Al Wathba National Insurance Company PJSC

Consolidated financial statements

31 December 2024

Principal business address:
Al Wathba National Insurance Company PJSC
P.O. Box: 45154
Abu Dhabi
UAE

Al Wathba National Insurance Company PJSC

Consolidated financial statements

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Board of Directors Report
For the Financial Year Ended 31/12/2024

The Board of Directors of Al Wathba National Insurance Company is pleased to present the Annual Report for the fiscal year 2024, encompassing an overview of the company's business operations and activities. This report is accompanied by the audited financial statements for the financial year ended on December 31, 2024, providing stakeholders with comprehensive insights into our performance, achievements, and strategic initiatives undertaken during the reporting period.

During 2024, the global economy experienced fluctuations driven by sustained high interest rates, contributing to volatility across global and regional financial markets. These conditions introduced uncertainty across various sectors, impacting investment and business sentiment worldwide.

In contrast to the global trends, the local economy of the United Arab Emirates demonstrated resilience and a notable resurgence in growth rates. This positive trajectory was underpinned by strategic initiatives and policies, fostering stability and confidence within the UAE financial markets.

Despite the challenging market environment, Al Wathba National Insurance Company (AWNIC) achieved a significant milestone in expanding its insurance portfolio. The Gross Written Premium (GWP) surged to AED 530 million in 2024, reflecting a 95% growth over AED 272 million in FY 2023. This remarkable achievement marks the highest GWP since the company's inception, underscoring the successful execution of AWNIC's five-year strategic growth plan approved by the Board.

For the fiscal year 2024, Al Wathba National Insurance Company (AWNIC) recorded an insurance revenue of AED 376 million dirhams. However, the company reported a net insurance service result of AED (24) million dirhams, indicating a loss in this segment. This was mainly attributed to the losses inflicted due to the natural catastrophe events that struck UAE in February and April 2024. While prudent reinsurance arrangements covered a significant portion of these losses, these events remained the main contributors to the negative insurance result.

Despite these challenges, AWNIC demonstrated resilience and adaptability, delivering a commendable overall financial performance. The company achieved a net profit before tax of AED 39 million, reflecting its ability to leverage diversified revenue streams and maintain financial stability amidst evolving market conditions.

The local insurance market witnessed positive correction in the rates, deductibles and policy conditions post the flooding events amidst a hardening reinsurance market. The prices on the motor segment and property and casualty segment exhibited at least 30-40% improvement as compared to the pre-flood period. These corrections are anticipated to positively impact AWNIC's insurance business, paving the way for enhanced profitability in the forthcoming period.

Sustainability Overview

Our company is committed to reducing its environmental footprint and effectively managing environmental risks. We integrate environmental considerations into every aspect of our operations and decision-making processes.

Environmental stewardship:

Al Wathba national insurance is cognizant of the profound threat posed by climate change and, as such, is committed to minimizing its environmental footprint to the greatest extent possible. Our strategic focus emphasizes the prudent utilization of energy and water resources, the implementation of waste recycling programs, the promotion of environmentally friendly products, and the advancement of ecological sustainability across our entire value chain. In alignment with the outcomes of COP28, we remain steadfast in our dedication to enhancing our climate action initiatives, striving to achieve even more ambitious targets in environmental stewardship.

Carbon footprint reduction strategy
Acknowledging the inherent risks associated with insurance business operations and their potential implications for society and the environment, we are steadfast in our commitment to integrating ESG (Environmental, Social, and Governance) factors into our strategic framework. By embedding sustainable insurance principles into our core activities, we strive to achieve our long-term strategic objectives. This entails evolving into a sustainable insurer characterized by profitable growth, while concurrently fostering a positive impact on society and the environment.

Sustainable Insurance
As a responsible organization, we are actively integrating sustainable and green products into our insurance portfolio, a key strategy in our mission to achieve net zero emissions by 2050. We are committed to incorporating ESG principles across both our corporate and personal insurance offerings, ensuring that every stage of the insurance value chain—from product development and design to underwriting—accounts for these factors. Our sustainable product initiatives are organized into three categories: a) Motor insurance for EV cars b) Technical insurance for green & sustainable properties. c) Insurance for Sustainable customers.

The green insurance premium has witnessed substantial growth, increasing from AED 3.06 million in 2023 to AED 8 million in 2024—marking a remarkable 161% year-on-year growth. This significant rise underscores our commitment to expanding sustainable insurance solutions and accelerating the adoption of green and hybrid vehicle coverage.
Additionally, the proportion of green premiums for EV and hybrid vehicles to total premium surged from 0.4% in 2023 to 2.2% in 2024, reflecting our ongoing efforts to integrate sustainability into our core business operations.

Social Indicators
At AWNIC, we recognize the social and economic benefits of fostering a diverse and inclusive workforce. Our commitment to increasing the representation of women and UAE nationals remains a key focus. Between December 31, 2023, and December 31, 2024, we achieved notable growth in the number of women in leadership and supervisory roles, reflecting our ongoing dedication to gender diversity in leadership.

Gender diversity remains an important aspect of our workforce composition, with women representing 31% of the total workforce.

Employee satisfaction remains a priority, and our latest Employee Satisfaction Survey (ESAT) for FY 2024 indicates that 77.62% of employees reported being either extremely or very satisfied with their experience at AWNIC. These results reflect our continuous efforts to create a supportive and engaging workplace where employees can thrive.

Our commitment to diversity, inclusion, and employee well-being continues to drive our human capital strategy, ensuring that AWNIC remains a desirable and progressive employer in the industry.

The Board of Directors also would like to extend its highest thanks and gratitude to His Highness Sheikh Mohamed bin Zayed Al Nahyan- President of the United Arab Emirates and Ruler of Abu Dhabi - and His Highness Sheikh Mohammed bin Rashid Al Maktoum - Vice President & Prime Minister of the United Arab Emirates , Ruler of Dubai and to the Crown Prince of Abu Dhabi, His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, and to all the rulers of the Emirates for their patronage and support for the prosperity of this country and all its economic institutions, including the Al Wathba National Insurance Company.

Lastly, we express our profound appreciation to all the employees of Al Wathba National Insurance Company. Your dedication, hard work, and unwavering commitment have been the cornerstone of our success. It is through your collective efforts and contributions that we have achieved significant milestones and overcome challenges. As we look towards the future, we remain confident in our collective ability to navigate complexities and seize opportunities, guided by our shared vision and values.

On behalf of the Board of Directors, we extend our best wishes for continued success and prosperity to all stakeholders, and we reaffirm our commitment to upholding the highest standards of integrity, transparency, and excellence in all our endeavors.

Sheikh Saif Bin Mohammed Bin Butti Al Hamed
Chairman

KPMG

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Al Wathba National Insurance Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Wathba National Insurance Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Measurement of Insurance contract Liabilities	
See note 2(e), 3 and 24 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Measurement of gross insurance contract liabilities is a key audit matter due to the financial significance to the consolidated financial statements, and the inherent complexity involved within the estimation process. The gross insurance contract liabilities comprise premium provisions (liability for remaining coverage – LRC) and claims provisions (liability for incurred claims – LIC). The Group has applied the Premium Allocation Approach ("PAA") for all groups of insurance contracts. The measurement process involves a number of actuarial estimation techniques. These techniques are reliant on historical data and a number of assumptions which are subjective in nature. Further, significant judgement is required in determining the appropriate measurement approach for distinct portfolios. Changes to estimation techniques and assumptions can lead to a material impact on the measurement of insurance contract liabilities and a corresponding effect on the consolidated statement of profit or loss. Insurance contract liabilities measured using the PAA remain susceptible to a risk that an inappropriate amount of LIC is estimated due the following elements: • Methods to determine ultimate expected claims are inappropriately determined. • Assumptions used in estimating ultimate expected claims are inappropriately developed. • The methods, assumptions and data are inappropriately applied.	Our audit procedures, supported by our actuarial and accounting specialists, included: • Performing walkthroughs to understand and assess the design effectiveness and implementation of the controls over the underwriting and premiums, claims and benefits and reserving (estimation of LIC and LRC) processes. • Testing operating effectiveness of key controls over underwriting and premiums, claims and benefits and reserving process, including IT general and application controls. • Holding discussions with finance and actuarial staff and management's actuarial specialists to obtain an understanding of the following: - LIC and LRC estimation methodology; - Key assumptions used and changes thereof; and - Assessing the appropriateness of management's assessment to determine the classification of groups of insurance contracts; and the selection of the appropriate measurement approaches. • Evaluating methods and assumptions to determine the appropriateness of ultimate expected claims including ultimate claim ratios, frequency and severity of claims, and claims payment patterns. This included evaluating management's methodology against market practice. • Performing an independent calculation of LIC for a sample of insurance contract groups to challenge management's assumptions used within the LIC calculation. • Checking the mathematical accuracy of the methods, assumptions and data to measure the insurance contract liabilities. • With the support actuarial specialists, evaluating management's method for determining expected premium receipts, including the methodology for allocation of expected premium receipts to the relevant accounting period. • Assessing the competence, qualification, independence and integrity of the Group's external actuarial experts.

Key Audit Matters (continued)

Measurement of Insurance contract Liabilities

See note 2(e), 3 and 24 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The measurement of these liabilities depends on complete and accurate data. If the data used in calculating the above insurance contract liabilities is not complete and accurate, then material impacts on consolidated financial statements may arise. Specific audit and actuarial expertise is required to evaluate complex actuarial methodologies and assumptions.	• Testing on a samle basis, the completeness, accuracy and relevance of data used to determine LIC and LRC balances by reconciling to underlying accounting records. • Assessing the completeness and accuracy of disclosures within the consolidated financial statements in respect of LIC and LRC considering the disclosure requirements of IFRS 17.

Other Matter

We draw attention to the fact that the supplementary information included in Note 34 does not form part of the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Supplementary Information disclosed in Note 34 and the Annual Report (including the Board of Directors' report), but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Supplementary information and the Board of Directors' report prior to the date of this auditors' report, and we expect to obtain the remaining sections of the Annual Report after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' 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 Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2024:

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

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

iii) the Group has maintained proper books of account;

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

v) as disclosed in note 6 and 7 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2024;

vi) note 20 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

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

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

Further, as required by the UAE Federal Decree Law No. 48 of 2023, we report that we have obtained all the information and explanations we considered necessary for the purposes of our audit.

KPMG Lower Gulf Limited

Maher AlKatout
Registration No.: 5453
Abu Dhabi, United Arab Emirates

Date: 27 MAR 2025

Al Wathba National Insurance Company PJSC

Consolidated statement of financial position

as at

	Note	31 December 2024	31 December 2023
		AED'000	AED'000
Assets			
Property and equipment	*13*	**2,532**	3,394
Investment in associates	*12*	**142,569**	145,005
Financial assets at amortised cost	*8*	**12,833**	14,098
Financial assets at fair value through other comprehensive income	*6*	**186,548**	362,182
Financial assets at fair value through profit or loss	*7*	**633,269**	548,941
Investment properties	*11*	**457,857**	380,911
Investment property under development	*10*	**125,358**	40,278
Statutory deposits	*5*	**6000**	6,000
Reinsurance contract assets	*24.2*	**264,246**	135,885
Prepayments and other receivables	*9*	**7,603**	5,679
Term deposits	*5*	**3,902**	59,343
Cash and cash equivalents	*5*	**78,161**	58,234
Total assets		**1,920,878**	1,759,950
Equity and liabilities			
Equity			
Share capital	*16*	**207,000**	207,000
Legal reserve	*14*	**103,500**	103,500
Statutory reserve	*14*	**51,750**	51,750
General reserve	*14*	**88,753**	88,753
Capital reserve	*14*	**9,474**	9,474
Reinsurance risk reserve	*15*	**3,237**	1,991
Fair value reserve	*14*	**14,495**	101,887
Retained earnings		**719.269**	705,962
Total equity		**1,197,478**	1,270,317
Liabilities			
Borrowings	*17*	**105,695**	88,541
Employees' end of service benefits	*18*	**6,138**	5,471
Insurance contract liabilities	*24.1*	**540,357**	320,631
Reinsurance contract liabilities	*24.2*	**18,003**	35,442
Deferred tax liabilities	*30*	**2,687**	-
Accrued expenses and other payables	*19*	**50.520**	39,548
Total liabilities		**723,400**	489,633
Total equity and liabilities		**1,920,878**	**1,759,950**

Chairman of the Board of Directors

Chief Financial Officer

The notes set out on pages 14 to 66 form an integral part of these consolidated financial statements.

The independent auditors' report on audit of the consolidated financial statements is set out on pages 4 to 8.

Al Wathba National Insurance Company PJSC

Consolidated statement of profit or loss

for the year ended 31 December

	Note	**2024** AED'000	2023 AED'000
Insurance revenue	*24.1*	**376,325**	284,649
Insurance service expenses	*24.1*	**(515,294)**	(258,468)
Amounts recoverable from reinsurers for incurred claims	*24.2*	**253,288**	49,582
Allocation of reinsurance premiums	*24.2*	**(138,431)**	(108,907)
Insurance service result		**(24,112)**	(33,144)
Income from Investment, *net**	*21*	**92,776**	221,550
Income from investment properties (rental income), *net*		**5,155**	5,528
Share of profit of equity-accounted investees	*12*	**6,112**	1,991
Impairment loss of equity-accounted investees		**(8,000)**	-
Net investment income		**96,043**	229,069
Finance expenses from insurance contracts issued		**(9,008)**	(1,627)
Finance income from reinsurance contracts held		**4,981**	2,475
Net insurance finance (expenses) / income		**(4,027)**	848
Net insurance and investment result		**67,904**	196,773
Other income		**993**	158
Other operating expenses	*22*	**(21,568)**	(10,163)
Other finance costs		**(8,147)**	(9,679)
Profit for the period before tax		**39,182**	177,089
Income tax expenses	*30*	**(2,383)**	-
Profit for the period after tax		**36,799**	177,089
Earnings per share:			
Basic and diluted earnings per share (AED)	*23*	**0.18**	0.86

The notes set out on pages 14 to 66 form an integral part of these consolidated financial statements.

The independent auditors' report on the audit of the consolidated financial statements is set out on pages 4 to 8.

*Net Investment income includes interest income amounting to AED 2.23 million (2023: AED 1.46 million) calculated based on effective interest rate.

Al Wathba National Insurance Company PJSC

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December

		2024 AED'000	2023 AED'000
Profit for the period after tax		**36,799**	177,089
Other comprehensive (loss)/income			
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods			
Share of other comprehensive (loss)/ income of associates		**(317)**	1318
(Loss) / gain on sale of financial assets at fair value through other comprehensive income, *net*		**(21,693)**	28,224
Change in fair value of financial assets at fair value through other comprehensive income, *net*		**(35,574)**	129,087
Related income tax	*30*	**(304)**	-
Other comprehensive (loss) / income for the year		**(57,888)**	158,629
Total comprehensive (loss) / profit for the year		**(21,089)**	335,718

The notes set out on pages 14 to 66 form an integral part of these consolidated financial statements.

The independent auditors' report on the audit of the consolidated financial statement is set out on pages 4 to 8.

Al Wathba National Insurance Company PJSC

Consolidated statement of changes in shareholders' equity

for the year ended 31 December

	Share capital AED'000	Legal reserve AED'000	Statutory reserve AED'000	General reserve AED'000	Capital reserve AED'000	Reinsurance risk reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2023	207,000	103,500	51,750	88,753	9,474	1,256	(17,577)	531,843	975,999
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	-	177,089	177,089
Other comprehensive income for the period	-	-	-	-	-	-	158,629	-	158,629
Total comprehensive income for the period	-	-	-	-	-	-	158,629	177,089	335,718
Transfer to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(39,165)	39,165	-
Dividend paid	-	-	-	-	-	-	-	(41,400)	(41,400)
Transfer from retained earnings to reinsurance risk reserve	-	-	-	-	-	735	-	(735)	-
Balance at 31 December 2023	207,000	103,500	51,750	88,753	9,474	1,991	101,887	705,962	1,270,317
Balance at 1 January 2024	**207,000**	**103,500**	**51,750**	**88,753**	**9,474**	**1,991**	**101,887**	**705,962**	**1,270,317**
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	-	**36,799**	**36,799**
Other comprehensive loss for the period	-	-	-	-	-	-	**(57,888)**	-	**(57,888)**
Total comprehensive income for the period	-	-	-	-	-	-	**(57,888)**	**36,799**	**(21,089)**
Transfer to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	**(29,504)**	**29,504**	-
Dividend paid	-	-	-	-	-	-	-	**(51,750)**	**(51,750)**
Transfer from retained earnings to reinsurance risk reserve	-	-	-	-	-	1,246	-	**(1,246)**	-
Balance at 31 December 2024	**207,000**	**103,500**	**51,750**	**88,753**	**9,474**	**3,237**	**14,495**	**719,269**	**1,197,478**

The notes set out on pages 14 to 66 form an integral part of these consolidated financial statements.

Al Wathba National Insurance Company PJSC

Consolidated statement of cash flows

for the year ended 31 December

	Note	2024 AED'000	2023 AED'000
Cash flow from operating activities			
Profit for the year before tax		**39,182**	177,089
Adjustments for:			
Changes in fair value of financial assets at fair value through profit or loss, *net*	7	**28,456**	(146,548)
Gain on disposal of financial assets at fair value through profit or loss, *net*	7	**(13,726)**	(32,177)
Gain on disposal of property and equipment		**(85)**	(24)
Provision for employees' end of service benefits	18	**774**	945
Depreciation of property and equipment	13	**1,565**	1,779
Share of profit of associates		**(6,112)**	(1,991)
Impairment loss on investment in associates		**8,000**	-
Allowance of impairment of investment at amortised cost		**1,265**	-
Changes in fair value of investment properties	11	**(76,946)**	(58,740)
Finance costs		**8,147**	9,679
Dividend income		**(33,584)**	(30,299)
Interest income	21	**(2,229)**	(1,464)
Net cash used in operations before change in operating assets and liabilities		**(45,293)**	(81,751)
Changes in:			
Insurance and reinsurance contract assets		**(128,361)**	23,734
Insurance and reinsurance contract liabilities		**202,287**	4,429
Prepayments and other receivables		**(1,691)**	4,843
Accrued expenses and other payables		**10,972**	10,527
Cash generated from / (used in) operations		**37,914**	(38,218)
Employees' end of service benefits paid	18	**(107)**	(1,169)
Net cash generated from / (used in) operating activities		**37,807**	(39,387)
Cash flow from investing activities			
Purchase of property and equipment		**(765)**	(1,600)
Additions to investment properties and investment properties under development		**(85,080)**	(46,623)
Purchase of financial assets at fair value through profit or loss	7	**(212,405)**	(84,623)
Purchase of financial assets at fair value through other comprehensive income	6	**(1,818)**	(4,404)
Proceeds from sale of property and equipment		**147**	24
Proceeds from disposal of financial assets at fair value through other comprehensive income		**120,185**	228,032
Proceeds from disposal of financial assets at fair value through profit or loss		**113,347**	103,991
Proceeds from disposal of asset held for sale		**-**	19,934
(Placement) of term deposits		**-**	(25,562)
Withdrawal of term deposits		**29,811**	2,000
Interest received		**1,996**	848
Dividends received from associates		**231**	503
Dividends received from other investments		**33,584**	30,299
Net cash (used in) / generated from investing activities		**(767)**	222,819
Cash flow from financing activities			
Finance cost paid		**(8,147)**	(9,679)
Repayment of borrowings		**(167,846)**	(132,788)
Term loan received		**185,000**	12,386
Dividend paid		**(51,750)**	(41,400)
Unclaimed dividend paid		**-**	(6,229)
Restricted cash movement		**-**	6,494
Net cash used in financing activities		**(42,743)**	(171,216)
Net (decrease) / increase in cash and cash equivalents		**(5,703)**	12,216
Cash and cash equivalents at 1 January		**83,864**	71,648
Cash and cash equivalents at 31 December		**78,161**	83,864

The notes set out on pages 14 to 66 form an integral part of these consolidated financial statements.
The independent auditors' report on the audit of the consolidated financial statements is set out on pages 4 to 8

1 Legal status and principal activities

Al Wathba National Insurance Company PJSC (the "Company"), incorporated in Abu Dhabi is registered as a public shareholding Company in accordance with the UAE Federal Law No. (8) of 1984 (as amended) and is governed by the provisions of Federal Decree Law No. (48) of 2023 concerning the Establishment of the Central Bank of UAE and Organisation of the Insurance Operations and its amendments, Federal Decree Law No. 32 of 2021 concerning the Commercial Companies, Central Bank of UAE Board of Directors' Decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies and Central Bank of UAE Board of Directors' Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations.

The Company's principal activity is the writing of general insurance business of all classes. The Company operates through its registered head office in Abu Dhabi and branch offices in Dubai, Al Ain, and Sharjah. The Company is domiciled in the United Arab Emirates, P.O. Box 45154, Abu Dhabi, United Arab Emirates. The Company's shares are listed on Abu Dhabi Securities Exchange (ADX).

2 Basis of preparation

(a) *Basis of consolidation*

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

Subsidiary	Principal activity	Country of incorporation	Ownership
AWNIC Investment Limited	Investment Management	Cayman Islands	100%
Al Wathba Real Estate Development LLC*	Real Estate	United Arab Emirates	100%

* During the year of 2022 the Group has formed a Limited Liability Company as its subsidiary named as "Al Wathba Real Estate Development L.L.C.", registered on 28 October 2022 in accordance with the provisions of the Federal Decree Law No. 32 of 2021 concerning the Commercial Companies with its registered office established in Dubai. Al Wathba Real Estate Development L.L.C. was not operational as at and for the year ended 31st December 2024.

(b) *Statement of compliance*

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

(c) *Basis of measurement*

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

- Investment properties, investment property under development, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values.
- Groups of insurance and reinsurance contracts, which are measured under the premium allocation approach. The details of the Group's material accounting policies and measurement approach are included in note 3 of the consolidated financial statements.

(d) *Functional and reporting currency*

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

2 Basis of preparation *(continued)*

(e) *Use of judgements and estimates*

While applying the accounting policies as stated in note 3, management has made certain 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.

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

With the introduction of IFRS 17, insurance and reinsurance contracts require several estimates and judgements to be made for recognition and measurement which are described in note 3.

(i) Other Estimates

The other significant judgments and estimates made by management that have the most significant effects on the amounts recognised in the consolidated financial statements are set out below.

Measurement of the expected credit losses

When measuring Expected Credit Losses ("ECL") on financial assets, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

(ii) Other Judgements

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

Classification and fair value of investments

Management designates at the time of acquisition of securities whether these should be classified as at Fair Value through Other Comprehensive Income ("FVOCI"), Fair Value through Profit or Loss ("FVTPL) or amortised cost. While making the judgments of whether investments in securities are as at FVOCI, FVTPL or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 "Financial Instruments". Management is satisfied that its investments in securities are appropriately classified.

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

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

For equity investments carried at fair value, management decides whether it should be classified as financial assets carried at FVOCI or FVTPL.

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

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

2 Basis of preparation *(continued)*

(e) Use of judgements and estimates (continued)

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

3 Material Accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

Leases

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

(a) As a lessee

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

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

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Group has applied a judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized

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

3 Material Accounting policies *(continued)*

Leases *(continued)*

Short-term leases and leases of low-value assets

(a) As a lessor

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

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

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

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

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

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'income from investment properties'.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Depreciation is calculated so as to write off the cost of property and equipment less their estimated residual values, on a straight-line basis over their expected useful economic lives. The useful lives used for this purpose are:

Buildings	20
Furniture, fixtures and office equipment	2-4
Motor vehicles	4
Computer equipment and accessories	4

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

3 Material Accounting policies *(continued)*

Property and equipment *(continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work in progress.

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 the Group's policy.

Investment properties

Investment properties which are properties held to earn rentals and / or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in operating income in the consolidated statement of profit or loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Company holds investment properties which are disclosed in note 10 &11.

Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3 Material Accounting policies *(continued)*

Defined benefit plan.

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

Defined contribution plan.

The Group pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with the Federal Law No. (57) of 2023 for Pension and Social Security. The Group also has a separate pension scheme for the expatriate employees.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification of financial assets

The Group classifies its financial assets under the following categories: financial assets at amortised cost, FVTPL and FVOCI.

Financial assets at amortised cost

Cash and cash equivalents

Cash and cash equivalents which include cash on hand and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

Debt instruments

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs except if they are designated as at FVTPL. They are subsequently measured at amortised cost using the effective interest method less any impairment.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria is no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3 Material Accounting policies *(continued)*

Financial assets *(continued)*

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Financial assets at FVTPL

Debt instruments that do not meet the amortised cost criteria or that meet the criteria, but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVOCI at initial recognition as described in the note below.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising being recognised in consolidated statement of profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments' revaluation reserve is not reclassified to the consolidated statement of profit or loss but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive the dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised and included in 'net investment income' in the consolidated statement of profit or loss.

Impairment of financial assets at amortised cost

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, insurance balances receivable and bank balances including term deposits. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECL for bank balances, term deposits and debt instruments at amortised cost are determined using the low credit risk expedient, and therefore recognised a 12-month ECL, as they are held with reputable financial institutions. The Group considers a financial asset to have a low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

3 Material Accounting policies *(continued)*

Financial assets *(continued)*

The Group always recognises lifetime ECL for insurance balances receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of insurance balances receivable, when the amounts are long past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

Measurement and recognition of expected credit losses:

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. There is no discounting effect on the insurance balances receivable as these are interest free and has a lifetime of less than one year.

Derecognition of financial assets

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

Dividend distribution

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

3 Material Accounting policies *(continued)*

Financial assets *(continued)*

Dividend income

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

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Foreign currencies

For the purpose of these consolidated financial statements, UAE Dirhams (AED) is the functional and the presentation currency of the Group. Transactions in currencies other than AED (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 the consolidated statement of profit or loss in the period in which they arise.

IFRS 17 Insurance Contracts

IFRS 17, 'Insurance Contracts' is applicable for annual reporting periods commencing on 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the consolidated financial statements to assess the impact of these contracts on the consolidated financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

Insurance and reinsurance contracts

Definition and classification

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

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

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

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

3 Material Accounting policies *(continued)*

Insurance and reinsurance contracts *(continued)*

Classification and measurement

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

For presentation in the consolidated statement of financial position, the line items for insurance and reinsurance contracts issued and reinsurance contracts will change significantly compared with the current format of the consolidated financial statements. Balance sheet items related to insurance and reinsurance contracts were previously split into the following line items:

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

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

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

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

Measurement approach

The Group applies the premium allocation approach (PAA) to simplify the measurement of contracts for all groups. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group 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.

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

As the PAA is an optional simplified approach for the measurement of the LRC, an entity may choose to use the PAA when the measurement is not materially different from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less.

3 Material Accounting policies *(continued)*

Insurance and reinsurance contracts *(continued)*

Insurance revenue and insurance service expenses are recognised in the income statement based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise.

Onerous Contract – loss component

The Group assumes that no contract in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group assesses whether contacts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group shall calculate the difference between:

- The carrying amount of the liability for remaining coverage; and
- The fulfillment cash flow that is related to the remaining coverage of the group

A contract measured using the PAA is onerous if the fulfillment cash flow exceeds the PAA liability for remaining coverage. The Group will therefore use a combined ratio as a proxy for fulfillment cash flows, determined on the following basis (to ensure consistency with fulfillment cash flows):

- Based on expected claims and expenses rather than incurred amounts
- Includes the impact of the time value of money at locked-in rates
- Includes an allowance for risk adjustment
- Includes an allowance for directly attributable expenses (Which includes a portion of overheads) as required by IFRS 17
- Calculate at the most granular segmentation for which such assessments are available, which is currently at the group of contract level

The key indicator AWNIC will use for the purpose of this assessment is the forward-looking combined ratio derived as per the above points. Should this ratio exceed 100% for a given segment, this group shall be classified as onerous.

Insurance revenue and insurance service expenses

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognise insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For insurance contracts measured under the PAA, expected premium receipts are allocated to insurance revenue based on the passage of time over the coverage period of a group of contracts with the exception of Engineering (all risk) and Construction (all risk) contracts where revenue is recognised using an increasing risk pattern and Marine Cargo where it is assumed that 25% of premium is unearned at the valuation date. IFRS 17 requires losses to be recognised immediately on contracts that are expected to be onerous.

Insurance service expenses include incurred claims and benefits, other incurred directly attributable expenses, insurance acquisition cash flows amortisation, changes that relate to past service i.e., changes in the fulfilment cash flows ("FCF") relating to the liability for incurred claims ("LIC"), changes that relate to future service (i.e., changes in the FCF that result in onerous contract losses or reversals of those losses) and insurance acquisition cash flows assets impairment.

3 Material Accounting policies *(continued)*

Insurance and reinsurance contracts *(continued)*

Accounting policy choices

The following table sets out the accounting policy choices that the Group adopted:

Particulars	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortising them over the contract's coverage period.	The Group amortised the insurance acquisition cash flows for all contracts. The Group allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Group has not accounted for an allowance for time value of money on the LRC for groups of contracts, since the contracts do not contain a significant financing component.
Liability for Incurred Claims ("LIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Group has decided to adjust LIC cash flows for the time value of money, as claims are not expected to be paid within 12 months from the date of loss.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in other comprehensive income (OCI). The accounting policy choice (the profit or loss or OCI option) is applied on a portfolio basis.	The Group has included changes in discount rates and other financial changes in profit or loss.
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and has included the entire change within the insurance service result.
Presentation of income / (expense) from reinsurance contracts held	IFRS 17 allows options in presenting income or expenses from reinsurance contracts held, other than insurance finance income or expenses on a net basis. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the premiums paid (as reinsurance expenses) in line items separate from insurance revenue and insurance service expenses.	The Group elected to present it separately on a gross basis as amounts recoverable from reinsurers for incurred claims and allocation of reinsurance premiums' in the insurance service result.
Length of cohorts contracts held	Under the guidance of the IFRS 17, entities shall not include contracts issued more than one year apart in the same group in reference to grouping annual / semi-annual / quarterly / monthly cohorts of new business, since it determines a corresponding time limit which enables the option to further divide the groups into smaller groups based on smaller cohorts.	Having smaller cohorts would result in multiple groups and would result in increased measurement requirements, the Group has decided the length of cohort to be on an annual basis.

3 Material Accounting policies *(continued)*

Insurance and reinsurance contracts *(continued)*

The GMM has not been applied by the Group, as the contracts written / held are either auto PAA eligible or have passed the PAA eligibility test carried out by the Group.
A variable fee approach is also not being applied as the Group does not issue any products having Direct participating features (DPF).

Areas of significant judgements

The following are key judgements and estimates which the Group applied as a result of IFRS 17. The Group has elected to determine cumulative results for each interim reporting period, and estimates made by the Group in previous condensed consolidated interim financial statements will not be considered when applying IFRS 17 in subsequent interim periods or in the annual consolidated financial statements.

Best Estimate of Liabilities

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

The Group will make use of the following assumptions to project the cash flows for the non-life business where required:

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

For the measurement of the liability for incurred claims (LIC), the Group will use a blended approach (i.e. the chain-ladder, bornhuetter ferguson and expected loss ratio techniques are used) for calculating the IBNR and IBNER for all direct lines of business. For the measurement of the inwards reinsurance LIC, the Group will use the expected loss ratio method given the small size of this portfolio.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Discount rate

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and to accrete interest on the best estimate liability, risk adjustment and contractual service margin. After estimating the future cash flows arising from the insurance contracts, discounting shall be used to calculate the present value of these cash flows, in order to reflect the time value of money and the financial risks associated with these cash flows. This is done to the extent that the financial risks are not already included in the cash flow estimates.

The discount rates applied to the estimates of the future cash flows in discounting shall:

a) Reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
b) Be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
c) Exclude the effect of factors that influence observable market prices but do not affect the future cash flows of the insurance contracts.

3 Material Accounting policies *(continued)*

Insurance and reinsurance contracts *(continued)*

Areas of significant judgements *(continued)*

Discount rate (continued)

The bottom-up approach was used to derive the discount rate for all contracts within the scope of IFRS 17. Under the bottom-up approach, the discount rate is determined as the risk-free yield. In order to eliminate the need for an explicit assumption regarding illiquidity premium, European Insurance and Occupational Pensions Authority (EIOPA) published risk-free rates were utilized. A country's risk premium was incorporated to adjust the rates and derive UAE-specific risk-free rates.
The yield curves that were used to discount the estimates of future cash flows are as follows:

Financial Year	1 Year	3 Year	5 Year	10 Year	20 Year
31-Dec-24	4.84%	4.72%	4.68%	4.73%	4.76%
31-Dec-23	5.95%	4.91%	4.69%	4.64%	4.65%

Risk Adjustment

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The Group has estimated the risk adjustment using a confidence level approach for liabilities for incurred claims. Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows. The Group adopted the PAA approach after conducting PAA eligibility test. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognised as onerous.

Contract boundaries

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

A substantive obligation to provide services ends when:

a) the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

b) both of the following criteria are satisfied:
   - the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
   - the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time. Judgement might be required to assess the Group's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

Modification and derecognition

An insurance contract may be modified, either by agreement between the parties or as result of regulation. If the terms are modified, an entity must derecognise the original insurance contract and recognise the modified contract as a new contract, if and only if certain conditions as prescribed in IFRS 17 are satisfied.

3 Material Accounting policies *(continued)*

Insurance and reinsurance contracts *(continued)*

Areas of significant judgements *(continued)*

The exercise of a right included in the terms of a contract is not a modification. Any contract modification that changes the accounting model or the applicable standard for measuring the components of the insurance contract, is likely to result in derecognition.

If contract modification meets none of the conditions for derecognition, any changes in cash flows caused by the modification are treated as changes in the estimates of the fulfilment cash flows. For contracts applying the premium allocation approach, any adjustments to premium receipts or insurance acquisition cash flows arising from a modification adjust the liability for remaining coverage and insurance revenue is allocated to the period for services provided (which would also require judgement in determining the period to which the modification applies).

Measurement of expenses

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

Insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

Under IFRS 17, attributable costs refer to costs that are either fully or partially related to insurance operations. These costs are allocated to the group of insurance contracts level, while non-allocable expenses are recognised directly in the profit and loss account.

The allocation of expenses must be made in a systematic and rational manner that reflects the transfer of services provided by the insurer over the coverage period. All general and management expenses incurred by the Group in a particular year will be allocated to groups of contract cohorts for the same year, based on a systematic and rational basis.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

4 New and amended standard and interpretations

New and revised IFRSs and interpretations applied on the financial statements

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

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

New standards or amendments	*Effective date*
Amendments to IAS 1– Non -current liabilities with covenants and classifications of liabilities as current or non-current	1 January 2024
Amendments to IAS 7 and IFRS 7 – Statement of cash flows and IFRS 7 Financial instrument: Disclosure -Supplier finance arrangement.	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback.	1 January 2024

4 New and amended standard and interpretations *(continued)*

New and revised IFRSs and interpretations applied on the financial statements *(continued)*

Forthcoming requirements

A number of new standards are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements

New standards or amendments	***Effective date***
Amendments to IAS 21 – Lack of exchangeability sale or contribution of asset between an investor and its Associates or joint venture	1 January 2025
Amendments to IFRS 9 and IFRS 7 – Disclosure regarding Classification and Measurement of financial instruments	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statement	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosure	1 January 2027
Amendment to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/a*

* Available for optional adoption / effective date deferred indefinitely

5 Cash and cash equivalents

	31 December 2024 AED'000	31 December 2023 AED'000
Bank balances and cash	**73,229**	58,234
Statutory deposit	**6,000**	6,000
Term deposits	**8,895**	59,343
Less: Allowances for expected credit loss	**(61)**	-
Total bank balances, deposits and cash	**88,063**	123,577
Less: deposits with original maturity of three months or more	**(3,902)**	(33,713)
Less: statutory deposits	**(6,000)**	(6,000)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**78,161**	83,864

Geographical concentration of cash and cash equivalents, statutory deposits and deposits with original maturities of three months or more is as follows:

	31 December 2024 AED'000	31 December 2023 AED'000
Within UAE	**88,063**	123,577

Deposits are held with financial institutions in UAE, with an original maturity period of one to twelve months from the date of placement. Interest is receivable at annual rates ranging from 3.75% to 3.95% per annum *(31 December 2023: 3.25% to 6.10% per annum)*.

In accordance with the requirements of UAE Federal Law No. (48) of 2023, the Group maintains a bank deposit of AED 6,000 thousand *(31 December 2023: AED 6,000 thousand)* which cannot be utilised without the consent of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE.

6 Financial assets at fair value through other comprehensive income

	31 December 2024 AED'000	31 December 2023 AED'000
Quoted equity securities	**186,110**	361,474
Unquoted equity securities	**438**	708
	186,548	362,182

The movement in the financial assets at fair value through other comprehensive income (FVOCI) is as follows:

	31 December 2024 AED'000	31 December 2023 AED'000
At beginning of the year	**362,182**	428,499
Additions	**1,818**	4,404
Disposals	**(141,878)**	(199,808)
Change in fair value	**(35,574)**	129,087
Balance at end of the year	**186,548**	362,182

The geographical distribution of financial assets at FVOCI is as follows:

Within UAE	**186,336**	361,971
Outside UAE	**212**	211
	186,548	362,182

7 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of quoted equity investments in local securities. The movement in financial assets at fair value through profit or loss is as follows:

	31 December 2024 AED'000	31 December 2023 AED'000
At beginning of the year	**548,941**	389,584
Additions	**212,405**	84,623
Disposals	**(99,621)**	(71,814)
Change in fair value *(note 20)*	**(28,456)**	146,548
Balance at end of the year	**633,269**	548,941

8 Financial assets at amortised cost

Included in financial assets at amortised cost are two sukuks with a total amount of AED 9,000 thousand which carry profit of six month EIBOR+495 bps or 6.05%, whichever is higher and one bond amounting to AED 5,000 thousand which carries profit of 8.25% *(31 December 2023: two sukuks with a total amount of AED 9,000 thousand which carry profit of six month EIBOR+495 bps or 6.05%, whichever is higher and one bond amounting to AED 5,000 thousand which carries profit of 8.25%)* having an accrued profit of AED 302 thousand for the year ended 31 December 2024 *(31 December 2023: accrued profit of AED 98 thousand)*. The loss allowance provided is AED 1,265 thousand for the year ended 31 December 2024. (31 December 2023: Nil).

9 Prepayments and other receivables

	31 December 2024 AED'000	31 December 2023 AED'000
Prepayments	**3,070**	2,443
Accrued income	**106**	875
Other receivables	**4,427**	2,361
	7,603	5,679

10 Investment property under development

	31 December 2024 AED'000	31 December 2023 AED'000
At 1 January	**40,278**	7,719
Impairment	**-**	-
Additions during the year	**85,080**	32,559
At 31 December	**125,358**	40,278

The investment property under construction represents building located in Barsha Heights, Dubai. The property, including the land, has been independently valued by an external RICS-certified appraiser at AED 283,900 thousand.

The construction cost incurred to date is separately disclosed in this note. The related fair value of the land is presented in Note 11(d).

11 Investment properties

	Land AED'000	**Buildings AED'000**	**Total AED'000**
31 December 2024			
At 1 January 2024	**81,352**	**299,559**	**380,911**
Additions	**-**	**-**	**-**
Changes in fair value	**77,190***	**(244)**	**76,946**
	158,542	**299,315**	**457,857**
31 December 2023			
At 1 January 2023	70,538	237,569	308,107
Additions	-	14,064	14,064
Changes in fair value	10,814	47,926	58,740
	81,352	299,559	380,911

11 Investment properties *(continued)*

* This represents the change in fair value of the land on which construction is in progress, which is disclosed in note 10.

Investment properties include:

a) Abu Dhabi Head Office building

This property is located in Abu Dhabi and part of the building is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 137,765 thousand (31 December 2023: AED 140,930 thousand).

b) Al Jumeirah Island commercial villas

This property consists of five villas in Dubai available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 78,100 thousand (31 December 2023: AED 72,360 thousand).

c) Al Nakheel flat

This property is located at Al Nakheel building, The Greens Dubai, and is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 2,100 thousand (31 December 2023: AED 1,365 thousand).

d) Land in Barsha Heights, Dubai

The freehold land in Dubai was purchased in 2004. The fair value of this plot of land in Dubai is estimated by an external RICS certified appraiser at AED 158,452 thousand (31 December 2023: AED 81,352 thousand).

e) New York residential condominium units

Three condominium units, being unit numbers 11D, 14A and 14B located in New York, United States of America. The fair value of these properties are estimated by an external RICS certified appraiser at AED 45,888 thousand (31 December 2023: AED 49,671 thousand).

f) Marina Sunset Bay Villa

The Group has acquired a Villa Located in Marina Sunset Bay in Abu Dhabi which is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 16,500 thousand (31 December 2023: AED 17,893 thousand).

g) Two tower flats, Dubai

The Group has acquired 12 residential apartments situated within Tecom Two Towers, Barsha Heights (Tecom), Dubai during 2023 which is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 18,962 thousand (31 December 2023: AED 17,200).

12 Investment in associates

Details of the Group's associates as of 31 December are as follows:

Name of the associate	**Principal activities**	**Place of incorporation**	**2024 Ownership interest %**	2023 Ownership interest %
UR International Insurance	Insurance business	Iraq	40.00%	40.00%
Hily Holding PJSC	Import and distribution of food stuff	United Arab Emirates	22.82%	22.82%

12 Investment in associates *(continued)*

The movement in investment in associates during the year is as follows:

	2024 AED'000	2023 AED'000
At 1 January	**145,005**	142,199
Share of profit for the year	**6,112**	1,991
Share of other comprehensive (loss)/ income of associates	**(317)**	1,318
Less: impairment charged	**(8,000)**	-
Less: cash dividend received	**(231)**	(503)
At 31 December	**142,569**	145,005

Details of material associates	**Hily Holding* PJSC AED'000**	**UR International Insurance AED'000**	**Total AED'000**
31 December 2024			
Statement of financial position			
Current asset			
- cash and cash equivalents	**85,988**	**3,556**	**89,544**
- others	**244,283**	**17,558**	**261,841**
Non-Current asset	**883,428**	**10,618**	**894,046**
Current liabilities	**(326,931)**	**(14,291)**	**(341,222)**
Non-current liabilities	**(257,487)**	**-**	**(257,487)**
Net assets of the associates	**629,281**	**17,441**	**646,722**
Proportion of the Group's ownership interest	**22.82%**	**40%**	**-**
Group's share of associates' net assets	**143,593**	**6,976**	**150,569**
Other adjustment	**(8,000)**	**-**	**(8,000)**
Carrying amount of associates	**135,593**	**6,976**	**142,569**
Statement of profit or loss			
Revenue	**110,990**	**9,125**	**120,115**
Expenses - net	**(53,139)**	**(7,143)**	**(60,282)**
Depreciation and amortisation	**(3,449)**	**(272)**	**(3,721)**
Interest expenses	**(31,327)**	**(209)**	**(31,536)**
Income tax expenses	**1,903**	**(251)**	**1,652**
Profit for the year	**24,978**	**1,250**	**26,228**
Other comprehensive income	**(337)**	**-**	**(337)**
Total comprehensive income	**24,641**	**1,250**	**25,891**
Group's share of associates' total comprehensive income for the year	**5,618**	**177**	**5,795**

**The fair value of Investment in associate was AED 64.62 million as of 31 December 2024 (31 December 2023 AED 88.33 million). The market price per share of this associate was AED 2.36 as of 31 December 2024 (31 December 2023: AED 3.23 per share).*

12 Investment in associates *(continued)*

Details of material associates	Hily Holding PJSC	UR International Insurance	Total
	AED'000	AED'000	AED'000
31 December 2023			
Statement of financial position			
Current asset			
- cash and cash equivalents	70,223	6,585	76,808
- others	250,042	12,100	262,142
Non-Current asset	799,792	10,206	809,998
Current liabilities	(305,351)	(11,316)	(316,667)
Non-current liabilities	(210,066)	-	(210,066)
Net assets of the associates	604,640	17,575	622,215
Proportion of the Group's ownership interest	22.82%	40%	-
Group's share of associates' net assets	137,975	7,030	145,005
Other adjustment	-	-	-
Carrying amount of associates	137,975	7,030	145,005
Statement of profit or loss			
Revenue	70,476	9,330	79,806
Expenses - net	(28,662)	(6,778)	(35,440)
Depreciation and amortisation	(3,548)	(234)	(3782)
Interest expenses	(32,130)	(586)	(32,716)
Income tax expenses	-	(255)	(255)
Profit for the year	6,136	1,477	7,613
Other comprehensive income	5,776	-	5,776
Total comprehensive income	11,912	1,477	13,389
Group's share of associates' total comprehensive income for the year	2,718	591	3,309

13 Property and equipment

	Building and land AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
Cost					
1 January 2023	4,741	3,547	793	4,419	13,500
Additions	-	100	1242	258	1,600
Disposals	-	-	(108)	-	(108)
At 31 December 2023	4,741	3,647	1,927	4,677	14,992
At 1 January 2024	**4,741**	**3,647**	**1,927**	**4,677**	**14,992**
Additions	-	**88**	**22**	**655**	**765**
Disposals	-	-	**(369)**	-	**(369)**
At 31 December 2024	**4,741**	**3,735**	**1,580**	**5,332**	**15,388**
Accumulated depreciation:					
1 January 2023	3,792	3,009	703	2,423	9,927
Charge for the year	316	301	131	1,031	1,779
Disposals	-	-	(108)	-	(108)
At 31 December 2023	4,108	3,310	726	3,454	11,598
At 1 January 2024	**4,108**	**3,310**	**726**	**3,454**	**11,598**
Charge for the year	**316**	**170**	**308**	**771**	**1,565**
Disposals	-	-	**(307)**	-	**(307)**
At 31 December 2024	**4,424**	**3,480**	**727**	**4,225**	**12,856**
Net carrying amount					
At 31 December 2023	633	337	1,201	1,223	3,394
At 31 December 2024	**317**	**255**	**853**	**1,107**	**2,532**

14 Reserves

Legal reserve

In accordance with the Federal Law No. 32 of 2021 Concerning the Commercial Companies and the Group's Articles of Association, 10% of net profit were to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Group's paid up share capital. Since the legal reserve of the Group is equal to 50% of the paid-up share capital, therefore, there are no further transfers. This reserve is not available for any distribution to the shareholders.

Statutory reserve

As required by the Group's Articles of Association, 10% of the profit for the year is required to be transferred to the statutory reserve until the balance of the statutory reserve equals 25% of the Group's paid-up share capital. This reserve is not available for distribution. The Group has resolved to discontinue such annual transfers since the reserve has reached 25% of the paid-up share capital.

General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors as per the authority granted to them in the Group's Articles of Association. This reserve may be used for such purposes as they deem fit. There is no transfer during the year from retained earnings to general reserve *(31 December 2023: AED Nil)*.

14 Reserves*(continued)*

Capital reserve

In accordance with the Board of Directors' resolution which was adopted by the Shareholders in their Annual General Meeting held on 19 May 1999, this reserve is earmarked for the settlement of any claims with respect to compensating the previous non-national shareholders of the Group. No payment was made to these shareholders during the year *(31 December 2023: AED Nil)*.

Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI and the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognized or reclassified.

15 Reinsurance risk reserve

In accordance with Article (34) to Central Bank of UAE's Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of UAE shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of Central Bank of UAE. The decision is effective from 1 December 2020. Accordingly, an amount of AED 3,237 thousand *(31 December 2023: AED 1,991 thousand)* has been recorded in equity as a reinsurance risk reserve as at 31 December 2024.

16 Share capital

	31 December 2024	31 December 2023
	AED'000	AED'000
Authorised, issued and fully paid		
207,000,000 *(31 December 2023: 207,000,000)* ordinary shares of AED 1 each	**207,000**	207,000

At the Annual General Meeting held on 23 April 2024, the shareholders approved the distribution of cash dividend of AED 0.25 per share amounting to AED 51,750 thousand (31 December 2023: Annual General Meeting held on 27 April 2023, the shareholders approved the distribution of cash dividend of AED 0.20 per share amounting to AED 41,400 thousand). In respect of the current year, the Board of Directors propose a cash dividend of AED 0.20 per share amounting to AED 41,400 thousand. The cash dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

17 Borrowings

	31 December 2024	31 December 2023
	AED'000	AED'000
Term loan 1	**70,689**	88,541
Term loan 2	**35,006**	-
	105,695	88,541

The movement in the borrowing facilities of the Group is as follows:

	31 December 2024	31 December 2023
Term loan facilities	**AED'000**	AED'000
Opening balance	**88,541**	208,943
Add: Received during the year	**185,000**	12,386
Add: finance cost incurred during the year	**8,147**	9,679
Repayments made during the year	**(175,993)**	(142,467)
Balance as at	**105,695**	88,541

17 Borrowings *(continued)*

Term loan 1

During the year 2022 the Group obtained a bank facility amounting to AED 100,000 thousand from an international commercial bank to refinance customer indebtedness with local bank. The loan carries interest rate of 3-month EIBOR plus margin and charged quarterly. The amount of the loan is repayable in twenty-four quarterly principal instalments commencing from 12 April 2023 till 12 October 2028. The loan is secured against investment properties comprising head office building and five villas. As at 31 December 2024, the outstanding loan balance was AED 70,689 thousand *(31 December 2023: AED 88,541 thousand).*

Term loan 2

During the year 2024, the Group utilized a revolving bank facility amounting to AED 185,000 thousand from an international commercial bank to finance its operations and short-term liabilities. The loan carries a fixed interest rate of 3-month EIBOR plus a margin and is charged quarterly. The loan amount is repayable in one bullet payment at the end of the one-year term. During the period, the Company pre-settled AED 150,000 thousand of the revolving loan facility. As of the reporting date, the outstanding loan balance, including finance costs, was AED 35,006 thousand (31 December 2023: AED Nil).

18 Employees' end of service benefits

	31 December 2024	31 December 2023
	AED'000	AED'000
Balance at 1 January	**5,471**	5,695
Charge for the year	**774**	945
Paid during the year	**(107)**	(1,169)
	6,138	5,471

19 Other payables

	31 December 2024	31 December 2023
	AED'000	AED'000
Accrued expenses	**24,377**	29,769
Board remuneration	**-**	4,500
Other payable	**26,143**	5,279
	50,520	39,548

20 Related parties

Related parties include the Directors of the Company and those entities in which they have the ability to control.

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, being the directors, chief executive officer and his direct reports.

The Company maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows.

20 Related parties *(continued)*

Related parties as per requirement of local regulations:

Balance with related parties:

	31-Dec-24 AED'000	31-Dec-23 AED'000
Due from policy holders (Directors' affiliates) *(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)*	**35,046**	26,162
Due to policy holders (Directors' affiliates) *(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)*	**20,103**	12,725

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

	31-Dec-24 AED'000	31-Dec-23 AED'000
Gross premium written from Directors' affiliates	**93,050**	45,893
Insurance service expenses to Directors, affiliates	**63,694**	23,644

Related parties as per requirement of IAS 24:

Balance with related parties:

Due from equity accounted investee	**78**	60
Prepaid rent expenses related to Director	**383**	402

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

Gross premium written from equity accounted investee	**483**	215
Rent expenses related to Director	**459**	459
Other expenses related to Director	**3,096**	33,754
Directors' remuneration	**4,100**	4,500

Remuneration of key management personnel:

Short term benefits	**3,456**	4,291
Post employment benefits	**54**	198
	3,510	4,489

21 Investment income, *net*

	31 December 2024 AED'000	31 December 2023 AED'000
Changes in fair value of investment properties (*note 11*)	**76,946**	58,740
Gain on disposal of financial assets at fair value through profit or loss, *net*	**13,726**	32,177
Changes in fair value of financial assets carried at fair value through profit or loss (*note 7*)	**(28,456)**	146,548
Interest income	**2,229**	1,464
Dividend income	**33,584**	30,299
Other investment expenses	**(5,253)**	(47,678)
	92,776	221,550

22 Other operating expenses

For the year ended 31 December 2024	**Expenses attributable to insurance acquisition cash flow**	**Other directly attributable expenses**	**Other operating expenses**
Commission expenses	**66,611**	**11,558**	**-**
Staff cost	**-**	**24,222**	**6,325**
Depreciation	**-**	**-**	**1,565**
Fees and licenses	**-**	**3,272**	**796**
Maintenance expenses	**-**	**2,554**	**1,703**
Other expenses	**-**	**8,899**	**6,375**
Board of directors' remuneration	**-**	**-**	**4,100**
Rent expenses	**-**	**1,056**	**704**
	66,611	**51,561**	**21,568**

For the year ended 31 December 2023	Expenses attributable to insurance acquisition cash flow	Other directly attributable expenses	Other operating expenses
Commission expenses	34,120	5,725	-
Staff cost	-	28,859	3,208
Depreciation	-	1,601	178
Fees and licenses	-	2,471	921
Maintenance expenses	-	2,766	280
Other expenses	-	6,853	1,076
Board of directors' remuneration	-	-	4,500
Rent expenses	-	1,481	-
	34,120	49,756	10,163

23 Earnings per share

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

The following reflects the income and share data used in the earnings per share computations:

	2024 AED'000	2023 AED'000
Profit for the period (AED'000)	**36,799**	177,089
Ordinary shares outstanding during the period (shares in 000)	**207,000**	207,000
Basic and diluted earnings per share (AED)	**0.18**	0.86

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

24 Insurance and reinsurance contract assets and liabilities

24.1 Insurance contracts issued

	As at 31 December 2024				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component AED'000	Loss component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Insurance contract liabilities - opening	81,826	12,553	215,893	10,359	320,631
Insurance contract assets - opening	-	-	-	-	-
Net opening balance	81,826	12,553	215,893	10,359	320,631
Insurance revenue	(376,325)	-	-	-	(376,325)
Insurance service expense					
Incurred claims and other directly attributable expenses	-	(61,643)	471,194	7,707	417,258
Insurance acquisition cashflow amortisation	47,149	-	-	-	47,149
Losses on onerous contracts	-	110,971	-	-	110,971
Reversal of losses on onerous contracts	-	(55,278)	-	-	(55,278)
Changes that relate to past service - adjustment to the LIC	-	-	(5,510)	704	(4,806)
Total insurance service expenses	47,149	(5,950)	465,684	8,411	515,294
Insurance service result	(329,176)	(5,950)	465,684	8,411	138,969
Finance expenses from insurance contracts issued	-	-	9,008	-	9,008
Total changes in the consolidated statement of comprehensive income	(329,176)	(5,950)	474,692	8,411	147,977
Cash flows					
Premiums received	419,859	-	-	-	419,859
Claims and other directly attributable expenses paid	-	-	(298,497)	-	(298,497)
Insurance acquisition cashflows paid	(49,613)	-	-	-	(49,613)
Total cash inflows / (outflows)	370,246	-	(298,497)	-	71,749
Insurance contract liabilities - closing	122,896	6,603	392,088	18,770	540,357
Insurance contract assets - closing	-	-	-	-	-
Closing balance - *net*	122,896	6,603	392,088	18,770	540,357

24 Insurance and reinsurance contract assets and liabilities *(continued)*

24.1 Insurance contracts issued *(continued)*

	As at 31 December 2023				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component AED'000	Loss component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Insurance contract liabilities - opening	61,886	15,931	221,461	10,773	310,051
Insurance contract assets - opening	-	-	-	-	-
Net opening balance	61,886	15,931	221,461	10,773	310,051
Insurance revenue	(284,649)	-	-	-	(284,649)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(27,508)	222,012	4,623	199,127
Insurance acquisition cashflow amortisation	38,716	-	-	-	38,716
Losses on onerous contracts	-	26,741	-	-	26,741
Reversal of losses on onerous contracts	-	(2,611)	-	-	(2,611)
Changes that relate to past service - adjustment to the LIC	-	-	1,532	(5,037)	(3,505)
Total insurance service expenses	38,716	(3,378)	223,544	(414)	258,468
Insurance service results	(245,933)	(3,378)	223,544	(414)	(26,181)
Finance income from insurance contracts issued	-	-	1,627	-	1,627
Total changes in the consolidated statement of comprehensive income	(245,933)	(3,378)	225,171	(414)	(24,554)
Cash flows					
Premiums received	303,204	-	-	-	303,204
Claims and other directly attributable expenses paid	-	-	(230,739)	-	(230,739)
Insurance acquisition cashflows paid	(37,331)	-	-	-	(37,331)
Total cash inflows / (outflows)	265,873	-	(230,739)	-	35,134
Insurance contract liabilities - closing	81,826	12,553	215,893	10,359	320,631
Insurance contract assets - closing	-	-	-	-	-
Closing balance - net	81,826	12,553	215,893	10,359	320,631

24 Insurance and reinsurance contract assets and liabilities *(continued)*

24.2 Reinsurance contracts held

	As at 31 December 2024				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss component	Loss component - onerous contracts	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contract liabilities - opening	35,442	-	-	-	35,442
Reinsurance contract assets - opening	-	-	(128,710)	(7,175)	(135,885)
Net opening balance	35,442		(128,710)	(7,175)	(100,443)
Allocation of reinsurance premiums paid	138,431	-	-	-	138,431
Recoverable amount from reinsurers					
Incurred claims and other directly attributable expenses	-	-	(272,794)	(5,739)	(278,533)
Changes that relate to past service - adjustment to the AIC	-	-	26,126	(1,266)	24,860
Effect of changes in the risk of reinsurers non-performance	-	-	385	-	385
Total amount recoverable from reinsurers - *net*			(246,283)	(7,005)	(253,288)
Finance income from reinsurance contracts held	-	-	(4,981)	-	(4,981)
Total changes in the consolidated statement of comprehensive income	138,431		(251,264)	(7,005)	(119,838)
Cash flows					
Premiums ceded paid	(155,870)	-	-	-	(155,870)
Recoveries from reinsurers	-	-	129,908	-	129,908
Total cash inflows / (outflows)	(155,870)		129,908		(25,962)
Reinsurance contract liabilities - closing	18,003	-	-	-	18,003
Reinsurance contract assets - closing	-		(250,066)	(14,180)	(264,246)
Closing balance - net	18,003		(250,066)	(14,180)	(246,243)

24 Insurance and reinsurance contract assets and liabilities *(continued)*

24.2 Reinsurance contracts held *(continued)*

	As at 31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss component AED'000	Loss component – onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Reinsurance contract liabilities – opening	41,593	-	-	-	41,593
Reinsurance contract assets – opening	-	-	(151,147)	(8,472)	(159,619)
Net opening balance	41,593	-	(151,147)	(8,472)	(118,026)
Allocation of reinsurance premiums paid	108,907	-	-	-	108,907
Recoverable amount from reinsurers					
Incurred claims and other directly attributable expenses	-	-	(46,854)	(3,277)	(50,131)
Changes that relate to past service - adjustment to the AIC	-	-	(4,756)	4,574	(182)
Effect of changes in the risk of reinsurers non-performance	-	-	731	-	731
Total amount recoverable from reinsurers – net	-	-	(50,879)	1,297	(49,582)
Finance income from reinsurance contracts held	-	-	(2,475)	-	(2,475)
Total changes in the consolidated statement of comprehensive income	108,907	-	(53,354)	1,297	56,850
Cash flows					
Premiums ceded paid	(115,058)	-	-	-	(115,058)
Recoveries from reinsurers	-	-	75,791	-	75,791
Total cash inflows / (outflows)	(115,058)	-	75,791	-	(39,267)
Reinsurance contract liabilities – closing	35,442	-	-	-	35,442
Reinsurance contract assets – closing	-	-	(128,710)	(7,175)	(135,885)
Closing balance – net	35,442	-	(128,710)	(7,175)	(100,443)

25 Risk and capital management

Governance framework

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

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

Capital management objectives, policies and approach.

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

The capital management objectives are:

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

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

Approach to capital management

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

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

The primary source of capital used by the Group is equity funds provided by shareholders and borrowings from commercial banks. The Group has had no significant changes in its policies and processes relating to its capital structure during the past year from previous years.

No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023. Equity comprises share capital, legal reserve, statutory reserve, general reserve, capital reserve, fair value reserve, reinsurance risk reserve and retained earnings, and is measured at AED 1,197,478 thousand as at 31 December 2024 (31 December 2023: AED 1,270,317 thousand).

25 Risk and capital management *(continued)*

The Group is subject to local insurance solvency regulations. The Group has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations. Central Bank of UAE allows an alignment period of up to three years for the insurance companies to be in compliance with the regulations.

As per the Federal Law No. (48) of 2023 concerning the Establishment of the Central Bank of UAE and Organisation of the Insurance Operations, the minimum capital requirement remains at AED 100,000 thousand for insurance companies.

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

	2024	2023
	AED'000	AED'000
Total capital held by the Group	**207,000**	207,000
Minimum regulatory capital	**100,000**	100,000

26 Insurance and financial risk

Regulatory framework

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

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

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

The major highlights of the regulations are summarised in the below table:

Regulation

1. Basis of investing the rights of the policy holders;
2. Solvency margin and minimum guarantee fund;
3. Basis of calculating the technical reserves;
4. Determining the Group's assets that meet the accrued insurance liabilities
5. Records which the Group shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Central Bank of UAE
6. Principles of organising accounting books and records of the Group, agents and brokers and determining data to be maintained in these books and records; and
7. Accounting policies to be adopted and the necessary forms needed to be prepared and present reports and consolidated financial statements.

Insurance risk

The Group accepts insurance risk through its written insurance and reinsurance contracts. The principal risk the Group faces 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 Group is to ensure that sufficient reserves are available to cover these liabilities

26 Insurance and financial risk *(continued)*

Regulatory framework (continued)

Insurance risk *(continued)*

The above risk exposure is mitigated by diversification across a 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 in use.

Reinsurance contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements. The reinsurance strategy of the Group is designed to protect exposures to individual risks and events based in current risk exposures through cost effective insurance agreements.

Frequency and severity of claims.

The Group manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, line of business and geography. Underwriting limits are in place to enforce appropriate risk selection criteria. The Group underwrites mainly fire and general accident, motor, marine and aviation risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

The Group writes the following types of insurance contracts:

Property

For property insurance contracts, the main risks are fire and business interruption. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Group has obtained necessary reinsurance covers to limit losses from individual claims.

Motor

For motor contracts, the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The level of court awards for deaths and to injured parties and the replacement costs of, and repairs to motor vehicles are the key factors that influence the level of claims. The Group has excess of loss protection and quota share treaty to limit losses from individual claims, in addition to a reinsurance treaty arrangement of 50% for high valued car.

Medical

For medical insurance, the main risks are claims for in-patient which includes the non-excluded cases of medical conditions or bodily injuries requiring hospitalisation and claims for out-patient which includes physician consultation, diagnostic procedures, pharmaceuticals, therapies and minor day care surgery. The Group resumed its medical segment operations in June 2024. To mitigate losses, the policy is supported by a reinsurance treaty covering 80% of the risk.

Marine and aviation

For marine and aviation insurance, the main risks are loss or damage to marine hull, aviation craft and accidents resulting in the total or partial loss of cargos. The underwriting strategy for the marine and aviation class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Group has obtained necessary reinsurance covers to limit losses from individual claims

26 Insurance and financial risk *(continued)*

***Regulatory framework** (continued)*

Concentration of insurance risk

The Group does not have any single insurance contract or small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that might involve significant litigation. The segmental concentration of insurance risk is set out below.

Sum insured	**2024**	2023
	AED'000	AED'000
Gross		
Motor	**10,730,270**	6,095,170
Technical	**168,154,497**	161,944,025
Health	**124,100**	-
	179,008,867	168,039,195
Net		
Motor	**8,180,148**	4,340,764
Technical	**16,500,456**	32,050,168
Health	**24,820**	-
	24,705,424	36,390,932

The contribution by the insurance operations in the profit of the Group amounts to AED (24,112) thousand loss for the year ended 31 December 2024 (31 December 2023: AED 33,144 thousand loss). The Group does not foresee any major impact from insurance operations due to the following reasons:

The Group has an overall risk retention level of 53% (31 December 2023: 46%) and the same is evenly contributed across the portfolio. However, motor and technical lines of business' liabilities are adequately covered by excess of loss reinsurance programs to guard against major financial impact.

The Group's 44% volume of business (31 December 2023: 49%) has low risk retention. The Group has limited exposure in high retention areas like Motor, and the poor performance of the motor portfolio led to an overall loss ratio 91% (31 December 2023: 91%); however, the Group does not foresee any serious financial impact in the insurance net profit.

The insurance risk arising from insurance contracts is primarily concentrated in the United Arab Emirates. The geographical concentration of risks is similar to year 2023.

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

Underwriting strategy

The Group's underwriting strategy is to build balanced portfolios based on a large number of similar risks to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The underwriting strategy is set out by the Group and aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The strategy establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Group is prepared to underwrite.

26 Insurance and financial risk *(continued)*

Regulatory framework (continued)

Underwriting strategy (continued)

This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio. Generally, all general insurance contracts are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

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.

Managing reinsurance risk

In common with other insurance companies, the Group engages in reinsurance agreements with external parties as a standard business practice to reduce financial risks associated with significant insurance claims. These arrangements promote business diversification, enable management to manage exposure to potential losses from major risks, and offer additional room for expansion. The Group primarily utilizes treaty, facultative, and excess of loss reinsurance contracts for a substantial portion of its reinsurance needs.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Claims development process

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The entity has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Accident year	Before 2022 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
Non-Motor gross:					
At the end of each reporting year					
2022		74,194			74,194
2023		59,506	58,491		117,997
2024		57,891	47,617	208,623	314,131
Gross estimates of the undiscounted amount of the claims		57,891	47,617	208,623	314,131
Cumulative payments to date		(37,106)	(23,674)	(47,979)	(108,759)
Gross undiscounted liabilities for incurred claims	24,793	20,785	23,943	160,644	230,165
Effect of discounting					(10,850)
Effect of risk adjustment for non-financial risk					13,269
Others*					27,086
Total gross liabilities for incurred claims					259,670

* Others include Gross Unallocated loss adjustment expenses reserve and Insurance claims payable.

26 Insurance and financial risk *(continued)*

Regulatory framework (continued)

Claims development process (continued)

Accident year	Before 2022 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
Motor gross:					
At the end of each reporting year					
2022		141,600			141,600
2023		149,056	144,611		293,667
2024		152,313	147,129	241,874	541,316
Gross estimates of the undiscounted amount of the claims		152,313	147,129	241,874	541,316
Cumulative payments to date		(143,459)	(133,157)	(171,870)	(448,486)
Gross undiscounted liabilities for incurred claims	17,331	8,854	13,972	70,004	110,161
Effect of discounting					(5,991)
Effect of risk adjustment for non-financial risk					5,501
Others*					41,517
Total gross liabilities for incurred claims					151,188

* Others include Gross Unallocated loss adjustment expenses reserve and Insurance claims payable

Accident year	Before 2022 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
Non-Motor net:					
At the end of each reporting year					
2022		8,057			8,057
2023		6,853	7,491		14,344
2024		6,870	6,532	15,488	28,890
Net estimates of the undiscounted amount of the claims		6,870	6,532	15,488	28,890
Cumulative payments to date		(4,071)	(2,335)	(7,457)	(13,863)
Net undiscounted liabilities for incurred claims	6,990	2,799	4,197	8,031	22,017
Effect of discounting					(1,756)
Effect of risk adjustment for non-financial risk					524
Others*					11,944
Total net liabilities for incurred claims					32,729

* Others include Net Unallocated loss adjustment expenses reserve, Non-performance risks and Net (re)insurance claims payable.

26 Insurance and financial risk *(continued)*

Regulatory framework (continued)

Claims development process (continued)

Accident year	Before 2022 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
Motor net:					
At the end of each reporting year					
2021		124,046			124,046
2022		128,023	109,736		237,759
2023		131,204	110,146	159,928	401,278
Net estimates of the undiscounted amount of the claims		131,204	110,146	159,928	401,278
Cumulative payments to date		(124,330)	(100,850)	(105,918)	(331,098)
Net undiscounted liabilities for incurred claims	15,190	6,874	9,296	54,010	85,370
Effect of discounting					(4,446)
Effect of risk adjustment for non-financial risk					4,066
Others*					28,893
Total net liabilities for incurred claims					113,883

* Others include Net Unallocated loss adjustment expenses reserve, Non-performance risks and Net (re)insurance claims payable.

Sensitivity of underwriting profit and losses

The underlying risk of any agreed insurance contract is the possibility that the insured event occurs and the level of certainty the insurer can project on any resulting claim. By the nature of an insurance contract, this risk is often random and the amount of payable claims is even more unpredictable. Therefore, the Group applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the insurance liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated.

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

26 Insurance and financial risk *(continued)*

Regulatory framework (continued)

Sensitivity of underwriting profit and losses (continued)

Sensitivity analysis for contracts measured under PAA

	2024			
	LIC as at 31 December	**Impact in LIC**	**Impact on profit**	**Impact on equity**
Insurance contract liabilities	**410,858**			
Reinsurance contract assets	**(264,246)**			
Net insurance contract liabilities	**146,612**			
Discount rate + 0.5%				
Insurance contract liabilities	**409,224**	**(1,636)**	**1,636**	**1,636**
Reinsurance contract asset	**(263,190)**	**1,056**	**(1,056)**	**(1,056)**
Net insurance contract liabilities	**146,034**	**(580)**	**580**	**580**
Discount rate - 0.5%				
Insurance contract liabilities	**412,496**	**1,636**	**(1,636)**	**(1,636)**
Reinsurance contract asset	**(265,302)**	**(1,056)**	**1,056**	**1,056**
Net insurance contract liabilities	**147,194**	**580**	**(580)**	**(580)**
Risk adjustment + 5%				
Insurance contract liabilities	**415,920**	**5,060**	**(5,060)**	**(5,060)**
Reinsurance contract asset	**(268,138)**	**(3,891)**	**3,891**	**3,891**
Net insurance contract liabilities	**147,782**	**1,169**	**(1,169)**	**(1,169)**
Risk adjustment - 5%				
Insurance contract liabilities	**406,367**	**(4,492)**	**4,492**	**4,492**
Reinsurance contract asset	**(260,800)**	**3,446**	**(3,446)**	**(3,446)**
Net insurance contract liabilities	**145,567**	**(1,046)**	**1,046**	**1,046**

26 Insurance and financial risk *(continued)*

***Regulatory framework** (continued)*

***Sensitivity of underwriting profit and losses** (continued)*

Sensitivity analysis for contracts measured under PAA

	2023			
	LIC as at 31 December	Impact in LIC	Impact on profit	Impact on equity
Insurance contract liabilities	226,252			
Reinsurance contract assets	(135,885)			
Net insurance contract liabilities	90,367			
Discount rate + 0.5%				
Insurance contract liabilities	224,990	(1,262)	1,262	1,262
Reinsurance contract asset	(135,188)	697	(697)	(697)
Net insurance contract liabilities	89,802	(565)	565	565
Discount rate - 0.5%				
Insurance contract liabilities	227,514	1,262	(1,262)	(1,262)
Reinsurance contract asset	(136,582)	(697)	697	697
Net insurance contract liabilities	90,932	565	(565)	(565)
Risk adjustment + 5%				
Insurance contract liabilities	229,057	2,807	(2,807)	(2,807)
Reinsurance contract asset	(137,854)	(1,969)	1,969	1,969
Net insurance contract liabilities	91,203	838	(838)	(838)
Risk adjustment - 5%				
Insurance contract liabilities	223,761	(2,491)	2,491	2,491
Reinsurance contract asset	(134,142)	1,744	(1,744)	(1,744)
Net insurance contract liabilities	89,619	(747)	747	747

26 Insurance and financial risk *(continued)*

***Regulatory framework** (continued)*

Financial risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, market risk (which includes price risk, interest rate risk and foreign currency exchange risk) and liquidity risk.

a. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentrations of credit risk.

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

- Insurance/reinsurance contract assets;
- Other receivables;
- Financial investments;
- Deposits with banks with original maturities of more than three months;
- Statutory deposits; and
- Bank balances and cash

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

The fair value of cash and bank balances and bank deposits as at 31 December 2024 and 31 December 2023 approximates their carrying value.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.
A summary of the company's exposure to credit risk for term deposit and bank balances and reinsurance contract assets as follows.

	2024	2023
Bank balances and term deposits *(Based on AM best, S&P, Moody's and fitch ratings)*	**AED'000**	AED'000
AA	62,822	51,201
A	15,386	20,515
BBB	23	418
Unrated	3,893	45,443
Total	**82,124**	117,577

	2024	2023
Reinsurance contract asset *(Based on AM best, S&P, Moody's and fitch ratings)*	**AED'000**	AED'000
AA	139,451	69,902
A	81,430	35,326
BBB	12,803	10,212
BB	180	484
B	19,238	7,943
Unrated	11,144	12,018
Total	**264,246**	135,885

26 Insurance and financial risk *(continued)*

Financial risk *(continued)*

Management of credit risk

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a number of financial institutions. The credit risk on deposits with banks with original maturities of more than three months, statutory deposits and bank balances and cash is limited because the counterparties are licensed banks with sound financial positions.

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

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

The company maintains records of the payment history for significant contract holders with whom it conducts regular business. 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 expected credit losses on insurance receivable and subsequent write -offs. Exposure to individual policy holders and groups of policy holders are collected within the ongoing monitoring of controls.

b. Market risk

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

Management of market risk

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

The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees and properties.

i. Equity price risk

Equity price risk is the risk that the fair values of equities change as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio

The following table estimates the sensitivity to a possible change in equity markets on the Group's total comprehensive income for the year, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

26 Insurance and financial risk *(continued)*

Financial risk *(continued)*

Market risk *(continued)*

Market index	**Change in variables**	**Impact on net profit**	**31st December 2024 Impact on other comprehensive income**
		AED'000	**AED'000**
Abu Dhabi Securities Exchange	5%	**30,969**	**6,194**
Dubai Financial Market	5%	**694**	**3,102**
Other Markets	5%	**-**	**9**

Market index	Change in variables	Impact on net profit	31st December 2023 Impact on other comprehensive income
		AED'000	AED'000
Abu Dhabi Securities Exchange	5%	26,718	15,010
Dubai Financial Market	5%	729	3,054
Other Markets	5%	-	9

ii. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group is not excessively exposed to interest rate risk as its interest sensitive assets are repriced frequently.

Term deposits with banks are carried at fixed interest rates, however these are not subject to fair value interest rate risk, as these have a maximum maturity of 12 months and are frequently repriced.

Sensitivity analysis

At 31 December 2024, if market interest rate had been 100 basis points higher/lower and all the other variables were held constant, the company's profit for the year would decrease/increase by AED 89 thousand (2023: AED 734 thousand), as a result of change in the interest on term deposit.

iii. Currency risk

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

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

c. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Bank facilities, policy holders and the re-insurers, are the major sources for the Group and the liquidity risk for the company is assessed to be low. The company manages the liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities

26 Insurance and financial risk *(continued)*

Liquidity risk *(continued)*

The table below summarises the maturity profile of the company's financial liabilities with maturities determined on the basis of the remining period from the end of the reporting period to the contractual maturity/repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The expected maturity profile of the assets at 31 December 2024 and 2023 is as follows:

As at 31 December 2024	0-180 days	181-365 days	More than 1 year	Total of undiscounted cashflows
	AED'000	AED'000	AED'000	AED'000
Borrowings	**11,983**	**45,760**	**57,971**	**115,714**
Other payables	**40,654**	-	-	**40,654**
Insurance contract liabilities*	-	-	-	**540,357**
Reinsurance contract liabilities*	-	-	-	**18,003**

As at 31 December 2023	0-180 days	181-365 days	More than 1 year	Total of undiscounted cashflows
	AED'000	AED'000	AED'000	AED'000
Borrowings	13,061	11,372	79,680	104,113
Other payables	30,302	-	-	30,302
Insurance contract liabilities*	-	-	-	320,631
Reinsurance contract liabilities*	-	-	-	35,442

* As per IFRS-17(132b), an entity is not required to include insurance and reinsurance contract liabilities measured under the premium allocation approach in the maturity profile, and accordingly these balances are excluded and only carrying amount are disclosed.

d. Operational risks

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

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

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes.

26 Insurance and financial risk *(continued)*

Capital risk management.

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

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

In UAE, all insurance companies are required to comply with Financial Regulations for Insurance Companies that came into force on 29 January 2015. The Group is subject to local insurance solvency regulations with which it has complied with during the year and as at 31st December 2024. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

As per the Federal Law No. (48) of 2023 concerning the Organisation of Insurance Operations, the minimum capital requirement remains at AED 100 million for insurance companies. The table below summarizes the Minimum Capital Requirement of the Group and the total capital held by the Group.

	(Unaudited)	***(Unaudited)***
	31-Dec-2024*	31-Dec-2023
	AED'000	AED'000
Total capital held by the Group	**207,000**	207,000
Minimum regulatory capital for an insurance Group	**100,000**	100,000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**334,021**	315,384
Minimum Guarantee Fund (MGF)	**111,340**	105,128
Own funds		
Basic Own Funds	**679,981**	760,988
MCR Solvency Margin - Surplus	**579,981**	660,988
SCR Solvency Margin - Surplus	**345,960**	445,604
MGF Solvency Margin - Surplus	**568,640**	655,860

*This includes the impact of proposed dividend of AED 41.4 million.

27 Fair value of financial instruments and non-financial assets

Financial instruments comprise of financial assets and financial liabilities.

a. Valuation models

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

27 Fair value of financial instruments and non-financial assets *(continued)*

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

a. Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

	Level 1 AED'000	**Level 2* AED'000**	**Level 3 AED'000**	**Total AED'000**
As at 31 December 2024				
Financial assets at fair value through profit or loss	**600,980**	**32,289**	**-**	**633,269**
Financial assets at fair value through other comprehensive income	**181,079**	**5,031**	**438****	**186,548**
Investment Properties			**457,857**	**457,857**
	782,059	**37,320**	**458,295**	**1,277,674**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2023				
Financial assets at fair value through profit or loss	546,141	2,800	-	548,941
Financial assets at fair value through other comprehensive income	295,443	66,031	708**	362,182
Investment Properties	-	-	380,911	380,911
	841,584	68,831	381,619	1,292,034

As of 31 December 2024, no FVOCI-listed securities were transferred between fair value hierarchy levels (31 December 2023: AED 61,127 thousand was reclassified from Level 1 to Level 2 due to a lack of regular market trading).

* These investments are valued using the quoted prices, however, due to in-active market classified under Level 2.

** For Investments under level 3, the fair values are based on Net Assets Values (NAV).

The fair value for the investment properties was determined using the Capitalization Approach, Discounted Cash Flow Method, Direct Comparable Methodology and Residual method of valuation. The main assumptions in the valuation model are the Capitalization rate ranging from 7% to 9% and the rental rates.

Rental rates have been obtained based on capitalization approach, market comparable approach, term and revision approach and tenancy information. In estimating the fair value of the properties, the highest and best use of the properties is considered as their current use.

There has been no change in the valuation techniques used during the year. The inputs used in the valuation are not based on observable market data and thus the valuation techniques are considered as Level 3 fair value measurements.

27 Fair value of financial instruments and non-financial assets *(continued)*

Reconciliation of level 3 fair value measurement

Movement in level 3 for financial assets at fair value through other comprehensive income is as follows:

	31 December 2024 AED'000	31 December 2023 AED'000
Balance as at 1 January	**708**	725
Disposal	**-**	(17)
Change in fair value	**(270)**	-
Balance as at	**438**	708

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Sensitivity analysis for investments under Level 3

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

	Total comprehensive income	
	Increase AED'000	**Decrease** AED'000
Equity securities		
31 December 2024		
Adjusted net asset value (5% movement)	**22**	**(22)**
31 December 2023		
Adjusted net asset value (5% movement)	35	(35)

Fair value of financial instruments that are not measured at fair value (but fair value disclosure is required):

	31 December 2024		31 December 2023	
	Carrying amount AED'000	**Fair value AED'000**	Carrying amount AED'000	Fair value AED'000
Financial assets				
Investment at amortised cost	**12,833**	**12,833**	14,098	14,098

Investment at amortised cost comprises mainly on fixed income bonds and sukuk. The fair value of these bonds and sukuk are determined based on valuation conducted by the independent valuators based on observable price in the market and classified under Level 3. These bonds and sukuks are issued by the financial institution within the UAE and are unrated instruments.

28 Segment reporting

For management purposes the Group is organised into departments based on the classes of insured risks. The reportable operating segments of the Group are motor, fire and general accident, marine and investments.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the year and their reconciliation to the Group's income and profit for the year.

Balances for segment assets and liabilities as follows

	As at 31 December 2024				
	Motor	**Fire and General accident**	**Marine**	**Investments**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Insurance contract assets	-	-	-	-	-
Reinsurance contract asset	**47,554**	**207,201**	**9,491**	-	**264,246**
Segment assets	-	-	-	**1,558,434**	**1,558,434**
Unallocated assets	-	-	-	-	**98,198**
Total assets	**47,554**	**207,201**	**9,491**	**1,558,434**	**1,920,878**
Insurance contract liabilities	**280,895**	**240,236**	**19,226**	-	**540,357**
Reinsurance contract liabilities	**(11,075)**	**24,962**	**4,116**	-	**18,003**
Segment liabilities	-	-	-	**105,695**	**105,695**
Unallocated liabilities	-	-	-	-	**59,345**
Total liabilities	**269,820**	**265,198**	**23,342**	**105,695**	**723,400**

	As at 31 December 2023				
	Motor	Fire and General accident	Marine	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract assets	-	-	-	-	-
Reinsurance contract asset	24,327	105,863	5,695	-	135,885
Segment assets	-	-	-	1,491,415	1,491,415
Unallocated assets	-	-	-	-	132,650
Total assets	24,327	105,863	5,695	1,491,415	1,759,950
Insurance contract liabilities	171,920	136,467	12,244	-	320,631
Reinsurance contract liabilities	809	31,287	3,346	-	35,442
Segment liabilities	-	-	-	88,541	88,541
Unallocated liabilities	-	-	-	-	45,019
Total liabilities	172,729	167,754	15,590	88,541	489,633

28 Segment reporting *(continued)*

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

	As at 31 December 2024				
	Motor AED'000	Fire and General accident AED'000	Marine AED'000	Investments AED'000	Total AED'000
Insurance revenue					
Insurance revenue from contracts measured under PAA	233,553	122,929	19,843	-	376,325
Total insurance revenue	233,553	122,929	19,843	-	376,325
Insurance service expenses					
Incurred claim and other directly attributable expenses	(220,793)	(182,564)	(13,901)	-	(417,258)
Changes that relate to past service - adjustments to the LIC	(17,724)	21,938	592	-	4,806
Losses on onerous contracts	(55,693)	-	-	-	(55,693)
Insurance acquisition cash flows amortisation	(27,012)	(16,436)	(3,701)	-	(47,149)
Total insurance service expenses	(321,222)	(177,062)	(17,010)	-	(515,294)
Income from reinsurance contracts held					
Incurred claims recovered	102,388	167,980	8,165	-	278,533
Changes that relate to past service - adjustments to AIC	(4,766)	(19,421)	(673)	-	(24,860)
Effect of changes in the risk of reinsurers non-performance	(5)	(373)	(7)	-	(385)
Reinsurance expenses	97,617	148,186	7,485	-	253,288
Allocation of reinsurance premiums	(53,391)	(74,966)	(10,074)	-	(138,431)
Total net income / (expenses) from reinsurance contracts	44,226	73,220	(2,589)	-	114,857
Total insurance service results	(43,443)	19,087	244	-	(24,112)
Net insurance and reinsurance finance loss				(4,027)	(4,027)
Share of profit of equity-accounted investees	-	-	-	6,112	6,112
Impairment loss of equity- accounted investees	-	-	-	(8,000)	(8,000)
Net investment income	-	-	-	97,931	97,931
Other income	-	-	-	993	993
Other operating expenses	-	-	-	(21,568)	(21,568)
Other finance costs	-	-	-	(8,147)	(8,147)
(Loss) / profit for the year before tax	(43,443)	19,087	244	63,294	39,182

28 Segment reporting *(continued)*

	Motor AED'000	Fire & General accident AED'000	Marine AED'000	Investment AED'000	Total AED'000
Insurance revenue					
Insurance revenue from contracts measured under PAA	154,018	116,601	14,030	-	284,649
	154,018	116,601	14,030	-	284,649
Insurance service expenses					
Incurred claim and other directly attributable expenses	(131,988)	(59,438)	(7,701)	-	(199,127)
Changes that relate to past service - adjustments to the LIC	(36,889)	38,553	1,841	-	3,505
Losses on onerous contracts	(24,130)	-	-	-	(24,130)
Insurance acquisition cash flows amortisation	(21,856)	(15,027)	(1,833)	-	(38,716)
Total Insurance service expenses	(214,863)	(35,912)	(7,693)	-	(258,468)
Income from reinsurance contracts held					
Incurred Claims recovered	5,442	41,369	3,320	-	50,131
Changes that relate to past service - adjustments to AIC	37,365	(36,445)	(738)	-	182
Effect of changes in the risk of reinsurers non-performance	(23)	(682)	(26)	-	(731)
Reinsurance expenses	42,784	4,242	2,556	-	49,582
Allocation of reinsurance premiums	(28,285)	(74,086)	(6,536)	-	(108,907)
Total net expenses from reinsurance contracts	14,499	(69,844)	(3,980)	-	(59,325)
Total insurance service result	(46,346)	10,845	2,357	-	(33,144)
Net insurance finance income	-	-	-	848	848
Net investment income	-	-	-	229,069	229,069
Other income	-	-	-	158	158
Other operative expenses	-	-	-	(10,163)	(10,163)
Other finance costs	-	-	-	(9,679)	(9,679)
(Loss) / profit for the year	(46,346)	10,845	2,357	210,233	177,089

29 Commitments and contingencies

Contingent liabilities

At 31 December 2024, the Group had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 505 thousand (31 December 2023: AED 543 thousand).

At 31 December 2024, the Group's share in contingent liabilities and commitments in respect of its associates amounts to AED 2,435 thousand (31 December 2023: AED 1,004 thousand) and AED 1,674 thousand (31 December 2023: AED 9,543 thousand) respectively

Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of the business. Management, based on advice from independent loss adjusters and internal legal counsel, has made a provision of AED 4,028 thousand *(31 December 2023: AED 7,261 thousand)* representing amounts expected to result in a probable outflow of economic resources.

30 Corporate tax

On December 9, 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 is effective for accounting periods beginning on or after June 1, 2023.

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

	31 December 2024	31 December 2023
A. Amount recognised in profit or loss		
Current income tax expense:		
Corporate income tax	-	-
Deferred tax expense:		
Deferred income tax expense relating to origination and reversal of temporary differences	**(6,988)**	-
Tax loss carries forward	**4,605**	-
Total income tax expenses	**(2,383)**	-
B. Amount recognised in OCI		
Gain/ (loss) on sale of financial assets at fair value through other comprehensive income, net	**(293)**	
Deferred income tax expense relating to origination and reversal of temporary differences	**(11)**	
Total income tax expenses	**(304)**	

30 Corporate tax *(continued)*

C. Reconciliation of effective tax rate

	31 December 2024	31 December 2023
Profit before tax	39,182	-
Tax at the applicable rate of 9%	(3,526)	-
Tax effect of item that are not considered in determining taxable income-net		
Tax-exempt income	4,166	-
Share of profit of equity accounted investees reported net of tax	550	-
Non-deductible expenses	(3,573)	-
Total Income tax expense	**(2,383)**	-

D. Movement in deferred tax balances

Year 2024	Net balance as at 1 Jan	Recognised in Profit or loss (see A)	Recognised in OCI (see B)	Net	Deferred tax assets	Deferred tax liabilities
Investment properties	-	(6,925)	-	(6,925)	-	(6,925)
Financial assets at fair value through profit or loss	-	(63)	-	(63)	-	(63)
Financial assets at fair value through OCI			(11)	(11)	-	(11)
Tax loss carry forward	-	4,605	(293)	4,312	4,312	-
Tax (liabilities) / assets	-	**(2,383)**	**(304)**	**(2,687)**	**4,312**	**(6,999)**

Year 2023	Net balance as at 1 Jan	Recognised in Profit or loss (see A)	Recognised in OCI (see B)	Net	Deferred tax assets	Deferred tax liabilities
Investment properties	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Tax loss carry forward	-	-	-	-	-	-
Tax (liabilities) / assets	-	-	-	-	-	-

31 Social contribution

The Social contribution (including donations and charity) made during the year amount to AED 93 thousand (31 December 2023: AED 112 thousand).

32 Audit fees

The audit fee charged during the year amount to AED 378.50 thousand (31 December 2023: 325 thousand).

The audit related fees charged during the year amount to AED 488 thousand (31 December 2023: 751 thousand)

33 General

The consolidated financial statements of the Group were approved for issuance by the Board of Directors on 27 MAR 2025.

34 Gross written premiums

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

	31 December 2024				
	Life Insurance	**Fund Accumulation**	**Medical Insurance**	**Property & Liability**	**All type of Business Combined**
Direct Written Premiums	-	-	**57,501**	**447,878**	**505,379**
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	-	**24,934**	**24,934**
Total Assumed Business	-	-	-	**24,934**	**24,934**
Total Gross Written Premium*	-	-	**57,501**	**472,812**	**530,313**

	31 December 2023				
	Life Insurance	Fund Accumulation	Medical Insurance	Property & Liability	All type of Business Combined
Direct Written Premiums	-	-	1,685	252,678	254,363
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	-	18,016	18,016
Total Assumed Business	-	-	-	18,016	18,016
Total Gross Written Premium*	-	-	1,685	270,694	272,379

*Gross Written premium is a measure of the total premium that an insurer collects from its customer.