AFNIC

شركة الفجيرة الوطنية للتأمين

AL FUJAIRAH NATIONAL INSURANCE CO

2023 AFNIC ANNUAL REPORT

AL FUJAIRAH NATIONAL INSURANCE COMPANY PJSC

2023

CORPORATE GOVERNANCE REPORT

AFNIC
AL FUJAIRAH NATIONAL INSURANCE CO

CONTENT

INTRODUCTION

Fujairah National Insurance Company PJSC (the "Company" or "AFNIC") is a Public Joint Stock Company listed on the Abu Dhabi Securities Exchange (ADX). Established in 1976, under the patronage of the Ruler of Fujairah, AFNIC is registered under the Federal Company Law, and Federal Insurance Law with the Government of Fujairah as the major Shareholders (with over 80% share), and it is governed by the provisions of the Federal Law No. (48) of 2023 Concerning the Organization of the Insurance Operations and the Federal Law No. (32) of 2021 Concerning the Commercial Companies and it is licensed and supervised by the Central Bank of the UAE (formally , the UAE Insurance Authority) under license No. 11.

The address of the Company's registered office is P.O. Box 277, Fujairah, United Arab Emirates.

The company operates through its head office in Fujairah and branch offices in Dubai, Abu Dhabi, Sharjah, Khorfakkan and Dibba. Further the Company has 30 plus outlets in various locations in the UAE.

AFNIC has a wide network of full-fledged branch offices spread throughout the UAE as well as sales centers across the country.

Customers can also avail AFNIC's products from the Insurance ATMs (a revolutionary concept – first-of-its-kind in the world), which is available at various Petrol Stations in Dubai.

The company underwrites all classes of Property and Liability insurances, including Motor Vehicles and Marine Vessels, to Jet Aircrafts, Port Operators' Liability, Group Life, Medical, and much more – serving both individual and corporate clients.

AFNIC is supported by a panel of strong Reinsurance securities, and is backed with expertise of over 45 years.

OUR MAIN BRANCHES AND SALE CENTERS

Fujairah
Ground Floor, Insurance Building,
Hamad Bin Abdullah Street,
Contact No: Contact No: +971-9-2233355

Dubai
706, Building 02, Bay Square, Al Asayel Street,
Contact No: +971-4-2772155
Business Bay, Dubai

Dibba
Sheikh Hamad Street, Dibba
Contact No: +971-9-2444845

Abu dhabi
Nawat Tower Building no. 3 - 8 floor - Office no. 02 Khalid Bin Al Waleed St. Al Khalediya Abu Dhabi
Contact No: +971-2-6773429

Sharjah
Store No.1, on the Ground Floor of the Majaz Gardens Building, Al Khalidia St,beside Baskin Robbins, in Majaz 3
Contact No.:+971-9-6061820

Khorfakkan
Sheikh Khalid Bin Sultan Al Qasimi st.
Al Qadisiya -,khorfakkan Contact no: 009719-6061825

AFNIC
AL FUJAIRAH NATIONAL INSURANCE CO

THE MEASURES TAKEN TO COMPLETE THE COMPANY’S GOVERNANCE SYSTEM DURING THE YEAR 2023

Based on the company's commitment, as represented by the Board of Directors and executive management, to adhere to governance regulations as per Securities and Commodities Authority’s Resolution No. 3/Chairman of 2020, Concerning approval of Joint Stock Companies Governance Guide and its subsequent amendments, along with the Corporate Governance Regulation & Standards for Insurance Companies issued by the Central Bank of the UAE (Circular No. 24/2022).

AL Fujairah National Insurance Company P.J.S.C (AFNIC or the Company) maintains a robust governance structure which is aligned to the “three lines of defense” model. It establishes a framework to embed a control culture committed to a high level of ethical and behavioral standards in order to achieve the Company’s objectives. This is supported by the Company’s Corporate Governance Policy and Procedures to facilitate effective and prudent management of the Company to deliver enduring success.

During 2023, AFNIC focused its efforts and resources on aligning the Company’s governance policies, procedures, and practices to comply with the Central Bank of United Arab Emirates Regulation and Standards for Insurance Companies issued by the Central Bank of the UAE (Circular No. 24/2022) in addition to maintaining the Company’s compliance with Decision no. (3/Chairman) of 2020 issued by the Chairman of the Board of Directors of the Securities and Commodities Authority concerning the Approval of the Joint Stock Companies Governance Guide (the “SCA Corporate Governance Guide Decision 3/RM 2020”), and other applicable decisions and resolutions issued by regulatory authorities and international best practices.

AFNIC is committed to maintaining the highest standards of corporate governance practices; devoting its time and effort to continuously identifying the best business practices and setting clear policies to be implemented across the Company. These practices ensure smooth, effective, and transparent operations that aim to protect shareholder’s rights.

The primary role of the Board of Directors (the Board) is to protect and enhance long-term stakeholder values, including shareholders and clients. The Board is responsible for setting the overall Company strategy and has oversight of executive management to ensure robust corporate governance practices are followed within the Company.

Day-to-day operations are delegated to the executive management, led by the Chief Executive Officer. The executive management team is accountable for the performance of the Company and measured against a set of corporate goals and targets. The posts of the Chairman and Chief Executive Officer of the Company are clearly distinguished between the Chairman’s role to manage the Board, and the Chief Executive Officer’s responsibility to manage the executive management and supervise the Company’s business.

There are three established Board committees (the Audit Committee, the Nomination and Remuneration Committee, and the Investment and Finance Risk Committee). The Board delegates its power and authority from time to time (as permitted by the laws, regulations,, and Company's Articles of Association) to ensure that the operational efficiency and specific issues are being handled with diligence and scrutiny.

AFNIC, through its robust corporate governance, provides confidence that the Company’s overall business performance is properly monitored and ensures that its directors, management , and staff are acting to best serve the interests of the Company and its stakeholders.

CORPORATE GOVERNANCE FRAMEWORK

AFNIC has established and implemented a corporate governance framework that adheres to international standards. This framework clearly delineates the responsibilities and accountabilities of the Board of Directors, Board Committees, Executive Management, as well as the Company's Compliance, Risk, and internal audit functions.

The Board of Directors oversees governance controls in collaboration with the company's executive management through various committees, including the Audit, Nomination & remuneration, and Investment & Finance Risk Committees. The monitoring encompasses:

1. Ensuring adherence to disclosure and transparency policies.

2. Timely provision of interim financial statements for disclosure.

3. Ensuring regular Board of Directors meetings and the physical presence of members and relevant committees, in line with governance regulations and institutional norms.

4. Supervising the execution of the Board of Directors' decisions and recommendations.

In addition, the monitoring extends to:

5. Engaging and communicating with events that promote the interests of civil society.

6. Ensuring compliance with rules and procedures concerning securities transactions involving Board of Directors members and company employees.

7. Enforcing the Code of Professional Conduct for Board of Directors members and company employees.

8. Facilitating effective communication with shareholders and conveying their opinions to the Board of Directors.

9. Providing all shareholders with opportunities for active participation in general assembly meetings and voting on decisions.

10. Establishing an investor relations management system that fosters ongoing communication with investors and channels their feedback to shareholders, the Board of Directors, and executive management.

11. Ensuring the adequacy and effectiveness of the Internal Audit & Corporate Governance compliance program.

12. Approving the investments, business plan, budgets & financial statements of the Company.

13. Implementing the Company's strategies and ensuring that the Shareholders receive accurate and proper information at the right time.

AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

FORMATION OF THE BOARD OF DIRECTORS

STATEMENT OF THE CURRENT BOARD FORMATION

The Board of Directors of AFNIC is comprised of individuals who possess a wide range of skills, relevant industry knowledge, experience and highly professional backgrounds. These qualities contribute to the desired level of diversity for the Company's nature size and complexity.

The Board comprises eight (8) members, all of whom are non-executive Directors. The board of directors Comprises both independent and non-independent directors. In 2023, the Board and its committees held a total of five meetings.

The Board of Directors members are as detailed below:

Mr. Abdul Ghafour Hashem Bahrouzian

- Chairman
- Non-executive and non-independent member

Experiences & Qualifications

- Experience in both government and private Sector
- Bachelor's degree in Business Administration

Period served as a BOD since the first election

- 47 years

Membership / Positions in any other joint stock companies.

- Chairman of the Board of Directors of Fujairah Trade Center.
- Member of Fujairah Cement Company

Mr. Mohammed Abdulla Sultan Al Salami

- Vice Chairman
- Non-executive and non-independent member

Experiences & Qualifications

- Experience in administration and civil aviation
- Bachelor's degree in Political Science and Business Administration, specializing in Aviation Sciences

Period served as a BOD since the first election

- 34 years

Membership / Positions in any other joint stock companies.

- Head of the Civil Aviation Department in Fujairah

Positions in any other important regulatory, governmental, or commercial entities

- Vice President of the Board of Directors of the General Civil Aviation Authority of the State

FORMATION OF THE BOARD OF DIRECTORS

AFNIC
AL FUJAIRAH NATIONAL INSURANCE CO

Mr. Saif Sultan Abdulla Ahmed Al Salami

- Non-executive and non-independent member

Experiences & Qualifications

- Executive Director at Al Fujairah National Group since 1994.
- Bachelor's degree in Electrical Engineering
- Master's degree in Computer Engineering

Period served as a BOD since the first election

- 15 years

Membership / Positions in any other joint stock companies.

- Chairman of the Board of Directors of Amwal Financial Brokerage.

Positions in any other important regulatory, governmental, or commercial entities

- Board Member of the National Bank of Fujairah

Dr. Salem Abdu Khalil Al-Zaini

- Non-executive and non-independent member

Experiences & Qualifications

- Studying, Evaluation, and Implementation of projects
- Ph.D. in Chemistry and Food Science.

Period served as a BOD since the first election

- 40 years

Membership / Positions in any other joint stock companies

Economist at the Department of Industry and Economy in the Government of Fujairah.

Mr: Saeed Mubarak Obaid Ahmed Al Zahmy

- Non-executive and non-independent member

Experiences & Qualifications

- Experience in law and courses in insurance and risk management.
- Master's degree in Law.

Period served as a BOD since first election

- 28 years

Mr Humaid Mohamed Humaid Al Yamahi

- Non-executive and non-independent member

Experiences & Qualifications

- 30 years in government work.
- Bachelor's Degree in Sociology

Period served as a BOD since first election

- 17 years

FORMATION OF THE BOARD OF DIRECTORS

Mr. Mohamed Sharif Habib Mohamed Al Awadi

- Non-executive and non-independent member

Experiences & Qualifications

- Experience in administrative management of vital projects and administrative training

- Bachelor's degree of Science in Geology and a Diploma in General Management and Advanced Management.

Period served as a BOD since the first election

- 13 years

Positions in any other important regulatory, governmental, or commercial entities

- General Manager of the Free Zone Authority in Fujairah

Mr. Faisal Suliman Musa Al Jassem

- Non-executive and Independent member

Experiences & Qualifications

- Experience in the private sector

- Bachelor's degree in Marketing

Period served as a BOD since first election

- 6 years

In 2023, the Board of Directors faced a notable absence of female representation, as no female members were nominated in the board elections. In 2022, and 2023 no bonuses were granted to board members. Furthermore, for the financial year 2023, board members did not receive attendance allowances for participating in committee meetings derived from the board. Additionally, there were no supplementary allowances, salaries, or fees disbursed to board members during this period.

FORMATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS MEETINGS HELD DURING THE FISCAL YEAR 2023

The Board of Directors of AFNIC Insurance held five (5) meetings during 2023. The agenda along with the Board documents were circulated in advance. The details of the names of the Board members and attendance of at the Board meetings are given below.

ATTENDANCE AT THE BOARD MEETINGS

NAME	BOARD MEETING DATES - 2023					TOTAL NUMBER OF ATTENDANCE
	15 MAR	12 MAY	31 MAY	10 AUG	14 NOV	
MR. ABDUL GHAFOUR HASHEM BAHROUZIAN	✓	✓	✓	✓	✓	5/5
MR. MOHAMMED ABDULLA SULTAN AL SALAMI	✓	✓	✓	✓	✗	4/5
MR. SAIF SULTAN ADBULLA AHMED AL SALAMI	✓	✓	✓	✓	✓	5/5
DR. SALEM ABDU KHALIL AL - ZAINI	✓	✓	✓	✓	✗	4/5
MR. HUMAID MOHAMEN HUMAID AL YAMAHI	✓	✓	✓	✓	✓	5/5
MR. SAEED MUBARAK OBAID AHMED AL ZAHMI	✓	✓	✓	✓	✗	4/5
MR. MOHAMEN SHARIF HABIB MOHAMED AL - AWADI	✓	✓	✓	✓	✗	4/5
MR. FAISAL SULAIMAN MUSA AL JASSEM	✓	✓	✓	✓	✓	5/5

✓ ATTENDED ✗ NOT ATTENDED NO ATTENDANCE BY A PROXY FOR THE YEAR 2023 NO CIRCULAR RESOLUTIONS DURING 2023

OWNERSHIP AND TRANSACTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, THEIR SPOUSES, AND THEIR CHILDREN IN THE SECURITIES OF THE COMPANY DURING THE YEAR 2023

Members of the board of directors and their spouses and children did not engage in any transactions involving the company's securities during the year 2023. The company has implemented rules endorsed by the board of directors to regulate transactions of board members in securities issued by the company. None of the members of the board of directors own any shares in the company.

5.1 AUDIT COMMITTEE

The Audit Committee has been established by the Board of Directors of the AL Fujairah National Insurance Company P.J.S.C to assist the Board of Directors in the oversight, monitoring and review the Company and all its businesses in the quality and integrity of financial statements and financial reporting, the effectiveness of governance, risk management and internal control systems including compliance with laws, regulations and the Company's Code of Conduct, and in the statutory audit process of Internal and External Auditor.

THE AUDIT COMMITTEE CHAIRMAN'S ACKNOWLEDGMENT OF HIS RESPONSIBILITY FOR THE COMMITTEE SYSTEM AT THE COMPANY

Dr. Salem Abdu Khalil Al-Zaini, chairman of the audit committee, acknowledge responsibility for the committee's system within the company, reviewing its work mechanism, and ensuring its effectiveness.

NAMES OF THE AUDIT COMMITTEE MEMBERS

MEMBER'S NAME	POSITION	DESIGNATION
DR. SALEM ABDU KHALIL AL - ZAINI	CHAIRMAN	NON – EXECUTIVE / NON - INDEPENDENT
MR. SAIF SULTAN ABDULLA AHMED AL SALAMI	MEMBER	NON – EXECUTIVE / NON - INDEPENDENT
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	MEMBER	NON – EXECUTIVE / NON - INDEPENDENT
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	MEMBER	NON – EXECUTIVE / NON - INDEPENDENT
MR. FAISAL SULAIMAN MUSA AL - JASSIM	MEMBER	NON – EXECUTIVE / INDEPENDENT

AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

AUDIT COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERETO.

The responsibilities of the Audit Committee are in line with SCA Corporate Governance Guide Decision 3/RM 2020 and the CBUAE Regulation and Standards for Insurance Companies. The Audit Committee undertakes the following duties and responsibilities,

- Develop and implement a policy for engaging external auditors, and present a report to the board of directors outlining significant issues requiring attention, accompanied by recommendations for necessary actions.
- Assessing the adequacy of Senior Management, and the extent of their application of the Board's directions.
- Supervise and ensure the independence and objectivity of external auditors, engage in discussions regarding the nature and extent of the audit process, and evaluate its effectiveness in line with accepted auditing standards.
- Oversee the integrity of the company's financial data and its reports, conducting regular reviews throughout the year, with particular emphasis on the following:

1. Any modifications to accounting policies and practices.
2. b) Identifying areas subject to management estimation.
3. Significant revisions resulting from the audit process.
4. Compliance with accounting standards mandated by the regulatory authority.

- Ensuring compliance with listing regulations, disclosure mandates, and other legal prerequisites pertinent to financial reporting preparation.
- Collaborating with the board of directors, executive management, and the CFO to fulfill its responsibilities, with the committee mandated to convene with the company's external auditor at least once annually.
- Addressing any noteworthy or unconventional matters arising or requiring inclusion in reports and accounts, and giving careful consideration to concerns raised by the CEO or CFO, compliance Director, or the auditor.
- Assessing the company's financial control systems, internal controls, and risk management protocols.

AUDIT COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERETO.

- Engaging in discussions with management regarding the internal control system and verifying its efficacy in establishing a robust internal control framework.
- Approving the appointment and dismissal of the head of internal audit., evaluating his performance, and verifying the sufficiency of his compensation.
- Reviewing significant investigation findings concerning internal control matters delegated by the board of directors or initiated by the committee with board approval.
- Ensuring alignment between the internal auditor and external auditor, and securing requisite resources for the internal audit function, while also evaluating its efficiency.
- Scrutinizing the company's financial and accounting policies and procedures.
- Reviewing the external auditor's report, their action plan, and any significant queries raised by the auditor regarding accounting records, financial statements, and control systems, and providing responses and approvals as necessary.
- Ensuring the board promptly addresses clarifications and significant issues raised in the external auditor's report.
- Establishing mechanisms for employees to confidentially report potential violations in financial reporting, internal controls, or other areas, and undertaking impartial and thorough investigations into such violations.
- Monitoring the company's adherence to professional conduct regulations. violations as well as preparing a report to the board in this regard.
- Guaranteeing the enforcement of the committee's operational protocols and the powers delegated to it by the board of directors.
- Presenting a comprehensive report to the board of directors addressing the matters outlined in this item.
- Addressing any additional issues as directed by the board of directors.
- Reviewing the internal audit's charter annually, and approving any changes to the charter.

AFNIC
AL FUJAIRAH NATIONAL INSURANCE CO

NUMBER OF THE AUDIT COMMITTEE MEETINGS HELD DURING 2023

During the year 2023, AIFNIC held three (3) Audit Committee meetings. The details of attendance are as follows:

MEMBER'S NAME	MEETING'S DATES 2023			TOTAL NUMBER OF ATTENDANCE
	22 FEB	23 MAY	25 OCT	
DR. SALEM ABDUL KHALIL AL- ZAINI	✓	✓	✓	3/3
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	✓	✓	✓	3/3
MR. SAIF SULTAN ABDULLAH AHMED AL SALAMI	✓	✓	✓	3/3
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	✓	✓	✓	3/3
MR. FAISAL SULAIMAN MUSA ALJASSIM	✓	✓	✓	3/3

✓ ATTENDED

5.2 NOMINATIONS AND REMUNERATIONS COMMITTEE

The Board Nominations & Remunerations Committee is a permanent committee of AL Fujairah National Insurance Company P.J.S.C that reports to the Board of Directors. The Committee is established to ensure that nomination and remuneration arrangements support the strategic aims of the business and enable the nomination and election of Board of Directors members who have technical skills and experience required to serve the interests of the Company and recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population. In its nomination role, the Committee is tasked with nominating appropriate directors and executives as and when required by the Board of Directors. This Terms of Reference outlines the purpose, composition, organization and responsibilities of the Remuneration Committee.

THE NOMINATION AND REMUNERATION COMMITTEE CHAIRMAN'S ACKNOWLEDGMENT OF HIS RESPONSIBILITY FOR THE COMMITTEE SYSTEM AT THE COMPANY

I, Humaid Mohammed Humaid Al Yamahi, acknowledge my responsibility as the head of the Nominations and Rewards Committee in the company, responsible for overseeing the committee's system, reviewing its functioning, and ensuring its effectiveness.

NAMES OF THE COMMITTEE MEMBERS

MEMBER'S NAME	MEETING'S DATES 2023	TOTAL NUMBER OF ATTENDANCE
	23 MARCH	
MR. HUMAID MOHAMED HUMAID AL YAMAHI	CHAIRMAN	NON-EXECUTIVE / NON-INDEPENDANT
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	MEMBER	NON-EXECUTIVE / NON-INDEPENDANT
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	MEMBER	NON-EXECUTIVE / NON-INDEPENDANT

NOMINATION & REMUNERATION COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERETO

The responsibilities of the Nomination & Remuneration Committee are in line with SCA Corporate Governance Guide Decision 3/RM 2020 and the CBUAE Regulation and Standards for Insurance Companies. The Nomination & Remuneration Committee undertakes the following duties and responsibilities:

- Develop a policy for awarding bonuses, benefits, incentives, and salaries to board members and company employees, and review it annually. The committee must ensure that the bonuses and benefits granted to the company's senior executive management are reasonable and commensurate with the company's performance.

- Ensure the ongoing independence of independent members. If the committee determines that a member no longer meets the independence criteria, it must refer the matter to the board of directors. The board shall then inform the member in writing at their registered address with the company about the reasons for the loss of independence. The member must respond to the board within fifteen days of receiving the notification. The board will decide whether the member remains independent at the first meeting following the member's response or the expiration of the specified period without a response. If the member loses this status, it will not affect the minimum number of independent members required on the board. This should be considered when forming committees while adhering to the provisions of the amended Companies Law. If the board's decision to revoke the reasons or justifications for independence from the member would impact the minimum percentage of independent members required on the board, the board shall appoint an independent member to replace this member, subject to approval by the first general assembly of the company to consider the board's decision.
- Identify the company's competency requirements at the senior executive management and employee levels, and establish criteria for their selection.
- Develop the company's human resources and training policy, oversee its implementation, and review it annually.
- Coordinate and oversee the procedures for nominating board members in accordance with applicable laws and regulations.

NUMBER OF THE NOMINATIONS & REMUNERATIONS COMMITTEE MEETINGS HELD DURING 2023

During 2023, AFNIC held one (1) Nominations & Remunerations Committee meetings. The details of attendance are as follows:

MEMBER'S NAME	MEETING'S DATES 2023 23 MARCH	TOTAL NUMBER OF ATTENDANCE
MR. HAMDI MOHAMED HAMID AL YAMAHI	✓	1/1
MR. SAEED MUBARAK OBAID AHMED AL - ZAHMI	✓	1/1
DR. MOHAMED SHARIF HABIB MOHAMED AL - AWADI	✓	1/1

✓ ATTENDED

5.3 COMMITTEE FOR INVESTMENT AND FINANCE COMMITTEE

The chairman of the Investment Committee acknowledgement of his responsibility for the Committee system at the company

I, Saif Sultan Abdulla Ahmed Al Salami, acknowledge my responsibility as the chairman of the Investment Committee in the company, responsible for overseeing the committee's system and ensuring its effectiveness.

NAMES OF THE MEMBERS OF THE INVESTMENT COMMITTEE

MEMBER'S NAME	POSITION	DESIGNATION
MR. SAIF SULTAN ADBULLA AHMED AL SALAMI	CHAIRMAN	BOARD MEMBER
MR. ANTOINE AL MAALOULI	MEMBER	CHIEF EXECUTIVE OFFICER
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	MEMBER	BOARD MEMBER
MR.. MOHAMED SHARIF HABIB MOHAMED AL - AWADHI	MEMBER	BOARD MEMBER

THE INVESTMENT COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERE TO

- Ensure that the company's assets are diversified and appropriately allocated to enable efficient responsiveness to changing economic conditions, including fluctuations in financial and real estate markets.
- Reviewing the performance of the Company's assets annually.
- Preparing and reviewing the investment policy, reviewing its performance, implementation and managing its risks, on an annual basis.
- Focus on maintaining assets to cover technical provisions and other long-term insurance obligations or property and liability commitments.

- Conduct thorough reviews to evaluate the creditworthiness of related parties with which the company may engage in significant transactions.
- Develop a policy and framework for stress testing all investments, including regular stress testing encompassing a variety of market scenarios, and changes in investment, operational, social, and economic factors.
- Submit quarterly reports to the board on the performance of the Company's investment portfolio.
- Perform proper research and due diligence before recommending additional investments for the Company's benefit.

During 2023, the Investment Committee held one (1) meetings. The details of attendance are as follows:

MEMBER'S NAME	MEETING'S DATES - 2023 20 - OCT	TOTAL NUMBER OF ATTENDANCE
MR. SAIF SULTAN ADBULLA AHMED AL SALAMI	✓	1/1
MR. ANTOINE AL MAALOULI	✓	1/1
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	✓	1/1
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	✓	1/1

✓ ATTENDED

5.4 COMMITTEE FOR MONITORING AND SUPERVISING THE TANSACTIONS OF INSIDER PERSONS

The Chairman of the Supervision and Follow-up Committee of insider's transactions acknowledgment of his responsibility for the Committee system at the company.

I, Mohammed Sultan Abu Salem, Chairman of the Committee for Monitoring and Supervising the Transactions of Informed Persons, acknowledge responsibility for the committee's system within the company and for reviewing and ensuring its effectiveness.

MEMBER'S NAME	POSITION
MR. MOHAMED SULTAN ABU SALEM	HEAD
MR. AWAD ALLAH ALI MOHAMED KHAIR	MEMBER

THE SUPERVISION AND FOLLOW-UP COMMITTEE OF INSIDER'S TRANSACTIONS FUNSCTIONS AND DUTIES

The duties of the Committee are in accordance with Article (33) of SCA Corporate Governance Guide Decision 3/RM 2020. The Committee undertakes the following duties:

- Safeguard non-public information owned by the company.
- Ensure that non-public information remains confidential and is not disclosed to individuals outside the company, including family, friends, or other employees unless such disclosure is necessary for business purposes.
- Monitor the activities of individuals who have access to the company's proprietary information, whether they engage in transactions themselves or through intermediaries, involving securities of the company.
- Oversee the dissemination of any data or the provision of statements or information that could impact the market value of securities and influence investor decisions.
- Guarantee that internal company information is not utilized for trading securities on the market.

NUMBER OF SUPERVISION AND FOLLOW-UP COMMITTEE OF INSIDER'S MEETINGS HELD DURING THE YEAR 2023

During the year 2023, the Committee of follow-up and supervision of insiders' trading held one (1) meeting. The meeting details of attendance is as follows;

MEMBER'S NAME	MEETING'S DATES 2023 1- JUNE	NUMBER OF ATTENDANCE
MR. MOHAMED SULTAN ABU SALEM	✓	1/1
MR. AWAD ALLAH ALI MOHAMED KHAIR	✓	1/1

KEY POINTS CONCERNING AFNIC'S RISK EXPOSURES AND RISK MANAGEMENT STRATEGIES WITHOUT BREACHING NECESSARY CONFIDENTIAL PARTS:

AFNIC's business operations diversified across different line of business and geographical regions, showcasing a robustly diversified portfolio. Our strategic approach involves carefully managing this diversity to ensure exposure remains within our risk appetite while leveraging the benefits of diversification. Our risk management framework is designed to safeguard the interests of our policyholders and maintain optimal capital adequacy levels and supports the company objectives through setting appropriate risk limits and risk selection criteria.

The risk exposure is monitored across all the business streams and geographies. AFNIC has a structured framework to aggregate risk and monitor concentration

We have implemented a comprehensive reinsurance strategy to effectively mitigate and manage large risk exposures. Each risk category, including Underwriting, Reserving, Market, Liquidity, Credit, and Operational is managed and monitored through established risk policies and risk tolerance limits.

INFORMATION ON THE PURPOSE, STRATEGIES, STRUCTURES, AND RELATED RISKS AND CONTROLS OF MATERIAL AND COMPLEX OR NON-TRANSPARENT ACTIVITIES:

THE PURPOSE IS TO:

During the year 2023, AIFNIC held three (3) Audit Committee meetings. The details of attendance are as follows:

a. Identify, assess, and manage the risks associated with business activities including all financial and non-financial risks.

b. Ensure financial stability and sufficient liquidity, mitigate downside risk, and support upside risk opportunities, hence increasing shareholder value.

c. Comply with regulatory requirements and enhance transparency.

d. Embed a culture of proactive risk management across all areas of business.

- Structured governance with clear roles and responsibilities are in place. The structure provides sufficient oversight committees and forums to monitor and manage the risk profile, as well as remediation actions.
- Board Investment and Risk Committee is established to oversee the effectiveness of Risk Management Framework and Policies.
- The Committee is responsible for ensuring that the requirements of the framework are adequately embedded in the business operations and that all employees comply with the policy statements.
- The Risk Management function is responsible for independent assessment, identification and management of AFNIC's risk profile. It also takes ownership to ensure that the Board has sufficient information to exercise their Risk Management duties.
- The Company utilizes the ‘Three Lines of Defense’ model for Risk Management, where the senior management takes an active role in promoting the risk management framework:

➢ Risk owners (First Line),
➢ Risk oversight providers (Second line), and
➢ Risk assurance providers (Third Line).

- Our risk management strategy is designed in accordance with our vision. This approach aims to deliver value to both our shareholders and policyholders. The key features of the strategy are,

- Proactive risk identification and assessment through SWOT analysis and scenario planning.
- Risk analysis of trends across business such as frequency and severity of claims activity.
- Rigorous risk selection process and adopting to robust underwriting policies including pricing models.
- Implementation of strategies for diversification through product offering, reinsurance and investments.
- Fraud and abuse investigation function as a control and mitigation tool.
- Risk reporting and monitoring of key risk indicators, using data analytics to improve risk assessment.
- Stress and scenario testing to assess the vulnerabilities and evaluate mitigation plans.
- Contingency planning to respond to potential crises and disruption.
- Capital and reserve management to ensure solvency.

The Third Line, the Internal Control ,Compliance & Audit along with External Audit, in the Risk Framework provide independent assurance, effective oversight and transparent monitoring of all the business activities.

FORWARD LOOKING STATEMENTS AND FORESEEABLE RISK FACTORS:

As a proactive risk strategy, we continuously scan the horizon to identify emerging risks and develop plans to mitigate them.

Climate change, Technology Disruption, Cyber Security and Political Instability are continuously evolving as well as emerging risk areas. These risks are therefore in more focus.

As part of its expansion strategy, AFNIC is enhancing the Risk Management Framework and will continue to actively monitor the changes in business and regulatory landscape.

AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

EXECUTIVE MANAGEMENT DURING THE YEAR 2023

The Executive Management supports the Chief Executive Officer (CEO) in the preparation of strategies, budget, policies and procedures, and handling of significant or fundamental operative matters as well as ensuring effective internal communications.

The CEO operates in accordance with the authority delegated to him by the Board of Directors through a Power of Attorney. The CEO, with support from the Executive Management team, is responsible for the day-to-day management of the business, in line with the annual Strategic Plan approved by the Board of Directors.

The major duties and responsibilities delegated to the Executive Management by virtue of a Power of Attorney are but not limited to :

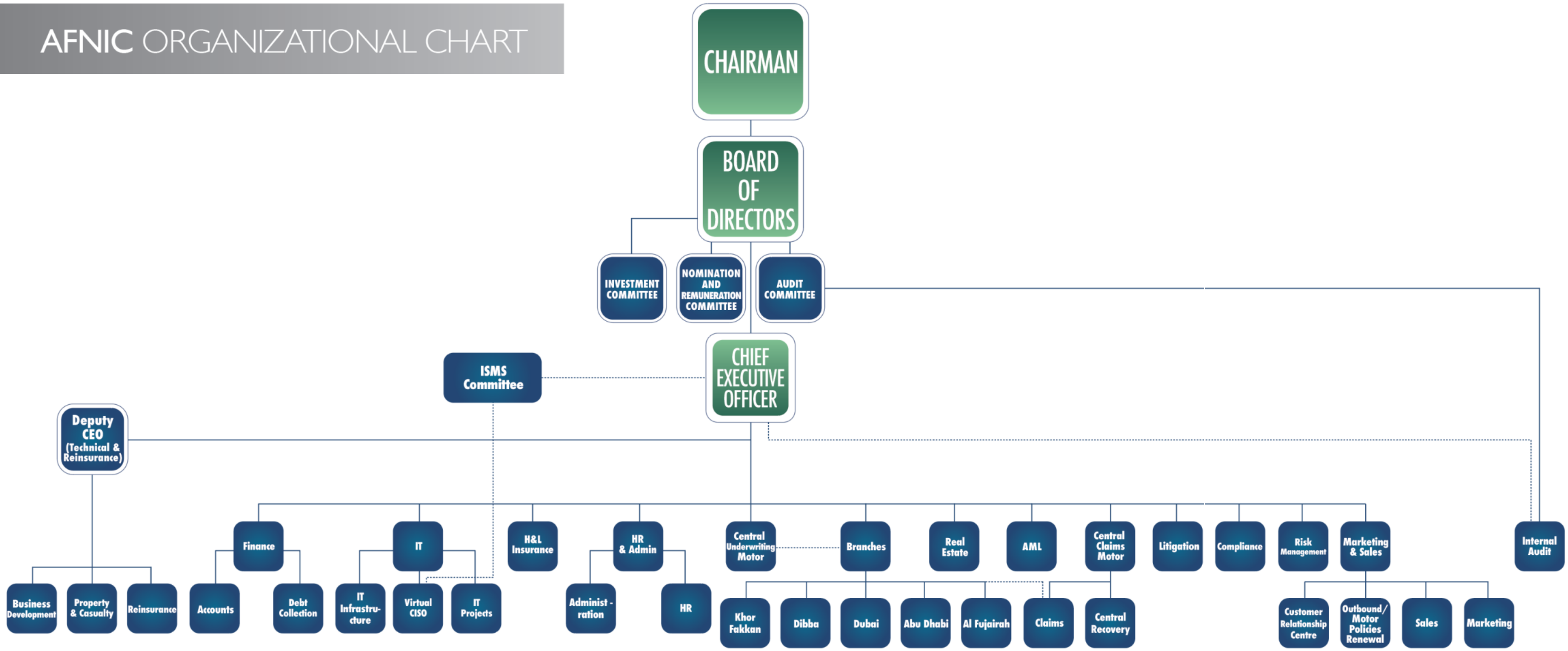
- Transact, manage, carry on, and do all commercial, financial, and insurance matters and powers requisite and necessary or in any matter connected with or having reference to the business and affairs of the Company's operations inside of the United Arab Emirates as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Manage the accounts of the Company with any Bank(s) as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Represent the Company in all financial agreements approved by the Board of Directors as per the provisions of the power of attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Represent the company in all legal issues and settle, compromise, discharge, or compound as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Purchase or take on leases for residential, business, and other premises and facilities for the business of the Company compound as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix

6.1 DETAILS OF TRANSACTIONS CONDUCTED WITH RELATED PARTIES (STAKEHOLDERS) DURING THE YEAR 2023, CLARIFYING THE NATURE OF THE RELATIONSHIP AND THE TYPE OF TRANSACTION

PREMIUM: AED 25,095,317. CLAIMS: AED 7,631,845

AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

AFNIC ORGANIZATIONAL CHART



AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

7.1 STATEMENT OF THE SENIOR EXECUTIVE IN THE FIRST AND SECOND GRADE ACCORDING TO THE COMPANY'S ORGANIZATIONAL STRUCTURE

POSITION	Date of appointment	The total salaries and allowances paid for the year 2023	The total bonuses paid for the year 2023	Any other cash or in-kind bonuses for the year 2023 or deserving in the future
The Chief Executive Officer (CEO).	01/06/1981	1,806,023	NA	NA
Deputy Chief Executive Officer (Technical & Reinsurance)	19/04/2003	743,107	NA	NA
Financial director	01/06/2003	304,703	NA	NA
Director of Human Resources, Marketing, and Administration.	02/02/2014	650,801	NA	NA
Central claim Director	01/02/1982	345,979	NA	NA
Central underwriting manager-Motor	15/06/1991	246,189	NA	NA
East coast Regional Director	12/08/2003	805,481	NA	NA
Information Technology Director	28/09/2003	402,408	NA	NA
Compliance Director	21/12/2002	353,574	NA	NA
Health Insurance Director	12/09/2019	580,954	NA	NA
Internal Audit Manager	12/07/2015	373,711	NA	NA
Real Estate Manager	01/02/2009	219,629	NA	NA
Litigation Senior Supervisor	15/02/2005	123,629	NA	NA
Business Development Manager	24/05/1977	394,963	NA	NA
Senior Manager Property and Causality	13/11/2011	393,571	NA	NA
Anti-Money Laundering and Counter-Terrorist Financing Officer	22/02/2022	75,973	NA	NA

EXECUTIVE MANAGEMENT'S SALARIES AND BENEFITS

- The Board of Directors has approved the remuneration policy that aims to enable the company to attract, retain, and motivate highly qualified members for the Board and Executive Directors.
- The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder's interests, industry standards, and relevant corporate regulations.
- The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values, and long-term interests of the company and will be consistent with the "pay-for performance" principle.
- The remuneration policy will ensure that remuneration to directors, key managerial personnel, and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- The Remuneration of employees largely consists of basic remuneration, perquisites, allowances, and performance incentives. The components of remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.
- Based on the recommendation of the Nomination & Remuneration Committee, remuneration to the Non-Executive Directors is to be decided by the Board of Directors, and distributed to them based on their participation and contribution to the Board/certain Committee.

EXTERNAL AUDITOR

The GRANT THORNTON audit office is one of the largest offices operating in the country in the field of external auditing. The office has been present in the UAE for a long time, earning a good reputation in the business community due to its extensive experience in this field. It's worth noting that the office has been conducting external audit work for the company since 2018, and there is no other external auditor performing auditing or providing financial services to the company. The external auditor is completely independent from the executive management and the Board of Directors.

FEES AND COSTS RELATED TO AUDITING OR SERVICES PROVIDED BY THE EXTERNAL AUDITOR DURING THE YEAR 2023

NAME OF THE AUDIT FIRM	GRANT THORNTON
NAME OF THE PARTNER AUDIT	DR. OSAMA AL - BAKRI
The number of years spent as an external auditor for the company	6
The number of years the partner auditor has spent auditing the company's accounts.	6
The total audit fees for the year 2023	352,500 AED
Fees and costs of other special services in addition to financial statement auditing for the year 2023 Fees specifically for anti-money laundering services.	29,380 AED
Details and nature of other services provided (if any). If there are no other services, this shall be expressly stated.	NO OHER SERVICES PROVIDED
A statement of other services performed by another external auditor other than the company's auditor to audit the information systems management during the year 2023	Name: RINA Business Assurance LLC Details: ADHICS Surveillance1 13,600 AED

There were no reservations mentioned by the auditors in their opinion on the financial statements for the year ended 31 December 2023.

INTERNAL CONTROL SYSTEM

Board of Directors' Acknowledgment of Responsibility for Internal Audit system in the Company and Review of its Work Mechanism and Effectiveness.

INTERNAL AUDIT

The Board of Directors acknowledges its responsibility for the management of internal control system in the company and for reviewing its effectiveness.

The Internal Audit function is an independent and objective activity provides assurance and advisory service with the aim of adding value to the company and improving its operations. This activity helps in achieving the instruction's objectives by following an organized, systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes.

AFNIC's internal audit function is headed by Mr. Mohammed Sultan Abu Salem, who was appointed as Manager - Internal Audit on 12 July 2015. He holds a Bachelor degree in Accounting and has 17 years' experience in internal audit management in insurance companies.

He is responsible for reporting the internal audit function's findings to the Audit Committee on a regular basis. the Internal Audit Department issued 3 reports

INTERNAL AUDIT MANAGEMENT MECHANISM

- The management convenes annually with the audit committee to endorse the management's work plan.
- Evaluation of the implementation of the annual audit plan.
- Assessment of risk audit and challenges encountered by the company.
- Review of the effectiveness of audit procedures, audit methodologies, and

There were no major problems encountered by the company during the year ended on 31/12/2023.

12

COMPLIANCE

The Compliance function is an independent activity that ensures that the company adheres to all relevant laws, regulations, and guidelines set forth by regulatory bodies.

The Compliance Department at AFNIC is structured around a core team led by the Compliance Director, supported by the Compliance Officer. This section provides a detailed overview of the structure, reporting lines, roles, and responsibilities within the Compliance Department, highlighting the pivotal roles of the Compliance Team in ensuring regulatory adherence and ethical conduct across the Company.

The Compliance Department is overseen by Mrs. Suzan Adel El Sayed, the Compliance Director, who holds a Bachelor's degree in Business Administration and a Master's degree in Law. Mrs. El Sayed was initially appointed as the Central Litigation Manager on December 21, 2002, and assumed responsibility for the compliance department on June 1, 2023. In her role, the Compliance Director supervises all compliance-related activities within AFNIC.

Reporting directly to the Compliance Director is the Compliance Officer Together, the Compliance Director and Assistant form the backbone of the Compliance Department, responsible for developing, implementing, and monitoring compliance policies and procedures to ensure alignment with regulatory requirements and industry best practices.

It is imperative to mention that the company experienced no significant issues during the year ending on 31/12/2023.

13

VIOLATIONS COMMITTED DURING THE FISCAL YEAR 2023

- There were no financial violations committed during the year 2023.

- No board members were sanctioned by any national or foreign judicial authority.

14

CORPORATE SOCIAL RESPONCIBILITYT

The company is committed to the community and the environment with the following obligations, which are deemed necessary to fulfill and maintain:

- Compliance with all laws, regulations, and systems enacted for environmental preservation.
- Participation in events organized for environmental conservation.
- Contribution to any event organized for this purpose.
- The company contributes to serving the community in all economic, social, and cultural activities organized by governmental or non-governmental entities.
- The company trains citizen employees for qualification and subsequently hires some of them according to the company's annual plan.
- The company has contributed to and supported some events organized to serve civil society, as follows:

THE COMPANY CASH CONTRIBUTIONS DURING THE YEAR 2023

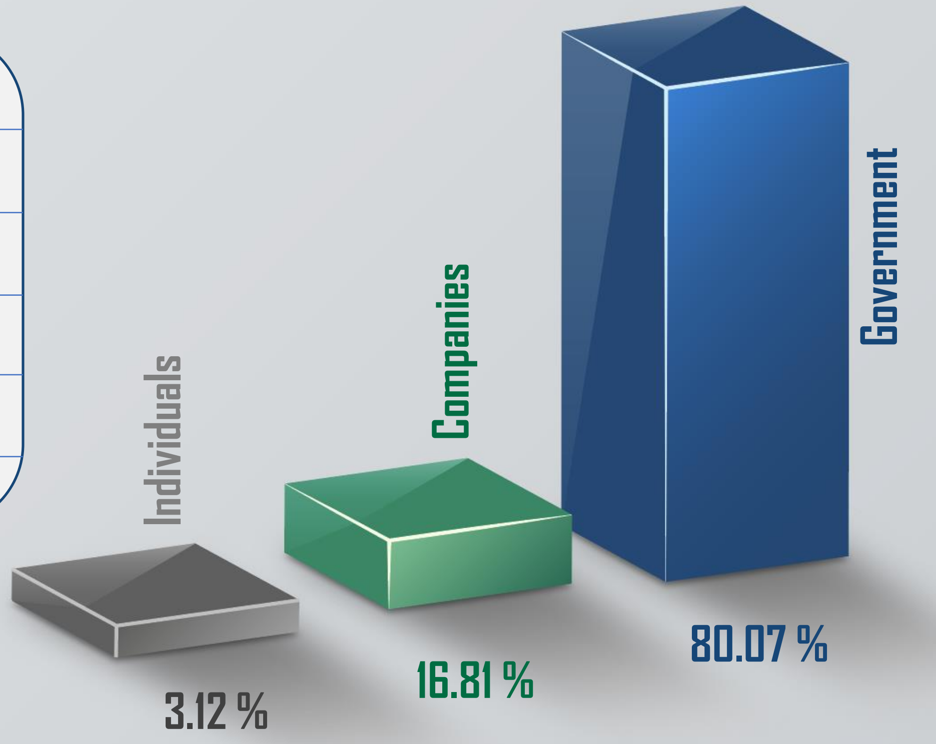
EVENTS	CONTRIBUTION VALUE IN AED
Pioneers of the Emirates Scouts	10,000
Emirates International Center for Rehabilitation and Training	1,200
Golden Care for the Orchestra Concert	18,000
TOTAL	29,200

THE COMPANY'S STOCK PRICE IN THE MARKET (HIGHEST AND LOWEST PRICE) AT THE END OF EACH MONTH DURING THE YEAR 2023

The closing price of the stock on 31/12/2023 was 210 dirhams

STATEMENT OF STAKEHOLDERS' OWNERSHIP DISTRIBUTION AS OF 12/31/2023

No	CLASSIFICATION OF SHAREHOLDER	PERCENTAGE OF OWNED SHARES %			
		INDIVIDUALS	COMPANIES	GOVERNMENT	TOTAL
1	LOCAL	3.12	16.81	80.07	100
2	ARAB	-	-	-	-
3	FOREIGN	-	-	-	-
	TOTAL	3.12	16.81	80.07	100

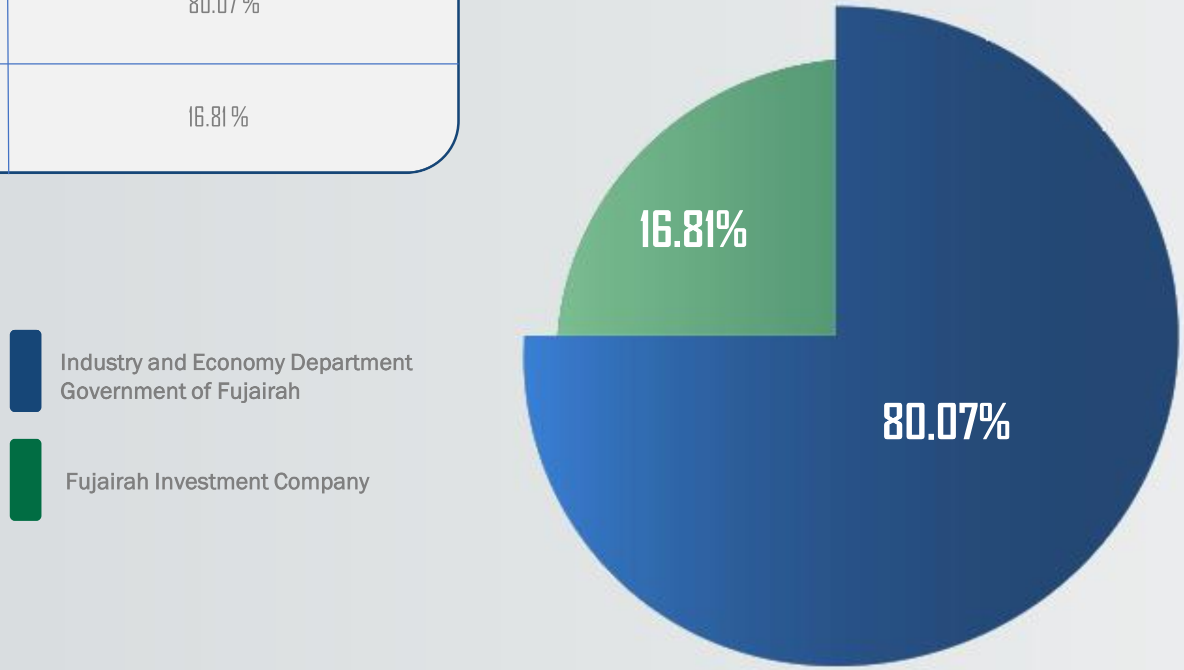


THE COMPANY'S STOCK PRICE IN THE MARKET (HIGHEST AND LOWEST PRICE) AT THE END OF EACH MONTH DURING THE YEAR 2023

The closing price of the stock on 31/12/2023 was 210 dirhams

SHAREHOLDERS OWNING 5% OR MORE OF THE COMPANY'S CAPITAL

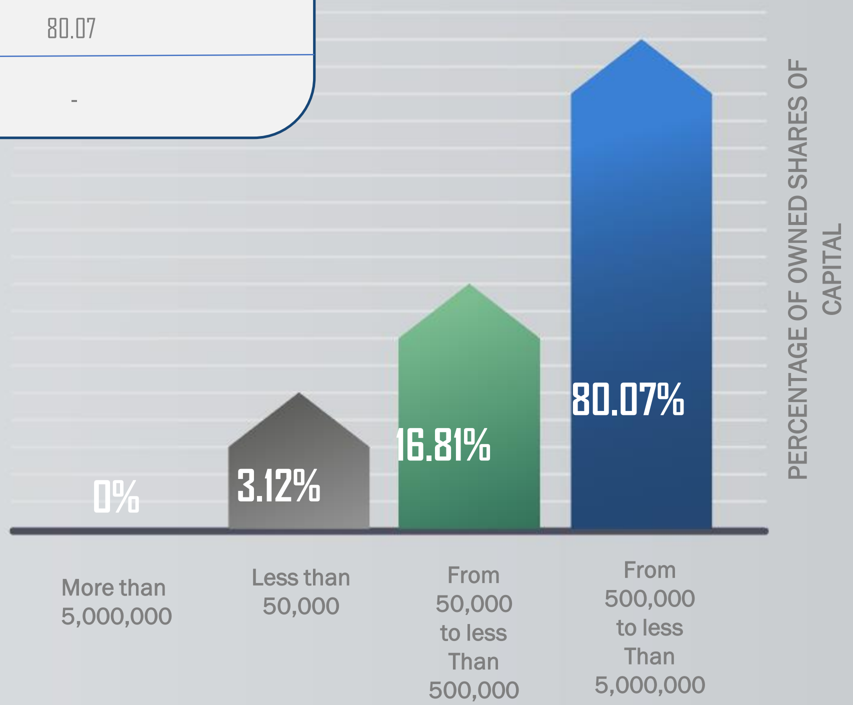
SHAREHOLDER	NUMBER OF OWNED SHARES	PERCENTAGE OF OWNED SHARES OF CAPITAL
Industry and Economy Department Government of Fujairah	1,065,686	80.07 %
Fujairah Investment Company	223,760	16.81 %



AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

STATEMENT OF THE DISTRIBUTION OF SHAREHOLDERS ACCORDING TO OWNWERSHIP SIZE AS OF 31/12/2023

SHARE OWNERSHIP	NUMBER OF SHAREHOLDERS	NUMBER OF OWNED SHARES	PERCENTAGE OF OWNED SHARES OF CAPITAL
LESS THAN 50,000	13	41,554	3.12
FROM 50,000 TO LESS THAN 500,000	1	223,760	16.81
FROM 500,00 TO LESS THAN 5,000,000	1	1,065,686	80.07
MORE THAN 5,000,000	-	-	-



PROCEDURES TAKEN REGARDING INVESTOR RELATIONS

The investor relations page on the company's website has been updated, including contact information for the investor relations department and efforts to provide all reports related to interim financial results, minutes of general assembly meetings, company disclosure statements, ownership ratios, shareholder profits, and any other events related to investor affairs.

DETAILS OF INVESTOR RELATIONS OFFICER ON THE COMPANY'S

NAME	MR.EIAD FAYEZ ABSSI
EMAIL	Eiad.absi@fujinsco.ae
CONTACT NUMBER	+971 526 411 065

AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

THE HYPERLINK TO THE INVESTOR RELATIONS PAGE ON THE COMPANY'S WEBSITE:

Website page: https://afnic.ae/en/Investor_Relations_home

DECISIONS PRESENTED AT THE GENERAL ASSEMBLY HELD DURING THE YEAR 2023

- Amendment of the Articles of Association.
- Adoption of voluntary contributions for community service.

SECRETARY OF THE BOARD OF DIRECTORS

NAME	AWAD ALLAH ALI MOHAMMED KHIR
DATE OF APPOINTMENT	1/2/2009
EDUCATIONAL QUALIFICATIONS	BACHELOR'S DEGREE IN LAWS
PRACTICAL EXPERIENCE	LEGAL RESEARCHER FOR OVER 35 YEARS
JOB DUTIES	• Organizing Board of Directors' meetings throughout the year. • Sending invitations to board members, recording minutes of board meetings, and ensuring the signing of minutes by members. • Maintaining digitally organized records of board minutes. • Facilitating procedures for conducting general assembly meetings. • Compiling the annual governance report. • Monitoring the phased and annual disclosure process.

SIGNIFICANT EVENTS ENCOUNTERED BY THE COMPANY DURING THE YEAR 2023

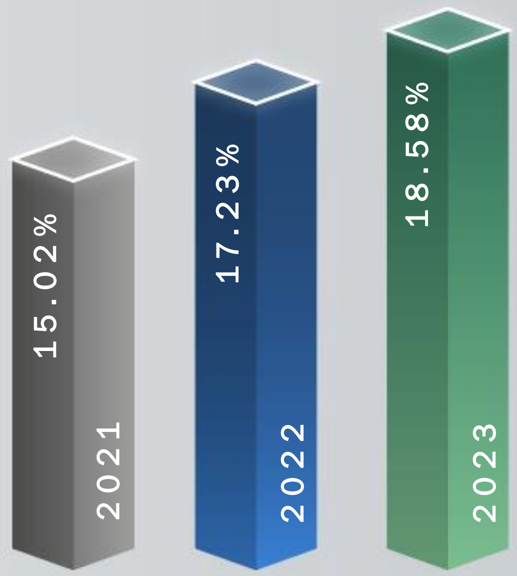
No significant events were encountered by the company during the year 2023.

STATEMENT OF TRANSACTIONS CARRIED OUT BY THE COMPANY WITH THE RELATED PARTIES DURING THE YEAR 2023, EQUAL TO 5% OR MORE OF THE COMPANY'S CAPITAL.

No transactions were conducted with related parties during the year 2023 that were equal to 5% or more of the company's capital.

LOCALIZATION RATIO IN THE COMPANY BY THE END OF THE YEARS 2021-2022-2023

YEAR	PERCENTAGE
2021	15.02%
2022	17.23%
2023	18.58%



LOCALIZATION RATIO

PROJECTS AND INNOVATIVE INITIATIVES UNDERTAKEN BY THE COMPANY OR UNDER DEVELOPMENT DURING THE YEAR 2023

- Development of automated insurance devices and the adoption of newer, more advanced devices that meet quality and operational efficiency requirements.
- Implementation of customer satisfaction survey devices.
- Update of the company's website to provide sufficient information for the company's customers and investors.
- Development of educational culture by securing training and development projects for employee skills and utilizing distance learning methods.

THE BOARD OF DIRECTORS STATEMENT

The Board of Directors of AFNIC is fully dedicated to achieving the highest level of compliance with the laws and regulations of the United Arab Emirates. Additionally, the Board affirms its commitment to ensuring compliance with all internal policies necessary to meet the regulations set forth by the Securities & Commodities Authority and the Central Bank on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, and external audit. AFNIC has partially implemented the Central Bank requirements and intends to achieve full compliance with all requirements by the end of 2024.

Mr. Abdul Ghafour Hashem Bahrouzian

Chairman of the Board of Directors

Mr. Humaid Mohammed Humaid A Yamahi

Chairman of the Nomination & Remuneration Committee

Dr. Salem Abu Khalil Al Zaini

Chairman of the Audit Committee

Mr. Mohammad Sultan Abu Salem

Manager Internal Audit

AFNIC
شركة الفجيرة الوطنية للتأمين
AL FUJAIRAH NATIONAL INSURANCE CO

AL FUJAIRAH NATIONAL INSURANCE COMPANY PJSC

2023 SUSTAINABILITY REPORT

TABLE OF CONTENTS

ABOUT THIS REPORT

We are pleased to present you the annual ESG report of 'Al Fujairah National Insurance Company' (AFNIC) for the period from 1/1/2023 to 31/12/2023 With over 40 successful years in the insurance value chain, AFNIC takes great pride in its transparent and ethically viable business model. Thus, through this report AFNIC seeks to further demonstrate its allegiance towards sustainable development practices using tangible and quantifiable measures aligning with the UN SDG 17, Abu Dhabi Economic Vision 2030, UAE Green Agenda 2015-2030 and UAE Centennial Plan 2071.

This report was constructed with reference to the Global Reporting Initiative (GRI) 'Core option' framework and include materials that are most important to our business and stakeholders. The information in this report was published on April 2024.

The GRI content Index will be available at the end of this report starting from page 63.

AFNIC welcomes any feedback or inquiries relating to this report through any of the following channels:

+971 9 223 3355 | Ext. 1402/1807

+971 9 222 4344

compliance@fujinsco.ae

DOWNLOAD

AFNIC Sustainability Report 2022

AFNIC Sustainability Report 2021

A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

In this report, I am proud to present you with our efforts to achieve a sustainable business model, which has been the focal point of our success and growth. Our operations are aligned with the company's sustainability strategy to ensure creating shared value for all our stakeholders and achieving financial and operational profitability.

At AFNIC, we have been operating in the UAE since 1977 with success thanks to our progressively diversified operations. Our operations are aligned with the company's sustainability strategy to ensure creating shared value for all our stakeholders and achieving financial and operational profitability.

We monitor our sustainability performance in an effective way through the activities we conduct under the guidance of our Board of Directors. Our sustainability objectives are in line with the United Nations Sustainable Development Goals 2030, UAE Economic Vision 2030, UAE Green Agenda 2015-2030, and UAE Centennial Plan 2071.

That will not change going forward – we will continue to secure the future of our customers and society sustainably.

Along the years, we have made significant efforts to conduct business responsibly and achieve sustainable growth.

We developed a sustainability framework to ensure that our operations are performed in a responsible manner. We continued to improve our recruitment processes and talent management to ensure that we always employ and retain the best talent to lead the company forward, while adhering to the principles of integrity, transparency and accountability.

Why do we consider this non-financial report so important? Because we believe that the more our efforts are recognized and the more transparent we are about our plans, the greater the chances of others being encouraged to consider adopting sustainable strategies.

Further, we believe that presenting such sustainability report will serve as catalyst for self-assessment and continued improvement in our sustainability journey.

Finally, I would like to express my gratitude to all our shareholders, customers, and employees for their loyalty and trust they have placed in us. We will continue to grow our business and comply with the best governance practices and operate responsibly.

Sincerely Yours,

Antoine Maalouli

CEO – Al Fujairah National Co. PJSC

ABOUT AFNIC

For over four decades now, Al Fujairah National Insurance Co (AFNIC) is the only insurer in the United Arab Emirates that has its headquarters in Fujairah, situated in the Eastern part of the country. AFNIC serves a multitude of clients across a wide-spectrum of industries throughout the UAE.

Established in 1976, under the patronage of the Ruler of Fujairah, AFNIC is a Public Joint Stock Company, registered under the Federal Company Law, and Federal Insurance Law with the Government of Fujairah as the major Shareholder with 80.07% shareholding, along with Fujairah Investment Company holding 16.81% shareholding, and the rest 3.12% shares are held by other natural persons respectively.

AFNIC has a wide network of full-fledged branch offices spread throughout the UAE. It has an active presence in Abu Dhabi, Dubai, Sharjah, Dibba, Umm Al Quwain, and Fujairah operating across 37 locations in these emirates, offering all its services under one roof for the convenience of customers. Customers can also avail AFNIC's products from the Insurance ATMs (a revolutionary concept – first-of-its-kind in the world), which is available at various Petrol Stations in Dubai.

The company underwrites all classes of Property and Liability insurances, including Motor Vehicles and Marine Vessels, to Jet Aircrafts, Port Operators' Liability, Group Life, Medical, and much more – serving both individual and corporate clients.

AFNIC is supported by a panel of strong Reinsurance securities, and is backed with expertise of over 45 years.

Our AM Best credit rating of B++ (Good) endorses our stable financial position.

OUR CHARTER

To provide services beyond expectation with a will to go an extra mile. In the process, continue to upgrade technology, human resources and value added protection with creating outstanding value by maximizing returns.

MISSION

To continue our journey to be better than the best.

VISION

VALUES

- Integrity
- Customer focus
- Respect
- Excellence
- Positive Attitude
- Honesty
- Professionalism
- Loyalty

WHAT OUR VALUES MEAN TO US?

Integrity and Honesty is pivotal at AFNIC, we believe it has immense potential in building lasting trust and loyalty among customers, employees, investors and other stakeholders. Therefore, At AFNIC we recruit highly ethical individuals warranting them through thorough background check on their character prior to their employment.

Customer focus: Customers are our kings. They are the center of our decision-making. At **AFNIC** we always give prevalence to our customer's needs, wants, suggestions and try to resolve their grievances as soon as practically possible ensuring they do not face the same shortcoming in the future.

Professionalism, Positive Attitude, and Excellence: as a business, our attitude, the way we carry ourselves and communicate with others determine our success and longevity in the market. We understand this and therefore; AFNICs vision of "being better than the best" translates through our highly professional and approachable work environment that fosters positive attitude along with the continuous improvement corporate strategies in place which helps us deliver our products and services with excellence.

Respect and Loyalty: Respect is integral for a healthy work environment. At AFNIC, we take dealing with respect sincerely and the tone is set at the top. Our leaders ensure everyone is treated with respect and is made to feel important on a regular basis; this creates a feeling of belongingness and thus builds loyalty among employees, which is reflected in our average organizational tenure being 9 years.

Our values determine our purpose and course of action. It paves ways for our strategies, policies and day-to-day work plan. Since inauguration, our values acted as a catalyst for AFNIC to sustain and thrive in the present market.

All of AFNICs values are intertwined to manifest its organizational culture that reinforces the company's broader goals and feeds into its everyday decision and work.

2023
KEY HIGHLIGHTS

PARTICULAR	2022	2023	%CHANGE/GOWTH
Net Profit (AED'M)	(20.9)	(8.0)	62%
Net Technical Profit (AED'M)	(16.3)	(8.2)	50%
Non-Motor Gross Premium (AED' M)	133.2	164.4	23%
Investment Profit (AED' M)	11.2	14.1	26%
EPS (AED)	(15.71)	(5.99)	62%
Total Premium Revenue (AED' M)	237.7	277.7	17%
Total % of Females in Workforce	40%	42.7%	2.7%
Total Local Investments (AED)	139,903	81,180	(42%)
Total Hours of Training Provided to Employees	2,745	2,413	(12%)

RECOGNITION

AFNIC

Proud insurers of notable Landmark Risks such as Port of Fujairah, GPS Chemoil, Fujairah Cement Industries, Al Sharq Hospital & Group etc.

Sadaati Award for Partnership and Cooperation with the government sector

KEY EVENTS AND CONTRIBUTIONS

2020

- Al Tareq Rehabilitation and Autism Centre - Donation for care of People of Determination
- West Asia Paralympic Federation - Donation for sports for physically challenged
- Rashid Center for People with determination
- Donations for disabled at the Khorfakkan Club
- Donations to the Specialist Center for children with disabilities
- Donation to Emirates Association of the Visually Impaired
- Donations to Emirates Red Crescent
- Donations to Hope Gate center for Autism

2022

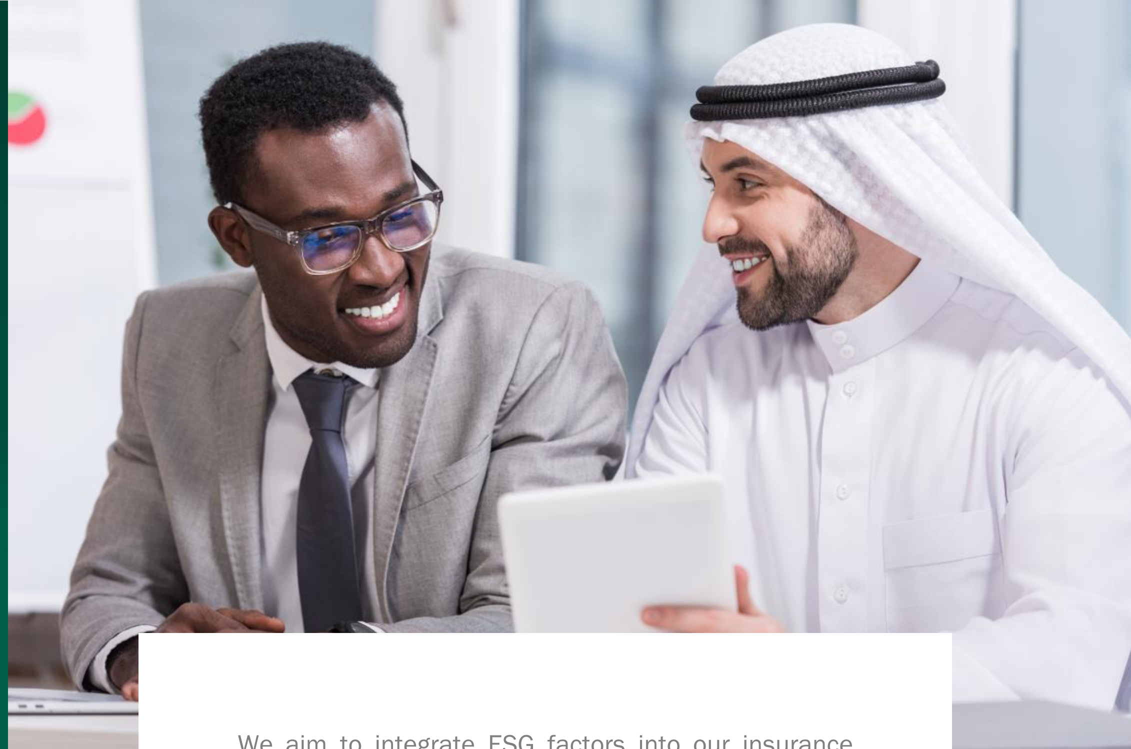
- Al Hadaf Center for training and rehabilitation of people with determination
- Omniyat people of determination rehabilitation center – Donation for purchase of wheelchairs
- Financial support provided for underprivileged persons
- Government of Fujairah – Sponsorship for Fujairah Bodybuilding Championship 2022
- Fujairah Natural Resources Corporation - Sponsorship for Arab International Conference on Mineral Resources
- Sponsorship for Fujairah Social and Cultural Association
- Sponsorship for Khorfakkan Club for the Disabled
- Donations to Indian and Egyptian Social Clubs

2023

- Sponsorship of Ain Al Ittihad Magazine: National Day for Armed Forces 4000
- Sponsorship of UAE Scout Pioneers
- Sponsorship of Emirates International Centre
- Sponsorship of Indian Social Club: UAE Open Badminton Tournament
- Sponsorship of Vishusandhya (Music event)
- Sponsorship of Zayed Radio for Qur'an
- Sponsorship of Rathayatra Cultural Event
- Sponsorship of Professional Championship
- Sponsorship of Kairali Eid-Ishal Cultural Event
- Sponsorship of Charitable cash donations to 4 individuals
- Sponsorship of Harvest Festival event by St. Peter's Jacobite Syrian Church
- Sponsorship of UAE Scout Pioneers
- Sponsorship of Fujairah International Marine Sports Club
- Sponsorship of Kairali Keralotsavam-2023
- Sponsorship of KMCC-for UAE National Day
- Sponsorship Payments for ISC
- Sponsorship of Aleph & Orchestra Event
- Sponsorship of Makara Vilakku Festival

SUSTAINABILITY AT AFNIC

Sustainability is at the core of AFNICs operations as it seeks to position itself as a reliable and trustworthy insurance company through the cultivation of a lean organizational structure that maximizes clients value generation, all while creating financial growth opportunities. AFNICs pursuit “To provide services beyond expectations with a will to go an extra mile” serves as an integral factor for all the community development activities it diligently engages in and are recognized for. AFNIC ensures that its daily operations and investment activities facilitates the Local and Global ESG plan.



OUR APPROACH TO SUSTAINABILITY

We aim to integrate ESG factors into our insurance and investment businesses. AFNIC's sustainability approach is guided by key pillars of sustainability like Corporate Integrity, Amplifying Economic Impacts, Operating Responsibly, having a Strong Workforce, maintaining and developing Valued Relationships, and Supporting Our Communities. We continuously strive to adopt programs and initiatives in line with the objectives earmarked under each pillar.

STAKEHOLDER ENGAGEMENT

AFNIC follows an internal guide for determining and prioritizing key stakeholder groups. The factors affecting such prioritization include the stakeholders' potential impact on the company, their legitimate interests, their willingness to engage in constructive dialogue, and the alignment of their interests with the company's values and objectives.

AFNIC then creates a stakeholder map or matrix to visualize and categorize stakeholders based on their level of influence and interest. This mapping exercise can help identify key stakeholders with whom the company should engage with proactively.

To maintain transparency in the communication of our approach to stakeholder engagement. We elucidate the reasons for engaging with certain categories of stakeholders, and the mechanisms available for stakeholders to provide feedback or raise concerns. The purpose of the stakeholder engagement is multifaceted and essential across various sectors. Building Relationships, gathering Feedback and Insights, Enhancing Transparency and Accountability, Identifying potential Risks and opportunities that may impact our operations, reputation, or sustainability. Mitigating risks, and capitalizing on opportunities for innovation and growth, Promoting Social Responsibility and Sustainability by involving stakeholders in decision-making processes, this can ensure that our operational activities consider social, environmental, and ethical impacts, leading to more responsible and symbiotic outcomes.

The identification and prioritization of our key stakeholder groups were made through several internal discussions and assessments, and are shown in the figure below:

1 Custome r

2 Shareholders & Investors

3 Workforce

4 Supplier & Business Partners

5 Local Community

6 Regulatory Authorities

7 Industry

STAKEHOLDER ENGAGEMENT MAP

Key Stakeholder groups	Needs & Expectations	Methods Of Engagement
Customers	Innovative products/services Efficient and proactive customer service Multiple communication channels Competitive Pricing	Social media channels such as Twitter, Facebook, Instagram, LinkedIn, YouTube, WhatsApp 800 AFNIC (23642), Official Website. Customer service Offices, 24/7 Call Center 800 AFNIC (23642). AFNICs official website (afnic.ae) to generate policy quotations for premium comparison.
Shareholders and Investors	Strong balance sheet and stable cash flow. Consistent dividend payment. Enhanced shareholder value through capital-gains. Pre-defined and managed risk profile. Well-grounded corporate governance framework.	Annual Report. Annual Corporate Governance Report. Annual general assembly meetings. Investor relations section on official website.
Workforce	Training and development opportunities. Diversity at work. Timely payment of wages. Safe and healthy workspace. Empowerment and Pay equality. Work-life balance.	Regular Training and development Programs, Monthly meetings, Intranet (Employee portal), Employees Satisfaction Survey, Open door policy, Employees Suggestions Policy.
Suppliers and Business Partners	Timely credit payments, ethical business practice, fair and respectful treatment.	Working Practices policy. Trainings & Workshops, Events, Personal contacts.
Local Community	Charitable initiatives to help lesser privileged communities. Social initiatives to promote health, education, security, sports and culture. Partnerships with other organizations to address social and environmental issues.	Health and education campaigns, Participation and volunteering of employees, Donations to charitable causes, Sponsorships and internships to help young people
Regulatory Authorities	Compliance with laws and regulations. Transparency and disclosure. Customer protection.	Internal control system, Compliance Unit, External Audit, Committee of Insiders Transactions
Industry	Expansion and growth opportunities. Managed risks.	Networking Events and Conferences, Collaborations, Personal Contacts

MATERIALITY ANALYSIS

Dependent on our stakeholders' dialogues, present local and global market situation, we attempted to identify potential material issues existing and emerging in the insurance industry to manage their posed risks and seize opportunities.

In 2023, AFNIC did not have a substantial change in its material issues from the ones previously disclosed.

LIST OF MATERIAL ISSUES

1 Corporate Governance and Compliance

2 Data Privacy & Security

3 Innovation & Digitalization

4 Economic Performance

5 Customer Experience

6 Ethics and prevention of corruption

7 Risk Management and Fraud Prevention

8 Talent acquisition, Development, and Retention

9 Human Capital

10 Diversity & Inclusion

11 Employee Engagement

12 Corporate Citizenship

13 Health & Safety

14 Sustainable Supply Chain

Identification of is based on desk-research, internal assessment, discussions and evaluation of peer company material matters.

Prioritization of the issues were based on their perceived importance to both our business and stakeholders (internal and external).

Review of materials were subject to internal scrutiny from management and sustainability report project manager to ensure materials were inclusive of all stakeholders.

MANAGEMENT OF MATERIAL TOPICS:

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
Corporate Governance and Compliance	Ensures transparency, accountability, and fairness in business operations.	Lack of compliance can lead to legal issues, fines, and damage to reputation.	Adhering to regulatory requirements and industry standards to maintain legality and ethical conduct in all operations.	Policies ensuring adherence to regulatory frameworks and ethical business practices. Regular audits and oversight mechanisms to ensure compliance. Training programs for employees on governance and compliance standards.
Data Privacy & Security	Protects individuals' privacy and builds trust with customers.	Data breaches can lead to financial loss, reputational damage, and legal consequences.	Safeguarding customer data and ensuring compliance with data protection regulations to maintain trust and protect sensitive information from breaches or misuse.	AFNIC Implement robust data protection policies and encryption measures. Regular security assessments and audits. Providing cybersecurity training to staff to mitigate risks.
Innovation & Digitalization	Drives efficiency, enhances customer experience, and fosters growth.	Technological vulnerabilities can lead to data breaches and displacement of jobs.	adopting emerging technologies such as artificial intelligence, block chain, and telematics to enhance risk assessment, claims processing, and underwriting accuracy.	Investing in innovative technologies to improve service delivery. Ensuring cybersecurity measures are integrated into digital initiatives. Reskilling and upskilling programs for employees to adapt to digital advancements.

MANAGEMENT OF MATERIAL TOPICS:

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
Economic Value Generation	Contributes to economic growth, job creation, and wealth distribution.	Unethical business practices can lead to exploitation and economic inequality.	A prudent investment strategies, risk management practices, and efficient operational processes to generate sustainable returns and manage expenses effectively.	Supporting local economies through investments and partnerships. Ethical sourcing practices to ensure fair treatment of suppliers. Community development initiatives to support economic empowerment.
Customer Experience & Satisfation	Builds brand loyalty and trust, leading to repeat business.	Poor customer service can result in customer churn and reputational damage.	Ensuring timely and efficient customer service, handling claims promptly, and providing clear communication with policyholders.	Implementing customer-centric policies and complaint resolution mechanisms. Regular feedback collection and analysis to improve service quality. Training staff to prioritize customer satisfaction.
Ethics and Prevention of Corrupotion-AML/CFT	Upholding ethical standards and integrity in business dealings.	Corruption can lead to legal ramifications, loss of trust, and economic distortions	Upholding integrity and transparency in dealings with customers, partners, and stakeholders, including fair pricing, truthful advertising, and ethical sales practices	implementing of Anti-money laundering (AML) and counter-terrorism financing (CFT) policies and procedures. Regular monitoring and reporting of suspicious transactions. Training programs to educate employees on ethical conduct and regulatory requirements.

MANAGEMENT OF MATERIAL TOPICS:

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
Risk Management and Fraud Prevention	Minimizes financial losses and protects stakeholders' interests.	Inadequate risk management can lead to fraud, financial instability, and legal liabilities	Implementing rigorous risk assessment processes to accurately evaluate and price insurance policies, thereby minimizing financial losses	Implementing robust risk assessment frameworks. Conducting regular audits and fraud detection measures. Collaborating with regulatory authorities to address emerging risks.
Talent Acquisition, Development, & Retention	Attr, Development acts skilled workforce, enhances productivity, and fosters innovation.	High turnover rates can disrupt operations and incur recruitment costs.	Focusing on attracting, developing, and retaining top talent to drive business success and innovation. We offer competitive compensation packages, professional development opportunities, and a supportive work environment to attract and retain skilled employees.	Competitive compensation and benefits packages. Professional development opportunities and career advancement programs. Employee engagement initiatives to foster a positive work culture.
Human Capital	Recognizes employees as valuable assets and invests in their well-being.	Neglecting human capital can lead to low morale, decreased productivity, and talent drain.	promoting diversity in hiring practices, providing equal opportunities for career advancement, and supporting employee well-being and work-life balance	Work-life balance initiatives and flexible work arrangements. Diversity and inclusion policies to promote a supportive workplace environment.

MANAGEMENT OF MATERIAL TOPICS

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
Diversity & Gender Equality	Fosters creativity, innovation, and a more inclusive workplace culture.	Discrimination and bias can hinder employee morale and productivity.	Promoting diversity and inclusion within the company's workforce, leadership, and business practices to foster innovation and better serve diverse customer needs.	Implementing diversity and inclusion policies. Promoting gender equality through equitable hiring and promotion practices. Providing training on unconscious bias and diversity awareness.
Employee Engagement	Increases job satisfaction, productivity, and employee loyalty.	Low engagement levels can lead to absenteeism, turnover, and decreased performance.	prioritize employee engagement to enhance productivity, morale, and retention rates. -implement employee feedback mechanisms, recognition programs, and initiatives to promote a positive corporate culture and foster a sense of belonging among employees.	Employee feedback mechanisms and regular surveys. Recognition and rewards programs for outstanding performance Open communication channels between management and employees
Corporate Citizenship	Demonstrates corporate responsibility and commitment to social causes.	Lack of engagement in community initiatives can damage reputation and stakeholder trust	Philanthropic initiatives, volunteer programs, and partnerships with nonprofit organizations to address social, environmental, and economic challenges.	Corporate social responsibility (CSR) initiatives, such as philanthropy and volunteerism. Environmental sustainability programs and initiatives. Partnerships with NGOs and local communities to address social issues.

MANAGEMENT OF MATERIAL TOPICS

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
Health & Safety	Ensures the well-being and safety of employees, reducing accidents and injuries.	Safety lapses can result in workplace accidents, injuries, and legal liabilities.	implement robust health and safety protocols, provide wellness programs, and promote a culture of safety	Occupational health and safety policies and procedures. Regular safety training and drills for employees. -Compliance with local health and safety regulations
Sustainable Supply Chain	Promotes responsible sourcing practices and reduces environmental footprint.	Supply chain disruptions, unethical sourcing, and environmental degradation.	working with suppliers who adhere to environmental standards, reducing carbon emissions in transportation and logistics, and promoting recycling and waste reduction initiatives	Supplier code of conduct addressing environmental and social responsibility. Supplier audits and assessments to ensure compliance. Collaboration with suppliers to improve sustainability practices.

SUSTAINABILITY FRAMEWORK

AFNICs sustainability framework outlines what sustainability means to AFNIC and addresses core areas and functions that add lasting value to the organization and the economy. Sustainability in AFNIC is guided by six key pillars: 1. being a Company with integrity, 2. Operating responsibly, 3. having an Efficient Workforce and Motivated Culture, 4. Enhancing Economic Impacts, 5. Developing valuable relationships, and 6. Supporting our community. All these relating areas are realized in our materiality topics discussed.

ALIGNMENT WITH GLOBAL ESG VISIONS

We align our sustainability efforts to national and international priorities such as, UAE Vision 2030,UAE Green Agenda, UAE Centennial Plan 2071, and UN SDG 17.

Our sustainability plans and efforts support ambitious ESG goals such as tackling climate change and limiting environmental footprint, building sustainable relationship with our stakeholders, fostering safe and empowered workspace and integrating ESG issues in our business strategy to induce positive externality in the community, economy, and industry.

ABU DHABI ECONOMIC VISION 2030
Building an open, efficient, effective business environment
Disciplined fiscal policy responsive to changing economic cycle
Establishing financial market environment with manageable inflation
Driving significant improvement in efficiency of labor market
Developing resilient infrastructure capable of supporting anticipated economic growth
Developing highly skilled, highly efficient workforce
Enabling financial markets to be the key financiers of economic sectors and projects

GOVERNANCE, ECONIMIC AND FINANCIAL PERFOMANCE

A COMPANY WITH INTERGRITY

01 MATERIAL ISSUES COVERED:

- Corporate Governance and Compliance
- Ethics and Prevention of Corruption: AML & CFT

02 ESG VISION COMPLIANCE:

ABU DHABI ECONOMIC VISION 2030	UN SDG 17
• Building an open, efficient, effective, and business environment	• Peace, Justice, and Strong Institutions • Responsible Consumption and Production

CORPORATE GOVERNANCE AND COMPLIANCE

AFNIC conducts its business with the utmost transparency, accountability, and integrity. We aim to maintain the highest standards of corporate governance and work continuously to eliminate any form of bribery, corruption, and financial crime while protecting human rights.

AFNIC is also a member of the Emirates Insurance Federation, Gulf Insurance Federation, and Gulf Arab Insurance Federation which aims to promote cooperation between insurance companies in the domestic, GCC, and Arab regions.

AFNIC demonstrates its responsibilities towards different stakeholders through its commitment to develop and enhance the company's transparency and to raise the level of accountability across AFNIC's operations.

AFNIC operates through several transparency platforms such as the ADX disclosure website, and the www.afnic.ae website which articulates the company's information and disclosures as well as the Annual Governance Report. AFNIC's Governance Report serves as the most important platform for transparency and brings governance to the attention of the public and enables shareholders to get acquainted with the company.

To ensure compliance and maintain the highest standards of governance, AFNIC's Board of Directors is governed by Corporate Governance Law and the company's Articles of Association.

In 2023, AFNIC board was composed of 8 non-executive directors, including the Chairman and held 5 board meetings with an attendance rate of 100% in 4 of them. The Board members have conducted an annual self-assessment up until now, to identify areas that could enrich their roles and functions in maintaining sound corporate stewardship. However, the company plans to obtain periodic external evaluations of the board from the succeeding year.

To effectively combat and manage Conflict of Interest among the governing persons, AFNIC has a conflict of interest policy in place that includes an annual declaration required to be acknowledged by all board members. In addition, a related-party policy is also in effect to ensure transactions occur in an arm's length basis. The company also maintains a register for all related-party transactions and the amount of such is disclosed in the annual financial statements.

AFNIC believes inclusion of Women in the board will result in a more balanced perspective in the decision making process which can yield positive externality for various stakeholder groups. Therefore, even though there were no board seats occupied by females in year 2023, The Company encourages and expects a reformation in the board composition in the forthcoming year.

CORPORATE GOVERNANCE AND COMPLIANCE

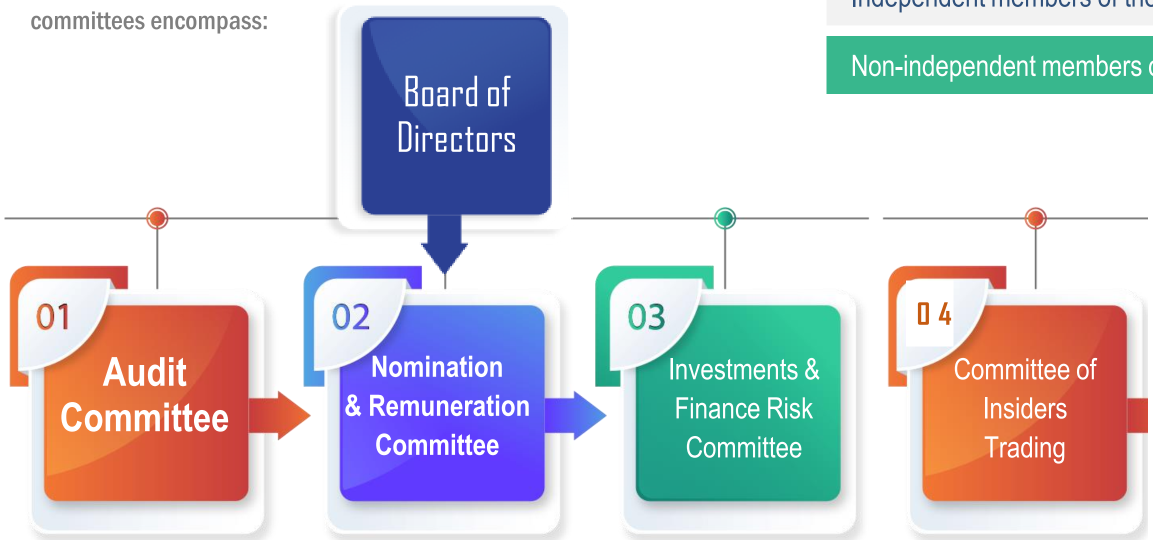
BOARD COMPOSITION

BOD member Name	Experience	Qualification	Tenure	Membership in any other PJSC	Position in any other important regulatory government or commercial body
Mr. Abdul Ghafoor Hashem Behzoorian (Board chairman)	Experience in government and private work	Bachelor of Business Administration	47	1- Chairman of BOD of Fujairah Trade Centre 2- Board member of Fujairah Cement Company	
Mr. Mohammed Abdulla Sultan Al Salmi (Board Vice Chairman)	Experience in the Administrative field and civil aviation	B.A in political science And business administration, specializing in aviation sciences	34	Head of the Civil Aviation Department in Fujairah	Vice President of the Board of Directors of the General Civil Aviation Authority of the State
Mr. Saif Sultan Abdulla Ahmed Al Salami (member)	Executive Director in Al Fujairah National Group since 1994	Bachelor in Electrical engineering and Master in Computer Engineering	14	The Chairman of the Board of Directors of Amwal Financial Brokerage	Board member of National Bank of Fujairah
Dr. Salem Abdu Khalil Al-Zaini (Member)	Study – Evaluation and Implementation of projects	Ph.D. in Chemistry and Food Science	40	Economist at Department of Industry and Economy in the Government of Fujairah	
Mr. Humaid Mohamed humaid Al Yamahi (Member)	30 years in Government work	Bachelor Degree in Sociology	17		
Mr. Saeed Mubarak Obaid Ahmed Al Zahmi (Member)	Experience in the field of La and courses in insurance and risk management	Master in Law	28		
Mr. Mohamed Sharif Habib Mohamed Al- Awadi (Member)	Experience in administrative management of vital projects and administrative training	Bachelor of Science in Geology and a Diploma in General Management and Advanced Management	13		General Manager of the Free Zone Authority in Fujairah
Mr. Faisal Suliman Musa Al Jassem (Member)	Experience in the Private Sector	Bachelor degree in Marketing	6		

CORPORATE GOVERNANCE AND COMPLIANCE

In 2023, AFNIC has restated its information on its board structure as a result of a regulatory change placing conditions affecting the independence of a board member. Such regulation emphasized that Board members exceeding a total consecutive tenure of 12 years in a company shall be deemed dependent and hence, the data of such is reflected in the table below.

The Board of Directors has four committees that play a vital role in ensuring the adoption of the best governance practices. These committees encompass:



BOARD OF DIRECTORS			
	2020	2021	2022
Percentage of Board seats occupied by independent directors	12.5%	12.5%	12.5%
Executive members of the Board of Directors	0	0	0
Non-executive members of the Board of Directors	8	8	8
Male members of the Board of Directors	8	8	8
Independent members of the Board of Directors	1	1	1
Non-independent members of the Board of Directors	7	7	7

AUDIT COMMITTEE

The Audit Committee consists of five non-executive members. The committee held three meetings during the year 2023.

The major duties of the committee include:

- Develop and implement a policy for contracting with external auditors.
- Oversee & reviewing the company's financial data integrity and its reports.
- Ensuring Compliance with listing rules, disclosure mandates, and other legal prerequisites
- collaborating with the board of directors, executive management, and the CFO to fulfil its duties.
- Addressing any unconventional matters and concerns raised by the CFO ,compliance & auditors.
- Reviewing the company's financial control systems.
- Ensuring alignment between the internal auditor and external auditor.
- Reviewing the company's financial and accounting policies and procedures.
- Reviewing the external auditor's report, their action plan, and any substantive inquiries.
- Establishing mechanisms that enable company employees to confidentially report any potential violations in financial reports, internal controls, or other matters.
- Monitoring the extent to which the company complies with professional conduct rules.
- Guaranteeing the enforcement of the committee's operational protocols and the powers delegated to it by the board of directors..
- Presenting a comprehensive report to the board of directors addressing the matters outlined in the committees scope of responsibilities.

1

NOMINATION & REWARDS COMMITTEE

The Nomination and Remuneration committee has three members, all non-executive members of the Board and held one meeting during 2023.

The main duties of the committee include:

- Ensuring the independence of the independent members continuously and assessing the performance of the board members
- Developing a policy for granting bonuses, benefits, incentives and salaries to the members of the board and the employees of the company and reviewing them annually.
- Identifying the company needs for the competencies at the executive senior management level and the employees, as well as the bases of choosing them.
- Developing a policy for the human resources and training in the company.
- Organize and monitor the procedures for nominating board members in accordance with applicable laws and regulations.
- The company develops and implement the plans and initiatives for employing UAE Nationals and for providing best service to the company's clients through strategic planning.

2

COMMITTEE OF INSIDERS TRADING

The committee has two members and conducted one meeting in 2023.

The main duties of the committee include:

- Manage, follow-up and supervise Insiders' trading/transactions and their ownerships.
- The protection of the company information not designated for publication.
- Not disclosing the information not designated for publishing to any person outside the company.
- Monitoring the actions of the persons who have access to the main data of the company.
- Monitoring the provision of any data or providing incorrect statements or information that can affect the market value of the securities and the investor decision.
- Ensuring internal company information is not misused to buy or sell securities in the stock market.

3

INVESTMENT & FINANCE RISK COMMITTEE

The committee consists of four members including the Chief Executive Officer. Involvement of the CEO in the committee helps ensure that the voices of the workforce are heard, and provides valuable insight into the company's culture, employee well-being, and internal operations. The committee held one meeting in 2023.

The main duties of the committee include:

- Ensure that the company's assets are diversified and adequately distributed to enable the company to efficiently respond to changing economic conditions, including developments in financial markets and real estate markets.
- Evaluate the impact of unusual market conditions on the company's assets by diversifying assets in a manner aimed at mitigating these effects.
- Work on maintaining assets to cover technical provisions and other long-term insurance obligations or property and liability commitments.
- Proper review to assess the creditworthiness of related parties to which the company may be exposed to significant transactions.
- Develop a policy and framework for stress testing for all investments, including regular stress testing of a range of market scenarios and investment, operational, social, and economic changes.

4

The Board of Directors of AFNIC has delegated AFNICs Executive Management to undertake all its responsibilities concerning the insurance business operations, claim disbursement, and property management. Such delegation is subject to renewal on an annual basis. The Executive management is entrusted to practice fiduciary responsibility and consult and seek approval of the Board in matters relating to strategic decisions of the Company.

Conducting business with integrity and honesty are indispensable values to AFNIC. All critical concerns relating to the business operations, strategic decisions, and their impacts on the environment and society is communicated and discussed in the recurring board meetings throughout the year. Besides, to ensure our governing persons are well informed of the dynamic changes in the insurance sector impacting ESG, the company intends to subsequently coach its Board of Directors on sustainability in the insurance value chain.

AFNIC upholds the highest standards of human rights. We examine the possible impact of our business on human rights and strive to create a positive influence by eliminating risks. We do not accept any kind of child labor or forced labor, and respect basic human rights in our operations with suppliers and contractors.

TAX GOVERNANCE

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

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

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

Our tax strategy is a dynamic framework that undergoes continuous review. We adapt our approach to align with changes in the business environment, tax laws, and emerging best practices and our tax strategy centers on full compliance with all applicable tax laws and regulations.

Management of concerns related to tax

At AFNIC, we understand the significance of managing concerns related to tax in a responsible and transparent manner. Our stakeholders, ranging from employees and customers to investors, are well aware about the upcoming Corporate Tax Law. We recognize the diverse interests and expectations of each stakeholder group and respond to their concerns accordingly.

ETHICS AND PREVENTION OF CORRUPTION: AML & CFT

Techniques to launder money and finance terrorism have been evolving rapidly in recent years. The international community has witnessed the use of increasingly sophisticated methods to move illicit funds through financial systems across the globe and has acknowledged the need for improved multilateral cooperation to fight these criminal activities.

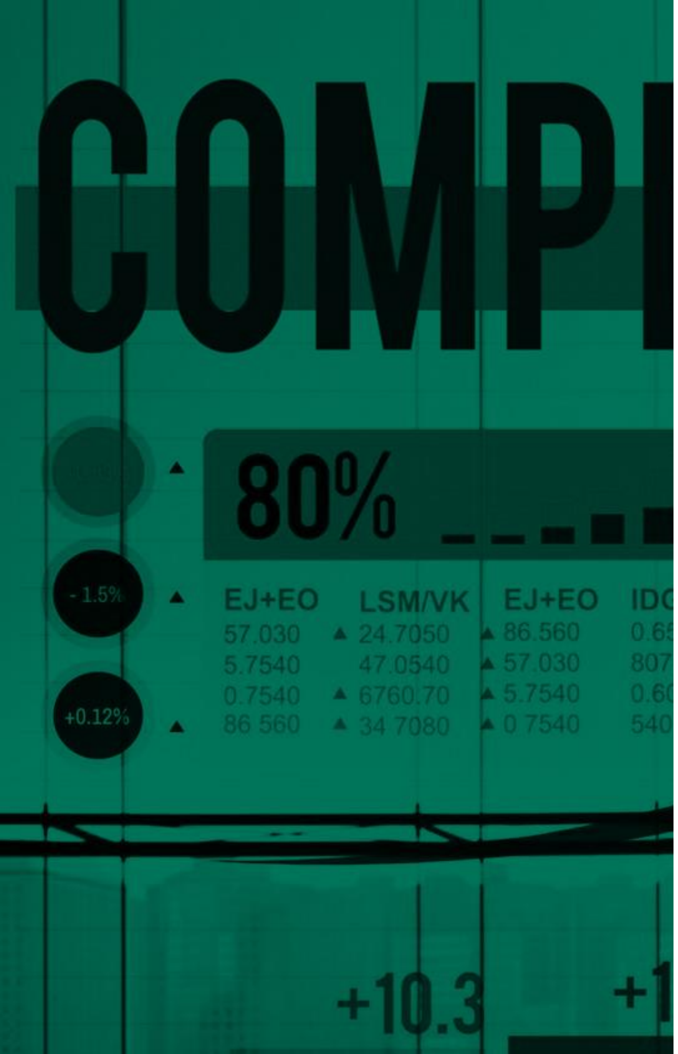
AFNIC and its branch offices are firmly committed to participate in international and national efforts to combat money laundering and the funding of terrorist activities and is committed to the highest standards of Anti Money Laundering & Combating Financing of Terrorism. AFNIC requires all its employees including senior management, to adhere to all regulations and standards to prevent use of its services and products for money laundering purposes and to safeguard the interest of its customers.

In pursuance of the above objectives, AFNIC fully complies with all government decisions and directives.

AFNIC assesses the risk of money laundering and terrorist financing at both individual and corporate level, which includes several factors and indicators, before on-boarding clients and performs periodic follow up procedures with existing clients depending on their risk categories previously assigned.

AFNIC has developed and adopted policies and procedures related to AML and CFT to effectively implement the key principles of AML/CFT laws and regulations, in line with the Central Bank of UAE, by educating its employees to act as the first line of defense in combating money laundering activities.

The existing AML-CFT policy of AFNIC documents its overall AML-CFT Compliance framework, staff responsibilities and reporting needed to maintain an effective AML-CFT program.



We have also implemented a risk-based Anti-Money Laundering ("AML") Compliance Program ("AML Program") designed to comply with AML laws and regulations in the UAE and other applicable laws and regulations relating to the prevention of money laundering and terrorist financing. The AML Program consists of, among other things:

- Money Laundering Reporting Officer who is responsible for coordinating and monitoring day to day compliance with the AML Program for the entire business – Head Office as well as branches.
- AML risk assessments at customer, product, service, industry and jurisdiction level.
- A system of internal controls designed to facilitate ongoing compliance with applicable AML laws and regulations.
- Know-Your-Customer standards including a Customer Identification Program and Customer Due Diligence procedures reasonably designed to identify and verify all customers and, where applicable, beneficial owners, source of funds and the nature and intended purpose of the business relationship, to the extent warranted by the risk of money laundering or terrorist financing or as required by regulation;
- Performance of additional due diligence on higher risk customers, including Legal arrangements & NPOs and those who are assessed to be politically exposed persons.
- Identification and reporting of suspicious activity to appropriate regulatory authorities in accordance with applicable laws.
- AML training for appropriate Staff. In 2023, AFNIC provided bi-annual training to 96 of its key front line and functional department employees to ensure they understand their roles and responsibilities in identify, prevent, and report suspicious AML activities.
- Independent audit and compliance testing functions to review and assess the Firm for compliance with the AML Program and applicable laws.
- Record keeping and reporting requirements, including those for cash transactions and records obtained pursuant to the Customer Identification Program, which are maintained for at least 5 years after the termination of a customer relationship.
- All the principles of KYC, CDD, EDD and other enhanced tools including screening and transaction monitoring of customers' transactions to ensure a robust process of Compliance is followed within the organization.

AFNIC understands the need to continuously refine the existing AML controls within the organization and proactively administers measures to counter AML-CFT which demonstrates our firm commitment to compliance and ethical business practice. The company did not report any incidents of corruption during the year 2023.

ENHANCING ECONOMIC IMPACTS

01 MATERIAL ISSUES COVERED:

- Economic Value Generation

02 ESG VISION COMPLIANCE:

ABU DHABI ECONOMIC VISION 2030	UN SDG 17
• Developing resilient infrastructure capable of supporting anticipated economic growth	• Decent Work and Economic Growth

ECONOMIC VALUE GENERATION

ECONOMIC VALUE GENERATION	2021	2022	2023
Direct economic value generated - (AED '000)	259,247	261,956	296,291
Economic value distributed (AED '000)	240,561	282,869	304,270
Economic value retained -(AED '000)	18,686	(20,913)	(7,979)

ECONOMIC PERFORMANCE	2021	2022	2023
Revenue (AED '000)	242,013	261,970	282,184
Operating Costs (AED'000)	225,051	248,160	290,388
Operating Profits (AED'000)	16,961	16,305	8,204
Net profits attributable to shareholders (AED'000)	18,685	20,913	(7,979)
Earnings per Share (AED)	14.04	15.71	(5.99)

AFNIC is a valuable contributor to UAE's economy and aims the overall attainment and acceleration of the National and Global sustainable initiatives. In 2023, due to the adoption of IFRS-17, the numeric were reinstated for the year 2022.

The company generates direct economic value through its revenues and distributes economic value in the form of operating costs, employee wages and benefits, and payments to government. The economic value retained is the 'direct economic value generated' less 'economic value distributed'.

Despite facing notable challenges in the past year due to adverse market conditions, AFNIC demonstrated resilience and successfully fortified its financial standing without receiving any government grant and has remarkably achieved a growth rate of 36% in gross written premium and 13% growth rate in economic value generation underscoring its ability to thrive in the face of uncertainties. This accomplishment reflects our dedication to sustaining operational excellence and contributing positively to both economic and sustainable development goals. In addition, AFNIC did not incur any monetary or non-monetary sanctions related to compliance with laws and regulation in Year 2023 and did not face any legal repercussions against Anti-competitive, Anti-trust behavior, or monopoly practice.

ECONOMIC VALUE GENERATION

AFNIC has a list of estates having indirect ESG influence as follows:

INDIRECT ECONOMIC IMPACTS	
ESTATE	**ACTIVITY**
AFNIC Head Office - commercial building	Owned, in use to run AFNICs operations and a few stories are rented to provide space for other commercial firms
AFNIC Dubai Office	Owned, in use to run AFNICs operations
AFNIC Residential Tower	Owned, rented and leased to tenants
Other 37 Outlets and 2 Claims office	Rented and leased to run AFNICs operations

OUR PEOPLE

EFFICIENT WORKFORCE AND MOTIVATED CULTURE

01 MATERIAL ISSUES COVERED:

- Human Capital
- Talent Acquisition, Development, and Retention
- Employee Engagement
- Diversity and Gender Equality
- Health and Safety

02 ESG VISION COMPLIANCE:

ABU DHABI ECONOMIC VISION 2030	UN SDG 17	UAE Green Agenda 2015-2030
• Developing highly skilled and efficient workforce • Driving significant improvement in the efficiency of the labor market	• Good Health and Well-being • Quality Education • Gender • Equality • Reduced Inequalities	• Competitive Knowledge • Economy

HUMAN CAPITAL

At AFNIC, we believe that our employees are one of the most valuable assets and a key facilitator to our success. Thus, we always seek to maintain a workplace that promotes diversity and inclusion and recognizes employees for good performance. AFNIC commits to build an exceptional workforce through attracting, developing, and retaining talented individuals, while increasing the rate of national employees in the workforce.

Human capital is perceived to have a relationship with economic growth, productivity, and profitability.

AFNIC recognizes the quality of Human Capital can be improved by investing in employees' training and education. The education, experience, skills, knowledge and abilities of employees have economic value for us and for the economy as a whole, thus making human capital critical to our success.

We provide our employees with training to enhance their skills, as well as a safe, healthy and inclusive work environment. AFNIC has various Human Resources policies and procedures in place like the Code of conduct and ethics that addresses human rights and non-discrimination strategies. The company vouches to provide a sympathetic work environment free of any kind of bullying or harassment. Transgression or breach of such orderly conduct will not be tolerated and result in disciplinary actions.

AFNIC workforce is a union of youth and wisdom. In 2023, the total workforce for AFNIC was 253 employees with 40 new hires, among which 45% were between 20 and 30 years of age. New employees are provided with various orientation programs related to the implemented HR policies and health and safety measures. New employees are also provided with access to Employee portal on AFNIC intranet, which contains all relevant policies and procedures to facilitate them to get more familiar with the company..

AFNIC has a maternity leave policy in place. A female staff member with at least one year of continuous service is eligible for 45 calendar days' maternity leave with full pay, while females with less than one year of continuous service are eligible to 45 calendar days with half pay. In addition, a parental leave for 5 days is available for both male and female staffs during a year with full pay.

AFNIC team has no temporary, part-time, or non-guaranteed hour's employees. Its Talent Management team only recruits full-time and permanent employees. Moreover, our team do not have any workers who are not part of the formal employment contract.

AFNIC also takes a proactive stance in increasing Emiratization within the company while also maintaining a diverse work culture. Our Emirati employees are well guided, supported, and overseen by AFNICs designated Emiratization Officer. During 2023, AFNICs Emiratization percentage reached a total of 18.58% of the total workforce.

WORKFORCE OVERVIEW BY GENDER AND REGION

	FUJAIRAH	DUBAI	ABU DHABI	SHARJAH	DIBBA	AAQ	TOTAL
	M. F	M. F	M. F	M. F	M. F	M. F	M. F
FULL-TIME/ PERMANENT EMPLOYEES	69. 55	55. 37	10. 2	4. 4	6. 9	1. 1	145. 108

MANAGEMENT OVERVIEW

	2021	2022	2023
SENIOR MANAGEMENT EMPLOYEES	26	26	26
SENIOR MANAGEMENT EMPLOYEES HIRED FROM LOCAL COMMUNITY	4	4	4
MIDDLE MANAGEMENT EMPLOYEES	36	35	40
NON - MANAGEMENT EMPLOYEES	164	177	187
TRAINEES AND SPONSORED STUDENTS	3	3	17

NEW HIRES WITH AGE AND GENDER PROFILE

	2021	2022	2023
TOTAL NEW EMPLOYEE HIRES	29	34	40
AGE 20 -30	8	21	18
AGE 31-50	20	12	22
AGE 51+	1	1	0
MALE	17	17	20
FEMALE	12	17	20
EMPLOYEE TURNOVER	11.8%	8%	7%

TALENT ACQUISITION, DEVELOPMENT, AND RETENTION

AFNIC places a significant effort to focus on the development and growth of our workforce. We are committed to enhance the competencies and knowledge of our employees by offering them various training and development programs which are recognized as necessary for performing their current role and are in line with business requirements. These include specialized training courses as well as skill-based training courses.

We also have many recognition and motivational programs to enhance employees' skills and development of their knowledge and conduct annual appraisals in line with the employees' skills and abilities.

Additionally, we provide employees with a career development program that expedites their current job requirements and facilitates their future career goals.

Following the identification of training needs, the HR & Admin Department develops an annual training plan with inputs from the Department Managers, who are also responsible to support employees in identifying specific development needs and prioritizing them. The HR & Admin Department then recommends training and development budgets, sources appropriate training and development providers and organizes training and development programs.

TRAINING AND DEVELOPMENT

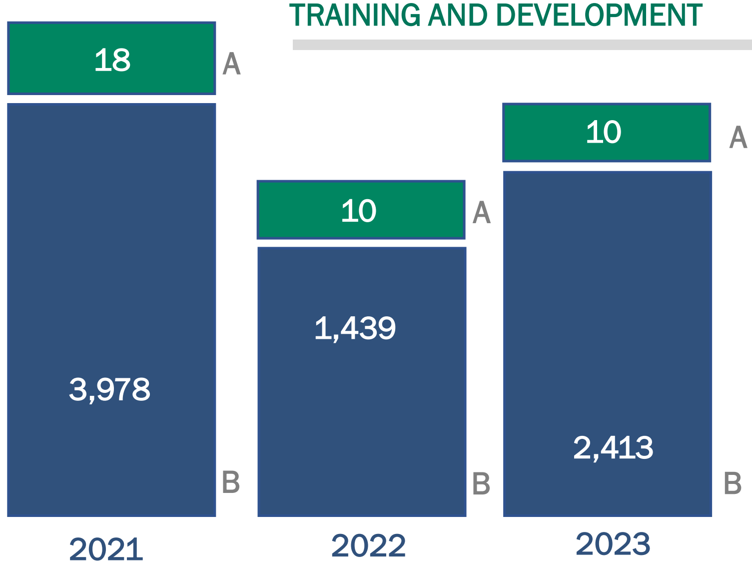
In 2023, AFNIC employees received a total of 2,413 hours of training with an average of 10 hours of training per employee.

Average training per employee(hours)

A

Total training hours delivered (hours)

B



SUMMARY OF TRAINING AND DEVELOPMENT COURSES FOR THE YEAR 2022

In 2023, a total of 706 attendees participated across 97 training sessions, which exceeds our total workforce, as each employee attended multiple courses.

SUMMARY OF TRAINING AND DEVELOPMENT COURSES FOR THE YEAR 2023			
Course / Training Name	No. of Trainings	No. of attendees	Duration (Hours)
Technical Trainings relevant to Insurance Industry	35	234	1093
Skills and Professional Development Trainings	26	154	400
Other Technical Trainings	19	23	318
Internal Company Trainings	11	192	228
Anti-Money Laundering & Related Trainings	6	103	374
TOTAL	97	706	2,413

TALENT ACQUISITION, DEVELOPMENT, AND RETENTION

- AFNIC also has a remuneration policy that exercise transparency in pay grade. This encourages employees to openly communicate their concerns, queries, and suggestions surrounding compensation practices that yields a positive shift toward pay-equity. Remuneration in AFNIC is commensurate to an employee's role, function, skillset and performance. For senior management a proportion of the remuneration is result-oriented.

EMPLOYEE ENGAGEMENT

We believe that engaging with our employees is fundamental to the growth and success of our company. Therefore, we have various processes and practices to ensure persistent engagement of our employees. Such practices include employee recognition awards, employee engagement surveys and annual performance reviews.

Employees are encouraged to contribute to the Company's future success and growth by engaging and submitting suggestions that result in business improvements through:

- Solving a problem
- Reducing costs
- Introducing innovative ideas on products and services
- Improving operations or operating procedures
- Enhancing customer service levels
- Improving health and safety standards
- Reducing waste of office supplies or other resources

PERFORMANCE REVIEWS

	2021	2022	2023
Number of employees who received a performance and career development review	226	238	253
Percentage of employees who received a performance and career development review	100%	100%	100%

All suggestions are reviewed by the management and appropriate suggestions are submitted to the CEO for approval and are linked to the Employee Recognition policy.

AFNIC encourages a performance based culture by recognizing and rewarding good performance. Therefore, a performance review process is conducted annually, to identify employee strengths, worries, and areas of development. This performance review is a two-way process in which the Manager and the employee contribute jointly to the performance discussion and the evaluation results are then used to determine performance bonuses or increments.

During 2023, all AFNIC employees received performance reviews, covering employees from all departments and sections of the organization. We have also attained a 6.3% increase in the employment rate compared to 2022.

Further, our minimum standard notice period for any operational changes, including but not limited to organizational restructuring, process modifications, or shifts in business strategies, is three months. This period provides our employees with sufficient time to adjust to the upcoming changes, seek clarification, and make informed decisions relating to their roles and responsibilities.

DIVERSITY
& GENDER EQUALITY

AFNIC recognizes the importance of embracing diversity and inclusion among our workforce. We constantly seek to build a workforce of various backgrounds and perspectives and consider candidates for employment regardless of gender, age, religion or disability. AFNIC team comprises of 26 nationalities. We also take stance to empower women to participate in all levels of business. In 2023, females comprised 42.7% of the reported total workforce and held 12.9% and 5.5% of middle management and senior management positions respectively. The gender pay parity lied at 10% during the year, which compared to the previous year's pay parity of 0.93% showcases a positive variation wherein females are noted to earn 10 fils more of every one Dirham earned by their male counterparts. This variation is influenced by factors such as improved Emiratization and efforts of AFNIC to achieve gender equality in numbers at the workplace. Given there was an even male to female ratio among the new hires in 2023.

At AFNIC, we encourage open communication and offer our people various feedback and input channels. For example, we have a whistle-blowing policy and a grievance mechanism that allows employees to speak up and raise their concerns.

WORKFORCE BY AGE AND GENDER

	2021	2022	2023
Employees age 20-30	27	56	59
Employees age 31-50	61	148	159
Employees age 50+	12	34	35
Male Employee	60	142	145
Female Employee	40	96	108
Female Employee in middle management	44	14	14
Female Employee in senior management	19	6	6
Total nationalities within AFNIC	-	24	26

HEALTH & SAFETY

Improving the health and safety of our employees remains a high priority for us at AFNIC. Accordingly, we have implemented a set of standards to ensure the health and safety of our employees. Such standards are part of the legal requirement set by the UAE jurisprudence and are as follows:

1) Administrative decision No. 19 of 2023 relating to Occupational Safety and Health & Labor Accommodations.
2) Ministerial Decision No. 657 of 2022 on Rules and Guidelines to Deal with Work Injuries and Occupational Diseases.
3) Cabinet Resolution No. 33 of 2022 concerning Work Injuries and Occupational Diseases

Our Health and Safety policies and procedures helps to also assure the safety of our offices and facilities. In addition, we organize occupational health and safety awareness sessions during the induction program when on-boarding employees and provide secure working environments. In addition, AFNIC also provides group health and life insurance to all its employees to promote workers health.

To manage health and safety standards, employees are expected to adhere to safety rules, exercise caution and take all reasonable steps to protect their own safety, as well as the safety of colleagues, customers and visitors. Employees are encouraged to raise any ideas, concerns or suggestions for improving health and safety standards with the relevant department.

Occupational injury and evacuation policies and procedures are also in place to manage safety risks and to compensate in the unfortunate event of any accident / injury, in accordance with the UAE employment law.

In addition, emergency measures are also established such as first aid kits and trained first aid respondents in each location as well as measures related to emergency closure of workspace due to fire, earthquake, power failure etc. Afnic takes all necessary safety measures to ensure its employees are well protected against any work related hazards/injuries.

We also have an Employee Data policy in place to safeguard confidential employee information collected fairly and lawfully with employees consent during the onboarding process. The information obtained are for administrative purposes and stored in compliance with the UAE regulations, HR and Admin best practices. Access to records in employee files are restricted to HR and Admin, concerned department manager the employee reports to and the CEO to exert a more rigorous control in protecting employee data.

Ensuring a safe and healthy work environment will always remain a priority at AFNIC.

CORPORATE SOCIAL RESPONSIBILITY

SUPPORTING OUR COMMUNITY

01 MATERIAL ISSUES COVERED:

- Corporate Citizenship

02 ESG VISION COMPLIANCE:

UAE CENTENNIAL	UN SDG 17	UAE Green Agenda 2015-2030
• Happy and Cohesive Society	• No poverty • Zero Hunger • Sustainable cities and communities	• Social Development and Quality of Life

CORPORATE CITIZENSHIP

AFNIC is dedicated to supporting the prosperity of the communities where we operate by investing in initiatives aimed at enhancing people's well-being. At AFNIC, we believe that it is our responsibility and obligation to support communities and people who are facing various challenges including social, environmental, health and economic challenges. To do so, we are constantly seeking to expand our impact in communities and making a significant contribution to the society.

In 2023, AFNIC contributed a total of approximately AED 81,180 in 18 initiatives, which we launched, organized and participated in, to support local communities' development.

COMMUNITY INVESTMENT

	2021	2022	2023
Value of investment in local community (AED)	260,100	139,903	81,180
Number of initiatives taken for the society	26	16	18

AFNIC sponsorships and charitable donations made in the year 2023 were:

1) Sponsorship of Al Ittihad Magazine: National Day for Armed forces 4000
2) Sponsorship of UAE Scout Pioneers
3) Sponsorship of Emirates International Centre
4) Sponsorship of Indian Social Club: UAE Open Badminton Tournament
5) Sponsorship of Vishusandhya (Music event)
6) Sponsorship of Zayed Radio for Qura'an
7) Sponsorship of Rathayatra Cultural Event
8) Sponsorship of Professional Championship
9) Sponsorship of Kairali Eid-Ishal Cultural Event
10) Sponsorship of Charitable cash donations to 4 individuals
11) Sponsorship of Harvest Festival event by St. Peter's Jacobite Syrian Church
12) Sponsorship of UAE Scout Pioneers
13) Sponsorship of Fujairah International Marine Sports Club
14) Sponsorship of Kairali Keralotsavam-2023
15) Sponsorship of KMCC-for UAE, National Day
16) Sponsorship Payments for ISC
17) Sponsorship of Aleph & Orchestra Event
18) Sponsorship of Makara Vilakku Festival

RESPONSIBLE ACTIONS, RESPECTFUL RELATIONS

VALUING RELATIONSHIPS

01 MATERIAL ISSUES COVERED:

Innovation and Digitization
Data privacy and Security
Customer Experience

02 ESG VISION COMPLIANCE:

UAE CENTENNIAL Plan 2071	UN SDG 17	UAE Green Agenda 2015-2030
• Happy and Cohesive Society	• Industry, Innovation, and Infrastructure • Partnership for the goals	• Social Development and Quality of Life

INNOVATION AND DIGITIZATION

Technology has always been an essential part of AFNIC. AFNIC adopts modern technology and innovative concepts as part of its effort to achieve business excellence and sustainable growth.

Digital transformation is at the core of our strategy and encompasses a broad spectrum of initiatives, including new cloud-based products and services and the enhancement and development of our digital channels. Digital channels such as AFNIC mobile app, websites or customer portals will continue to play a major role for a better market reach and overall growth of our company.

AFNIC has prepared clear strategies to execute various initiatives, innovations and programs in the path of Digital Transformation. The company has an online insurance portal that enables customers to buy their desired insurance online, compare pricing, pay online, access customer support, and initiate claims from within their comfort zone.
Additionally, AFNIC partnered up with Shory, which is an online insurance aggregator where customers can compare insurance rates and coverages offered by different insurance companies. Through Shory, customers will be able to share their vehicle details, get an online quotation from AFNIC, and complete the proce purchase their policy with us. AFNIC is always looking for new ways to reach customers and to provide avenues for customers to reach us. This initiation is only one part of AFNIC's ambition to continue to e our accessibility for our customers and improve digitalization.

Other projects such as paperless strategy, Improving / updating the legacy systems to latest syste consume less energy and less heat emissions, continuous IT awareness training to users in order inc system efficiency etc., had also been introduced to keep sustainable and ecofriendly systems.

In 2023, AFNIC IT has introduced various innovative systems that ought to increase the operational ef of the organization. One of the biggest achievement was to bring online the AFNIC Mobile App with us friendly features for customers to obtain insurance quotes from their mobile devices.

The following programs were developed and are running successfully in servicing our customers, keeping future sustainability purposes in mind:

- Business 2 Customer Portals
- Mobile App for all Online Products
- Automated insurance ATM
- Digital Signatures
- Dual Factor Authentication on all critical business apps
- AML production integration with Emirates ID Card reader
- SIEM Tool upgradation to Cloud based on Monitoring
- Industry leading Gateway Security to protect the Company Information Systems from bad actors
- Privilege Access Management Solution for monitoring servers / applications
- Introduced 24/7 Business WhatsApp to customers for live engagement to provide immediate / efficient customer service.
- Training for all AFNIC employees for understanding the path of AFNIC Digital Transformation
- Providing in-depth Cyber Security Awareness to handle all kinds of modern day threats

DATA PRIVACY AND SECURITY

Insurance organizations have to process personal data of their customers to underwrite risks and provide the most favorable services. Personal data is the lifeblood of insurance services, as only comprehensive and accurate information about clients allows insurance companies to provide viable and sustainable offerings. Therefore, data security and privacy are two foundational elements for building trust between the company and the user.

Data breaches and IT outages can generate large third-party liabilities not only from customers but also from other stakeholders including employees and local authorities etc.

With concerns to the above risks and to further strengthen the trust between AFNIC and its stakeholders, we have developed and implemented multiple internal information system policies aiming to secure data and protect customer privacy. Some of these policies are:

Physical Security Policy	To ensure that information assets receive adequate physical and environmental protection, and to preven or reduce probabilities of physical and environmental control/security compromises (loss, damage, theft, interference) etc.
Asset Management Policy	To ensure all information assets are identified, recorded and maintained through an information asset inventory. The asset inventory is to be reviewed and updated on a regular basis and during any major organizational restructure. These assets are classified into various categories depending on their importance and access authority. This enables AFNIC to keep a greater control over its Business operations, Customer data, Regulatory & Legal compliance, while improving business outcome.
Operational Management Policy	To ensure that activities concerning support and maintenance of data, technology, and application are controlled and carried out in a standardized manner to reduce probabilities of errors and compromises, and to increase efficiency and security.
IS Acquisition, Development and Maintenance Policy	To emphasize the need for AFNIC to adopt secure system and software development lifecycle management processes and to ensure that systems and applications in use are securely managed and supported to avoid misuse of privileges and authority, reduce probabilities of information, system and application compromises, and to uphold AFNIC's reputational value and public trust.
Anti-Malware Policy	To outline the protection controls from malicious codes (such as Virus, Spyware, malware, Trojans) etc., which may harm Computer Devices and servers of the entity, and to establish the requirements for addressing any problems resulting from such infections.
Third Party Policy	To ensure third party services are controlled through suitable procedural obligations and contractual terms to secure privacy and protect information assets.
Information Security Policy	To ensure protection against risk associated with business or customer information and promoting awareness amongst employees, contractors, and consultants about the value of information being worked with or handled.
Compliance Policy	To define the process and guidelines to be followed, the purpose of implementing the statutory and regulatory contractual requirements of AFNIC related to information security. The policy complies with the applicable UAE laws, intellectual Property Rights (IPR), and contractual obligations with vendors and contractors.
HR Security Policy	To ensure right resources are hired and utilized to support secure delivery of organizational objectives and services and are relieved in a manner that does not impact organizational assets, value, reputation and financial conditions any time current or in future
Password Policy	Define and provide guidelines for users in choosing secure passwords and identify protection controls for those passwords.

AFNIC takes Data Privacy and Security with utmost importance, and adheres to GDPR (General Data Protection Regulations) to protect and secure the data of our valuable customers. We consistently invest in modern day systems to better prepare for modern day threats. Some of the measures taken by AFNIC to ensure data privacy and protection are:

- NESA IAS Implementation on cyber security and information security
- Implemented ADHICS Compliance mandated by DOH Abu Dhabi
- Formed ISMS Committee for governing, evaluating and enforcing information security practices in the organization
- Strengthened IT infrastructure by upgrading market leading security products & Services
- Implemented SIEM Tool for monitoring and tracking security incidents
- Security Awareness Trainings to employees to efficiently use the systems
- Implemented PAM tool to manage, track and record unauthorized access to privilege systems
- VAPT Tests on critical systems to identify the weak points
- Moved O365 Data Center inside UAE
- Enforced MFA in user systems
- Implemented DLP (Data Leakage & Prevention) System
- Signed NDA's with Third Party organizations and vendors who hold company data
- Continuously educating users about latest cybersecurity threats and defend against data leakages.

IS Incident Management Policy	To define and utilize suitable processes and resources to identify and respond to information security and cyber security incidents while ensuring AFNIC is not severely impacted by incident outcomes and are able to restore affected operations within an acceptable timeframe.
Data Protection & Privacy Policy	To ensure data is protected by reasonable security safeguards against risk such as information loss or unauthorized access, destruction, use, modification, or disclosure of data. This policy mandates the personnel accessing the organizational data to certify a non-disclosure and confidentiality agreement during and after the employment.
Backup and Recovery Policy	The objective of this policy is to define adequate back up requirements for the critical information and data of Al Fujairah National Insurance Co.
Internet Usage Policy	- To ensure efficient and reliable internet usage by all users in AFNIC. - To protect confidential information and intellectual property belonging to AFNIC and ensure that the risk of exposure is minimized. - To optimize and manage users productivity by monitoring the use of internet service.
Teleworking Policy	To mitigate the potential risk of exposure of information and information processing facilities of AFNIC while accessing it remotely through the approved virtual private network or other encrypted channels.
Clear Desk and Clear Screen Policy	Sensitive information could be accessible in many forms and it is necessary to identify and protect the information in all its forms. The Clear Desk and Clear Screen Policy is aimed at reducing the risks of unauthorized access, loss of, and damage to information by means of securing the work area at AFNIC Insurance.
IT System Continuity Policy	To ensure systems, applications and resources are available to support service continuity requirements of identified critical services and processes during abnormal situations or environment.

Moreover, AFNIC takes various steps to thwart against cyber-attacks by assimilating innovative techniques in terms of systems, process peoples and strategies into the business model.

AFNIC uses industry leading cyber security detection and monitoring solutions such as modern Firewalls, SIEM Solutions, NAC Solution, DLP Solutions, Email Security Solution, EDR Solutions, PAM Solution and Various VLAN and DMC Segregation to strengthen internal network.

AFNIC also educates its employees with diverse cyber security trainings and notifies them about emerging cyber security threats to keep them well informed about external interventions through cyber space. We also conduct assessments on employee cyber awareness in aspects such as Phishing, Malware attack, Password attack, SQL injection attack etc. These assessments enable AFNIC to understand its reactiveness towards shielding any attacks and incident reporting practice, and provides scope for improvement.

AFNIC has strategic decisions, policies and procedures in place guided by industry best practices to maintain overall cyber/information security posture within the organization.

CUSTOMER EXPERIENCE AND SATISFACTION

Our customers are a top priority for AFNIC. We always seek to provide them with high quality services that add to their convenience and meet their needs and wants.

AFNIC has created a 'Customer Journey' plan to enhance and provide the best customer experience. This development plan has been in continuation with multiple options in line to further enhance customer experience. Below are some of the features of the 'Customer Journey' plan:

FEATURE	BENEFITS	AVAILABILITY
Website and Social Media	- This communication tool increases visibility and access to the offered products and services to the public. - More than 3 Billion people worldwide are actively using social media. - Website Services include: a. Call Back service b. Blogs: updated with current activities c. Contact information	Available
Search Engine Optimization	- SEO can help the business grow and reach objectives. - The company will be ranked at the top for search results made with specific keywords.	Developing
24 Hours Call Center	- Makes customer engagement easier by providing a way to contact the company at any time. - Well-trained operators will answer questions, resolve issues and issue quotations in a timely and professional manner. - 24 Hours answering service gives round-the-clock direct access to customers to contact the company.	Available
Online Quote	- Faster and more convenient for the customer. - The number of customers will increase due to ease of access to their required service.	Available
Walk-in Customer	- The customers can experience direct customer service from the company, which can result in positive word-of-mouth promotion.	Available

FEATURE	BENEFITS	AVAILABILITY
Welcome / Thank you SMS	- Texting is one of the most personal marketing tools - Showing gratitude makes people feel valued - Showing the customer how much they are appreciated are important parts of the customer's emotional journey.	Developing
Customer Survey SMS	- Customers surveys are the best way to make sure that the customer is satisfied and if they're not, give them the opportunity to remediate or to gather quick feedback from a broad audience.	Available
Loyalty Program Invitation	- Building Customer Loyalty programs are very effective for retaining customers. - The goals of the loyalty program include increasing business, improving sales, strengthening the relationship between the customer and the business, and keep the customer coming back.	Developing
SMS on Special Occasions	- With SMS messaging we can remain and engaged with customers. - Expressing care and attention will create an emotional connection between the client and the company	Available
Claims by phone call	- Client's claim can be processed immediately	Available
Website Call Back Service	- This well rounded customer service gives a higher chance to resolve the customers' requests quickly and efficiently. - Customers have increased satisfaction	Available
Claim by Website	- It is convenient for the customer to make the claim, and for the company to register the claim. - Increases customer satisfaction	Available
SMS Vehicle Collection	- This sharing of information builds trust with the customer. - Zero entry costs for this service.	Available
After Claims Service	- Using recommendations to develop the claims department can be utilized in reducing customer dissatisfaction - After claims service gives access to understand customers' feeling; how they feel after making a claim, what they expect from AFNIC and how to respond if they are disappointed.	Available
SMS and Phone Call Reminders	- Using SMS as an effective customer service channel to send important messages relating to a consumer renewal. - Phone call reminders provide a fast and convenient way to schedule reminders for renewal.	Available

In recent years AFNIC has shifted its operations to be more online based. The wholly in-house AFNIC Call Centre was established along with the online payment facility. This allowed customers to receive their policies and quotations remotely.

AFNIC further sought to enhance its customer feedback systems by collecting feedback about its products and services through surveys sent by SMS. These SMS surveys are sent immediately after a policy is purchased with AFNIC. Customers are also able to provide their complaints and suggestions on the AFNIC website, Facebook, and Google. After receiving a complaint, the customer is immediately phoned by the Call Centre team to get the details of their complaint. If possible, the complaint is resolved at the same time or escalated to the next level of authority until the grievance is resolved.

AFNIC has also opened many communication channels and the employees responsible for each line of contact have been well trained to communicate eloquently with our clients:

- AFNIC toll free: 800 AFNIC (23642)

- AFNIC WhatsApp: 80023642

- AFNIC Social Media:

- AFNIC Website Call-Back Service

- Renewal reminder SMS

AFNIC employees undertake extensive training sessions to enhance their interactions with customers, while the processes of engaging with customers are audited on a regular basis to ensure customer satisfaction is achieved. All AFNICs products and coverages are explained thoroughly to the customer during client on boarding. Moreover, the policy schedules states all relevant information clearly and succinctly.

To measure AFNIC's customer satisfaction, surveys are sent to customers after the purchase of a policy to collect their feedback about AFNIC's products and services. The system used is provided by Question Pro, where all the responses are collected. Both summary reports and comprehensive reports are obtained through the Question Pro system, which enable for better analysis and process improvement.

A quarterly report on the customer satisfaction survey is provided to the Marketing & Sales Department Director. Any concerns regarding performance, or any negative reviews are addressed immediately by calling the customer and enquiring the concerned employee.

In 2023, AFNIC has received 92 complaints, among which 80 complaints were resolved, and the remaining 12 complaints were repeatedly unresponsive when phoned by our Call Centre representatives

CUSTOMER COMPLAINTS

	2021	2022	2023
Total number of complaints received	94	105	92
Total number of complaints resolved	90	69	80
% number complaints resolved	96%	66%	87%

All calls made to or by the Customer Service Call Centre are recorded. Every month, samples of calls attended by each Call Centre agent are evaluated by the Call Centre supervisor and feedback is provided to them on how to improve their service.

AFNIC has looked in to a loyalty program for AFNIC's loyal customers, and it is a part of the marketing strategy. Although, the program is still in the development phase.

OPERATING RESPONSIBLY

01 MATERIAL ISSUES COVERED:

- Sustainable Supply Chain
- Energy and Water Management
- Risk Management
- Fraud Prevention

02 ESG VISION COMPLIANCE:

Abu Dhabi Economic vision 2030	UN SDG 17	UAE Green Agenda 2015-2030
• Developing resilient infrastructure capable of supporting anticipated economic growth	• Decent Work and Economic Growth • Industry, Innovation, and Infrastructure • Responsible Consumption and Production	• Sustainable & Development & Valued Natural Resources

SUSTAINABLE SUPPLY CHAIN

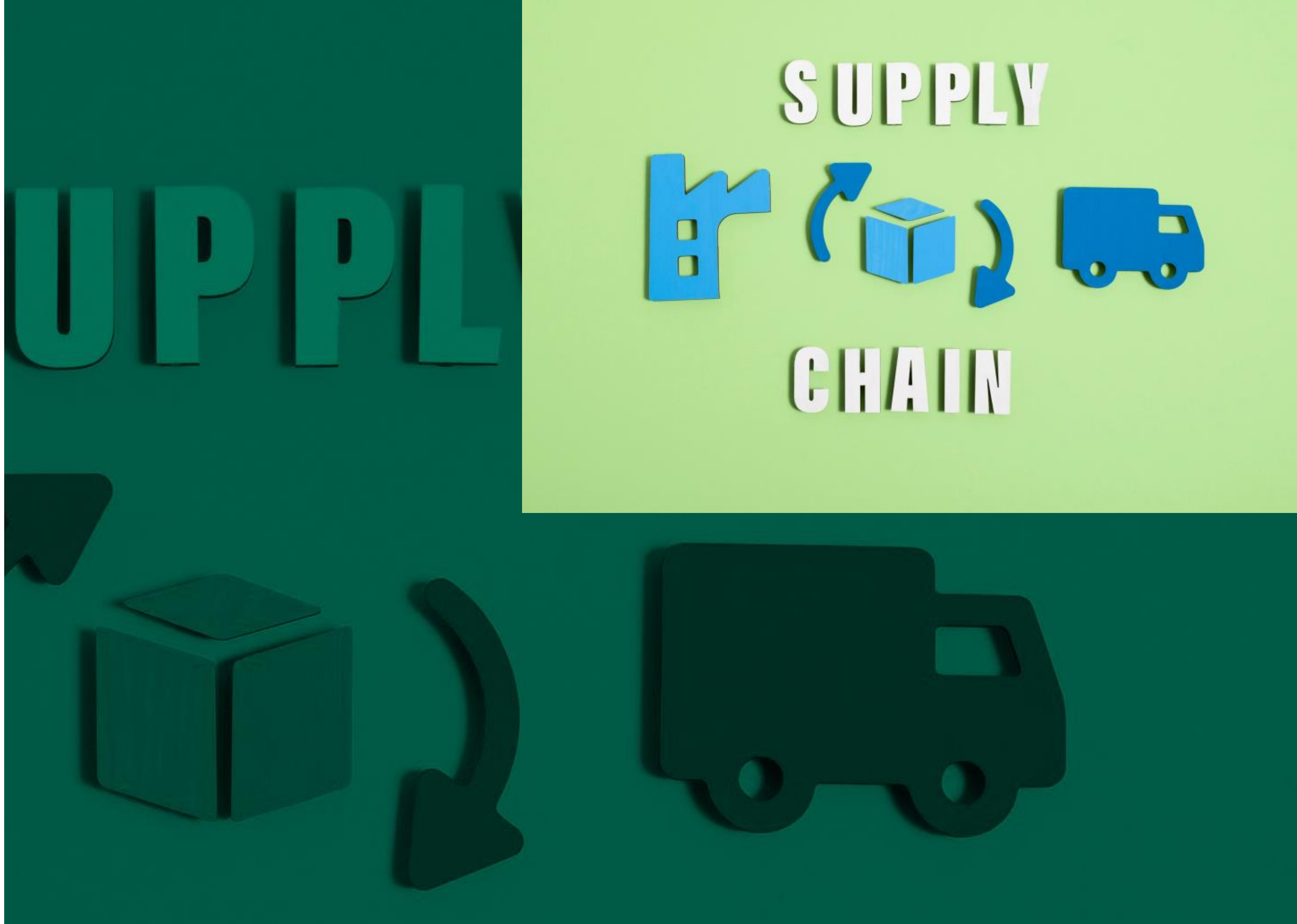
AFNICs' procurement procedures require all procurement activities to be performed in a fair and transparent manner. Our supplier selection process is guided by a commitment to sustainability and responsible business practices. We view suppliers as strategic partners in our journey towards environmental stewardship. Before entering into partnerships with brokers and suppliers, we conduct thorough due diligence to assess their practices. This process is designed to identify any activities that may have adverse effects on the environment.

Further, we have adopted a holistic strategy for supplier risk assessment, and we are currently in the process of integrating Environmental, Social, and Governance (ESG) factors into our broader risk management protocols. We also prioritize social responsibility as a fundamental pillar of our business practices. When selecting new suppliers, we methodically screen candidates using robust social criteria to ensure alignment with our values and commitment to ethical business conduct.

Our supplier screening process incorporates a comprehensive evaluation of social responsibility aspects. This includes assessing suppliers' labor practices, positive and negative social impacts, and forced labor, child labor and community engagement initiatives.

We are committed to environmental stewardship and sustainability in every facet of our operations. We are pleased to report that our supply chain has had no negative environmental impact during the year 2023. This positive outcome is a result of conducting business with suppliers whose activities inherently align with our commitment to environmental sustainability.

Supporting local suppliers in the UAE boosts our contribution to the local GDP. When acquiring any products or services, the first option is always a local supplier. In 2023, 100% of the total procurement budget was spent on over 115 local suppliers.



Procurement			
	2021	2022	2023
Total number of local suppliers engaged	97	109	115
Procurement spending on local suppliers (AED '000)	33,126	39,684	49,289
Total Procurement Spending (AED '000)	33,126	39,684	49,289
Proportion of spending on local suppliers (%)	100%	100%	100%

ENERGY & WATER MANAGEMENT

AFNIC has taken some necessary steps to support reduction in our energy and water consumption:

- Availability of power efficient LED bulbs across AFNIC facilities to optimize lighting and switching off nonessential lights and air-conditioning as well as encouraging employees to aid in power saving.
- Distribution of reusable thermal water bottles to all employees as birthday presents to motivate reduction in the disposal of single-use plastic bottles having high environmental impact.
- Presence of manual taps across AFNIC to ensure employees have physical control of the faucet functionality so water is not wasted when not in use.

RISK MANAGEMENT

Strong internal control procedures and risk management techniques are very important to us since we see them as essential to our long-term performance and profitable expansion. It is recognized that inadequate risk management can lead to substantial financial losses, legal problems, and a tarnished reputation.

The primary objective of our risk management framework is to protect the Company's shareholders from events that may hinder the achievement of set financial performance objectives. The management recognizes the critical importance of having efficient and effective risk management systems in place. Our risk management process aims to ensure that the operations that expose us to risk are consistent with our strategy, business objectives, and risk philosophy while maintaining an appropriate risk/reward balance and enhancing our stakeholder value.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies will be reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk Based Approach

A detailed risk assessment methodology has been established as part of the risk management strategy which is set out in the Risk Management Strategy to assess the Internal Control environment of the Company and its business activities. Aligned to the organizational risk management processes, this methodology enables Risk & Compliance to be strategically and operationally aligned with the risks facing the Organization.

At AFNIC, we actively manage our risks through a comprehensive risk register that systematically classifies financial, non-financial, and emerging risks. This register serves as a primary monitoring tool, playing a crucial role in enabling a holistic examination of risks across our entire enterprise. Below is a snippet from the risk register, showcasing our commitment to diligent risk management

RISK TYPE	RISKS IDENTIFIED	DESCRIPTION	MANAGEMENT RESPONSE
Operational Risks	Pricing/ Premium Rating	Premium not in line with risk assumed	A detailed Rating Guideline Manual for each class of Insurance and each type of Insurance with appropriate Rating Methodology is in place.
	Inadequacy of Reinsurance Program	Risk of inadequate protection if the Reinsurance Program is not adequately planned.	We undertake proper planning of Reinsurance Protection taking into account the Requirements of the Company.
Financial Risks	Premium collections	Risk of premium collection from Brokers and Sales Division.	The account will automatically freeze in case the collection exceeds credit limit for on account clientele. Moreover, ongoing monitoring done by collection department.
	Claims payments	Unexpected spike in claims	We ensure adequacy of reserve and moreover adequate Reinsurance support is availed
IT Security Risks	Improper Database Administration	Wrong updates can lead to Database Corruption and mismatch of records which might mislead data information.	Database Administration SYS user is controlled by the IT Manager and no other user has access to make any changes.
	Network Intruders	Outsiders access to AFNIC network	Network Access control enables to block if any unknown intruder tries to connect in AFNIC Corporate Network
Compliance Risks	Non-Compliance of Regulatory Requirements	Non Compliance with any new and existing regulation can result in payment of penalties.	Comprehensive compliance monitoring by Compliance Official.

CLIMATE – RELATED FINANCIAL RISK MANAGEMENT

Climate-related risk refers to the risks arising from climate change, including physical, transition and liability risks. Such risks could impact the viability and soundness of individual insurance companies and have broader implication for financial stability. Principles for the effective management and supervision of climate-related financial risks.

There are seven principals of climate related financial risks that AFNIC follows to address the climate risks.

- Oversight and responsibility of climate-related financial risk exposures.
- Incorporation of climate-related financial risk exposures into overall business strategy.
- Assigning climate-related financial risk management responsibilities within the organization.
- Incorporation of climate-related financial risks into risk management framework.
- Monitoring and reporting of climate-related financial risks.
- Incorporation of climate-related financial risks into capital and liquidity adequacy processes.
- Scenario analysis of climate-related financial risks.

In response to the evolving global landscape and heightened regulatory expectations, AFNIC underscores its commitment to a comprehensive assessment and disclosure of climate-related risks.

CLIMATE – RELATED FINANCIAL RISK MANAGEMENT

PHYSICAL RISK	TANSITIONAL RISK	LIABILITY RISK
- Is the long term progressive impact of climate change that has a potential of economic or financial losses. - AFNIC is actively engaged in identifying and evaluating these risks while implementing protective measures to manage these risks.	- Is the shift towards a lower carbon economy prompting newer climate related regulations, technological changes, and market sentiments. - AFNIC remains vigilant on these policy changes, technological advancements, and market shifts to transition into a low carbon economy and continuously aligns its investment portfolio with emerging global economic trends.	- Arises out of climate-related compensatory claims/ legal actions taken against financial institutions. - AFNIC has incorporated this risk into its meticulous risk management framework to fortify the portfolio against potential legal ramifications associated with climate change.

Climate-related financial risks are not bound by timelines and can emerge within the short, medium, and long-term. They can materialize through transmission channels in the balance sheets of financial firms and within the traditional categories of financial risks, including credit, market, operational, underwriting, and reputational and liquidity risks. Hence AFNIC actively engages with stakeholders, fostering dialogue on responsible environmental practices. This engagement strategy encourages enhanced disclosure of climate-related risks and opportunities, contributing to the long-term sustainability of the business portfolio.

To elevate transparency and stakeholder information, AFNIC is committed to include a comprehensive disclosure of pertinent climate-related information. This encompasses risk assessments, integration measures, and proactive strategies employed to mitigate climate-related risks. Such transparent reporting aligns with industry best practices and facilitates informed decision-making for stakeholders.

FRAUD PREVENTION

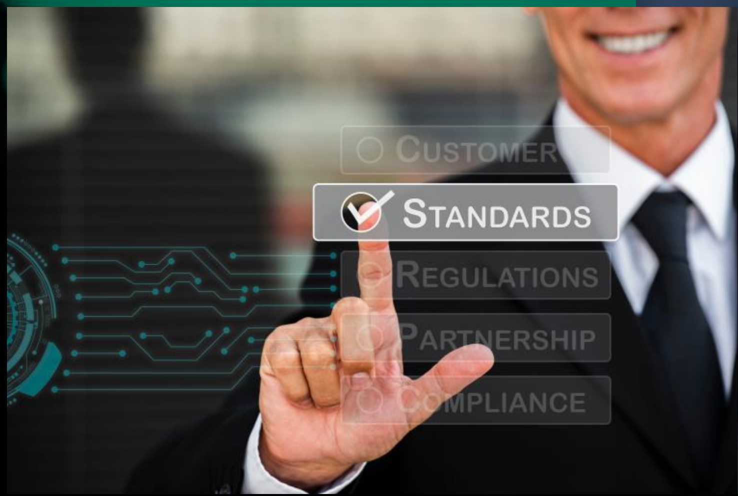
AFNIC's formal and well-written Code of Conduct clearly defines our expectations of ethical behavior. The employees are expected to act with honesty and integrity and report any instance of suspected fraud.

All instances of actual and suspected fraud are dealt with seriously and investigated appropriately. AFNIC's Code of Conduct policy clearly states dealing fairly with clients, customers and counterparties and appropriately identify and manage actual, perceived and potential conflicts of interest. The policy also states that any gifts from the customers, suppliers, associates or any party involved in doing business with AFNIC should be declared in the Gifts Declaration Form and submitted to the Human Resources.

AFNIC also has in place a Whistleblower policy which encourages staff to report irregularities, incidents of suspected fraud, wrongful conduct and other infringements of the rules and policies in force. 'Whistle Blower' reports are handled with sensitivity, discretion and confidentiality. AFNIC protects 'Whistle Blowers' against 'retaliation' and verifies the reported incidents in an appropriate manner and all necessary steps are undertaken to identify proper remedies. Any form of retaliation undertaken by an employee, against any person for reporting irregularity, is prohibited and considered a breach of the AFNIC's Code of Conduct and Ethics. The Whistle Blower should report any reasonable concern about wrongful conduct, including aggressive, offensive or otherwise inappropriate behavior, fraudulent or dishonest use or misuse of AFNIC resources / property, to the appropriate authority. Protected disclosures and investigatory records are kept confidential to the maximum extent possible, consistent with the need to conduct an adequate investigation.

EXTERNAL ASSURANCE

AFNIC have not sought any external assurance to review this non-financial report. Nonetheless, we have followed an extensive internal assurance process to warrant our stakeholders on the accuracy of the information present in this report. Our financial statements are independently audited by Grant Thornton LLP and can be found at ClickHere. (https://afnic.ae/en/financial-statements)



APPENDIX A: GRI CONTENT INDEX

STATEMENT OF USE — Al Fujairah National Insurance Company PJSC has reported the information cited in this GRI content index for the period 1 Jan 2023 to 31 Dec 2023 with reference to the GRI Standards.

GRI 1 USED — GRI 1: FOUNDATION

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 2: General Disclosures 2021	The Organization and its reporting practices		
	2-1	Organization details	Page 2
	2-2	Entities included in the organizations sustainability reporting	Al Fujairah National Insurance is the only entity included in this ESG report with its branches and insurance centers spread across all Emirates
	2-3	Reporting period, frequency and contact point	Page 1
	2-4	Restatements of Information	Page 25 32
	2-5	External assurance	Page 62
	Activities and workers		
	2-6	Activities, Value chain, and other business relationships	Page 3, 55
	2-7	Employees	Page 36, 37
	2-8	Workers who are not employees	Page 37
	Governance		
	2-9	Governance structure and composition	Page 23, 24
	2-10	Nomination and selection of the highest governance bod	Page 26
	2-11	Chair of the highest governance body	Page 24

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 102: General Disclosures 2016	2-12	Role of the highest governance body in overseeing the management of impacts	Page 23, 24, 25, 26, 27
	2-13	Delegation of responsibility for managing impacts	Page 27
	2-14	Role of the highest governance body in sustainability reporting of associations	AFNIC board of directors reviewed and approved the material topics disclosed in this report.
	2-15	Conflicts of interest	Page 23
	2-16	Communication of critical concerns	Page 27
	2-17	Collective knowledge of the highest governance body	Page 24
	2-18	Evaluation of the performance of the highest governance body	Page 23
	2-19	Remuneration Policies	Page 39
	2-20	Process to determine remuneration	Page 39
	2-21	Total Annual compensation ratio	Confidentiality Constraint
	Strategies, policies and practices		
	2-22	Statement on sustainable development strategy	Page 9, 10
	2-23	Policy commitments	Page 29, 30, 38, 40, 42, 48, 49, 50, 51, 52, 55, 56, 57, 61

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 102: General Disclosures 2016	2-24	Embedding policy commitments	Page 29, 30, 38, 40, 42, 48, 49, 50, 51, 52, 55, 56, 57, 61
	2-25	Process to remediate negative impacts	Page 14, 15, 16, 17, 18
	2-26	Mechanism for seeking advice and raising concerns	Page 53, 61
	2-27	Compliance with laws and regulations	Page 32
	2-28	Membership associations	Page 23
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Page 11, 12
	2-30	Collective bargaining agreements	UAE employment law does not allow formation of trade unions. However, parties in the employment contract can file a grievance to the MOHRE to reach a resolution.
GRI 3: Material Topics 101	3-1	Process to determine material topics	Page 13
	3-2	List of material topics	Page 13
	3-3	Management of material topics	Page 14, 15, 16, 17, 18
	GRI 200 Series: Economic Standards		
GRI 201: Economic Performan 2016	201-1	Direct economic value generated and distributed	Page 32
	201-2	Financial implications, risks and opportunities due to climate change	Reserve related to Climate risk is under review of the management and will be effective from 2024.
	201-3	Benefit plan obligations and other Retirement Plans	AFNIC registers all its Emirati employees in the GPSSA scheme as mandated by the UAE legislation.

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 200 SERIES: ECONOMIC STANDARDS			
GRI 201: Economic Performance 2016	201-4	Financial assistance received from government	Page 32
GRI 202: Market Presence 2016	202-1	Entry level wage by gender compared to local minimum wage	Not Applicable to AFNIC
	202-2	Proportion of senior management hired from local community	Page 37
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investment and services supported	Page 33
	203-2	Significant indirect economic impacts	Page 33
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Page 55
GRI 205: Anti –corruption 2016	205-1	Operations assessed for risks related to corruption	Page 29, 30
	205-2	Communication and training relating to anti-corruption policies and procedures	Page 29, 30
	205-3	Confirmed incidents of corruption and actions taken	Page 30
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices.	Page 32
GRI 207: Tax 2019	207-1	Approach to tax	Page 28
	207-2	Tax Governance, Control, Risk Management	Page 28
	207-3	Stakeholder engagement and management of concerns related to tax	Page 28
	207-4	Country by country reporting	Not Applicable to AFNIC

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 300 SERIES: ECONOMIC STANDARDS			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Not Applicable to AFNIC
	301-2	Recycled input materials used	Not Applicable to AFNIC
	301-3	Reclaimed products and their packaging materials	Not Applicable to AFNIC
GRI 302: Energy 2016	302-1	Energy consumption within organization	Information Unavailable
	302-2	Energy consumption outside organization	Not Applicable to AFNIC
	302-3	Energy intensity	Information Unavailable
	302-4	Reduction of energy consumption	Information Unavailable
	302-5	Reduction in energy requirements of products and services	Information Unavailable
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	Not Applicable to AFNIC
	303-2	Management of water discharge related impacts	Not Applicable to AFNIC
	303-3	Water withdrawal	Information Unavailable
	303-4	Water discharge	Information Unavailable
	303-5	Water Consumption	Information Unavailable
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to protected areas or areas of high biodiversity value outside protected areas	Not Applicable to AFNIC
	304-2	Significant impacts of activities, products, and services on biodiversity	Not Applicable to AFNIC

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 300 SERIES: ECONOMIC STANDARDS			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Not Applicable to AFNIC
	304-4	IUCN red list species and national conservation list species with habitats in areas affected by operations	Not Applicable to AFNIC
GRI 302: Energy 2016	305-1	Direct GHG emissions	Not Applicable to AFNIC
	305-2	Energy indirect GHG emissions	Information Unavailable
	305-3	Other indirect GHG emissions	Information Unavailable
	305-4	GHG emissions intensity	Not Applicable to AFNIC
	305-5	Reduction of GHG emissions	Information Unavailable
	305-6	Emissions of O-zone depleting substances	Not Applicable to AFNIC
	305-7	Nitrogen Oxides, Sulfur Oxides and other significant air emissions	Not Applicable to AFNIC
GRI 306: Effluents and Waste 2016	306-1	Waste discharge by quality and destination	Information Unavailable
	306-2	Waste by type and disposal method	Information Unavailable
	306-3	Significant Spills	Not Applicable to AFNIC
	306-4	Transport of hazardous waste	Not Applicable to AFNIC
	306-5	Water bodies affected by water discharges and/or runoff	Not Applicable to AFNIC
GRI 307: Waste 2020	307-1	Waste generation and significant waste related impacts	Not Applicable to AFNIC

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 300 SERIES: ECONOMIC STANDARDS			
GRI 307: Waste 2020	307-2	Management of significant waste Related impacts	Not Applicable to AFNIC
	307-3	Waste generated	Information Unavailable
	307-4	Waste diverted from disposal	Not Applicable to AFNIC
	307-5	Waste directed to disposal	Information Unavailable because the cost of obtaining such information will surpass its benefit. Nonetheless, AFNIC is proactively trying to reduce its paper usage via adoption of new technologies and electronic insurance
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	Page 55
	308-2	Negative environmental impacts in the supply chain and actions taken	Page 18
GRI 400 SERIES: ECONOMIC STANDARDS			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Page 36, 37
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not Applicable to AFNIC
	401-3	Parental leave	Page 36
GRI 402: Labor management relations 2016	402-1	Minimum notice period regarding operational changes	Page 40
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 42
	403-2	Hazard identification, risk assessment and incident investigation	Page 42

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	Page 42
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 42
	403-5	Workers training on occupational health and safety	Page 42
	403-6	Promotion of worker health	Page 42
	403-7	Prevention and mitigation of occupational health and safety impacts linked by business relations	Not Applicable to AFNIC
	403-8	Workers covered by occupational health and safety management system	All Employees
	403-9	Work-related injuries	No reported injuries in 2023
	403-10	Work-related ill health	No reported work-related ill health in 2023
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Page 38
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 38
	404-3	Percentage employees receiving regular performance and career development reviews	Page 40
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Page 24, 25 ,41
	405-2	Ratio of basic salary remuneration men to women	Page 41

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 406: Nondiscrimination 20	406-1	Incidents of discrimination and corrective actions taken	AFNIC did not encounter any legal action or recorded any incidents of discrimination in 2023
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association or collective bargaining maybe at risk	UAE jurisprudence does not allow formation of Labor unions or workers councils.
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Page 55
GRI 409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for forced or compulsory labor	Page 55
GRI 410: Security practices 201	410-1	Security and personnel trained in human rights policies or procedures	All employees are governed by AFNIC code of conduct and ethics.
GRI 411: Rights of indigenous people 2016	411-1	Incidents of violation involving rights of indigenous people	No reported incidents in 2023
	413-1	Local community engagement, impact assessment, and development programs	Pagel 37, 45
	413-2	Operations with significant actual or potential negative impact on local communities	No known incidents in 2023
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	Page 55
	414-2	Negative social impacts in the supply chain and actions taken	Throughout 2023, AFNIC did not have any adverse social impact.
GRI 415: Public policy 2016	415-1	Political contributions	AFNIC did not partake in any political contributions in 2023

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of products and service categories	Not Applicable to AFNIC
	416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable to AFNIC
GRI 417: Marketing and labeling 2016	417-1	Requirement of products and service information and labeling	Page 53
	417-2	Incidents of non-compliance concerning products and services information and labeling	No known incidents in 2023
	417-3	Incidents of non-compliance concerning marketing communications	No known incidents in 2023
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	No incidents recorded in 2023

APPENDIX B: REPORTING PRINCIPLES

REPORTING PRINCIPLES	
Accuracy	The information in this report has been presented in the most accurate form to the best of AFNIC's ability
Balance	The reported information reflects a balanced perspective of AFNIC's overall performance.
Clarity	AFNIC has made best possible effort to make the information available in a manner that is understandable and accessible to a wide range of stakeholders.
Comparability	Comparisons are made throughout the report against preceding periods.
Completeness	This report has been produced with an attempt to make it as complete as possible and covers major activities of AFNIC and its branches in the UAE.
Sustainability Context	AFNIC has considered industry sector and regional trends in sustainability that affect its activities.
Timeliness	This report covers the calendar year of 2023. Information disclosed in the report is recent and clearly indicates the time period to which it relates.
Verifiability	This report was internally verified by the sustainability report project manager.

Al Fujairah National Insurance Company PJSC

Financial Statements
For the year ended 31 December 2023

AFNIC
AL FUJAIRAH NATIONAL INSURANCE CO P.J.S.C
Paid-up Capital Dhs 133,100,000.
Registered under Insurance Authority
Registration No (11) Dated 25/12/1984

Directors' report for the year ended 31 December 2023

The Board of Directors has the pleasure of submitting their report and the audited financial statements for the year ended 31 December 2023.

Incorporation and registered office

Al Fujairah National Insurance Company P.J.S.C (the "Company") is incorporated as a public shareholding Company by Emiri Decree No. 3 issued by His Highness, The Ruler of Fujairah in 1976. The address of the Company's registered office is P.O. Box 277, Fujairah, United Arab Emirates.

Financial position and results

The Company incurred a net loss of AED 7.98 million for the year ended 31 December 2023 compared to AED 20.91 million net loss for the year ended 31 December 2022 (Restated).

The Company insurance service results are AED 8.20 million for the year ended 31 December 2023 compared to AED 16.31 million for the year ended 31 December 2022 (Restated).

The Company's insurance revenue is AED 282.18 million for the year ended 31 December 2023 compared to AED 231.85 million for the year ended 31 December 2022 (Restated).

The Company's investment and other income is AED 14.11 million for the year ended 31 December 2023, as compared to AED 11.20 million for the year ended 31 December 2022 (Restated).

Basic loss per share for the year ended 31 December 2023 is improved to AED 5.99 as compared to basic loss per share AED 15.71 (Restated) of the prior year on a capital base of AED 133.10 million.

The shareholder's equity increased from AED 291.92 million to AED 301.57 million as at 31 December 2023.

On behalf of the Board of Directors of Al Fujairah National Insurance Company P.J.S.C I would like to thank all who are working hard in the turnaround journey of the Company. Our sincere appreciation to the executive management and to the staff for their dedication and constant hard work.

Mr. ABDUL GHAFOUR BEHROOZIAN
Chairman
6 March 2024

Grant Thornton Audit and Accounting Limited (Dubai Branch)

The Offices 5
Level 3
Office 302, 303, 308
One Central, DWTC
Dubai, UAE

P.O. Box 1620
T +971 4 388 9925
F +971 4 388 9915
www.grantthornton.ae

Independent Auditor's Report

To the Shareholders of Al Fujairah National Insurance Company PJSC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Fujairah National Insurance Company PJSC (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including of material accounting policy information.

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

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 Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements together with the ethical requirements that are relevant to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current year. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Al Fujairah National Insurance Company PJSC (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of (Re)Insurance Contract Assets and Liabilities	
As at 31 December 2023, the Company's (Re) Insurance contract assets and Insurance contract liabilities are valued AED 106.05 million and AED 327.35 million respectively. (Refer Note 9) Valuation of (Re)Insurance contract assets and liabilities involves significant judgements and estimates particularly with respect to, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims. These liabilities primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.	Our audit procedures in in conjunction with our actuarial specialists: - Understood and evaluated the process, the design of controls in place to determine valuation of (Re)Insurance contract assets and liabilities; - Assessed the competence, capabilities and objectivity of the management appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - We independently reperformed the calculation to assess the mathematical accuracy of the (Re)Insurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves. - Evaluated and tested the data used in the impairment model calculations for insurance receivables; and - Evaluated and tested the calculation of the expected credit loss allowance and the key assumptions and judgments used.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Al Fujairah National Insurance Company PJSC (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Disclosure of transition impact of adopting IFRS 17	
We determined the disclosure for impact of adopting IFRS 17 to be a key audit matter due to the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to Note 4). In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17. - The determination of the transition approach adopted for each group of insurance contracts. - The methodology adopted and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17. - Disclosure of the impact of restatement, in accordance with IFRS 17.	Our audit procedures, among others, include: - Assessed whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; - Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date; - Evaluated the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluated of the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and - Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.
Valuation of investment properties	
The Company holds investment properties under the fair value model as at 31 December 2023 amounting to AED 79.4 million (2022: AED 76.9 million), as detailed in note 6 to the financial statements. The fair value estimate requires significant judgement and estimates by management and independent two external valuers. The Company has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of these investment properties was significant to our audit.	Our audit procedures, among others, included: - Assessed the competence, capabilities, and objectivity of external valuers; - Evaluated the accuracy and completeness of the source data used in the calculation of fair values; - Assessed the appropriateness of the key assumptions and methodologies used; and - Performed an independent calculation after carrying out enquiries with management and independent valuer, including performing reasonableness computation by using publicly available sources of information to independently corroborate the valuation performed by management experts.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Al Fujairah National Insurance Company PJSC (continued)

Report on the Audit of the Financial Statements (continued)

Other Information

The Board of Directors and management are responsible for the other information. The other information comprises the information included in the *Directors' Report* but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Grant Thornton

Independent Auditor's Report

To the Shareholders of Al Fujairah National Insurance Company PJSC (continued)

Report on the Audit of the Financial Statements (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

iii) The Company has maintained proper books of account;

iv) The financial information included in the Directors' report is consistent with the books of account of the Company;

v) As disclosed in note 7 to the financial statements, the Company has purchased or invested in shares or securities during the year ended 31 December 2023;

vi) Note 11 to the financial statements discloses material related party transactions, and the terms under which they were conducted;

Independent Auditor's Report

To the Shareholders of Al Fujairah National Insurance Company PJSC (continued)

Report on Other Legal and Regulatory Requirements

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

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

viii) Note 18 to the financial statements discloses the social contributions made during the year ended 31 December 2023.

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

GRANT THORNTON

Grant Thornton Public Accountants P.O. Box: 1620 DUBAI-U.A.E.

GRANT THORNTON

Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

6 March 2024

	Notes	2023 AED	Restated 2022 AED	Restated 2021 AED
Assets				
Property and equipment	5	**28,440,316**	30,604,513	47,236,708
Investment properties	6	**79,368,925**	76,894,500	77,165,000
Financial assets	7	**333,676,498**	315,972,029	342,827,455
Statutory deposits	8	**10,000,000**	10,000,000	10,000,000
Reinsurance contract assets	9	**106,055,899**	74,299,599	39,361,001
Other receivables	10	**18,526,512**	29,507,214	21,087,207
Cash and cash equivalents	12	**94,764,274**	48,139,409	47,293,704
Total assets		**670,832,424**	585,417,264	584,971,075
Equity and liabilities				
Equity				
Share capital	13	**133,100,000**	133,100,000	133,100,000
Statutory reserve	14	**40,963,430**	40,963,430	40,963,430
General reserve	14	**37,118,270**	37,118,270	37,118,270
Reinsurance reserve	14	**1,571,230**	1,158,635	731,000
Cumulative changes in fair value of FVTOCI investments		**91,771,972**	77,471,992	89,864,978
Property revaluation reserve		**11,205,588**	11,205,588	11,205,588
(Accumulated losses)/retained earnings		**(14,163,606)**	(9,093,638)	30,069,489
Total equity		**301,566,884**	291,924,277	343,052,755
Liabilities				
Provision for employees' end of service benefits	15	**15,577,401**	20,265,551	17,292,352
Insurance contract liabilities	9	**327,349,595**	244,276,492	187,534,265
Other payables		**15,447,544**	17,078,456	14,574,069
Lease liabilities		**10,891,000**	11,872,488	22,517,634
Total liabilities		**369,265,540**	293,492,987	241,918,320
Total equity and liabilities		**670,832,424**	585,417,264	584,971,075

These financial statements were approved by the Board of Directors on 6 March 2024 signed on their behalf by:

Mr. Abdul Ghafour Behroozian
Chairman

Mr. Antoine Maalouli
Chief Executive Officer

The notes from 1 to 26 form an integral part of these financial statements.

Al Fujairah National Insurance Company PJSC
Statement of profit or loss
For the year ended 31 December 2023

	Notes	2023 AED	Restated 2022 AED
Insurance revenue	9	**282,183,589**	231,854,495
Insurance service expenses	16	**(261,761,224)**	(267,062,808)
Insurance service results before reinsurance contracts held		**20,422,365**	(35,208,313)
Allocation of reinsurance premium		**(71,070,870)**	(70,180,328)
Amounts recoverable from reinsurance for incurred claims		**42,851,091**	88,873,707
Net (expense)/income from reinsurance contracts held		**(28,219,779)**	18,693,379
Net reinsurance finance (expense)/income for reinsurance contracts held		**(406,885)**	209,842
Insurance service result		**(8,204,299)**	(16,305,092)
Investment and other income	17	**14,106,872**	11,198,312
Other operating expenses	18	**(13,881,807)**	(15,806,402)
Loss for the year		**(7,979,234)**	(20,913,182)
Basic and diluted loss per share	19	**(5.99)**	(15.71)

The notes from 1 to 26 form an integral part of these financial statements.

Al Fujairah National Insurance Company PJSC
Statement of comprehensive income
For the year ended 31 December 2023

	2023 AED	Restated 2022 AED
Loss for the year	**(7,979,234)**	(20,913,182)
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss		
Net increase/(decrease) in fair value of investments designated at FVTOCI	**1,430,573**	(519,772)
Items that will not be reclassified subsequently to profit or loss		
Net increase/(decrease) in fair value of investments designated at FVTOCI	**10,490,711**	(15,744,502)
Gain/(loss) on sale of investments designated at FVTOCI	**5,700,557**	(641,022)
Total other comprehensive income/(loss) for the year	**17,621,841**	(16,905,296)
Total comprehensive income/(loss) for the year	**9,642,607**	(37,818,478)

The notes from 1 to 26 form an integral part of these financial statements.

Al Fujairah National Insurance Company PJSC
Statement of changes in equity
For the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative changes in fair value of FVTOCI investments AED	Property revaluation reserve AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2022, as previously	133,100,000	40,963,430	37,118,270	731,000	89,864,978	11,205,588	26,395,670	339,378,936
Impact of initial application of IFRS 17	-	-	-	-	-	-	3,673,819	3,673,819
Restated balance at 1 January 2022 – restated	133,100,000	40,963,430	37,118,270	731,000	89,864,978	11,205,588	30,069,489	343,052,755
Loss for the year (restated)	-	-	-	-	-	-	(20,913,182)	(20,913,182)
Other comprehensive (loss) for the year	-	-	-	-	(16,905,296)	-	-	(16,905,296)
Total comprehensive loss for the year	-	-	-	-	(16,905,296)	-	(20,913,182)	(37,818,478)
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	4,512,310	-	(4,512,310)	-
Dividend paid	-	-	-	-	-	-	(13,310,000)	(13,310,000)
Transfer to reinsurance reserve				427,635	-	-	(427,635)	-
Balance at 31 December 2022 -restated	133,100,000	40,963,430	37,118,270	1,158,635	77,471,992	11,205,588	(9,093,638)	291,924,277
Balance at 1 January 2023 (restated)	**133,100,000**	**40,963,430**	**37,118,270**	**1,158,635**	**77,471,992**	**11,205,588**	**(9,093,638)**	**291,924,277**
Loss for the year	-	-	-	-	-	-	**(7,979,234)**	**(7,979,234)**
Other comprehensive income for the year	-	-	-	-	**17,621,841**	-	-	**17,621,841**
Total comprehensive income/ (loss) for the year	-	-	-	-	**17,621,841**	-	**(7,979,234)**	**9,642,607**
Transfer to reinsurance reserve	-	-	-	**412,595**	-	-	**(412,595)**	-
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	**(3,321,861)**	-	**3,321,861**	-
Balance at 31 December 2023	**133,100,000**	**40,963,430**	**37,118,270**	**1,571,230**	**91,771,972**	**11,205,588**	**(14,163,606)**	**301,566,884**

The notes from 1 to 26 form an integral part of these financial statements.

Al Fujairah National Insurance Company PJSC
Statement of cash flows
For the year ended 31 December 2023

	Notes	2023 AED	Restated 2022 AED
Cash flows from operating activities			
Loss for the year		**(7,979,234)**	(20,913,182)
Adjustments for:			
Depreciation of property and equipment	5	**14,929,014**	18,323,312
Realised gain on disposal of property & equipment		**(63,184)**	(13,720)
Gain on disposal of investments at FVTPL		**(1,678,785)**	(1,355,873)
Unrealised loss from change in fair value of investments at FVTPL	7	**3,574,576**	412,714
(Gain)/ loss from change in fair value of investment property	6	**(2,474,425)**	270,500
Provision for employees' end of service benefits	15	**1,422,676**	5,377,849
Interest on deposits		**(3,507,596)**	(801,321)
Dividend income		**(8,123,142)**	(8,191,927)
Income from investment properties		**(662,884)**	(1,518,685)
Finance costs		**159,961**	93,629
Operating cash flows before changes in working capital		**(4,403,023)**	(8,316,704)
Changes in working capital:			
Reinsurance contract assets		**(31,756,300)**	(34,938,598)
Insurance contract liabilities		**83,073,103**	56,742,227
Accounts and other receivables		**10,980,702**	(8,420,007)
Accounts and other payables		**(6,139,166)**	2,504,387
Net cash generated from operations		**51,755,316**	7,571,305
Employees' end of service benefits paid	15	**(1,602,572)**	(2,404,650)
Net cash generated from operating activities		**50,152,744**	5,166,655
Cash flows from investing activities			
Purchase of property and equipment		**(1,342,824)**	(1,029,860)
Increase in investment in fixed deposits with maturity over 3 months		**(45,085,455)**	(38,503)
Purchase of investment in securities	7	**(98,340,184)**	(122,831,504)
Proceeds from disposal of investments		**96,317,621**	133,733,399
Interest received		**3,507,596**	801,321
Dividend received		**8,123,142**	8,191,927
Income from investment properties		**662,884**	1,518,685
Proceeds from disposal of property and equipment		**75,341**	13,720
Net cash (used in)/ generated from investing activities		**(36,081,879)**	20,359,185
Cash flows from financing activities			
Payment of lease liabilities		**(12,531,455)**	(11,408,638)
Dividend paid		**-**	(13,310,000)
Net cash used in financing activities		**(12,531,455)**	(24,718,638)
Net Increase in cash and cash equivalents		**1,539,410**	807,202
Cash and cash equivalents at beginning of the year		**38,598,378**	37,791,176
Cash and cash equivalents at end of the year	12	**40,137,788**	38,598,378

The notes from 1 to 26 form an integral part of these financial statements.

1 Legal status and activities

Al Fujairah National Insurance Company PJSC, Fujairah (the "Company") is incorporated as a public shareholding Company by Emiri Decree No. 3 issued by His Highness, The Ruler of Fujairah in 1976. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates (formerly the UAE Insurance Authority) and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority) under registration number (11). The address of the Company's registered office is P.O. Box 277, Fujairah, United Arab Emirates.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance and short-term life insurance. The company operates through its head office in Fujairah and branch offices in Dubai, Abu Dhabi, Sharjah, Umm al Quwain and Dibba.

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

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

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

New and revised IFRSs and interpretations applied on the financial statements

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

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

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

Standards issued but not yet effective

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

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

3 Statement of compliance with IFRS

This financial statement is for the year ended 31 December 2023 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

Basis of preparation

This financial statement has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income, financial assets carried at fair value through profit or loss and investment properties which are carried at fair value and the provision for employees' end of service benefits which is calculated in line with UAE labour laws.

The Company' statement of financial position is not presented using a current/ non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, financial assets at fair value through profit or loss, other receivables and other payables. The following balances would generally be classified as non-current: property and equipment, investment properties and statutory deposits and employees' end of service benefits. The following balances are of mixed nature (including both current and non-current portions): financial assets at fair value through other comprehensive income, reinsurance contract assets, insurance contract assets and liabilities, bank balances and fixed deposits.

4 Material accounting policy information

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

IFRS 17 Insurance Contracts

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

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

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

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

The Company applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company 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.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are de-recognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

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

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

The Company expenses all of its insurance acquisition cash flows upon payment, except for commission cashflow which is capitalised. No separate asset is recognised for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

Changes to presentation and disclosure

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

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

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure (continued)

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

- Gross written premiums;
- Net written premiums;
- Changes in premium reserves;
- Gross insurance claims; and
- Net insurance claims.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expenses;
- Insurance finance income or expenses; and
- Income or expenses from reinsurance contracts held.

The Company provides disaggregated qualitative and quantitative information about:

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

Transition

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

- Identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- Identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;
- De-recognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- Recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Transition (continued)

The table below summarises the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported AED	Effect of application of IFRS 17 AED	Restated AED
ASSETS			
Reinsurance contract asset	55,247,852	(15,886,851)	39,361,001
Insurance and reinsurance receivables	44,485,071	(44,485,071)	-
Other receivables	21,080,936	6,271	21,087,207
Amounts due from related parties	2,414,095	(2,414,095)	-
LIABILITIES			
Insurance contract liabilities	196,990,587	(9,456,322)	187,534,265
Insurance and reinsurance payables	57,215,332	(57,215,332)	-
Other payables	14,355,980	218,089	14,574,069
EQUITY			
Retained earnings	26,395,670	3,673,819	30,069,489

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

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

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation

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

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

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

The profitability of groups of contracts is assessed by profitability committee that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

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

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

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of reinsurance contracts held;
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group The Company adds new contracts to the group when they are issued or initiated.

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

The Company 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. Variability in the fulfilment cash flows increases with:

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

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

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

Insurance contracts – subsequent measurement

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

- Plus premiums received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement **(continued)**

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

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

Reinsurance contracts

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

Insurance contracts – modification and de-recognition

The Company de-recognises insurance contracts when:

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

Or

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

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

Presentation

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

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.

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

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

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

The Company disaggregates insurance finance income or expenses between profit or loss.

Net income or expense from reinsurance contracts held

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

Classification of insurance contracts

Insurance contracts issued by the Company are classified into two main categories, depending on the duration of risk being: short-term insurance contracts and long-term insurance contracts.

4 Material accounting policy information (continued)

IFRS 17 Insurance contracts (continued)

Short-term insurance contracts

These contracts are medical, motor, property, casualty, marine, engineering and short-duration life insurance contracts.

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

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

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

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

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

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

Short-duration life insurance contracts (credit life) protect the Company's customers from the consequences of events that would affect the ability of the customer or customer's dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There is no maturity or surrender benefits.

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

4 Material accounting policy information (continued)

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment.

Capital work in progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment and is depreciated in accordance with Company's policy.

The rates of depreciation used are based on the following estimated useful lives of the assets:

	Years
Freehold property	30
Motor vehicles	5
Furniture and office equipment	4-5
Scrap yard improvements	10

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in income statement within 'other income'.

Investment properties

Investment properties are properties held to earn rentals and /or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of investment properties. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

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

Transfer is made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment properties to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

The Company determines fair value on the basis of valuation performed by two independent external valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The Company takes average of the value from two different valuers as a fair value in its financial statements.

Leases

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, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

4 Material accounting policy information (continued)

Leases (continued)

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

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

The Company presents right-to-use assets that do not meet the definition of investment properties in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

Revenue recognition

Interest income

Interest income is recognised on an accrual basis taking into account effective interest rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income

Rental income from investment properties is recognised on a straight line basis over the term of the lease.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transaction costs except for those financial assets classified at fair value through profit or loss. Translation costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

4 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets at amortised cost (continued)

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents and other receivables.

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

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Company has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

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

Investments in equity securities are classified as fair value through other comprehensive income and are initially measured at fair value plus transaction costs. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Gains or losses on subsequent measurement

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities includes other payables and lease liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Impairment and uncollectability of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

The Company has not recognised any impairment loss against equity instruments.

4 Material accounting policy information (continued)

Financial instruments (continued)

Impairment and uncollectability of financial assets (continued)

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from insurance brokers, reinsurers and insurance contract holders.

If there is objective evidence that the insurance receivables are impaired, the Company reduces the carrying amount of the insurance receivables accordingly and realises the impairment loss in the income statement.

Employee benefits

Defined Contribution plan

UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. Labour Law No. 7 of 1999. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

Annual leave and leave passage

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

4 Material accounting policy information (continued)

Employee benefits (continued)

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item in the statement of financial position.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

Foreign currency transactions

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirham ("AED"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in income statements in the period in which they arise.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Short term operating leases

The Company has entered into commercial property leases on its investment properties. The Company, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases. Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

Provisions, contingent liabilities and contingent assets

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4 Material accounting policy information (continued)

Provisions, contingent liabilities and contingent assets (continued)

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Equity reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in note 14 to the financial statements.

Retained earnings include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

Underwriting of general insurance business incorporating all classes of general insurance including fire, marine, motor, medical, general accident and miscellaneous. All underwriting activities are carried out in the UAE except for reinsurance which is done principally with companies outside UAE.

Investment incorporating investments in UAE marketable equity securities, fixed deposits with banks and investment properties.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

Transactions with related parties

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rate.

4 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above in these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of the expected credit loss ("ECL") allowance

The measurement of ECL is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on the credit loss allowance for debt instruments carried at amortised cost, FVTOCI investments, bank balances and fixed deposits: definition of default, significant increase in credit risk, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD") and the historical loss experience per ageing bucket has the major impact on the credit loss allowance for Insurance and other receivables. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Insurance and reinsurance contracts

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

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to capitalise all insurance acquisition cashflows upon payments.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage year. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

4 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Liability for incurred claims (continued)

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

Discount rates

The Company use bottom-up approach to derive the discount rate. 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 swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with an AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

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

	1 year		3 years		5 years		10 years	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)
Insurance contracts issued								
	5.95%	6.44%	**4.91%**	5.63%	**4.69%**	5.32%	**4.64%**	5.12%
Reinsurance contracts held								
	5.95%	6.44%	**4.91%**	5.63%	**4.69%**	5.32%	**4.64%**	5.12%

Risk adjustment for non-financial risk

The Company uses Mack method or bootstrapping to determine its risk adjustment for non-financial risk. The bootstrap effectively allows the Company to measure the uncertainty about the amount and timing of the cash flows that arise from non-financial risk since bootstrapping the triangles aims to illustrate the variability of the paid claims.

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

4 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Classification of investment properties and related fair value judgement

The Company makes judgement to determine whether a property qualifies as investment properties and follows the guidance of IAS 40 'Investment properties' to consider whether any owner occupied property is not significant and is classified accordingly as investment properties.

Fair value of investment properties is estimated by an independent professional valuer considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management based on Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

5 Property and equipment

	Right of use assets AED	Freehold property AED	Motor vehicles AED	Furniture and office equipment AED	Scrap yard improvements AED	Capital work in progress AED	Total AED
Cost							
At 1 January 2023	58,802,177	7,043,095	2,336,634	39,428,755	1,893,410	2,054,412	111,558,483
Additions	12,955,431	-	461,999	365,155	-	515,670	14,298,255
Transfer	-	-	-	400,000	-	(400,000)	-
Contract modification/disposals	(1,521,281)	-	(106,210)	-	-	-	(1,627,491)
At 31 December 2023	70,236,327	7,043,095	2,692,423	40,193,910	1,893,410	2,170,082	124,229,247
Accumulated depreciation							
At 1 January 2023	44,659,501	1,721,646	1,738,375	31,473,235	1,361,213	-	80,953,970
Charge for the year	11,370,144	234,769	319,377	2,868,502	136,222	-	14,929,014
Disposals	-	-	(94,053)	-	-	-	(94,053)
At 31 December 2023	56,029,645	1,956,415	1,963,699	34,341,737	1,497,435	-	95,788,931
Net book value							
At 31 December 2023	14,206,682	5,086,680	728,724	5,852,173	395,975	2,170,082	28,440,316
Cost							
At 1 January 2022	58,140,920	7,043,095	2,248,941	35,678,206	1,884,870	4,926,834	109,922,866
Additions	2,381,135	-	143,193	878,127	8,540	-	3,410,995
Transfer	-	-	-	2,872,422	-	(2,872,422)	-
Contract modification/disposals	(1,719,878)	-	(55,500)	-	-	-	(1,775,378)
At 31 December 2022	58,802,177	7,043,095	2,336,634	39,428,755	1,893,410	2,054,412	111,558,483
Accumulated depreciation							
At 1 January 2022	30,295,390	1,486,876	1,459,460	28,240,827	1,203,605	-	62,686,158
Charge for the year	14,364,111	234,770	334,415	3,232,408	157,608	-	18,323,312
Disposals	-	-	(55,500)	-	-	-	(55,500)
At 31 December 2022	44,659,501	1,721,646	1,738,375	31,473,235	1,361,213	-	80,953,970
Net book value							
At 31 December 2022	14,142,676	5,321,449	598,259	7,955,520	532,197	2,054,412	30,604,513

5 Property and equipment (continued)

- Freehold property comprise apartments purchased in Dubai to be used for Dubai branch operations.
- At 31 December 2023, the cost of fully depreciated property and equipment that was still in use amounted to AED 4.4 million (2022: AED 3.4 million).

6 Investment properties

	2023 AED	2022 AED
Fair value		
At 1 January	**76,894,500**	77,165,000
Increase/(decrease) in fair value during the year	**2,474,425**	(270,500)
Net book value at 31 December	**79,368,925**	76,894,500

Investment properties represents fair value of two buildings and a plot of land which are located in Fujairah U.A.E.

The investment properties of the Company were valued by two independent and experienced professional valuers Najmat Al Murjan Real Estate Valuation Services LLC and Chartered Real Estate Valuation Service LLC which estimated the fair value of investment properties as at 31 December 2023 at a value of AED 78.9 million and AED 79.83 million respectively (2022: Arab Loss Adjusters L.L.C and DEFT Valuation Service, independent and experienced professional valuers estimated the fair value of investment properties at AED 77.19 million and AED 76.60 million respectively). The Company has taken average of the two investment properties valuations. The valuers hold relevant professional qualifications and experience. Investment properties are held for capital appreciation and rental purposes.

Investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2023 (31 December 2022: Level 3) and are located in U.A.E.

	31 December 2023			Fair value as at 31 December 2022
	Level 1 **AED**	**Level 2** **AED**	**Level 3** **AED**	Level 3 AED
Plot of land	-	-	**10,015,445**	9,255,000
Buildings and plots of land on which such buildings are constructed	-	-	**69,353,480**	67,639,500
	-	-	**79,368,925**	76,894,500

6 Investment properties (continued)

For investment properties categorised into level 3 of the fair value hierarchy, the following information is relevant:

Valuation techniques	Significant input(s)	Sensitivity
Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of properties, and prevailing market condition.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
	Yearly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the investment properties.	A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

7 Financial assets

The Company's financial assets at the end of reporting year are detailed below:

	2023 AED	2022 AED
Financial assets measured at fair value through other comprehensive income (FVTOCI)		
Quoted equity securities	**133,184,511**	151,155,344
Mutual funds	**94,434,301**	90,637,338
Unquoted equity securities	**51,193,364**	49,984,001
Quoted debt securities	**2,091,870**	4,972,554
Allowances for impairment	**(44,144)**	-
	280,859,902	296,749,237
Financial assets measured at fair value through profit and loss (FVTPL)		
Quoted equity securities	**52,816,596**	19,222,792
	333,676,498	315,972,029

The movements in the financial investments are as follows:

	2023 AED	2022 AED
At fair value through other comprehensive income		
Fair value at the beginning of the year	**296,749,237**	314,735,190
Purchases during the year	**4,469,629**	48,757,069
Disposals during the year	**(32,236,104)**	(50,478,748)
Net increase/ (decrease) in fair value	**11,921,284**	(16,264,274)
Allowances for impairment	**(44,144)**	-
Fair value at the end of the year	**280,859,902**	296,749,237

7 Financial assets (continued)

Investments at FVTOCI comprise the following:

	2023 AED	2022 AED
Within U.A.E.	**168,672,029**	187,277,770
Outside U.A.E.	**112,187,873**	109,471,467
	280,859,902	296,749,237

Mutual funds comprise investment in local and international funds which are administered by financial institutions domiciled in U.A.E.

The cumulative changes in fair value of financial investments carried at FVTOCI amounting to AED 91.8 million (2022: AED 77.5 million) is shown under equity.

	2023 AED	2022 AED
At fair value through profit or loss		
Fair value at the beginning of the year	**19,222,792**	28,092,265
Purchases during the year	**93,870,555**	74,074,435
Disposals during the year	**(56,702,175)**	(82,531,194)
Net decrease in fair value	**(3,574,576)**	(412,714)
Fair value at the end of the year	**52,816,596**	19,222,792

All financial investments at FVTPL are held in U.A.E.

8 Statutory deposits

	2023 AED	2022 AED
Statutory deposit maintained in accordance with Article 42 of U.A.E., Federal Law No. (6) of 2007	**10,000,000**	10,000,000

Statutory deposits held with local banks in UAE represent deposit held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 42 of the Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates (formerly the UAE Insurance Authority) and Organisation of its Operations relating to insurance companies and brokers. This deposit cannot be withdrawn without prior approval of the CBUAE and bears an interest rate of 4.2% per annum (31 December 2022: 1.41% per annum).

9 Insurance and reinsurance contract

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

	31 December 2023			31 December 2022 (Restated)		
	Assets AED	**Liabilities AED**	**Net AED**	Assets AED	Liabilities AED	Net AED
Insurance contracts issued						
Life and medical	**-**	**32,994,593**	**32,994,593**	-	18,903,880	18,903,880
General	**-**	**101,123,940**	**101,123,940**	-	74,168,923	74,168,923
Motor	**-**	**193,231,062**	**193,231,062**	-	151,203,689	151,203,689
Total insurance contracts issued	**-**	**327,349,595**	**327,349,595**	-	244,276,492	244,276,492
Reinsurance contracts held						
Life and medical	**13,754,259**	**-**	**13,754,259**	3,845,478	-	3,845,478
General	**87,740,962**	**-**	**87,740,962**	61,878,044	-	61,878,044
Motor	**4,560,678**	**-**	**4,560,678**	8,576,077	-	8,576,077
Total reinsurance contracts held	**106,055,899**	**-**	**106,055,899**	74,299,599	-	74,299,599

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

The Company disaggregates information to provide disclosure in respect of major product lines separately: life and medical, general and motor. This disaggregation has been determined based on how the Company is managed.

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

9 Insurance and reinsurance contract (continued)

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

31 December 2023	Life and Medical				General				Motor				
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	1,052,925	-	17,644,015	206,940	3,562,815	38,415	67,990,762	2,576,931	60,880,058	497,956	87,484,846	2,340,829	244,276,492
Insurance revenue	(60,154,637)	-	-	-	(62,140,843)	-	-	-	(159,888,109)	-	-	-	(282,183,589)
Insurance service expenses	2,637,005	-	61,933,889	119,088	3,458,557	10,695	24,543,667	384,296	(734,815)	(497,956)	168,438,992	1,467,806	261,761,224
Incurred claims and other expenses	-	(3,611,840)	46,027,404	179,073	-	(178,920)	39,671,743	1,730,591	-	(9,950,403)	131,479,093	2,248,509	207,595,250
Amortisation of insurance acquisition cash flows	2,637,005	-	-	-	3,458,557	-	-	-	(734,815)	-	-	-	5,360,747
Losses on onerous contracts and reversals of those losses	-	3,611,840	-	-	-	189,615	-	-	-	9,452,447	-	-	13,253,902
Changes to liabilities for incurred claims	-	-	15,906,485	(59,985)	-	-	(15,128,076)	(1,346,295)	-	-	36,959,899	(780,703)	35,551,325
Insurance service result	(57,517,632)	-	61,933,889	119,088	(58,682,286)	10,695	24,543,667	384,296	(160,622,924)	(497,956)	168,438,992	1,467,806	(20,422,365)
Insurance finance expenses	-	-	(426,415)	-	-	-	(818,219)	-	-	-	(2,083,592)	-	(3,328,226)
Total changes in the statement of comprehensive (loss)/ income	(57,517,632)	-	61,507,474	119,088	(58,682,286)	10,695	23,725,448	384,296	(160,622,924)	(497,956)	166,355,400	1,467,806	(23,750,591)
Cash flows													
Premiums received	66,235,964	-	-	-	101,558,809	-	-	-	195,066,674	-	-	-	362,861,447
Claims and other expenses paid	-		(54,691,296)	-	-	-	(37,292,501)	-	-	-	(159,843,020)	-	(251,826,817)
Insurance acquisition cash flows	(1,562,885)	-	-	-	(2,749,444)	-	-	-	101,393	-	-	-	(4,210,936)
Total cash flows	64,673,079	-	(54,691,296)	-	98,809,365	-	(37,292,501)	-	195,168,067	-	(159,843,020)	-	106,823,694
Net insurance contract liabilities as at 31 December 2023	8,208,372	-	24,460,193	326,028	43,689,894	49,110	54,423,709	2,961,227	95,425,201	-	93,997,226	3,808,635	327,349,595

9 Insurance and reinsurance contracts (continued)

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

31 December 2022 (restated)	Life and Medical				General				Motor				
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	11,230,048	-	17,590,473	280,829	(3,990,120)	-	23,923,362	1,280,136	39,846,936	-	93,652,284	3,720,317	187,534,265
Insurance revenue	(78,803,916)	-	-	-	(43,264,928)	-	-	-	(109,785,651)	-	-	-	(231,854,495)
Insurance service expenses	1,364,364	-	57,557,213	(73,889)	1,969,933	38,415	71,733,349	1,296,795	1,375,917	497,956	132,682,243	(1,379,488)	267,062,808
Incurred claims and other expenses	-	-	37,065,734	169,589	-	(595,625)	64,300,412	2,004,607	-	(8,142,283)	120,766,579	1,098,336	216,667,349
Amortisation of insurance acquisition cash flows	1,364,364	-	-	-	1,969,933	-	-	-	1,375,917	-	-	-	4,710,214
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	634,040	-	-	-	8,640,239	-	-	9,274,279
Changes to liabilities for incurred claims	-	-	20,491,479	(243,478)	-	-	7,432,937	(707,812)	-	-	11,915,664	(2,477,824)	36,410,966
Insurance service result	(77,439,552)	-	57,557,213	(73,889)	(41,294,995)	38,415	71,733,349	1,296,795	(108,409,734)	497,956	132,682,243	(1,379,488)	35,208,313
Insurance finance expenses	-	-	(26,243)	-	-	-	(82,456)	-	-	-	(363,550)	-	(472,249)
Total changes in the statement of comprehensive (loss)/ income	(77,439,552)	-	57,530,970	(73,889)	(41,294,995)	38,415	71,650,893	1,296,795	(108,409,734)	497,956	132,318,693	(1,379,488)	34,736,064
Cash flows													
Premiums received	69,073,867	-	-	-	50,696,354	-	-	-	129,630,374	-	-	-	249,400,595
Claims and other expenses paid	-	-	(57,477,428)	-	-	-	(27,583,493)	-	-	-	(138,486,131)	-	(223,547,052)
Insurance acquisition cash flows	(1,811,438)	-	-	-	(1,848,424)	-	-	-	(187,518)	-	-	-	(3,847,380)
Total cash flows	67,262,429	-	(57,477,428)	-	48,847,930	-	(27,583,493)	-	129,442,856	-	(138,486,131)	-	22,006,163
Net insurance contract liabilities as at 31 December 2022	1,052,925	-	17,644,015	206,940	3,562,815	38,415	67,990,762	2,576,931	60,880,058	497,956	87,484,846	2,340,829	244,276,492

9 Insurance and reinsurance contracts (continued)

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

31 December 2023	Life and Medical				General				Motor				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Reinsurance contract assets	-	-	(26,861,537)	(238,966)	-	-	(64,911,196)	(2,337,505)	-	-	(10,091,743)	(319,819)	(104,843,766)
Reinsurance contract liabilities	23,255,025	-	-	-	5,453,657	-	-	-	1,835,485	-	-	-	30,544,167
Net reinsurance contract (assets)/liabilities as at 1 January	23,255,025	-	(26,861,537)	(238,966)	5,453,657	-	(64,993,196)	(2,338,505)	1,835,485	-	(10,091,743)	(319,819)	(74,299,599)
An allocation of reinsurance premiums	23,509,245	-	-	-	42,500,524	-	-	-	5,061,101	-	-	-	71,070,870
Amounts recoverable from reinsurers for incurred claims	-	-	(27,554,554)	(529,411)	-	-	(11,571,806)	(1,504,462)	-	-	(1,486,667)	(204,191)	(42,851,091)
Amounts recoverable for incurred claims and other expenses	-	-	(21,848,781)	(298,231)	-	-	(28,811,651)	(1,746,247)	-	-	(1,214,165)	(55,428)	(53,974,503)
Changes to amounts recoverable for incurred claims	-	-	(5,705,773)	(231,180)	-	-	17,239,845	241,785	-	-	(272,502)	(148,763)	11,123,412
Net income or expense from reinsurance contracts held	23,509,245	-	(27,554,554)	(529,411)	42,500,524	-	(11,571,806)	(1,504,462)	5,061,101	-	(1,486,667)	(204,191)	28,219,779
Reinsurance finance income	-	-	1,765,119	-	-	-	1,456,304	-	-	-	513,688	-	3,735,111
Total changes in the statement of comprehensive income/ (loss)	23,509,245	-	(25,789,435)	(529,411)	42,500,524	-	(10,115,502)	(1,504,462)	5,061,101	-	(972,979)	(204,191)	31,954,890

9 Insurance and reinsurance contracts (continued)

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

31 December 2023 (continued)

	Life and Medical				General				Motor				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Cash flows													
Premiums paid	(10,735,449)	-	-	-	(74,864,353)	-	-	-	131,468	-	-	-	(85,468,334)
Amounts received	-	-	3,636,269	-	3,582,626	-	14,538,249	-	-	-		-	21,757,144
Total cash flows	(10,735,449)	-	3,636,269	-	(71,281,727)	-	14,538,249	-	131,468	-	-	-	(63,711,190)
Net reinsurance contract (assets)/liabilities	36,028,821	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	7,028,054	-	(11,064,722)	(524,010)	(106,055,899)
Reinsurance contract liabilities	36,028,821	-	-	-	-	-	-	-	7,028,054	-	-	-	43,056,875
Reinsurance contract assets	-	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	-	-	(11,064,722)	(524,010)	(149,112,774)
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	36,028,821	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	7,028,054	-	(11,064,722)	(524,010)	(106,055,899)
2022 (restated)													
Reinsurance contract assets	-	-	(14,158,267)	(195,540)	-	-	(25,256,555)	(1,226,278)	-	-	(12,065,744)	(448,615)	(53,347,999)
Reinsurance contract liabilities	10,170,836	-	-	-	287,317	-	-	-	3,528,845	-	-	-	13,986,998
Net reinsurance contract (assets)/ liabilities as at 1 January	10,170,836	-	(14,158,267)	(192,540)	287,317	-	(25,256,555)	(1,226,278)	3,528,845	-	(12,065,744)	(448,615)	(39,361,001)
An allocation of reinsurance	35,101,028	-	-	-	34,937,175	-	-	-	142,125	-	-	-	70,180,328
Amounts recoverable from reinsurers for incurred claims	-	-	(25,640,598)	(46,426)	-	-	(54,541,601)	(1,112,227)	-	-	(7,661,651)	128,796	(88,873,707)
Amounts recoverable for incurred claims and other expenses	-	-	(21,092,483)	(122,328)	-	-	(51,438,942)	(2,011,488)	-	-	(11,005,220)	(43,177)	(85,713,638)
Changes to amounts recoverable for incurred claims	-	-	(4,548,115)	75,902	-	-	(3,102,659)	899,261	-	-	3,343,569	171,973	(3,160,069)
Net income or expense from reinsurance contracts held	35,101,028	-	(25,640,598)	(46,426)	34,937,175	-	(54,541,601)	(1,112,227)	142,125	-	(7,661,651)	128,796	(18,693,379)

9 Insurance and reinsurance contracts (continued)

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

31 December 2022 (restated)	Life and Medical				General				Motor				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Reinsurance finance income	-	-	130,033	-	-	-	96,722	-	-	-	35,652	-	262,407
Total changes in the statement of comprehensive income/ (loss)	35,101,028	-	(25,510,565)	(46,426)	34,937,175	-	(54,444,879)	(1,112,227)	142,125	-	(7,625,999)	128,796	(18,430,972)
Cash flows													
Premiums paid	(22,016,839)	-	-	-	(29,770,835)	-	-	-	(1,835,485)	-	-	-	(53,623,159)
Amounts received	-	-	12,807,295	-	-	-	14,708,238	-	-	-	9,600,000	-	37,115,533
Total cash flows	(22,016,839)	-	12,807,295	-	(29,770,835)	-	14,708,238	-	(1,835,485)	-	9,600,000	-	(16,507,626)
Net reinsurance contract (assets)/liabilities as at 31 December	23,255,025	-	(26,861,537)	(238,966)	5,453,657	-	(64,993,196)	(2,338,505)	1,835,485	-	(10,091,743)	(319,819)	(74,299,599)
Reinsurance contract assets as at 31 December	-	-	(26,861,537)	(238,966)	-	-	(64,993,196)	(2,338,505)	-	-	(10,091,743)	(319,819)	(104,843,766)
Reinsurance contract liabilities as at 31 December 2022	23,255,025	-	-	-	5,453,657	-	-	-	1,835,485	-	-	-	30,544,167
Net reinsurance contract (assets)/liabilities as at 31 December 2022	23,255,025	-	(26,861,537)	(238,966)	5,453,657	-	(64,993,196)	(2,338,505)	1,835,485	-	(10,091,743)	(319,819)	(74,299,599)

9 Insurance and reinsurance contracts (continued)

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

Gross insurance contract liabilities

	2018 and prior AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	144,876,894	164,756,858	139,526,477	139,766,525	212,030,946	206,207,518	**1,007,165,218**
One year later	131,121,724	152,091,971	125,382,937	138,785,301	191,814,305	-	**739,196,238**
Two years later	128,474,846	151,655,514	121,104,708	137,438,398	-	-	**538,673,466**
Three years later	127,869,181	149,128,572	121,387,969	-	-	-	**398,385,722**
Four years later	125,416,967	150,004,373	-	-	-	-	**275,421,340**
Five years later	101,713,300	-	-	-	-	-	**101,713,300**
Six years later	-	-	-	-	-	-	**-**
Seven years later	-	-	-	-	-	-	**-**
Estimate of cumulative claims	105,775,251	150,004,373	121,387,969	137,438,398	191,814,305	206,207,516	**912,627,812**
Cumulative payments to date	(101,088,408)	(148,240,001)	(120,006,316)	(130,570,509)	(169,438,170)	(114,279,836)	**(783,623,240)**
Unallocated loss adjustment expense reserve	83,716	104,964	59,240	289,386	745,072	5,243,392	**6,525,770**
Claims payable	416,464	436,317	248,920	115,420	94,113	39,382,398	**40,693,632**
Total gross undiscounted liabilities for incurred claims	5,187,023	2,305,653	1,689,813	7,272,695	23,215,320	136,553,470	**176,223,974**
Attributable expenses	-	-	-	-	-	-	**71,653,013**
Mathematical reserves	-	-	-	-	-	-	**3,157,167**
Effect of discounting	-	-	-	-	-	-	**(6,499,646)**
Total discounted gross reserves included in the statement of financial position							**244,534,508**
Risk Adjustments							**7,095,890**

9 Insurance and reinsurance contracts (continued)

Net Insurance contract liabilities at 31 December 2023

	2018 and prior AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	117,377,198	143,471,007	89,861,899	87,880,961	127,015,875	153,105,820	**718,712,760**
One year later	108,876,693	127,936,242	94,759,577	93,469,673	120,818,162	-	**545,860,347**
Two years later	107,423,608	126,267,118	95,479,939	93,293,712	-	-	**422,464,377**
Three years later	106,984,226	126,581,070	95,592,098	-	-	-	**329,157,394**
Four years later	106,517,195	127,588,937	-	-	-	-	**234,106,132**
Five years later	89,200,334	-	-	-	-	-	**89,200,334**
Six years later	-	-	-	-	-	-	**-**
Seven years later	-	-	-	-	-	-	**-**
Estimate of cumulative claims	91,893,994	127,588,937	95,592,098	93,293,712	120,818,162	153,105,820	**682,292,723**
Cumulative payments to date	(89,209,311)	(126,129,957)	(94,352,193)	(89,020,146)	(112,329,083)	(97,542,047)	**(608,582,737)**
Unallocated loss adjustment expense reserve	83,716	104,964	59,240	289,386	745,072	5,243,392	**6,525,770**
Claim receivable – net	(1,272,986)	(3,958,958)	(2,184,793)	(11,588,238)	(35,807,185)	26,897,180	**(27,914,980)**
Total net undiscounted liabilities for incurred claims	1,495,413	(2,395,014)	(885,648)	(7,025,286)	(26,573,034)	87,704,345	**52,320,776**
Attributable expenses	-	-	-	-	-	-	**71,653,013**
Mathematical reserves	-	-	-	-	-	-	**315,717**
Effect of discounting	-	-	-	-	-	-	**(406,166)**
Total discounted net reserves included in the statement of financial position							**123,883,340**
Net risk adjustments							**1,960,536**

10 Other receivables

	2023 AED	2022 AED
Accrual of interest and other income	**1,846,177**	241,572
Advances and prepayments	**7,454,004**	10,093,214
Deposits and guaranties	**4,118,413**	7,210,285
Tenants' receivables	**1,356,913**	2,114,539
Staff receivables	**513,742**	528,395
Others	**5,361,891**	9,934,695
Allowance for impairment	**(2,124,628)**	(615,486)
	18,526,512	29,507,214

11 Related party balances and transactions

Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

All related party transactions are carried on terms approved by the management.

Amounts due from related parties

	2023 AED	2022 AED
Related parties due to common directorship		
Fujairah National Group of Companies	**4,260,236**	449,284

During the year, the Company entered into the following transactions with related parties:

	2023 AED	2022 AED
Insurance revenue	**24,078,678**	25,004,255
Insurance service expenses	**11,181,262**	25,380,828

Premiums are charged to related parties at rates agreed with the management.

Compensation of key management personnel:

	2023 AED	2022 AED
Key management staff:		
Short-term benefits	**8,797,313**	9,209,447
Long-term benefits	**542,636**	3,433,191

12 Cash and cash equivalents

	2023 AED	2022 AED
Bank balances:		
Current and call accounts	**24,660,775**	27,792,002
Fixed deposit	**69,626,486**	19,891,000
Cash in hand	**637,989**	456,407
	94,925,250	48,139,409
Allowance for impairment	**(160,976)**	-
	94,764,274	48,139,409

Bank balances are maintained with banks within United Arab Emirates.

Cash and bank includes short term deposits (3-12 months) with local banks carrying interest ranging from 3% to 6% per annum (2022: 1% to 4% per annum).

Fixed deposits amounting to AED 7 million (2022: AED 7 million) is under lien in respect of bank credit facilities granted to the Company.

For the purposes of statement of cash flows, cash and cash equivalents include cash on hand and in bank net of fixed deposits with maturity over three months from date of placement. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2023 AED	2022 AED
Bank balances and cash	**94,764,274**	48,139,409
Deposit under lien	**(7,000,000)**	(7,000,000)
Fixed deposits with maturity over 3 months	**(47,626,486)**	(2,541,031)
	40,137,788	38,598,378

13 Share capital

The authorised and issued share capital comprises 1,331,000 fully paid-up shares of AED 100 each:

	2023 No of shares	2023 AED	2022 No of shares	2022 AED
Balance at 31 December	**1,331,000**	**133,100,000**	1,331,000	133,100,000

14 Reserve

Statutory reserve

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. 32 of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable statutory reserve. As per the Company's Articles of Association, such transfers are required until the balance in the statutory reserve equals 50% of the Company's paid-up share capital. No transfer to statutory reserve due to net loss during the year. (2022: Nil).

General reserve

The Company has established a General reserve by appropriation of 10% of profit for each year. Appropriation to the General reserve may be stopped by the Shareholders' General Assembly based on recommendation from the Board of Directors. This reserve is distributable based on a recommendation by the Board of Directors and Shareholders' approval. No transfer to the general reserve during the year (2022: Nil).

14 Reserve (continued)

Reinsurance reserve

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company has transferred AED 0.413 million from 'Accumulated losses/ retained earnings' to the 'Reinsurance Reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2023 (year ended 31 December 2022: AED 0.428 million). The Company shall accumulate such provision year on year and shall not dispose of the reserve without the written approval of the assistant governor of the banking and insurance supervision department within CBUAE.

15 Provision for employees' end of service benefits

	2023 AED	2022 AED
Balance at 1 January	**20,265,551**	17,292,352
Charge for the year	**1,422,676**	5,377,849
Payments during the year	**(1,602,572)**	(2,404,650)
Transferred (ex-gratia) *	**(4,508,254)**	-
Balance at 31 December	**15,577,401**	20,265,551

*As per UAE Law the in all cases, the total gratuity shall not exceed the wage of two years. However, its Company policy that the employees who have long association with the Company they will be provided ex-gratia allowance for the long services.

16 Insurance service expenses

For the year ended 31 December 2023	Life and medical AED	General AED	Motor AED	Total AED
Incurred claims and other expenses	**42,594,637**	**41,223,414**	**123,777,199**	**207,595,250**
Amortisation of insurance acquisition cash flows	**2,637,005**	**3,458,557**	**(734,815)**	**5,360,747**
Losses on onerous contracts	**3,611,840**	**189,615**	**9,452,447**	**13,253,902**
Changes to liabilities for incurred claims	**15,846,500**	**(16,474,371)**	**36,179,196**	**35,551,325**
	64,689,982	**28,397,215**	**168,674,027**	**261,761,224**
Restated				
For the year ended 31 December 2022				
Incurred claims and other expenses	37,235,323	65,709,394	113,722,632	216,667,349
Amortisation of insurance acquisition cash flows	1,364,364	1,969,933	1,375,917	4,710,214
Losses on onerous contracts	-	634,040	8,640,239	9,274,279
Changes to liabilities for incurred claims	20,248,001	6,725,125	9,437,840	36,410,966
	58,847,688	75,038,492	133,176,628	267,062,808

17 Investments and other income

	2023 AED	2022 AED
Dividends from financial investments	**8,123,142**	8,191,927
Interest on fixed deposits	**3,507,596**	801,321
Gain/ (loss) from change in fair value of investment properties (note 6)	**2,474,425**	(270,500)
Gain on disposal of financial investments at FVTPL	**1,678,785**	1,355,873
Other income	**1,171,432**	-
Net income from investment properties	**662,884**	1,518,685
Gain on disposal of property and equipment	**63,184**	13,720
Loss from change in fair value of financial investments at FVTPL (note 7)	**(3,574,576)**	(412,714)
	14,106,872	11,198,312

The investment income is allocated to general and motor segment.

18 Other operating expenses

	2023 AED	2022 AED *Restated*
Staff cost	**7,444,647**	7,982,639
Depreciation	**2,985,833**	3,664,662
Rent	**2,444,376**	1,687,004
Policy registration and printing	**271,901**	286,778
Business promotion and social contributions	**91,223**	240,854
Insurance	**10,247**	15,370
Other expenses	**633,580**	1,929,095
	13,881,807	15,806,402

19 Loss per share

	2023 AED	2022 AED *Restated*
Loss for the year (AED)	**(7,979,234)**	(20,913,182)
Weighted average number of shares	**1,331,000**	1,331,000
Loss per share (AED) - basic and diluted	**(5.99)**	(15.71)

20 Commitments and contingencies

	2023 AED	2022 AED
Letter of guarantee	**22,125,674**	21,895,574
Capital commitments	**-**	430,407

21 Risk management

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

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

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

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

Frequency and severity of claims

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Property insurance contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property insurance contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft.

The insurance risk arising from these contracts is not concentrated in any of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

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

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

21 Risk management (continued)

Frequency and severity of claims (continued)

	As at 31 December 2023		
	Gross AED	**Reinsurance AED**	**Net AED**
Life and medical	**32,994,593**	**(13,754,259)**	**19,240,334**
General	**101,123,940**	**(87,740,962)**	**13,382,978**
Motor	**193,231,062**	**(4,560,678)**	**188,670,384**
Total	**327,349,595**	**(106,055,899)**	**221,293,696**
	As at 31 December 2022		
Life and medical	18,903,880	(3,845,478)	15,058,402
General	74,168,923	(61,878,044)	12,290,879
Motor	151,203,689	(8,576,077)	142,627,612
Total	244,276,492	(74,299,599)	169,976,893

Insurance risks

The Company accept insurance risk through its written insurance contracts. The Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company write the following types of general insurance contracts:

- Property insurance
- Motor insurance
- Marine insurance
- General insurance

The principal risk the Company face under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company only issue short term insurance contracts in connection with property, motor, marine and general accident risks.

Frequency and amounts of claims

The Company has developed its underwriting strategy to diversify the type of insurance risks accepted and within each of the categories to achieve sufficiently large populations of risk to reduce the variability of the expected outcome. The frequency and amounts of claims can be affected by several factors. Company underwrite mainly property, motor, general accident and marine risks. These are regarded as short- term insurance contracts as claims are normally advised and settled within one year of the insured event taking.

21 Risk management (continued)

Insurance risks (continued)

Property

Property insurance covers a diverse collection of risks and therefore property insurance contracts are subdivided into four risk groups: fire, business interruption, weather damage and theft.

These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured. The cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruptions are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from fire, storm, flood damage or other weather related incidents.

Motor

Motor insurance contracts are designed to compensate contract holders for damage suffered to vehicles, liability to third parties arising through accidents and fire or theft of their vehicles. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria. The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

General accident

For general accident class of business, such as workmen's compensation, personal accident, general third party liability, medical and loss of money, the extent of loss or damage and the potential court awards are the main factors that influence the level of claims.

The Company manage these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk. Underwriting limits are in place to enforce appropriate risk selections. The Company proactively manage and pursue early settlement of claims to reduce its exposure to unpredictable developments.

The Company has adequate reinsurance arrangements to protect its financial viability against such claims for all classes of business.

The Company has obtained adequate non-proportionate reinsurance cover for all classes of business to limit losses of the Company to an amount considered appropriate by the management.

Reinsurance

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

The Company, in the normal course of business, enter into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess of loss reinsurance contracts.

21 Risk management (continued)

Insurance risks (continued)

Sensitivity of underwriting profit and losses

The Company has exposures to risks in each class of business that may develop and that could have a material impact upon the Company' financial position. The geographical and insurance risk diversity within the Company' portfolio of issued insurance policies makes it impossible to predict whether material developments will occur and, if they do occur, the location and timing of such occurrences. The Company evaluate the concentration of exposures to individual and cumulative insurance risk and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims.

For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

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

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

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

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

21 Risk management (continued)

Insurance risks (continued)

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

The initial estimate of loss ratios Used for the current year before and after reinsurance are analyses below by line of business where the insured operates for current and prior year premium earned.

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Gross loss ratio	**Net loss ratio**	Gross loss ratio	Net loss ratio
Life and medical	**90%**	**69%**	75%	74%
General	**24%**	**24%**	118%	28%
Motor	**75%**	**76%**	75%	67%

The Company believes that the claims liabilities under insurance contracts outstanding at the year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact net underwriting income / (loss) as follows:

	For the year ended 31 December	
	2023 AED	2022 AED
Impact of change in loss ratio by +/- 1%		
Life and medical	**369,629**	402,985
General	**127,459**	120,148
Motor	**1,508,107**	1,170,857
	2,005,195	1,693,990

Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and review of the actual insurance contracts carried out at the reporting date to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

Concentration of insurance risk

Substantially all of the Company's underwriting activities are carried out in the United Arab Emirates. In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purpose.

21 Risk management (continued)

Insurance risks (continued)

Concentration of insurance risk (continued)

To minimise its exposure to significant losses from reinsurer insolvencies, the Company primarily deals with reputed counter parties and monitors the receivable position from these parties on regular basis.

Reinsurance risk

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company 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.

Sensitivity of underwriting profit and losses

The contribution by the insurance operations in the loss of the Company amounts to AED 8.2 million for the year ended 31 December 2023 (2022: loss of AED 16.3 million). The Company does not foresee any major impact from insurance operations due to the following reasons:

The Company has an overall risk retention level of 63% (2022: 64%) and the same is mainly contributed by one class of business i.e., Motor line wherein the retention level is 97% (2022: 96%). However, in this class the liabilities are adequately covered by excess of loss reinsurance programs to guard against major financial impact.

The Company has net commission incurred of AED 7.6 million (2022: AED 4.6 million). Commissions earned arise primarily from the reinsurance placements and are a consistent and recurring source of income.

Financial risk

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price risk.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is fixed.

Interest rate risk

The Company's exposure to interest rate risk relates to its bank deposits. At 31 December 2023, bank deposits carried interest rates ranging from 3% to 6% per annum (2022: 1% to 4% per annum).

The Company has no exposure to interest rate risk towards its interest bearing financial assets as they carry fixed interest rate.

The Company's sensitivity to interest rates has not changed significantly from the prior year.

The Company generally manages to minimize the interest rate risk by closely monitoring the market interest rates and investigating in those financial assets in which such risk is expected to be minimal.

21 Risk management (continued)

Financial risk (continued)

Interest rate risk (continued)

The Company is exposed to interest rate risk on:

i) Liability for incurred claims; and

ii) Amounts recoverable from reinsurance for incurred claims

The below table shows the impact of 1% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

31 December 2023	**Impact on profit gross of reinsurance**	**Impact on profit net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Risk Adjustment				
1% Increase	**1,683,608**	**500,711**	**1,683,608**	**500,711**
1% Decrease	**(1,683,608)**	**(500,711)**	**(1,683,608)**	**(500,711)**
Discounting				
1% Increase	**1,254,490**	**(368,828)**	**1,254,490**	**(368,828)**
1% Decrease	**(1,281,595)**	**379,644**	**1,281,595**	**379,644**
31 December 2022				
Risk Adjustment				
1% Increase	1,170,260	478,166	1,170,260	478,166
1% Decrease	(1,170,260)	(478,166)	(1,170,260)	(478,166)
Discounting				
1% Increase	(403,495)	(165,385)	(403,495)	(165,385)
1% Decrease	408,282	157,348	408,282	157,348

Credit risk

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

Key areas where the Company is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries;

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company'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 the management annually.

21 Risk management (continued)

Financial risk (continued)

Credit risk (continued)

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

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

Insurance receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of insurance receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

Below table presents an analysis of bank balances and fixed deposits by rating agency designation at the end of the reporting period based on Moodys' rating or its equivalent for the main banking relationships;

	As at 31 December	
	2023	2022
	AED	AED
A	**24,063,247**	188,915
AA	**22,559,670**	9,551,736
BBB	**47,503,368**	37,942,350
Unrated	**637,989**	456,408
	94,764,274	48,139,409

The Company's financial assets at FVTOCI & FVTPL are held across various countries. The table next page presents and analysis of financial assets at FVTOCI & FVTPL by rating agency designation at the end of the reporting period based on Moody's rating or equivalent:

21 Risk management (continued)

Financial risk (continued)

Credit risk (continued)

	As at 31 December	
	2023	2022
	AED	AED
A	**61,058,407**	35,247,895
AA	**18,882,257**	5,189,936
B	**3,715,499**	25,535,275
BB	**6,788,993**	1,535,706
BBB	**152,019,294**	162,908,814
Unrated	**91,212,048**	85,554,403
	333,676,498	315,972,029

Market risk management

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

Sensitivity analysis

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

- (Losses)/profit would have increased/ (decreased) by AED 5.3 million (2022: AED 1.9 million) in the case of financial investments at FVTPL.
- Other comprehensive income would have increased/ (decreased) by AED 28.1 million (2022: AED 29.7 million) in the case of financial investments designated at FVTOCI.

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.
- As at the reporting date if investments prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and other comprehensive income has been shown on previous page.
- A 10% change in investments prices has been used to give a realistic assessment as a plausible event.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

21 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below page summarises the maturity profile of the Company's financial assets, financial liabilities, insurance contract liabilities and reinsurance contracts assets held. The maturity analysis has been presented on a contractual undiscounted cash flow basis except for insurance contract liabilities and reinsurance contract assets held which have been presented on their expected cash flows.

The contractual maturities of the financial instruments 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.

	Less than 1 year AED	**1-5 years AED**	**5+ years AED**	**No Maturity AED**	**Total AED**
31 December 2023					
Financial assets					
At fair value through OCI	**14,696,369**	**14,674,373**	**15,692,451**	**235,796,709**	**280,859,902**
At fair value through profit or loss	**-**	**-**	**-**	**52,816,596**	**52,816,596**
Statutory deposit	**-**	**-**	**-**	**10,000,000**	**10,000,000**
Other receivables	**18,526,512**	**-**	**-**	**-**	**18,526,512**
Bank balance and cash - non interest bearing	**25,298,764**	**-**	**-**	**-**	**25,298,764**
Bank balance and cash - interest bearing	**69,465,510**	**-**	**-**	**-**	**69,465,510**
	127,987,155	**14,674,373**	**15,692,451**	**298,613,305**	**456,967,284**
Financial liabilities					
Other payables	**15,447,544**	**-**	**-**	**-**	**15,447,544**

	Less than 1 year AED	1-5 years AED	5+ years AED	No Maturity AED	Total AED
31 December 2022 (Restated)					
Financial assets					
At fair value through OCI	4,463,807	27,941,426	16,142,319	248,201,685	296,749,237
At fair value through profit or loss	-	-	-	19,222,792	19,222,792
Statutory deposit	-	-	-	10,000,000	10,000,000
Other receivables	29,507,214	-	-	-	29,507,214
Bank balance and cash - non interest bearing	28,248,409	-	-	-	28,248,409
Bank balance and cash - interest bearing	19,891,000	-	-	-	19,891,000
	82,110,430	27,941,426	16,142,319	277,424,477	403,618,652
Financial liabilities					
Other payables	17,078,456	-	-	-	17,078,456

21 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

	Less than 1 year AED	1-5 years AED	5+ years AED	Total AED
31 December 2023				
Reinsurance contract assets	**(3,268,957)**	**109,313,097**	**11,759**	**106,055,899**
Insurance contract liabilities	**213,831,824**	**113,334,187**	**183,584**	**327,349,595**
31 December 2022 *(restated)*				
Reinsurance contract assets	41,142,067	33,157,532	-	74,299,599
Insurance contract liabilities	191,889,077	51,599,779	787,636	244,276,492

22 Capital risk management

The Company's objective when managing capital risks are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007. The Company manages its capital on a basis of its minimum regulatory capital position presented in the table below:
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company is subject to the Regulations which has been complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table on the below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

22 Capital risk management (continued)

	31 December 2023 AED '000'	31 December 2022 AED '000'
Minimum Capital Requirement (MCR)	**100,000**	100,000
Basic Solvency Capital Required (BSCR)		
Underwriting Risk - Property and Liability Insurance	**28,458**	20,174
Underwriting Risk - Life Insurance	**525**	548
Underwriting Risk - Health Insurance	**2,380**	2,698
Investment Risk	**100,387**	97,852
Credit Risk	**18,905**	17,622
Basic Solvency Capital Required (BSCR)	**113,629**	108,194
Operational Risk	**14,163**	12,200
Solvency Capital Requirement (SCR)	**127,792**	120,394
Minimum Guarantee Fund (MGF)	**59,891**	51,952
Basic Own Funds	**191,230**	165,225
MCR Solvency Margin - Surplus	**91,230**	65,225
SCR Solvency Margin - Surplus	**63,438**	44,831
MGF Solvency Margin - Surplus	**131,339**	113,273
Solvency Ratio (Basic Own Funds/ MGF)	**319%**	318%
Solvency Ratio (Basic Own Funds/ MCR)	**191%**	165%
Solvency Ratio (Basic Own Funds/ SCR)	**150%**	137%

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2022: AED 100 million) against which the paid up capital of the Company is AED 133.1 million (31 December 2022: AED 133.1 million).

The Company and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no changes in the Company's management of capital during the year.

23 Segment information

The Company is organised into two segments: Life and Medical as one segment and Motor and General as the other segment.

These segments are the basis on which the Company reports its primary segment information to the Chief Executive Officer. Insurance revenue represent the total income arising from insurance contracts. The Company does not conduct any business outside the UAE. There are no transactions between the business segments.

The analysis on the below shows Company's statement of profit or loss classified by major segments:

For the year ended 31 December 2023	Life and medical AED	Motor and general AED	Total AED
Insurance revenue	60,154,637	222,028,952	282,183,589
Insurance service expenses	(64,689,982)	(197,071,242)	(261,761,224)
Insurance service result before reinsurance contracts held	(4,535,345)	24,957,710	20,422,365
Allocation of reinsurance premiums	(23,509,245)	(47,561,625)	(71,070,870)
Amounts recoverable from reinsurance for incurred claims	28,083,965	14,767,126	42,851,091
Net expenses from reinsurance contracts held	4,574,720	(32,794,499)	(28,219,779)
Net reinsurance finance (expense)/income for reinsurance contracts held	(1,338,704)	931,819	(406,885)
Insurance service result	(1,299,329)	(6,904,970)	(8,204,299)
Income from investment	-	14,106,872	14,106,872
Other operating expenses	-	(13,881,807)	(13,881,807)
Loss for the period	(1,299,329)	(6,679,905)	(7,979,234)

23 Segment information (continued)

For the year ended 31 December 2022 (Restated)	Life and medical AED	Motor and general AED	Total AED
Insurance revenue	78,803,916	153,050,579	231,854,495
Insurance service expenses	(58,847,688)	(208,215,120)	(267,062,808)
Insurance service result before reinsurance contracts held	19,956,228	(55,164,541)	(35,208,313)
Allocation of reinsurance premiums	(35,101,028)	(35,079,300)	(70,180,328)
Amounts recoverable from reinsurance for incurred claims	25,687,024	63,186,683	88,873,707
Net expenses from reinsurance contracts held	(9,414,004)	28,107,383	18,693,379
Net reinsurance finance (expense)/income for reinsurance contracts held	(103,790)	313,632	209,842
Insurance service result	10,438,434	(26,743,526)	(16,305,092)
Income from investment	-	11,198,312	11,198,312
Other operating expenses	-	(15,806,402)	(15,806,402)
Profit/ (loss) for the period	10,438,434	(31,351,616)	(20,913,182)

The following is an analysis of the Company's assets, liabilities and equity classified by segment:

As at 31 December 2023	**Life and medical AED**	**Motor and general AED**	**Total AED**
Total assets	**37,510,470**	**633,321,954**	**670,832,424**
Total equity	**(1,208,538)**	**302,775,422**	**301,566,884**
Total liabilities	**38,719,008**	**330,546,532**	**369,265,540**
As at 31 December 2022 (Restated)			
Total assets	28,430,606	556,986,658	585,417,264
Total equity	1,403,209	290,521,068	291,924,277
Total liabilities	27,027,397	266,465,590	293,492,987

23 Segment information (continued)

Gross premium

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

31 December 2023	Life and Medical AED	General AED	Motor AED	All types of Business Combined AED
Direct Written Premiums	**68,325,983**	**94,304,206**	**190,739,674**	**353,369,863**
Assumed Business				
Local	**1,271,632**	**492,222**	**-**	**1,763,854**
Total Assumed Business	**1,271,632**	**492,222**	**-**	**1,763,854**
Gross Written Premiums	**69,597,615**	**94,796,428**	**190,739,674**	**355,133,717**
31 December 2022				
Direct Written Premiums	52,329,205	79,736,701	128,730,835	260,796,741
Assumed Business				
Local	938,002	234,781	-	1,172,783
Total Assumed Business	938,002	234,781	-	1,172,783
Gross Written Premiums	53,267,207	79,971,482	128,730,835	261,969,524

24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The table on the next page provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

24 Fair value measurement (continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 31 December 2023 AED	31 December 2022 AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	**133,184,511**	151,155,344	Level 1	Quoted bid prices in an active market.	None.	NA
Mutual funds	**94,434,301**	90,637,338	Level 3	Net assets value	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity investments – FVTOCI	**51,193,364**	49,984,001	Level 3	Adjusted net assets value	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted equity investments – FVTPL	**52,816,596**	19,222,792	Level 1	Quoted bid prices in an active market.	None.	NA
Quoted Debt Securities – FVTOCI	**2,091,870**	4,972,554	Level 1	Quoted bid prices in an active market.	None.	NA

25 Corporate tax

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

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

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

26 Subsequent events

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