

Annual Report 2024



Yesterday's Promise.
Today's Progress.
Tomorrow's Potential.



OUR LOCATIONS

ADNIC Head Office

P.O. Box: 839 – Abu Dhabi, UAE
Mohamed Bin Khalifa Street
Al Danah, Zone 1
ADNIC Building No. 403
Tel: 02 4080100
Fax: 02 4080604

Ruwais Office

Ruwais City – Al Dhannah Mall,
Tamm Center
P.O. Box: 839 – Abu Dhabi, UAE
Tel: 02 8772123
Fax: 02 4080604

Al Ain Branch

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

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

Abu Dhabi Traffic Office

Abu Dhabi Traffic Police
Vehicle Test Section
P.O. Box: 839 – Abu Dhabi, UAE
Tel: 02 4080587/588
Fax: 02 4080604

Mahawi Office

Abu Dhabi Traffic Police Department
Vehicle Inspection Centre
Abu Dhabi – Al Ain Highway
P.O. Box: 839 – Abu Dhabi, UAE
Tel: 02 6585158
Fax: 02 4080604

Al Ain Traffic Office

Al Ain Traffic Police Dept. – Zakher
P.O. Box: 1407 – Al Ain
Tel: 03 7828666
Fax: 03 7663147

Dubai Branch

Dubai Supreme Court Complex
Umm Hurair 2
P.O. Box: 11236 – Dubai
Tel: 04 5154850
Fax: 04 5154910

Mussafah Branch

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

Al Shamkha Office

ADNOC Service Station
169 | Motor World
P.O. Box: 839 – Abu Dhabi, UAE
Tel: 02 4080576
Fax: 02 4080604

Al Ain Mezyad Office

Abu Dhabi Traffic Police Dept.
P.O. Box: 1407 – Al Ain
Tel: 03 7824250
Fax: 03 7663147

Subsidiaries

ADNIC International Ltd.
London – UK
The Leadenhall Building
30th floor
EC3V 4AB
Tel: +44(0)2037534686/687

Samha Office

ADNOC Service Station
P.O. Box: 839 – Abu Dhabi, UAE
Tel: 02 4080376
Fax: 02 4080604

Ghuwaifat – Sila’a Office

P.O. Box: 839 – Abu Dhabi, UAE
Tel: 02 8723287
Fax: 02 4080604

Subsidiaries

Mutakamela Insurance
Riyadh Head Office
Khorais Road, Khaleej Bridge – Riyadh
Phone: +966 11 821 3000
Fax: +966 11 821 3999





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 بن سلطان آل نهيان
نعمه 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



**Sheikh Theyab Bin
Tahnoon Al-Nahyan**



**H.E. Sultan Rashed
Al-Dhaheeri**



**Mr. Abdulla Khalaf
Al-Otaiba**



Mr. Omar Liaqat



**Mr. Abdulrahman
Hamad Al-Mubarak**



**Mr. Hazzaa Mohamed
Rubayea Al-Mheiri**



**Mr. Hamoodah
Ghanem Bin Hamoodah**



**Mrs. Futoon Hamdan
Mohamed Al-Mazrouei**

A message from Chairman of the Board

This year marked a significant new chapter in the company's growth journey.

The Board of Directors is pleased to report Abu Dhabi National Insurance Company's ("ADNIC") financial results for the full year ended 31 December 2024.

Following the successful completion of the acquisition of Allianz Saudi Fransi Cooperative Insurance Company in Saudi Arabia, we have rapidly advanced efforts to integrate this operation into ADNIC's overall framework. As a result, we have completed a full rebranding exercise and the operation in KSA is now actively trading under its new name of Mutakamela Insurance Company. Mutakamela enables ADNIC to establish a significant presence in the KSA market and further strengthens our position as a key player across the GCC region.

The financial results now include the consolidation of Mutakamela's performance from the effective date of the acquisition.

Both companies as a group have demonstrated a strong underwriting performance, achieving a combined ratio of 93.1% and delivering net insurance service results of AED 448.9 million, reflecting growth of 22.5%. Despite a challenging year for the UAE insurance industry, characterised by unprecedented major loss events, namely the adverse weather events in April, ADNIC showed remarkable resilience and maintained robust underwriting results.

The company has also achieved a record Gross Written Premium (GWP) of AED

7,454.1 million, representing a growth of 50.4% compared to the previous year. This outstanding performance highlights ADNIC's ability to deliver value through its diversified product offerings and strategic market positioning.

The net income from investments for the full year of 2024 increased by 31.9% to AED 272.7 million. This growth reflects positive changes in asset allocation and higher returns from coupon and dividend income, demonstrating the effectiveness of our investment strategy amidst evolving market conditions.

ADNIC remains committed to managing general expenses efficiently. Despite ongoing investments, the increase in overall expenses was significantly lower than premium growth, resulting in an expense ratio of 13.8%. This underscores the company's focus on operational excellence and cost discipline.

As a result of strong underwriting and investment performance, the Group has achieved before tax of AED 466.4 million, representing a growth of 16.3% compared to the prior year.

In line with the UAE leadership declaring 2025 as the Year of Community, ADNIC reiterates its commitment to continue delivering simple and accessible insurance solutions which will contribute positively towards our society's unity, shared responsibility

and overall wellbeing infrastructure pillars. At ADNIC, we understand that the transformation towards a better future should begin at the very core of our business and that's why we've also taken decisive steps across our operations to make this a reality with innovative solutions.

We would like to express our deepest gratitude to the UAE's leadership for their unwavering support and guidance. Our heartfelt thanks go to His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE; His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister, and Ruler of Dubai; His Highness Sheikh Mansour Bin Zayed Al Nahyan, Vice President, Deputy Prime and Chairman of

the Presidential Court; and His Highness Sheikh Khaled Bin Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi.

I am confident that 2025 will be another year of success, driven by our solid financial foundation and highly skilled team, who continue to seize emerging opportunities and uphold our commitment to delivering sustainable value to our shareholders.

Sheikh Mohamed
Bin Saif Al-Nahyan
Chairman of the Board



A message from the CEO

This year marked a significant new chapter in the company's growth journey.

I am very pleased to present the remarkable financial performance of Abu Dhabi National Insurance Company PJSC for the full year ended 31 December 2024. ADNIC has delivered another year of exceptional results with the highest ever reported total Insurance Revenue as well as overall Net Profit, driven by robust financial performance and the successful implementation of key strategic growth initiatives.

As a result of strong underwriting and investment performance, I am happy to announce that ADNIC has achieved a net profit before tax of AED 466.4 million, reflecting an 16.3% increase compared to 2023.

Following the successful completion of the acquisition of Allianz Saudi Fransi Cooperative Insurance Company in Saudi Arabia, we have rapidly advanced efforts to integrate this operation into ADNIC's overall framework. As a result, we have completed a full rebranding exercise and the operation in KSA is now actively trading under its new name of Mutakamela Insurance Company. Mutakamela enables ADNIC to establish a significant presence in the KSA market and further strengthens our position as a key player across the GCC region. All the financials discussed here follow the full consolidation of Mutakamela performance from the date of the transaction's completion.

Key financial highlights:

Insurance Revenue has grown by 54.6% year on year to reach an all-time high of AED 7.2 Billion. This reflects our continuous excellence in the provision of corporate insurance solutions for mega projects as well as our underlying robust multi-channel, product line and geographical infrastructure and readiness.

Insurance Service Result has grown by 22.5% year on year to reach AED 448.9 Million. While the insurance market in UAE was tremendously impacted by the flood events ADNIC was the only top tier UAE listed company able to deliver double-digit growth in this critical KPI which reflects the robustness and strong underwriting and analytical discipline in the way our business is managed and produced.

Net Investment Income has grown by 31.9% year on year to reach AED 272.7 Million. It reflects the resilience of our underlying asset allocation mix to the emerging market conditions and trends.

Net Financial Result which is the consolidated output of all of the above values after incorporation of the IFRS-17 required risk charge and discounting adjustments has grown by 18.9% year on year to reach AED 690.7 Million.

Profit Before Tax has grown by 16.3% year on year to AED 466.4 Million the highest ever recorded in ADNIC's long history. Tax expense for the year is AED 46.9 Million yielding a Profit After Tax for the year of AED 419.5 Million.

Total Assets have grown by 52.9% year on year to reach AED 11.8 Billion and Total Shareholders' Equity has grown by 20.6% for year on year to reach AED 3.5 Billion.

Finally, and in line with the UAE leadership declaring 2025 as the Year of Community, ADNIC reiterates its commitment to continue delivering simple and accessible insurance solutions which will contribute positively towards our society's unity, shared responsibility and overall wellbeing infrastructure pillars. At ADNIC, we understand that the transformation towards

a better future should begin at the very core of our business and that's why we've also taken decisive steps across our operations to make this a reality with innovative solutions.

As we embark on another year, I would like to express my gratitude to our hardworking team, trusted partners, valued clients, and the unwavering support of our Board of Directors. We are confident that the coming year will bring great successes as we remain true to our values, embrace innovation, and continue delivering value to our stakeholders while strengthening our market position.

Charalampos Mylonas
Chief Executive Officer



Corporate Social Responsibility



Corporate Social Responsibility

At ADNOC, corporate social responsibility is an integral part of how we do 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. We aim at delivering on these promises every day, whether it is through our products and services, the opportunities our employees have, reducing the impact on the environment or our investments in the community. We demonstrate our commitment to corporate social responsibility through our numerous initiatives.

Our CSR efforts are not restricted to specific types of projects and our initiatives range from health to environmental and social programs. ADNOC's main guiding principle when it comes to CSR projects is securing benefits well into the future and having a substantial positive impact on the community. We believe that CSR initiatives should be meaningful, impactful, and sustainable. To ensure this, we regularly review and update our CSR policies to align with our values, strategic objectives, and industry best practices. At ADNOC, we view corporate social responsibility as the right thing to do, and we incorporate responsible practices into everything we do to drive

positive change in the communities we serve and safeguard the future. Our commitment to the community around the UAE is demonstrated with 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.

ADNOC has partnered with notable organisations across the UAE to continue to enhance its sustainability and core business model. Notable examples include ADNOC's partnership with the Social Investment Fund, administered by the Authority of Social Contribution - Ma'an, which started in 2020 to support the UAE community during its fight against the pandemic. In 2024, ADNOC renewed its contribution of AED 2 million to Ma'an with the aim support societal priorities in Abu Dhabi. ADNOC has also collaborated with Emirates Nature-WWF for the third consecutive year, contributing to local conservation projects to help pave the way for the UAE to achieve its net zero goals, as well as Reaching the Last Mile

Fund (RLMF) its efforts to combat neglected tropical diseases (NTDs).

ADNOC is also proud to work with the government to encourage UAE nationals to work in the private sector, developing a UAE national talent programme called "Emkanati". The programme trains Emiratis in ADNOC underwriting divisions as the company is working towards enhancing the skills of its workforce to ensure they develop essential technical, behavioural and leadership skills required in their current and future roles.

In total, ADNOC has made social contributions amounting to AED 2.97 million during 2024.

Consolidated Financial Statements



Independent Auditor’s Report

The Shareholders
Abu Dhabi National Insurance Company PJSC
Abu Dhabi
United Arab Emirates

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 subsidiaries (together “the Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group’s consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none">• Obtaining an understanding of the process adopted by management to determine the PVFCFs included in the liability for incurred claims.• Assessing the key controls related to the integrity of the data used in the process of valuation of the PVFCFs included in the liability for incurred claims to determine if they had been appropriately designed and implemented;• Evaluating and testing the data used in the process of valuation of the PVFCFs concerning incurred claims;• Testing samples of claims case reserves by comparing the estimated amount of the case reserve to appropriate documentation, such as reports from loss adjusters, confirmations obtained from lawyers, reinsurance contracts etc;• Evaluating the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary’s engagement with the Group to determine if the scope of his work was sufficient for audit purposes. <p>In addition, with the assistance of our internal actuarial specialists, we:</p> <ul style="list-style-type: none">• Determined if the calculation methods and the model used were appropriate;• Assessed the following key assumptions:<ul style="list-style-type: none">– loss ratios;
As at 31 December 2024, insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities amounted to AED 7.8 billion, AED 156 million, AED 5.4 billion and AED 129 million respectively, as detailed in note 12 to the consolidated financial statements.	
A key element of the valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities is the determination of the Present value of future cash flows (“PVFCFs”) included in the liability for incurred claims for contracts measured under the Premium Allocation Approach. As at 31 December 2024 this amounted to AED 7.6 billion and AED 8.2 billion for insurance contracts and reinsurance contracts respectively.	
The determination of the PVFCFs for incurred claims represents the Group’s expectations regarding future payments for known and unknown claims including associated expenses and involves actuarial models and several assumptions made by management. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates and use actuarial models. The risk of error arises as a result of inappropriate choice of actuarial methodologies, techniques and assumptions. Management used an internal and external actuary to assist them in the aforementioned determination.	

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities (continued)	
<p>Furthermore, another key element of the valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities are the receivables for amounts due net of the expected credit losses. The Group uses the expected credit loss model to estimate the allowance which requires management to apply significant estimates, such as the probability of default, loss given default, exposure at default and discount rate.</p> <p>As a result of all the above factors, we consider the valuation of the PVFCFs included in the liability for incurred claims for contracts measured under the Premium Allocation Approach and the calculation of the impairment allowance on receivables reflected in the valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities as a key audit matter.</p>	<ul style="list-style-type: none"> - claims development factors; and - discount rates; • Determined if the estimates applied in the current period and prior year were consistent; • Developed a point estimate or range based on our understanding of the Group's business and evaluated the differences between management's point estimate and our point estimate or range. <p>With respect to the receivables, impairment allowance our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated and tested the data used in the expected credit losses model calculations receivables for amounts due; • Evaluated and tested the calculation of the allowance for expected credit loss allowance and the key assumptions and judgments used; and • Evaluated and tested balances determined to be individually impaired. <p>We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.</p>

Key audit matter	How our audit addressed the key audit matter
Acquisition of Mutakamela Insurance Company	
<p>During the year the Group acquired a controlling stake of 51% in Mutakamela Insurance Company for a total consideration of AED 489 million, which was fully paid in cash.</p> <p>This acquisition is considered to be a business combination. IFRS Accounting Standards requires management to account for business combinations by identifying all assets and liabilities in the acquiree, including those that are not included in the accounting records of the acquiree and recording these at fair value at the date of acquisition.</p> <p>The Group employed an external specialist to assist them in determining the fair value of the assets acquired and liabilities assumed. This valuation resulted in goodwill of AED 88 million being recognised, which represents the excess of the purchase price over the fair value of the net assets acquired.</p> <p>The cost of the acquisition was accounted for by determining the fair value of assets and liabilities acquired, including goodwill. At the date of acquisition no fair value adjustment was made to the net assets of MIC acquired. This acquisition resulted in the goodwill of AED 88 million.</p> <p>Management applied the following judgements in determining the fair value of the net assets in MIC:</p> <ul style="list-style-type: none"> • Identification of the intangible assets which exist in MIC but had not been recognised; 	<p>We performed the following procedures, inter alia, in relation to the key audit matter:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process adopted by management to determine the fair values of the assets and liabilities of MIC at the acquisition date, including the key controls in this process. • We assessed if the abovementioned key controls had been appropriately designed and implemented. • We confirmed that the effective date of the acquisition was in compliance with the requirements of IFRS Accounting Standards by inspecting the salient terms and conditions of the purchase agreement to determine the date the Group took control over MIC. • We assessed the skills, integrity, competence and objectivity of the external specialist employed by management to determine the fair value of the net assets of MIC. • We reviewed the terms of engagement between the external specialist and management to determine if the scope of their work was sufficient for audit purposes. • We assessed, with the assistance of our internal specialists, the methodology used to determine the fair value of the net assets of MIC at the date of acquisition against the requirements of IFRS Accounting Standards. • We assessed, with the assistance of our internal specialists, the estimates made by management by agreeing them to published market data

Key audit matter	How our audit addressed the key audit matter
Acquisition of Mutakamela Insurance Company (continued)	
<ul style="list-style-type: none">• An analysis of the abovementioned intangible assets to determine if they meet the recognition criteria contained within IFRS Accounting Standards; and• An assessment of the remaining intangible assets to determine if they are immaterial in the context of the consolidated financial statements. <p>We considered the acquisition of MIC to be a key audit matter due to the level of judgements applied and estimates made by management the quantitative significance of the purchase price in the context of the consolidated financial statements.</p> <p>Refer to note 2 to the consolidated financial statements for the accounting policy and further details relating to the acquisition.</p>	<p>and other external sources and benchmarking them against other similar acquisitions.</p> <ul style="list-style-type: none">• We reperformed the mathematical accuracy of the valuation.• We agreed the results of the acquisition to the amounts disclosed in the consolidated financial statements.• We assessed the disclosure in the consolidated financial statements against the requirements of IFRS Accounting Standards.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 12 February 2024.

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. The other information

does not include the financial statements and our auditor’s report thereon.

Our opinion on the consolidate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements,

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

materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 as issued by the IASB and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

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

misrepresentations, or the override of internal control.

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

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

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

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

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of

the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- we have obtained all the information we considered necessary for the purposes of our audit;

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

- the Group has maintained proper books of account;

- the financial information included in the Directors' report is consistent with the Group's books of account;

- note 2a and 9 to the consolidated financial statements of the Group discloses its investments in equity instruments during the financial year ended 31 December 2024;

- note 26 to the consolidated financial statements of the Group discloses material

related party transactions, the terms under which they were conducted and principles of managing conflict of interests as at 31 December 2024;

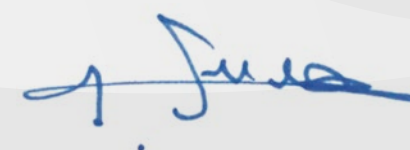
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024, with any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and

- note 31 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2024.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte.

Deloitte & Touche (M.E.)



Firas Anabtawi
Registration No. 5482
4 February 2025
Dubai
United Arab Emirates

Consolidated statement of financial position

as at 31 December

Assets	Note	2024 AED'000	2023 AED'000
Property and equipment	7	76,755	77,598
Goodwill	8	88,380	-
Financial assets for unit linked contracts	9	474,393	-
Financial assets at amortised cost	9	1,956,263	1,146,479
Financial assets at fair value through other comprehensive income	9	1,697,024	1,529,033
Financial assets at fair value through profit or loss	9	382,626	347,305
Investment properties	10	683,141	670,987
Statutory deposits	11	68,800	10,000
Insurance contract assets	12	155,783	14,491
Reinsurance contract assets	12	5,416,020	2,729,109
Prepayments and other receivables	13	133,886	34,001
Deferred tax asset		233	-
Deposits	14	313,159	121,721
Cash and cash equivalents	14	358,304	1,035,637
Assets		11,804,767	7,716,361
Equity and liabilities			
Equity			
Share capital	16	570,000	570,000
Share premium		110,925	110,925
Legal reserve	17(a)	285,000	285,000
Insurance finance reserve	17(b)	62,425	51,628
Fair value reserve	17(c)	(137,673)	(173,518)
General reserve	18	1,000,000	1,000,000
Reinsurance default risk reserve	19	82,228	59,998
Retained earnings		1,159,464	1,015,055
Treasury Shares		(2,577)	-
Net equity attributable to the owners of the Company		3,129,792	2,919,088
Non-Controlling Interest	30	389,245	-
Total Equity	-	3,519,037	2,919,088
Liabilities			
Insurance contract liabilities	12	7,835,486	4,633,613
Reinsurance contract liabilities	12	129,238	4,400
Employees' end of service benefits	20	40,387	22,465
Other payables	21	280,619	136,795
Total liabilities	-	8,285,730	4,797,273
Total equity and liabilities	-	11,804,767	7,716,361

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 2024.

Chairman of the Board of Directors

The notes set out on pages 13 and onwards 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 7.

Chief Executive Officer

Consolidated statement of profit or loss

for the year ended 31 December

	Note	2024 AED'000	2023 AED'000
Insurance revenue	27	7,175,927	4,640,858
Insurance service expenses	27	(7,690,220)	(3,614,858)
Income from reinsurance contracts	27	4,903,821	2,065,081
Expenses from reinsurance contracts	27	(3,940,538)	(2,724,473)
Insurance service result		448,990	366,608
Net Investment income*	22	272,718	206,686
Finance income / (expenses) from insurance contracts, net	22	(102,982)	65,577
Finance income / (expenses) from reinsurance contracts, net	22	71,979	(57,905)
Net finance (expenses) / income		(31,003)	7,672
Net financial result		690,705	580,966
Other operating expenses	23	(224,268)	(179,799)
Profit before zakat and income tax		466,437	401,167
Zakat and income tax expense	24	(46,979)	(4)
Profit for the year		419,458	401,163
Attributable to:			
Shareholders		416,812	401,163
Non - controlling Interest	30	2,646	-
		419,458	401,163
Earnings per share:			
Earnings per share (AED)	25	0.73	0.70

The notes set out on pages 13 and onwards 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 7.

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

Consolidated statement of comprehensive income

for the year ended 31 December

	2024 AED'000	2023 AED'000
Profit for the year	419,458	401,163
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	11,088	29,493
Change in fair value of equity investments at fair value through other comprehensive income, net	50,155	13,574
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	(5,631)	(663)
Deferred tax relating to change in fair value	(3,919)	-
Impairment charge on debt investments measured at fair value through comprehensive income - reclassified to profit or loss	231	39
Finance income/(expense) from insurance contracts, net	79,600	(101,459)
Finance (expenses)/income from reinsurance contracts, net	(69,197)	75,910
Other comprehensive income for the year	62,327	16,894
Tax expense	(4,761)	-
Other comprehensive income for the year after tax	57,566	16,894
Attributable to:		
Shareholders	52,969	16,894
Non - controlling Interest	4,597	-
	57,566	16,894
Total comprehensive income for the year	477,024	418,057
Attributable to:		
Shareholders	469,781	418,057
Non - controlling Interest	7,243	-
	477,024	418,057

The notes set out on pages 13 and onwards form an integral part of these consolidated financial statements.

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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	Treasury Shares AED'000	Non-Controlling Interests AED'000	Total AED'000
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
Total comprehensive income											
Profit for the year	-	-	-	-	-	-	-	401,163	-	-	401,163
Other comprehensive income/(loss) for the year	-	-	-	-	12,950	(25,549)	-	29,493	-	-	16,894
Total comprehensive income/(loss) for the year	-	-	-	-	12,950	(25,549)	-	430,656	-	-	418,057
Transactions with owners of the Company											
Dividend paid (note 15)	-	-	-	-	-	-	-	(228,000)	-	-	(228,000)
Dividend unpaid written off	-	-	-	-	-	-	-	778	-	-	778
Total transactions with owners of the Company	-	-	-	-	-	-	-	(227,222)	-	-	(227,222)
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	-	16,106	(16,106)	-	-	-
Balance at 31 December 2023	570,000	110,925	285,000	1,000,000	(173,518)	51,628	59,998	1,015,055	-	-	2,919,088
Balance at 1 January 2024	570,000	110,925	285,000	1,000,000	(173,518)	51,628	59,998	1,015,055	-	-	2,919,088
Non-controlling interests on acquisition of subsidiary (note-2a)	-	-	-	-	-	-	-	-	-	384,478	384,478
Total comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	416,812	-	2,646	419,458
Other comprehensive income for the year	-	-	-	-	35,845	10,797	-	6,327	-	4,597	57,566
Total comprehensive income for the period	-	-	-	-	35,845	10,797	-	423,139	-	391,721	861,502
Transaction with owners of the Company:											
Dividend paid (note 15)	-	-	-	-	-	-	-	(256,500)	-	-	(256,500)
Total transactions with owners of the Company	-	-	-	-	-	-	-	(256,500)	-	-	(256,500)
Transfer from retained earnings to reinsurance default risk reserve	-	-	-	-	-	-	22,230	(22,230)	-	-	-
Purchase of share held under employee scheme	-	-	-	-	-	-	-	-	(2,577)	(2,476)	(5,053)
Balance at 31 December 2024	570,000	110,925	285,000	1,000,000	(137,673)	62,425	82,228	1,159,464	(2,577)	389,245	3,519,037

The notes set out on pages 13 and onwards 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 7.

Consolidated statement of cash flows

for the year ended 31 December

	Note	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit before zakat and tax		466,437	401,167
Adjustments for:			
Depreciation	7	27,336	21,283
Amortisation expense, net	9	(534)	(127)
Charge of expected credit losses of other financial assets, net		118	(178)
Change in fair value of financial assets at fair value through profit or loss, net	22	(20,331)	(23,568)
Change in fair value of investment properties	22	(11,845)	2,150
Provision for employees' end of service benefits	20	5,662	3,761
Other finance cost		4,590	1,525
Interest income	22	(124,528)	(82,944)
Dividend income	22	(105,240)	(79,784)
Loss/(gain) on sale of financial assets at fair value through profit or loss	22	1,983	(14,591)
Net cash generated from operations		243,648	228,694
Changes in:			
Financial assets for unit linked contracts		47,169	-
Insurance and reinsurance contracts		(192,939)	82,097
Accrued expenses and other Liabilities		1,443	-
Prepayments and other receivables		(61,928)	12,300
Other payables		25,231	(16,741)
Cash from operations		62,624	306,350
Employees' end of service benefits paid		(6,938)	(5,218)
Interest paid		(1,446)	(1,526)
Zakat and tax paid		(10,780)	(4)
Net cash generated from operating activities		43,460	299,602
Cash flows from investing activities			
Proceeds from sale of investments		1,097,658	1,218,552
Acquisition of a subsidiary, net of cash acquired	30	(356,399)	-
Purchase of investments		(1,263,315)	(1,196,676)
Bank deposits withdrawn		54,591	278,331
Bank deposits placed		(196,929)	(121,675)
Additions to property and equipment	7	(19,704)	(16,131)
Additions to investment properties	10	(309)	(468)
Interest received		120,215	73,490
Dividend income received		105,240	79,784
Net cash (used in) / generated from investing activities		(458,952)	315,207
Cash flows from financing activities			
Lease rental paid		(141)	-
Purchase of share held under employee scheme		(5,273)	-
Dividend paid	15	(256,500)	(228,000)
Dividend unpaid write off		-	778
Net cash used in financing activities		(261,914)	(227,222)
Net (decrease)/increase in cash and cash equivalents		(677,406)	387,587
Cash and cash equivalents at 1 January		1,035,867	648,280
Cash and cash equivalents at 31 December	14	358,461	1,035,867

The notes set out on pages 13 and onwards 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 7.

Notes to the consolidated financial statements

for the year ended 31 December

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 information comprises the financial results of the Company and those of its following subsidiary (together "the Group"):

Subsidiaries	Principal activity	Country of incorporation	Ownership
	*Other activities		
ADNIC International LTD	auxiliary to insurance	United Kingdom	100%
Mutakamela Insurance Company (MIC)**	Insurance and Reinsurance	Saudi Arabia	51%

* 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.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)
(a) Basis of consolidation (continued)

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.

****Acquisition of Mutakamela Insurance Company (“MIC”) (formally called as Allianz Saudi Fransi Cooperative Insurance Company) from 17th April 2024**

ADNIC has finalized the acquisition of a 51% stake in Mutakamela Insurance Company (formally called as Allianz Saudi Fransi Cooperative Insurance Company), effective April 17th, 2024. According to the agreement terms, the total consideration for this acquisition was AED 489 million, paid in full in cash. In accordance with Group IFRS accounting policies, the assets and liabilities acquired were adjusted to their fair value as of the acquisition date. These adjustments have been reflected in the opening balance sheet and are incorporated into the consolidated financial statements.

**With effect from 25 November 2024, the name of the Company was changed from “Allianz Saudi Fransi Cooperative Insurance Company” to “Mutakamela Insurance Company”

During the last quarter of 2024, the purchase price allocation exercise was completed and the acquisition date fair value of net assets and non-controlling interests were not changed from their provisional amounts to fair valued amounts as per IFRS 3 Business Combinations.

The computation of the purchase consideration and its allocation to the net assets of MIC based on their fair values as of 17 April 2024 is presented below.

	AED’000	AED’000
Consideration paid	488,552	
Non- controlling Interest	384,478	873,030
Less: Fair value of identifiable net assets		
Total assets acquired	1,991,695	
Less: Total liabilities assumed	(1,207,045)	(784,650)
Goodwill		88,380

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)
(a) Basis of consolidation (continued)

Subsidiaries

Subsidiaries are entities over which ADNIC has established control. Control is determined by ADNIC’s exposure or rights to variable returns from its involvement with the entity, coupled with its ability to influence those returns through its governing power over the entity. The financial results of subsidiaries are included in ADNIC’s consolidated financial statements from the date control is obtained and are excluded from the date control is lost.

ADNIC employs the acquisition method of accounting for business combinations, regardless of whether equity instruments or other types of assets are acquired. The consideration for acquiring a subsidiary includes the fair value of the transferred assets, liabilities incurred to the former owners of the acquired business, issued equity interests, the fair value of any contingent consideration arrangements, and the fair value of any pre-existing equity interest in the subsidiary. At the acquisition date, identifiable assets acquired, liabilities assumed, and contingent liabilities are initially measured at their fair values, with limited exceptions.

Goodwill

Goodwill is recognised and measured on business combinations acquired by ADNIC, as described within the ‘Basis of consolidation and equity accounting’ policy. Goodwill on acquisitions of subsidiaries is included in intangible assets in the consolidated statement of financial position.

Goodwill is recorded when the total of the consideration transferred, any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previously held equity interest in the acquired entity exceeds the fair value of the net identifiable assets acquired.

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. The results and equity attributable to non-controlling interests are presented separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, and consolidated statement of changes in equity.

Inter-company transactions, balances and unrealized gains on transactions between ADNIC and its subsidiaries are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The financial statements of subsidiaries are consolidated into the Group’s financial statements from the date the Group gains control, either through acquisition or incorporation, and remain consolidated until the Group ceases to have control. These consolidated financial statements are prepared for the same reporting period as the parent company and adhere to consistent accounting policies throughout the Group.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

(a) Basis of consolidation (continued)

Goodwill (continued)

Goodwill is not amortised but is tested for impairment annually, or more frequently if there are indications of potential impairment. It is carried at cost, less any accumulated impairment losses. For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the business combination in which the goodwill originated. An impairment loss is recognized when the carrying amount of a CGU or group of CGUs exceeds its recoverable amount. Impairment losses on goodwill are not reversed.

(b) Basis of accounting

As explained in note 3, the Group has adopted all consequential amendments to International Financial Reporting Standards ("IFRS"), with a date of initial application of 1 January 2024.

(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

This consolidated financial information is presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

(e) Functional and reporting currency (continued)

The individual financial statements of the Group entities are presented in the currency of the primary economic environment in which they operate (functional currency). For the purpose of these consolidated financial statements, the results and financial position of each subsidiary are expressed in the functional currency of the Parent Company.

(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:

Discounted rates

The bottom-up approach was used to derive the discount rate by the Group. Under this approach, the USD based risk free discount rates by European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Group then further added a country risk premium from the source to make the yield curve appropriate for application. The Group has used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium. The Group is currently discounting liability for incurred claims for all groups of insurance contracts.

CSM determination

For long-term Individual Life contracts, measured under the GMM and VFA, the Group recognizes a contractual service margin (CSM) which represents the unearned profit the Group will earn as it provides service under those contracts. A coverage unit methodology is used for the release of the CSM. Based on the benefit for the policy holders, the applicable CSM release pattern is determined by using coverage unit methodology which will reflect the benefit defined in the insurance contracts with the policyholders.

In performing the above determination, management applies judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in the income statement for the period.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

- (f) Use of judgements and estimates (continued)
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 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.

Estimates of future cash flows to fulfil insurance contracts (continued)

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 behavior. 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,

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

- (f) Use of judgements and estimates (continued)
Measurement of the expected credit losses allowance (continued)

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.

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 2024 is a increase of AED 11,845 thousand (31 December 2023 decrease of AED 2,150 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.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

- (f) Use of judgements and estimates (continued)
- (ii) Judgements (continued)

For equity investments carried at fair value, management decides whether they 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.

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:

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

- (f) Use of judgements and estimates (continued)
- (ii) Judgements (continued)

- 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).

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 to be 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.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

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

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.

Notes to the consolidated financial statements (continued)

2. Basis of preparation (continued)

- (f) Use of judgements and estimates (continued)
- (ii) Judgements (continued)
 - Fulfilment cash flows (continued)

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.

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.

For direct participating contracts issued by the Group, these are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these groups of contracts under the VFA.

3. New and amended standards and interpretations

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these financial statements. The application of these revised IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current;
- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback transaction;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate Related Disclosures.

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

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability	1 January 2025
IFRS 18 Presentation and Disclosures in Financial Statements. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2027
Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely

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

4. Material accounting information

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.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Leases (continued)

(a) As a lessee (continued)

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Leases (continued)

(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.

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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Financial assets and liabilities (continued)

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 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.

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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Financial assets and liabilities (continued)

Designation at fair value (continued)

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.

Unit linked investments

Unit linked investments are assets backing liabilities arising from contracts, where the liabilities are contractually linked to the fair value of the financial assets within the policyholder's unit linked funds and are classified as 'held for trading' assets and are designated at fair value through statement of income. Investments classified as trading are acquired principally for the purpose of selling or repurchasing in short term and are recorded in the statement of financial position at fair value. Any change in fair value is recognised in statement of income.

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Fair value measurement (continued)

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 reassessing 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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Fair value measurement (continued)

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.

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.

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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Impairment (continued)

(ii) Non-financial assets (continued)

(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 assets 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.

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 assets 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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Property and equipment (continued)

Recognition and measurement (continued)

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.

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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Property and equipment (continued)

Impairment (continued)

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 10.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Revenue – non-insurance (continued)

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.

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- Domiciled in the UAE

The Group provides end of service benefits to its employees employed in the UAE in accordance with the UAE Labour Law and for employees employed in the subsidiary companies in accordance with the respective region's labour Law. The entitlement of these benefits is based upon employees' final 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 Plans

The Group's obligations for defined contribution plans are limited to paying contributions to publicly or privately administered pension schemes. Once contributions are paid, the Group has no further obligations, and the contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as assets if a cash refund or future payment reduction is available.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Employees end of service benefits (continued)

Defined Benefit Obligations Outside the UAE

The Group performs an annual calculation of defined benefit obligations using the projected unit credit method, overseen by a qualified actuary. When this calculation indicates a potential asset, the recognized asset is constrained to the present value of future economic benefits such as potential refunds or reduced future contributions. The present value of economic benefits is calculated, taking into account any minimum funding requirements.

UAE Nationals – Pension and Social Security

Under Federal Labour Law No. 7 of 1999, employers must contribute 12.5% of an employee's salary toward their pension and social security scheme. UAE nationals are also required to contribute 5% of their salary. The Group's contributions are recognized in profit or loss as incurred, and any unpaid amounts at the reporting date are shown under liabilities.

Share based payments

The Group's subsidiary company MIC offers its employees Long Term Incentive Plan (the "Plan"). The plan is approved by SAMA, under the terms of the plan the eligible employees are offered shares at a pre-determined strike price on the grant date. On the completion of the vesting period, the shares will be issued to the employees.

Treasury shares

These are recorded at cost and presented as a deduction from the equity as adjusted for any transaction cost, and gains or losses on sale of such shares. Subsequent to their acquisition, these are carried at the amount equal to the consideration paid. Any gains or losses on disposal of such shares are reflected under equity and are not recognized in the statement of income.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Taxes (continued)

Zakat and income tax

The Company has recorded zakat and tax provision based on the circular no. 12746/16/1438H (dated 18 January 2017) issued by the Zakat, Tax, and Customs Authority (ZATCA), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders.

Deferred income tax

Deferred income tax is recognised using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax recognised is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset whereas the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current and deferred tax is recognised in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

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.

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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Definition and classification (continued)

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 result 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 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.

Classification and measurement

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 and other contracts 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.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the PAA other than term insurance on which GMM has been applied and Direct participating contracts on which VFA has been applied. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Definition and classification (continued)

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Unit of account (continued)

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.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Recognition and derecognition (continued)

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:

- 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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Recognition and derecognition (continued)

is adjusted such that they are equal to zero; and

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

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the PAA other than term insurance on which GMM has been applied and Direct participating contracts on which VFA has been applied. The PAA simplifies the measurement of insurance contracts in comparison with the general model in

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Measurement approach (continued)

IFRS 17.

The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or

- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

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. 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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Measurement of the FCF (continued)

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:

- 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 beyond the reassessment date; and

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Contract boundaries (continued)

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.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

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 adjust the LRC for certain insurance contracts issued for the effect of the time value of money, because of these contracts the insurance premiums are due beyond 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 adjust the remaining coverage for certain reinsurance contracts held for the effect

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

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

of the time value of money, because reinsurance premiums are due beyond 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 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.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Contracts not eligible under PAA are measured under GMM measurement model. Direct participating contracts are measured under variable fee approach (VFA).

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Initial and subsequent measurement – Groups of contracts not measured under the PAA

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
- 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;

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Initial and subsequent measurement – Groups of contracts not measured under the PAA (continued)

CSM at subsequent measurement (continued)

- 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:

- a) 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);
- b) 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;
- c) 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
- d) 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:

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Initial and subsequent measurement – Groups of contracts not measured under the PAA (continued)

CSM at subsequent measurement (continued)

- 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;
- 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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Initial and subsequent measurement – Groups of contracts not measured under the PAA (continued)

CSM at subsequent measurement (continued)

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.

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:

- Expected incurred claims and other directly attributable expenses for the period;
- Changes in the RA for the risk expired; and
- 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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Onerous contracts – loss component (continued)

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.

The Variable Fee Approach ("VFA")

The Variable Fee Approach ("VFA") is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the Group expects a substantial proportion of any change in the amounts to be paid to the

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Variable Fee Approach ("VFA") (continued)

policyholder to vary with the change in fair value of the underlying items.

Direct participating contracts issued by the Group, these are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these Groups of contracts under the VFA. The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all of the adjustments.

Under the VFA, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

The variable fee approach possesses following key features;

- a. Comparable to GMM, only difference is that this group of insurance contract have policy holders who participate in share of clearly identified pool of underlying items.
- b. The insurer expects that part of the profit of the underlying items needs to be paid to the policy holder, while the amount paid to the policy holder depends on the underlying item.
- c. The result is that VFA looks like GMM, not different at the start of the contract.
- d. Only the subsequent years there are differences in the cash flows (as part goes to policy holder).

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

- a. changes in the Group's share of the fair value of the underlying items; and
 - b. changes in the FCF that do not vary based on the returns of underlying items:
- i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Variable Fee Approach ("VFA") (continued)

taxes;

- iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- v. changes in the risk adjustment for non-financial risk that relate to future service.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b. changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the FCF relating to the LIC; and
 - ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows). The Group does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

The Group applies the variable fee model to:

- Education Unit link (DSF and Banca)
- Retirement Unit link (DSF and Banca)
- Group Retirement

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;
- 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

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Amounts recognised in comprehensive income (continued)

Insurance revenue (continued)

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Amounts recognised in comprehensive income (continued)

Insurance revenue (continued)

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.

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 measured under the GMM and the PAA, 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), except term life insurance. The finance income and expenses from insurance contracts issued recognised in the consolidated 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.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- changes in the fair value of underlying items;
- interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For the contracts measured using the VFA, the P&L option is applied. As the Group holds the underlying items for these contracts, the use of the P&L option results in the elimination of accounting mismatches with income or expenses included in profit or loss on the underlying

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Amounts recognised in comprehensive income (continued)

Insurance finance income or expenses (continued)

assets held. This is applied because the amounts of income or expenses for the underlying assets are recognized in profit or loss.

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 occurrence of the cash flows or because of the requirements of another IFRS standard. 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:

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)

Estimates and assumptions (continued)

Best estimate cash flows (continued)

- 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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (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.

For MIC subsidiary entity, the USD based risk free discount rates by European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Group then further added a KSA country risk premium from the source to make the yield curve appropriate for application. The Group has used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium. The Group is currently discounting liability for incurred claims for all groups of insurance contracts.

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.

Notes to the consolidated financial statements (continued)

4. Material accounting information (continued)

Insurance contracts (continued)
Estimates and assumptions (continued)
Discount rates (continued)

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-Dec-24	5.34% to 5.35%	5.01% to 5.19%	5.07% to 5.24%	5.27% to 5.58%	5.01 to 5.63%
31-Dec-23	5.39%	4.22%	4.35%	4.86%	4.88%

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.

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% – 75% 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.

Notes to the consolidated financial statements (continued)

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.

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.

The Risk Management function is responsible for independent assessment, identification and management of the group risk profile. It also takes ownership to ensure that the Board has sufficient information to exercise their Risk Management duties. The Head of Risk Management reports directly to the Board Risk Committee.

The Executive Risk Committee, acting as a second line of defense, oversees and monitors risk management at ADNIC to ensure compliance with the risk governance framework and alignment with the defined risk appetite.

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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
- (i) Introduction and overview (continued)
- Overall framework (continued)

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
- 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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
- (ii) Insurance risk (continued)

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.

Products are reviewed by the business units on an annual basis to confirm, or otherwise,

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
(ii) Insurance risk(continued)
Underwriting strategy (continued)

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 and KSA. The geographical concentration of risks is similar to last year except the KSA.

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 2024		31 December 2023	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Commercial	103%	58%	53%	45%
Consumer	87%	79%	88%	79%

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
(ii) Insurance risk (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 35.5% (31 December 2023: 35%) 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 (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts not measured under PAA at 31 December 2024

	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	749,554	15,041	764,595						
Reinsurance contract assets	9,648	(128,282)	(118,634)						
Net insurance contract liabilities	759,202	(113,241)	645,961						
Discount rate +0.5%									
Insurance contract liabilities				(19,900)	86	(19,814)	15,126	(3,469)	19,814
Reinsurance contract assets				(166)	-	(166)	(128,282)		166
Net insurance contract liabilities				(20,066)	86	(19,980)	(113,156)	(3,469)	19,980
Discount rate -0.5%									
Insurance contract liabilities				20,933	(103)	20,830	14,938	(176)	(20,830)
Reinsurance contract assets				130	(1)	129	(128,284)		(129)
Net insurance contract liabilities				21,063	(104)	20,959	(113,346)	(176)	(20,959)
Mortality claim+5%									
Insurance contract liabilities				(5,010)	169	(4,841)	15,210	(19,908)	4,841
Reinsurance contract assets				(18)	1	(117)	(128,282)	18	17
Net insurance contract liabilities				(5,028)	170	(4,858)	(113,072)	(19,890)	4,858
Mortality claim-5%									
Insurance contract liabilities				(7,761)	(935)	(8,696)	14,106	14,837	8,696
Reinsurance contract assets				17	(1)	16	(128,284)	(15)	(16)
Net insurance contract liabilities				(7,744)	(936)	(8,680)	(114,178)	14,822	8,680
Surrender claim+5%									
Insurance contract liabilities				(65,700)	2,053	(63,647)	17,094	(40,790)	63,647
Reinsurance contract assets				(1)		(1)	(128,283)	1	1
Net insurance contract liabilities				(65,701)	2,053	(63,648)	(111,189)	(40,789)	63,648
Surrender claim-5%									
Insurance contract liabilities				(6,614)	1,130	(5,484)	16,171	3,877	5,484
Reinsurance contract assets				1		1	(128,283)	(1)	(1)
Net insurance contract liabilities				(6,613)	1,130	(5,483)	(112,112)	3,876	5,483

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts not measured under PAA 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
Interest 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	14,233	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
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 (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivities for contracts measured under the PAA.

	2024				2023			
	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	7,932,721				4,673,046			
Reinsurance contract assets	(8,445,341)				(4,634,000)			
Net insurance contract liabilities	(512,620)				39,046			
Discount rate +0.5%								
Insurance contract liabilities		(26,179)		26,179		(12,037)		12,037
Reinsurance contract assets		21,355		(21,355)		9,561		(9,561)
Net insurance contract liabilities		(4,824)		4,824		(2,476)		2,476
Discount rate -0.5%								
Insurance contract liabilities		26,506		(26,506)		12,184		(12,184)
Reinsurance contract assets		(21,627)		21,627		(9,678)		9,678
Net insurance contract liabilities		4,879		(4,879)		2,506		(2,506)
Risk adjustment+5%								
Insurance contract liabilities		12,483		(12,483)		7,158		(7,158)
Reinsurance contract assets		(10,027)		10,027		(5,568)		5,568
Net insurance contract liabilities		2,456		(2,456)		1,590		(1,590)
Risk adjustment-5%								
Insurance contract liabilities		(12,483)		12,483		(7,158)		7,158
Reinsurance contract assets		10,027		(10,027)		5,568		(5,568)
Net insurance contract liabilities		(2,456)		2,456		(1,590)		1,590
Loss reserves+5%								
Insurance contract liabilities		340,838	334,391	(340,838)		195,894	189,804	(195,894)
Reinsurance contract assets		(269,162)	(264,233)	269,162		(152,918)	(148,245)	152,918
Net insurance contract liabilities		71,676	70,157	(71,676)		42,976	41,559	(42,976)
Loss reserves-5%								
Insurance contract liabilities		(340,838)	(334,391)	340,838		(195,894)	(189,804)	195,894
Reinsurance contract assets		269,162	264,233	(269,162)		152,918	148,245	(152,918)
Net insurance contract liabilities		(71,676)	(70,157)	71,676		(42,976)	(41,559)	42,976

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Commercial (gross)

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 2024.

	2019 & earlier	2020	2021	2022	2023	2024	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	3,916,963	1,146,186	1,079,355	1,549,753	1,922,723	4,930,655	14,545,635
1 year later	3,887,450	1,187,676	1,029,500	1,633,380	2,394,338		10,132,344
2 years later	3,858,853	1,101,182	1,190,694	1,603,480			7,754,209
3 years later	3,834,766	1,126,321	1,082,504				6,043,591
4 years later	3,822,944	1,071,375					4,894,319
5 years later	3,770,718						3,770,718
Gross estimates of the undiscounted amount of the claims	3,770,718	1,071,375	1,082,504	1,603,480	2,394,338	4,930,655	14,853,070
Cumulative gross claims and other directly attributable expenses paid	3,445,862	966,347	706,343	922,710	1,407,780	1,406,341	8,855,383
Gross undiscounted liabilities for incurred claims	571,788	105,028	376,161	680,770	986,558	3,524,314	6,244,619
Effect of discounting							(246,482)
Gross discounted liabilities for incurred claims excluding risk adjustment							5,998,137
Effect of the risk adjustment margin for non-financial risk							197,031
Gross liabilities for incurred claims							6,195,168

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Claims development (continued)

Commercial (net)

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a net of reinsurance basis as at 31 December 2024.

	2019 & earlier	2020	2021	2022	2023	2024	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Undiscounted liabilities for incurred claims, net of reinsurance:							
At the end of the reporting year	2,075,020	527,906	428,475	419,343	613,761	316,330	4,380,835
1 year later	1,949,975	450,898	347,929	434,799	585,747		3,769,348
2 years later	1,916,226	437,552	350,389	408,923			3,113,090
3 years later	1,892,202	440,759	339,946				2,672,907
4 years later	1,934,697	428,546					2,363,243
5 years later	1,939,243						1,939,243
Net estimates of the undiscounted amount of the claims	1,939,243	428,546	339,946	408,923	585,747	316,330	4,018,735
Cumulative net claims and other directly attributable expenses paid	1,843,321	397,083	294,413	343,642	495,839	432,875	3,807,173
Net undiscounted liabilities for incurred claims	142,302	31,463	45,533	65,280	89,908	(116,545)	257,941
Effect of discounting							(32,529)
Net discounted liabilities for incurred claims excluding risk adjustment							225,412
Effect of the risk adjustment margin for non-financial risk							28,711
Net liabilities for incurred claims							254,123

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Claims development (continued)

Consumer (gross)

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 2024.

	2019 & earlier	2020	2021	2022	2023	2024	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	1,161,931	1,011,105	1,386,286	1,441,437	1,701,434	2,871,748	9,573,941
1 year later	1,347,057	1,168,892	1,391,180	1,488,252	1,690,451		7,085,832
2 years later	1,385,737	1,178,570	1,395,261	1,510,044			5,469,612
3 years later	1,377,803	1,180,683	1,386,244				3,944,730
4 years later	1,359,847	1,173,088					2,532,935
5 years later	1,357,125						1,357,125
Gross estimates of the undiscounted amount of the claims	1,357,125	1,173,088	1,386,244	1,510,044	1,690,451	2,871,748	9,988,700
Cumulative gross claims and other directly attributable expenses paid	1,353,464	1,165,173	1,281,998	1,424,822	1,584,408	1,456,928	8,266,794
Gross undiscounted liabilities for incurred claims	9,356	7,915	104,246	85,222	106,043	1,414,820	1,727,602
Effect of discounting							(42,685)
Gross discounted liabilities for incurred claims excluding risk adjustment							1,684,917
Effect of the risk adjustment margin for non-financial risk							52,636
Gross liabilities for incurred claims							1,737,553

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(ii) Insurance risk(continued)

Claims development (continued)

Consumer (net)

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a net of reinsurance basis as at 31 December 2024.

	2019 & earlier	2020	2021	2022	2023	2024	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Undiscounted liabilities for incurred claims, net of reinsurance:							
At the end of the reporting year	864,529	713,094	840,839	840,785	784,583	486,914	4,530,744
1 year later	851,755	688,228	835,149	946,507	329,466		3,651,105
2 years later	871,907	694,630	859,985	949,877			3,376,399
3 years later	866,774	707,750	855,494				2,430,018
4 years later	864,285	705,102					1,569,387
5 years later	861,653						861,653
Net estimates of the undiscounted amount of the claims	861,653	705,102	855,494	949,877	329,466	486,914	4,188,506
Cumulative net claims and other directly attributable expenses paid	862,729	702,443	844,013	924,812	786,780	836,534	4,957,314
Net undiscounted liabilities for incurred claims	1,066	2,659	11,481	25,065	(457,314)	(349,620)	(766,663)
Effect of discounting							(20,504)
Net discounted liabilities for incurred claims excluding risk adjustment							(787,167)
Effect of the risk adjustment margin for non-financial risk							20,424
Net liabilities for incurred claims							(766,743)

Notes to the consolidated financial statements (continued)

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 2024 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	2,956,149,878	323,324,422	121,611,607	29,020,250	3,077,761,485	352,344,672
GCC countries	179,030,626	37,260,522	2,445,360	1,762,658	181,475,986	39,023,180
Others	318,467,773	44,706,080	2,288,010	1,207,796	320,755,783	45,913,876
	3,453,648,277	405,291,024	126,344,977	31,990,704	3,579,993,254	437,281,728

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

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(ii) Insurance risk (continued)

(iii) Financial risk management

The Group has exposure to the following risks from financial instruments, insurance contracts issued and reinsurance contracts held.:

- Credit risk
- Liquidity risk
- Market risk
- 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:

	2024	2023
	AED'000	AED'000
Maximum exposure		
Financial assets at amortised cost	1,956,263	1,146,479
Bank balances, including deposits	740,263	1,167,358
Total	2,696,526	2,313,837

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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
- (iii) Financial risk management (continued)
- Credit risk (continued)

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 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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
- (iii) Financial risk management (continued)
- Credit risk (continued)
- Management of credit risk (continued)

	2024	2023
	AED’000	AED’000
Maximum credit risk exposure		
AAA	62,965	
AA	945,146	60,640
A	4,011,102	1,891,935
Other grade	396,807	776,534
Total	5,416,020	2,729,109

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.

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 and insurance / reinsurance contract 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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(iii) Financial risk management (continued)

Liquidity risk (continued)

Contractual cash outflows

	Carrying amount AED'000	Upto 180 days AED'000	181 to 365 days AED'000
Financial liabilities at 31 December 2024			
Other payables	280,619	(272,174)	(8,445)
Total	280,619	(272,174)	(8,445)
Financial liabilities at 31 December 2023			
Other payables	136,795	(136,795)	
Total	136,795	(136,795)	

The expected maturity profile of the assets at 31 December 2024 and 2023 is as follows:

	Current AED'000	Non-current AED'000	Total AED'000
31 December 2024			
Cash and bank balances	671,463	68,800	740,263
Investments	1,836,143	2,674,163	4,510,306
Total	2,507,606	2,742,963	5,250,569
31 December 2023			
Cash and bank balances	1,157,358	10,000	1,167,358
Investments	1,726,238	1,296,579	3,022,817
Total	2,883,596	1,306,579	4,190,175

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.

	31 December 2024						
	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
Insurance contract liabilities	4,826,171	1,598,538	629,742	297,141	90,365	393,529	7,835,486
Reinsurance contract liabilities	129,218	20	0	0	0	0	129,238
Total	4,955,389	1,598,558	629,742	297,141	90,365	393,529	7,964,724

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(iii) Financial risk management (continued)

	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
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

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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(iii) Financial risk management (continued)

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 23,382 thousand (31 December 2023: AED 12,782 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.

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 38,263 thousand (31 December 2023: AED 34,730 thousand).

For investments held at fair value through other comprehensive income

Changes in revaluation reserves of shares would increase / decrease by AED 169,702 thousand (31 December 2023: AED 152,903 thousand) as a result of the changes in fair value of quoted shares.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)

(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 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.

Notes to the consolidated financial statements (continued)

5. Risk management (continued)
(v) Capital risk management (continued)

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.

	30 September 2024 AED'000	31 December 2023 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)	1,493,205	1,033,289
Minimum Guarantee Fund (MGF)	860,409	573,597
Own funds		
Basic own funds	2,983,762	2,378,542
Own funds eligible to meet MCR, SCR, MGF	2,983,762	2,378,542
MCR solvency margin - (surplus)	2,883,762	2,278,542
SCR solvency margin - (surplus)	1,490,557	1,345,253
MGF solvency margin - (surplus)	2,123,353	1,804,945

Notes to the consolidated financial statements (continued)

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.

Notes to the consolidated financial statements (continued)

6. Fair value of financial instruments (continued)

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:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2024				
Financial assets at fair value through profit or loss	96,498	30,770	255,358	382,626
Financial assets at fair value through other comprehensive income	1,479,175		217,849	1,697,024
Financial assets at unit linked contracts		474,393		474,393
	1,575,673	505,163	473,207	2,554,043
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
Financial assets at unit linked contracts				
	1,463,236	20,694	392,408	1,876,338

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 AED'000	Fair value AED'000
31 December 2024		
Financial assets at amortised cost	1,956,263	1,911,938
31 December 2023		
Financial assets at amortised cost	1,146,479	1,101,417

Notes to the consolidated financial statements (continued)

6. Fair value of financial instruments (continued)

Fair value of financial assets 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:

	2024 AED'000	2023 AED'000
Balance as at 1 January	392,408	419,948
Acquisition of subsidiary (note 2a)	44,977	
Change in fair value	22,092	(5,602)
Additions	47,071	27,452
Disposals	(33,341)	(49,390)
Balance at 31 December	473,207	392,408

During the year ended 31 December 2024, there were AED nil transfers from Level 3 to Level 1 (31 December 2023: 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 AED'000	Decrease AED'000
Equity securities		
31 December 2024		
Adjusted net asset value (5% movement)	23,660	(23,660)
31 December 2023		
Adjusted net asset value (5% movement)	19,620	(19,620)

Notes to the consolidated financial statements (continued)

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
Cost							
At 1 January 2023	31,606	46,920	144,593	197	782	16,328	240,426
Additions		38	1,990		270	13,833	16,131
Write off					(279)		(279)
Transfers		2,129	7,827			(9956)	
At 31 December 2023	31,606	49,087	154,410	197	773	20,205	256,278
At 1 January 2024	31,606	49,087	154,410	197	773	20,205	256,278
Acquisition of a subsidiary (note 2a)	2,036	10,918	25,929	1,263	14,943		55,089
Additions	3	256	4,264		3,169	12,012	19,704
Disposals				(119)			(119)
Write off					(773)		(773)
Transfers		4,638	10,528	348		(15,514)	
At 31 December 2024	33,645	64,899	195,131	1,689	18,112	16,703	330,179
Accumulated depreciation							
At 1 January 2023	16,139	42,606	98,581	163	187		157,676
Charge for the year	1,861	1,347	17,545	17	513		21,283
Write off					(279)		(279)
At 31 December 2023	18,000	43,953	116,126	180	421		178,680
At 1 January 2024	18,000	43,953	116,126	180	421		178,680
Acquisition of Subsidiary (note 2a)	2,005	10,891	19,720	1,212	14,472		48,300
Charge for the year	1,697	1,960	20,843	125	2,711		27,336
Disposal				(119)			(119)
Write off					(773)		(773)
At 31 December 2024	21,702	56,804	156,689	1,398	16,831		253,424
Carrying amounts							
At 31 December 2023	13,606	5,134	38,284	17	352	20,205	77,598
At 31 December 2024	11,943	8,095	38,442	291	1,281	16,703	76,755

Notes to the consolidated financial statements (continued)

8. Goodwill

Movements in goodwill is as follows:	2024	2023
	AED'000	AED'000
As at 1 January		
Addition on account of acquisition (note 2a)	88,380	
As at 31 December	88,380	

9. Investments

	2024	2023
	AED'000	AED'000
Financial assets unit linked contracts	474,393	
Financial assets at amortised cost	1,956,263	1,146,479
Financial assets at fair value through other comprehensive income	1,697,024	1,529,033
Financial assets at fair value through profit or loss	382,626	347,305
	4,510,306	3,022,817

Financial assets unit linked contracts

The movement in unit link during the year is as follows:	2024	2023
	AED'000	AED'000
At 1 January		
Acquisition of subsidiary (note 2a)	495,161	
Additions during the year	56,336	
Disposals during the year	(89,316)	
Net change in fair value (note 22)	12,212	
At 31 December	474,393	

Financial assets at amortised cost

The movement in financial assets at amortised cost during the year is as follows:	2024	2023
	AED'000	AED'000
At 1 January	1,146,479	961,658
Additions during the year	957,365	414,296
Maturities during the year	(148,077)	(229,427)
Impairment loss on debt securities at amortised cost	(38)	(175)
Amortisation expense	534	127
At 31 December	1,956,263	1,146,479

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:	2024	2023
	AED'000	AED'000
At 1 January	1,529,033	1,594,847
Acquisition of subsidiary (note 2a)	711,815	
Transferred to amortized cost	(590,725)	

Notes to the consolidated financial statements (continued)

9. Investments (continued)

Financial assets at fair value through other comprehensive income (continued)

Additions during the year	474,030	512,696
Disposals during the year	(471,486)	(591,421)
Amortization for the year	(168)	
Net change in fair value	44,525	12,911
At 31 December	1,697,024	1,529,033

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:

	2024	2023
	AED'000	AED'000
At 1 January	347,305	407,673
Acquisition of subsidiary (note 2a)	73,550	
Additions during the year	422,644	269,684
Disposals during the year	(468,992)	(353,620)
Net change in fair values (note 22)	8,119	23,568
At 31 December	382,626	347,305

Geographical concentration of investments is as follows:

Within UAE	1,530,638	1,606,203
Outside UAE	2,979,668	1,416,614
	4,510,306	3,022,817

During the year ended 31 December 2024, the Group has purchased equity shares amounting to AED 436,788 thousand (31 December 2023: AED 433,429 thousand)

10. 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
At 1 January 2024	101,743	7,574	39,000	307,350	215,320	670,987
Additions	32			195	82	309
(Decrease) / increase in fair values during the year (note 22)	2,744	1,320	850	6,288	643	11,845
At 31 December 2024	104,519	8,894	39,850	313,833	216,045	683,141
At 1 January 2023	114,455	8,114	39,575	308,278	202,247	672,669
Additions	260			82	126	468
(Decrease) / increase in fair values during the year (note 22)	(12,972)	(540)	(575)	(1,010)	12,947	(2,150)
At 31 December 2023	101,743	7,574	39,000	307,350	215,320	670,987

(i) 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

Notes to the consolidated financial statements (continued)

10. Investment properties (continued)

(v) Capital risk management (continued)

letting to third parties.

(ii) The construction of this six-storey building was completed in 2003. The entire building is available for letting to third parties.

(iii) This sixteen-storey building was purchased during 1993. The entire building is available for letting to third parties.

(iv) 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.

(v) 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).

11. Statutory deposits

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 2023: 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.

In accordance with Article 58 of the Implementing Regulations of Insurance Authority (“IA”), the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of IA amounting to AED 58,800 thousands.

In accordance with the instruction received from IA (previously SAMA) vide their circular dated 1 March 2016, the Company has disclosed the interest due on the statutory deposit as at 31 December 2024 as an asset and a liability in this financial statements.

12. Insurance and reinsurance contract assets and liabilities

The following reconciliations required by IFRS 17 are included below, 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 PAA, VFA and GMM.

31 December 2024								
Insurance contracts issued	Remaining coverage – PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	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			(17,819)	277	3,051			(14,491)
Opening insurance contract liabilities	(378,686)		283,854	43,488	11,911	4,529,885	143,161	4,633,613
Net balance as at 1 January	(378,686)		266,035	43,765	14,962	4,529,885	143,161	4,619,122
Net balance – Acquisition of Subsidiary (note 2a)	100,717	3,586	451,968	16,734	30,167	306,815	23,699	933,686
Insurance revenue	(7,122,277)		(53,650)					(7,175,927)
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	-	-	-	40,341	6,197,612	116,836	6,354,789
Changes that relate to past service – adjustments to the LIC	-	-	-	-	(12,798)	799,896	(33,253)	753,845
Losses on onerous contracts and reversal of those losses	-	5,942		18,237				24,179
Insurance acquisition cash flows amortisation	538,026		10,006					548,032

12. Insurance and reinsurance contract assets and liabilities (continued)

31 December 2024								
Insurance contracts issued	Remaining coverage – PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	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
UAE for outstanding & IBNR at end current year end					(30)	10,181	(776)	9,375
Investment Component								
Surrenders			(51,165)		51,165			
Maturities			(31,359)		31,359			
Total insurance service expenses	538,026	5,942	(72,518)	18,237	110,037	7,007,689	82,807	7,690,220
Insurance service result	(6,584,251)	5,942	(126,168)	18,237	110,037	7,007,689	82,807	514,293
Finance income from insurance contracts issued	5,293		13,778	3	224	4,083		23,381
Total amounts recognised in comprehensive income	(6,578,958)	5,942	(112,390)	18,240	110,261	7,011,772	82,807	537,674
Cash flows								
Premiums received	6,266,810		44,637					6,311,447
Claims and other directly attributable expenses paid					(116,514)	(4,165,416)		(4,281,930)
Insurance acquisition cash flows paid	(437,024)		(3,270)					(440,294)
Total cash flows	5,829,786		41,367		(116,514)	(4,165,416)		1,589,221
Net balance as at 31 December	(1,027,141)	9,528	646,980	78,739	38,876	7,683,054	249,667	7,679,703
Closing insurance contract assets	(76,432)		(23,886)	4,368	1,444	(61,277)		(155,783)
Closing insurance contract liabilities	(950,709)	9,528	670,866	74,371	37,432	7,744,331	249,667	7,835,486



Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

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

31 December 2023								
Insurance contracts issued	Remaining coverage – PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	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
Net balance as at 1 January	(706,177)		306,122	15,059	16,760	3,695,661	98,495	3,425,920
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
Insurance acquisition cash flows amortisation	327,913		7,503					335,416
Total insurance service expenses	327,913		7,503	28,706	19,110	3,186,960	44,666	3,614,858
Insurance service result	(4,245,346)		(60,096)	28,706	19,110	3,186,960	44,666	(1,026,000)
Finance income from insurance contracts issued			14,229		316	21,336		35,881
Total amounts recognised in comprehensive income	(4,245,346)		14,229	28,706	19,426	3,208,296	44,666	(990,119)
Cash flows								
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)
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

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Reconciliation of the measurement components of insurance contract balances – applicable to contracts not measured under PAA as at:

31 December 2024				
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
Insurance contracts issued				
Opening insurance contract assets	(21,765)	377	6,897	(14,491)
Opening insurance contract liabilities	317,864	14,064	7,325	339,253
Net balance as at 01 January	296,099	14,441	14,222	324,762
Net balance – Acquisition of subsidiary (note 2a)	483,240	4,799	10,830	498,869
CSM recognised in profit or loss for the services provided	-		(8,060)	(8,060)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(17)		(17)
Experience adjustments – relating to insurance service expenses	(1,012)			(1,012)
Changes that relate to current service	(1,012)	(17)	(8,060)	(9,089)
Changes in estimates that adjust the CSM	(8,016)	416	(18,483)	(26,083)
Changes in estimates that result in onerous contract losses or reversal of losses	26,658	(1,766)		24,892
Experience adjustments – arising from premiums received during the year that relate to future service	9,814	989	14,714	25,517
Contracts initially recognised during the year	(2,480)	355	3,502	1,377
Changes that relate to future services	25,976	(7)	(267)	25,701
Changes that relate to past service – changes in the FCF relating to the LIC	(12,837)	(1,671)		(14,508)
Experience adjustments – arising from premiums received during the year that relate to past service				
Changes that relate to past service	(12,837)	(1,671)		(14,508)
Insurance service result	12,127	(1,694)	(8,327)	2,106
Net finance expenses from insurance contracts issued	15,690		(1,684)	14,006
Total amounts recognised in comprehensive income	27,817	(1,694)	(10,011)	16,112
Cash flows				
Premiums received	44,637			44,637
Claims and other directly attributable expenses paid	(116,514)			(116,514)
Insurance acquisition cash flows paid	(3,271)			(3,271)
Total cash flows	(75,148)			(75,148)
Net balance as at 31 December	732,008	17,546	15,041	764,595
Closing insurance contract assets	(18,161)	87		(18,074)
Closing insurance contract liabilities	750,169	17,459	15,041	782,669

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Reconciliation of the measurement components of insurance contract balances – applicable to contracts not measured under PAA 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
Insurance contracts issued				
Opening insurance contract assets	(20,353)	695	16,952	(2,706)
Opening insurance contract liabilities	298,515	14,197	27,935	340,647
Net balance as at 01 January	278,162	14,892	44,887	337,941
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)
Changes that relate to current service	(2,988)	415	(21,372)	(23,945)
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
Changes that relate to future services	37,560	869	(9,723)	28,706
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				
Changes that relate to past service	(15,306)	(1,735)		(17,041)
Insurance service result	19,266	(451)	(31,095)	(12,280)
Net finance expenses from insurance contracts issued	14,115		430	14,545
Total amounts recognised in comprehensive income	33,381	(451)	(30,665)	2,265
Cash flows				
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)
Total cash flows	(15,444)			(15,444)
Net balance as at 31 December	296,099	14,441	14,222	324,762
Closing insurance contract assets	(21,765)	377	6,897	(14,491)
Closing insurance contract liabilities	317,864	14,064	7,325	339,253

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Impact of contracts initially recognised in the year ended

	31 December 2024		
	Non-onerous contracts originated	Onerous contracts originated	Total
	AED'000	AED'000	AED'000
Insurance contracts issued			
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	298	559	857
Claims and other directly attributable expenses	50,762	(7,456)	43,306
Total estimates of the present value of future cash outflows	51,060	(6,897)	44,163
Estimates of the present value of future cash inflows			
Risk adjustment for non-financial risk	(55,030)	8,390	(46,640)
CRM	468	(116)	352
CRM	3,502		3,502
Increase in insurance contract liabilities from contracts recognised during the year		1,377	1,377

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

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

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

31 December 2024

Reinsurance contracts held	Remaining coverage – PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	Incurred claims 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	1,947,737		(4,100)	(236)	(69,341)	(4,493,615)	(109,554)	(2,729,109)
Opening reinsurance contract liabilities	35,231					(29,033)	(1,798)	4,400
Net balance as at 1 January	1,982,968		(4,100)	(236)	(69,341)	(4,522,648)	(111,352)	(2,724,709)
Net Balance – Acquisition of Subsidiary	109,120	(957)	(1,238)		(863)	(323,291)	(13,802)	(231,031)
Net income / (expenses) from reinsurance contracts held								
Reinsurance expenses	3,926,808		13,730					3,940,538
Other incurred directly attributable expenses					38	56,712	364	57,114
Claims recovered net of reinsurance expenses					(59,931)	(4,056,737)	(80,103)	(4,196,771)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery					(577)	(778,301)	4,362	(774,516)
Income on initial recognition of onerous underlying contracts		(215)						(215)
Reversals of a loss recovery component other than changes in the FCF of reinsurance contracts held		(17)						(17)
Reinsurance contracts held under the GMM:				(2,813)				(2,813)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts								
Effect of changes in non-performance risk of reinsurers						13,397		13,397
Net income / (expenses) from reinsurance contracts held	3,926,808	232	13,730	(2,813)	(60,470)	(4,764,929)	(75,377)	(963,283)

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

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

31 December 2024

Reinsurance contracts held	Remaining coverage – PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	Incurred claims 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	(3,562)		(6,794)		1,689	5,885		(2,782)
Total amounts recognised in comprehensive income	3,923,246	(232)	6,937	(2,813)	(58,781)	(4,759,045)	(75,377)	(966,065)
Cash flows								
Premiums paid net of ceding commissions	(2,733,404)		11,166					(2,722,238)
Other directly attributable expenses paid	(3,548)		(49)			(4,558)		(8,155)
Recoveries from reinsurance					684	1,364,732		1,365,416
Directly attributable expenses paid								
Total cash flows	(2,736,952)		11,117		684	1,360,174		(1,364,977)
Net balance as at 31 December	3,278,382	(1,189)	12,716	(3,049)	(128,301)	(8,244,810)	(200,531)	(5,286,782)
Closing reinsurance contract assets	3,149,188	(1,189)	12,708	(3,049)	(128,301)	(8,244,846)	(200,531)	(5,416,020)
Closing reinsurance contract liabilities	129,194	(1)	8			36	1	129,238

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

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

31 December 2023								
Reinsurance contracts held	Remaining coverage - PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	Incurred claims 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
Net balance as at 1 January	1,737,855		5,650		(2,073)	(3,312,116)	(68,468)	(1,639,152)
Net income / (expenses) from reinsurance contracts held								
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								
Reinsurance contracts held under the GMM: Reversals of a loss recovery component other than changes in the FCF of reinsurance contracts held								
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)
Net income / (expenses) from reinsurance contracts held	2,710,298		14,175	(236)	(67,798)	(1,954,163)	(42,884)	659,392

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

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

31 December 2023								
Reinsurance contracts held	Remaining coverage - PAA		Remaining coverage not covered under PAA		LIC for contracts not measured under the PAA	Incurred claims 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)
Total amounts recognised in comprehensive income	2,710,298		14,113	(236)	(68,892)	(1,971,011)	(42,884)	641,388
Cash flows								
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								
Total cash flows	(2,465,185)		(23,863)		1,624	760,479		(1,726,945)
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

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Reconciliation of the measurement components of reinsurance contract balances – applicable to contracts not measured under the PAA as at:

	31 December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	AED'000	AED'000	AED'000	AED'000
Reinsurance contracts issued				
Opening reinsurance contract assets	2,885	(302)	(76,260)	(73,677)
Opening reinsurance contract liabilities				
Net balance as at 01 January	2,885	(302)	(76,260)	(73,677)
Net balance – Acquisition of subsidiary (note 2a)	(1,265)	(275)	(560)	(2,100)
CSM recognised in profit or loss for the services provided			8,050	8,050
Change in the risk adjustment for nonfinancial risk for the risk expired		53		53
Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	(59,309)	58		(59,251)
Changes that relate to current service	(59,309)	111	8,050	(51,148)
Changes in estimates that adjust the CSM	61,991	327	(62,318)	
Contracts initially recognised during the year	2,940	(16)	(2,924)	
Reversals of a loss–recovery component other than changes in the FCF of reinsurance contracts held			(288)	(288)
Experience adjustments – arising from ceded premiums paid during the year that relate to future service	(11,161)		11,161	
Changes that relate to future services	53,770	311	(54,369)	(288)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	1,851	32		1,883
Experience adjustments – arising from ceded premiums paid during the year that relate to past service				
Changes that relate to past service	1,851	32		1,883
Net (income) / expenses from reinsurance contracts held	(3,688)	454	(46,319)	(49,553)
Finance expenses / (income) from insurance contracts issued	38		(5,143)	(5,105)
Total amounts recognised in comprehensive income	(3,650)	454	(51,462)	(54,658)
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	11,116			11,116
Recoveries from reinsurance	685			685
Directly attributable expenses paid				
Total cash flows	11,801			11,801
Net balance as at 31 December	9,771	(123)	(128,282)	(118,634)
Closing reinsurance contract assets	9,763	(123)	(128,282)	(118,634)
Closing reinsurance contract liabilities	8			8

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Impact of contracts initially recognised in the year ended

	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
Reinsurance contracts issued				
Opening reinsurance contract assets				
Opening reinsurance contract liabilities	13,637	(457)	(9,603)	3,577
Net balance as at 01 January	13,637	(457)	(9,603)	3,577
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)
Changes that relate to current service	(53,565)	189	9,087	(44,289)
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)	
Changes that relate to future services	74,366	(34)	(74,332)	
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
Changes that relate to past service	(9,570)			(9,570)
Net (income) / expenses from reinsurance contracts held	11,231	155	(65,245)	(53,859)
Finance expenses / (income) from insurance contracts issued	256		(1,412)	(1,156)
Total amounts recognised in comprehensive income	11,487	155	(66,657)	(55,015)
Cash flows				
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				
Total cash flows	(22,239)			(22,239)
Net balance as at 31 December	2,885	(302)	(76,260)	(73,677)
Closing reinsurance contract assets	2,885	(302)	(76,260)	(73,677)
Closing reinsurance contract liabilities				

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Impact of contracts initially recognised in the year ended

	31 December 2024		
	Contracts originated not in a net gain	Contracts originated in a net gain	Total
	AED'000	AED'000	AED'000
Reinsurance contracts held			
Estimates of the present value of future cash inflows		33,780	33,780
Estimates of the present value of future cash outflows		(30,840)	(30,840)
Risk adjustment for non-financial risk		(16)	(16)
CSM		(2,924)	(2,924)
Increase in reinsurance contract assets from 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
Reinsurance contracts held			
Estimates of the present value of future cash inflows		82,920	82,920
Estimates of the present value of future cash outflows		(73,820)	(73,820)
Risk adjustment for non-financial risk			
CSM		(9,100)	(9,100)
Increase in reinsurance contract assets from contracts recognised in the year ended			

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

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).

	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
31 December 2024							
Total CSM for insurance contracts issued	3,228	2,055	1,478	1,127	899	6,254	15,041
Total CSM for reinsurance contracts held	(14,957)	(15,224)	(15,224)	(15,251)	(15,196)	(52,430)	(128,282)
Total	(11,729)	(13,169)	(13,746)	(14,124)	(14,297)	(46,176)	(113,241)

	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
31 December 2023							
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)
Total	77	(5,534)	(7,284)	(7,613)	(7,667)	(34,017)	(62,038)

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.

Notes to the consolidated financial statements (continued)

12. Insurance and reinsurance contract assets and liabilities (continued)

Reconciliation of insurance and reinsurance contract balances measured under the PAA, VFA and GMM as at:

	31 December 2024		
	PAA	Contracts not measured under PAA	Total
	AED'000	AED'000	AED'000
Insurance contract assets	(137,709)	(18,074)	(155,783)
Insurance contract liabilities	7,052,817	782,669	7,835,486
Reinsurance contract assets	(5,297,378)	(118,642)	(5,416,020)
Reinsurance contract liabilities	129,230	8	129,238
	1,746,960	645,961	2,392,921
	31 December 2023		
	PAA	Contracts not measured under PAA	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
	1,643,328	251,085	1,894,413

13. Prepayments and other receivables

	2024	2023
	AED'000	AED'000
Prepayments and other receivables:		
Rental income receivables, net	5,453	750
Prepayments	90,693	8,904
Other receivables, net of expected credit losses (i)	37,740	24,347
Total prepayments and other receivables	133,886	34,001

(i) Other receivables are stated net of expected credit losses amounting to AED 1,573 thousand (31 December 2023: AED 1,532 thousand).

Notes to the consolidated financial statements (continued)

14. Cash and cash equivalents

	2024	2023
	AED'000	AED'000
Cash on hand	619	54
Statutory deposits (i), (ii)	68,800	10,000
Cash / call / current accounts with banks, including deposits (i)	671,008	1,157,537
Less: allowance for expected credit losses	(164)	(233)
Total bank balances and cash	740,263	1,167,358
Less: statutory deposits	(68,800)	(10,000)
Less: deposits with original maturities of three months or more	(313,159)	(121,721)
Cash and cash equivalents in the consolidated statement of financial position	358,304	1,035,637
Add: allowance for expected credit losses	157	230
Cash and cash equivalents	358,461	1,035,867
Less: bank overdraft repayable on demand and used for cash cash management purposes (iii), (iv)		
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	358,461	1,035,867

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:

	2024	2023
	AED'000	AED'000
Within UAE	448,228	405,325
Outside UAE	292,035	762,033
	740,263	1,167,358

(i) Interest rates on bank deposits ranges between 4.37% to 6.10% (31 December 2023: 4.80% to 5.48%).

(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 2023: 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 1.00% 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 2023: AED nil).

(iv) The Group has availed an overdraft facility of AED 200,000 thousand which is unsecured. Interest is payable at 3 months' EIBOR plus 0.55% per annum and the tenure of the facility is 90 days. As at reporting date the Group has utilised the facility up to AED nil thousand (31 December 2023: AED nil).

Notes to the consolidated financial statements (continued)

15. Dividend

The Board of Directors’ meeting held on 4 February 2025, has proposed distribution of cash dividend relating to the results for the year ended 31 December 2024 of AED 0.45 per share amounting to AED 256,500 thousand subject to the approval of the shareholders (31 December 2023: AED 0.45 per share amounting to AED 256,500 thousand).

16. Share capital

	2024	2023
	AED'000	AED'000
Authorised		
570,000,000 ordinary shares of AED 1 each (31 December 2023: 570,000,000 ordinary shares of AED 1 each)	570,000	570,000
Issued and fully paid		
570,000,000 ordinary shares of AED 1 each (31 December 2023: 570,000,000 ordinary shares of AED 1 each)	570,000	570,000

17 (a) Legal reserve

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.

17 (b) Insurance finance reserve

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

17 (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.

Notes to the consolidated financial statements (continued)

18. 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.

19. 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 82,228 thousand (31 December 2023: AED 59,998 thousand) has been recorded in equity as a reinsurance default risk reserve as at 31 December 2024.

20. Employees’ end of service benefits

	2024	2023
	AED'000	AED'000
At 1 January	22,465	23,922
Acquisition of subsidiary	19,237	
Charge for the year	5,662	3,761
Paid during the year	(6,938)	(5,218)
Re-measurement of defined benefit liability	(39)	
At 31 December	40,387	22,465

21. Other payables

	2024	2023
	AED'000	AED'000
Accrued expenses	171,039	81,071
Deferred income	11,906	6,717
Other payables	97,674	49,007
Total other payables	280,619	136,795

22. Investment income and net financial result

	2024	2023
	AED'000	AED'000
Income from investment properties (rental income), net (i)	18,652	15,563
Dividend income	105,240	79,784
Net interest income on bank deposits and bonds	124,528	82,944
Net change in fair value of financial assets at fair value through profit or loss (note 9)	20,331	23,568
(Loss)/gain on disposal of investment through profit or loss	(1,983)	14,591
Increase/(decrease) in fair value of investment properties (note 10)	11,845	(2,150)
Other expenses, net	(10,499)	(7,614)
Income from investments, net	249,462	191,123
Other income	4,604	
Net investments and other income	272,718	206,686

(i) Repair and maintenance on properties amounts to AED 10,612 thousand (31 December 2023: AED 9,684 thousand).

Insurance and reinsurance finance income and expenses

	Assets backing the insurance/reinsurance contracts	
	2024	2023
	AED'000	AED'000
Finance (expenses) /income from insurance contracts issued	(102,982)	65,577
Finance income / (expenses) from reinsurance contracts held	71,979	(57,905)
Net insurance financial result	(31,003)	7,672

23. Other operating expenses

	2024	2023
	AED'000	AED'000
Salaries and other benefits	66,955	63,315
Depreciation charge	22,516	21,203
Directors' remuneration	8,270	5,800
Advertisement	7,068	3,976
Social contribution (note 31)	2,976	2,755
Rent expense	2,985	1,807
(Reversal) for impairment losses on financial assets	(1)	(23)
Other expenses	113,499	80,966
	224,268	179,799

24. Income 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, ADNIC UAE is 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 for a tax period.

ADNIC UAE has performed an analysis of its assets and liabilities and has finalized its election under the law to elect “unrealized basis” as per Article 20(3). The Group has determined that there are no temporary differences arising from the recognition of assets and liabilities in its financial statements from UAE and UK entities that would require the recognition of deferred tax assets or deferred tax liabilities under IAS 12.

The Group is subject to corporate income tax in UAE, UK and Saudi Arabia. The tax charge for the period is as follows:

	2024	2023
	AED'000	AED'000
Profit and loss		
Zakat expense	8,953	
Current tax	37,942	4
Deferred income tax expense	84	
	46,979	4
Other comprehensive income		
Current tax	4,761	
	51,740	4

The effective tax rate of the group for the year ended 31 December 2024 is 10% (2023: 0 %). Income taxes for subsidiaries domiciled in countries outside UAE have been accounted for as per the prevalent local regulations.

Domestic Minimum Top-up tax

In December 2021, the Organisation for Economic Co-operation and Development (OECD)/ G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) released the Pillar Two Anti Global Base Erosion Rules (GloBE Rules). These rules mandate a global minimum tax rate of 15% for multinational enterprises that meet a threshold of consolidated revenue exceeding EUR 750 million in atleast two out of four financial years immediately preceding the financial year to which Pillar Two rules apply.

Notes to the consolidated financial statements (continued)

24. Income tax (continued)

Based on the above, the UAE Ministry of Finance (MOF) has unveiled significant updates to the corporate tax regime (including Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses) through introduction of a Domestic Minimum Top-up Tax (DMTT) of fifteen (15) percent which will be effective for financial years starting on or after January 1, 2025.

While this announcement does not impact the financial statements for tax year 2024, ADNIC is currently assessing the impact of this announcement on its financial statements going forward.

25. 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.

	2024	2023
	AED'000	AED'000
Profit for the year used for calculating earnings per share (AED'000)	416,812	401,163
Ordinary shares outstanding during the year (shares in '000)	570,000	570,000
Earnings per share (AED)	0.73	0.70

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

26. 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 the Group 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:

Notes to the consolidated financial statements (continued)

26. Related parties (continued)

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

31 December 2024				
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Insurance contract balances	401	474,343	2,469,111	2,943,855
Employees' end of service benefits payable	3,964			3,964
Cash and bank balances		29,108	237,246	266,354
Investments		113,947	195,429	309,376
Statutory deposits			10,000	10,000

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 balances			250,140	250,140
Investments		138,643	190,405	329,048
Statutory deposits			10,000	10,000

Contingent liabilities issued in favor of related parties as at 31 December 2024 amounted to AED 100,694 thousand (31 December 2023: AED 100,910 thousand).

Transactions with related parties during the year are as follows:

31 December 2024				
	Directors and key management	Major shareholder	Others	Total
	AED'000	AED'000	AED'000	AED'000
Insurance revenue	193	40,756	1,556,424	1,597,373
Insurance service expense	79	45,153	540,410	585,642
Dividend income			1,633	1,633
Interest income		4,617	13,920	18,537
Directors' remuneration	6,000			6,000
Other investment income			112	112

Notes to the consolidated financial statements (continued)

26. Related parties (continued)

	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

At the Annual General Assembly held on 25 March 2024, the shareholders approved Board of Directors' remuneration relating to the results for the year ended 31 December 2023 amounting to AED 6,000 thousand (31 December 2023: AED 5,800 thousand relating to the results for the year ended 31 December 2022).

Compensation of key management personnel is as follows:

	2024	2023
	AED'000	AED'000
Salaries and short-term benefits	21,032	18,183
Employees' end of service benefits	847	791
	21,879	18,974

Notes to the consolidated financial statements (continued)

27. 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 2024					
	Commercial		Consumer		Total	
	2024	2023	2024	2023	2024	2023
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance revenue	4,023,710	2,713,373	3,152,217	1,927,485	7,175,927	4,640,858
Insurance service expenses	(4,566,773)	(1,690,804)	(3,123,447)	(1,924,054)	(7,690,220)	(3,614,858)
Income from reinsurance contracts	3,931,189	1,207,011	972,632	858,070	4,903,821	2,065,081
Expenses from reinsurance contracts	(3,072,242)	(1,956,956)	(868,296)	(767,517)	(3,940,538)	(2,724,473)
Insurance service result	315,884	272,624	133,106	93,984	448,990	366,608
Investment income net					272,718	206,686
Net insurance finance (expense)/income					(31,003)	7,672
Other operating expenses					(224,268)	(179,799)
Profit before zakat and income tax expense					466,437	401,167
Zakat and tax expense					(46,979)	(4)
Profit for the year					419,458	401,163

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

	31 December 2024		
	Commercial	Consumer	Total
	AED'000	AED'000	AED'000
Insurance contract assets	(18,148)	(137,635)	(155,783)
Insurance contract liabilities	5,561,934	2,273,552	7,835,486
Reinsurance contract assets	(4,334,117)	(1,081,903)	(5,416,020)
Reinsurance contract liabilities	110,917	18,321	129,238
	1,320,586	1,072,335	2,392,921

Notes to the consolidated financial statements (continued)

27. Segment information (continued)

	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
	1,296,448	597,965	1,894,413

28. Contingent liabilities and commitments

	2024	2023
	AED'000	AED'000
Commitments in respect of uncalled subscription of equities held as investments	59,708	88,884
Bank guarantees	292,393	245,884
Letters of credit	384	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.

Notes to the consolidated financial statements (continued)

29. 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 2024				
	Life Insurance (Without Medical and Fund Accumulation)	Fund Accumulation	Medical Insurance	Property & Liability (Without Medical)	All Types of Business Combined
	AED'000	AED'000	AED'000	AED'000	AED'000
Direct Written Premiums	242,883		1,450,149	3,768,072	5,461,104
Assumed Business					
Foreign	207,438			1,317,968	1,525,406
Local	45,255		214,907	207,417	467,579
Total Assumed Business	252,693		214,907	1,525,385	1,992,985
Gross Written Premiums	495,576		1,665,056	5,293,457	7,454,089
Local Assumed Premiums	45,255		214,907	207,417	467,579
Gross Premiums, Excl. Local Assumed Business	450,321		1,450,149	5,086,040	6,986,510

	31 December 2023				
	Life Insurance (Without Medical and Fund Accumulation)	Fund Accumulation	Medical Insurance	Property & Liability (Without Medical)	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	51,534			798,959	850,493
Local	44,625		191,946	193,274	429,845
Total Assumed Business	96,159		191,946	992,233	1,280,338
Gross Written Premiums	291,669		1,486,544	3,176,590	4,954,803
Local Assumed Premiums	44,625		191,946	193,274	429,845
Gross Premiums, Excl. Local Assumed Business	247,044		1,294,598	2,983,316	4,524,958

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



Notes to the consolidated financial statements (continued)

30. Non-Controlling Interest

Summarized financial information of material non controlling interests before intra group elimination is as follows;

Mutakamela Insurance Company (formally called as Allianz Saudi Fransi Cooperative Insurance Company)

	2024
	AED'000
Statement of financial position	
Total assets	2,007,399
Total Liabilities	1,213,019
Total Shareholders Equity (including minority interest)	794,380
Total Liabilities and Shareholders Equity	2,007,399
Statement of Profit and loss and other comprehensive income	
Total Revenue (Sales/Operating)	629,067
Net Profit (Loss) before Zakat and Tax	12,543
Zakat and Income Tax	(7,144)
Net Profit (Loss) after Zakat and Tax	5,399
Total Comprehensive Income	14,781
Statement of cash flow	
Net Cash From Operating Activities	(111,223)
Net Cash From Investing Activities	193,843
Net Cash From Financing Activities	(5,415)
Cash and Cash Equivalents, Beginning of the Period	
Cash and Cash Equivalents, End of the Period	77,205
Movement of Non controlling interest	
Total assets of the subsidiary at acquisition date	1,991,695
Total liabilities of the subsidiary at acquisition date	1,207,045
Net Assets at acquisition date	784,650
Non controlling interest share	49%
Non controlling interest's share in net assets at acquisition date	384,478
Non controlling interest's share in subsidiary profit	2,646
Non controlling interest's share in subsidiary other comprehensive income	4,597
Purchase of share held under employee scheme	(2,476)
	4,767
At 31 December	389,245

Notes to the consolidated financial statements (continued)

30. Non-Controlling Interest (continued)

	2024
	AED'000
Net cash outflow arising on acquisition	
Cash Consideration	488,552
Less; cash and cash equivalent balances acquired	132,153
	356,399

31. Social contributions

The social contributions (including donations and charity) made during the year amounts to AED 2,976 thousand (31 December 2023: AED 2,755 thousand).

32. General

The Consolidated financial statements of the Group was approved for issuance by the Board of Directors on 4 February 2025.