>	<b>(2,173,357)</b>	<b>(697,433)</b>	<b>(2,870,790)</b>

## 26 Segment information (continued) >>

	31 December 2022 (Restated)		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
<b>Income from reinsurance contracts held</b>			
Effect of changes in the risk of reinsurers non-performance	(55,854)	1,370	(54,484)
Claims recovered	893,178	567,432	1,460,610
Income on initial recognition of onerous under lying contracts	-	1,540	1,540
Other directly attributable expenses	(1,692)	(2,931)	(4,623)
Reinsurance contracts held under the GMM: Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	698	698
Reinsurance contracts held under the GMM: Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(2,924)	(2,924)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	88,691	52,338	141,029
<b>Total income from reinsurance contracts held</b>	<b>924,323</b>	<b>617,523</b>	<b>1,541,846</b>
<b>Total insurance service result</b>	<b>288,036</b>	<b>94,552</b>	<b>382,588</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 Segment information (continued) »»

Balances for insurance and reinsurance assets and liabilities, applicable to all measurement models are as follows:

	31 December 2023		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
Insurance contract assets	-	(14,491)	(14,491)
Insurance contract liabilities	3,422,809	1,210,804	4,633,613
Reinsurance contract assets	(2,130,761)	(598,348)	(2,729,109)
Reinsurance contract liabilities	4,400	-	4,400
	<b>1,296,448</b>	<b>597,965</b>	<b>1,894,413</b>

	31 December 2022 (Restated)		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
Insurance contract assets	-	(2,706)	(2,706)
Insurance contract liabilities	2,366,372	1,062,254	3,428,626
Reinsurance contract assets	(1,274,591)	(388,379)	(1,662,970)
Reinsurance contract liabilities	20,242	3,576	23,818
	<b>1,112,023</b>	<b>674,745</b>	<b>1,786,768</b>

## 27 Contingent liabilities and commitments

	2023	2022
	AED'000	AED'000
Commitments in respect of uncalled subscription of equities held as investments	<b>88,884</b>	82,898
Bank guarantees	<b>245,884</b>	253,694
Letters of credit	<b>384</b>	384

The above bank guarantees and letters of credit were issued in the normal course of business.

## Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of the business. Management, based on advice from independent loss adjusters, internal and external legal counsels, makes provision, where applicable, representing amounts expected to result in a probable outflow of economic resources.

## 28 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.

CT applies to all businesses and individuals conducting business activities under a commercial license in the UAE. Thus, the company will be subject to CT.

The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Company is subject to corporate tax from the financial year beginning from January 2024 onwards.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specified that corporate tax at 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. The Company has assessed the possible impact of CT on the consolidated financial statements, and concluded that the results are not impacted by the transition requirements. Further, there is no adjustment required for deferred tax as well.

## 29 Other Information

The Group has entered into a binding agreement to acquire 51% of the share capital of Allianz Saudi Fransi Cooperative Insurance Company (ASF), a joint stock company in the Kingdom of Saudi Arabia listed on the Saudi Exchange. The acquisition is for a total consideration of USD 133,068,800 (equal to SAR 499,008,000). The transaction fits fundamentally within the core of the Company's strategic pillars as it will allow it to further extend its presence into the Saudi Arabian market, deliver and optimize operating model efficiencies between the Company and the Target Company, and boost its consumer retail portfolios as a substantial percentage of the ASF customer base comes from this segment. The Company intends to fund the acquisition through internal cash resources. To the extent that any external funding may be required at the date of completion, the Company has access to sufficient funding facilities from banks to meet any requirements. The transfer of monies for the acquisition is to be made on completion date i.e. after receiving all the necessary regulatory approvals.

The transaction is expected to close in the coming quarters after receiving all due regulatory approvals and the financial results will be consolidated within the Company's balance sheet thereafter. The transaction is conditional on obtaining a number of customary regulatory waivers and consents.



30 Gross Written Premium



In reference to notice CBUAE/BIS/2023/6163 by Central Bank of UAE on reporting requirements, the insurance companies are required to include a disclosure on the details of gross written premium as per INFO-7 of the eForms.

31 December 2023					
	Life Insurance	Fund Accumulation	Medical Insurance	Property & Liability	All Types of Business Combined
	AED'000	AED'000	AED'000	AED'000	AED'000
Direct Written Premiums	195,510	-	1,294,598	2,184,357	3,674,465
Assumed Business					
Foreign	36,844	-	-	784,424	821,268
Local	59,315	-	191,946	207,810	459,071
Total Assumed Business	96,159	-	191,946	992,234	1,280,339
Total Gross Written Premiums	291,669	-	1,486,544	3,176,591	4,954,804

31 December 2022					
	Life Insurance	Fund Accumulation	Medical Insurance	Property & Liability	All Types of Business Combined
	AED'000	AED'000	AED'000	AED'000	AED'000
Direct Written Premiums	193,543	-	1,147,199	2,639,497	3,980,239
Assumed Business					
Foreign	11,590	-	-	742,498	754,088
Local	242,110	-	-	149,045	391,155
Total Assumed Business	253,700	-	-	891,543	1,145,243
Total Gross Written Premiums	447,243	-	1,147,199	3,531,040	5,125,482

Gross written premium is a measure of the total premium that an insurer collects from its customers.

31 Social Contributions



The social contributions (including donations and charity) made during the year amounts to AED 2,755 thousand (31 December 2022: AED 2,599 thousand).

32 General



The Consolidated financial statements of the Group was approved for issuance by the Board of Directors on 12 February 2024.