الشركة الـوطنية للتـأمينـات العـامة (ش.م.ع.)

NATIONAL GENERAL INSURANCE CO. (PJSC)

ANNUAL INTEGRATED REPORT

2022

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الشركة الوطنية للتأمينات العامة (ش.م.ع.)

NATIONAL GENERAL INSURANCE CO. (PJSC)

REPORT OF THE BOARD OF DIRECTORS

2022

Report of the Board of Directors

Dear Shareholders,

The Board of Directors have the pleasure to welcome you to the Twenty Second Annual General Meeting and present their report together with the audited financial statements of National General Insurance Co. (P.J.S.C.) ('the Company') for the year ended 31 December 2022.

Overview

The Company continues to be a technically strong and a dominant player in the market backed by a solid base of professionals within the Company and the support of reinsurers.

FINANCIAL RESULTS

1. The Company reported a net profit of AED 53.6 million for the year 2022 against AED 70.8 million for 2021 a decrease of 24.2%

2. Gross premiums is AED 650.2 million in 2022 compared to AED 645.8 million in 2021 an increase of 0.7% and the net underwriting income increased from AED 329.9 million in 2021 to AED 349 million in 2022 an increase of 5.8%.

3. The net claims paid during the year 2022 amounted to AED 183.1 million compared with AED 166.6 million in 2021 increase of 9.9% and the net claims incurred during the year 2022 amounted to AED 188.1 million compared with AED 181.1 million in 2021 increase of 3.9%.

4. Underwriting profit is AED 50.7 million in 2022 compared with AED 41.5 million in 2021 an increase of 22.1%.

5. Gross income from investment portfolio was AED 18.9 million in 2022 compared to AED 45.8 million in 2021.

6. Total General and Management expenses including expenses directly attributable to underwriting activities for the year 2022 is AED 77.1 million compared to AED 73.9 million in 2021.

7. Investment fund comprising of investment properties, securities and cash and bank balances was AED 896 million at the end of 2022 compared with AED 905 million in 2021.

8. The Net contract liabilities (i.e. net unearned premium reserve, and net provision for claims) at the end of year 2022 amounted to AED 309.1 million compared with AED 298.9 million in 2021. Included in the above is Life Assurance Fund of AED 71.2 million as at 2022 compared to AED 78.5 million in 2021.

RECOMMENDATIONS OF THE BOARD OF DIRECTORS

The Board of Directors has the pleasure in presenting the following recommendations to the shareholders:

1. Consider, discuss and approve the Board of Directors' report.

2. Consider, discuss and approve the Auditors' report.

3. Consider, discuss and approve the Financial Statements for the year ended 31 December 2022.

4. Absolve the Chairman and Members of the Board from all responsibilities for acts and decisions made by them in fulfilling their functions during the year ended 31 December 2022.

5. Approve the proposed appropriation of the profits as follows:

	AED
Profit brought forward	**177,551,607**
Add comprehensive profit for the year 2022	**46,053,694**
Total available for distribution	**223,605,301**
Less	
a) Director's remuneration	**5,000,000**
b) Proposed Dividend – Cash 25%	**37,488,528**
Profit carried forward	**181,116,773**

6. Appoint Auditors for the financial year 2022 and determine their fees.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, financial performance and cash flows of the Company as of, and for, the periods presented in the periodic report.

The Board of Directors take pleasure in extending, on your behalf, their sincere thanks and appreciation to H.H Sheikh Mohammed Bin Zayed Al Nahyan, the President and H.H Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, for their kind support to the national companies and institutions, which benefited immensely from their wise economic and social policies.

The Directors also appreciate the fruitful co-operation of all customers who had the major role in the progress of the company.

The Directors take this opportunity to express their sincere appreciation and thanks to the Company's executive administration and staff for their loyalty, diligence and hard work, and to our treaty leaders and all the Reinsurers for their continued support to the Company.

On behalf of the Board

Hamad Mubarak Buamim
Chairman

الشركة الـوطنية للتـأمينـات العـامـة (ش.م.ع.)
NATIONAL GENERAL INSURANCE CO. (PJSC)

THE AUDITOR'S REPORT

2022

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National General Insurance Co. (P.J.S.C.) (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.) (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Valuation of insurance contract liabilities and reinsurance assets *(refer to note 9 of the financial statements)*	
We focused on these balances because of the complexity involved in the estimation process, and the significant judgements that management and the directors make in determining the appropriateness and adequacy of the liability. The liabilities which includes claims reported and not settled, incurred but not reported and mathematical reserve are based on a best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. A range of methods may be used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Reinsurance assets are recognised when the related gross insurance liability is recognised according to the terms of the relevant reinsurance contracts and their recoverability is subject to the probability of default and probable losses in the event of default by respective reinsurance counterparties. Note 14 to the financial statements describes the elements that make up the insurance contract liabilities and reinsurance assets balance.	The work that we preformed to address this key audit matter included the following procedures: • The evaluation and testing of key controls around the claims handling and reserve setting processes of the Company along with the recognition and release of reinsurance assets. We examined evidence of the operation of controls over the valuation of individual claims reserves, such as large loss review controls and internal peer reviews (whereby reviewers examine documentation supporting claims reserves and consider if the amount recorded in the financial statements is valued appropriately). • We checked samples of claims reserves and the respective share of reinsurance assets, through comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters and where relevant inspection of the Company's correspondence with lawyers and reinsurers where the claim are under investigation. • We reviewed management's reconciliation of the underlying company data recorded in the policy administration systems with the data used in the actuarial reserving calculations. • We tied the insurance contract liabilities and reinsurance assets as recommended by the Company's actuary to the liabilities and assets in the financial statements. • We involved our actuarial specialist team members, to apply industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. • We obtained the reinsurance treaty summary for the year and verified the details in the summary to the respective agreements. • We reviewed the ratios of reinsurance assets to related insurance contact liabilities to identify any variance from reinsurance treaty arrangements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Revenue recognition *(refer to note 19 of the financial statements)*	
Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period, and are recognised on the date on which the policy commences. At the end of each year, a proportion of the written premiums of the general insurance, medical and group life business is provided for to cover portions of risk which have not expired at the reporting date. The reserves are required to be calculated in accordance with the requirements of the Insurance Law relating to insurance companies. Since the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the risks and rewards have been transferred, we have identified it as a key audit matter.	The work that we performed to address this key audit matter included the following procedures. • We assessed whether the Company's revenue recognition policies complied with IFRS and tested the implementation of those policies. Specifically, we considered whether the premiums on insurance policies are accounted for on the date of inception of policies, by testing a sample of revenue items to insurance contracts, with a specific focus on transactions which occurred near 31 December 2022. • We compared the unearned premiums reserve balance as per the financial statements to the reserve balance computed by the Company's actuary. • We also tested a risk based sample of journal entries posted to revenue accounts to identify any unusual or irregular items, and we tested the reconciliations between the policy master file and its financial ledgers.
Recoverability of insurance balance receivables *(refer to note 10 of the financial statements)*	
The Company has significant insurance balance receivables against written premium policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.	The work that we performed to address this key audit matter included the following procedures. • We tested key controls over the processes designed to record and monitor insurance receivables; • We tested the ageing of insurance receivables to assess if these have been accurately determined. • We obtained balance confirmations from a sample of counterparties such as policyholders, reinsurers, agents and brokers; • We verified payments received from such counterparties post year end; – Considering the adequacy of provisions for bad debts for significant customers, taking into account, existence of any disputes over the balance outstanding, history of settlement of receivables liabilities with the same counterparties; and – Discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.) (continued)

Report on the audit of the financial statements (continued)

Other information included in The Company's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 financial statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on the audit of the financial statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations preclude 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.) (continued)

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 2022:

i) the Company has maintained proper books of account;

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

iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. (32) of 2021;

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

v) as disclosed in Note 8 to the financial statements, the Company has investment in securities as at 31 December 2022;

vi) note 23 to the financial statements discloses material related party transactions and balances, 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 Company has contravened during the financial year ended 31 December 2022, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or its Articles of Association, which would have a material impact on its activities or its financial position as at 31 December 2022; and

viii) the Company has no social contributions made during the year.

Further, as required by the U.A.E. Federal Law No. 6 of 2007 (as amended) and the related Financial Regulations for Insurance Companies, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

21 February 2023

Dubai, United Arab Emirates

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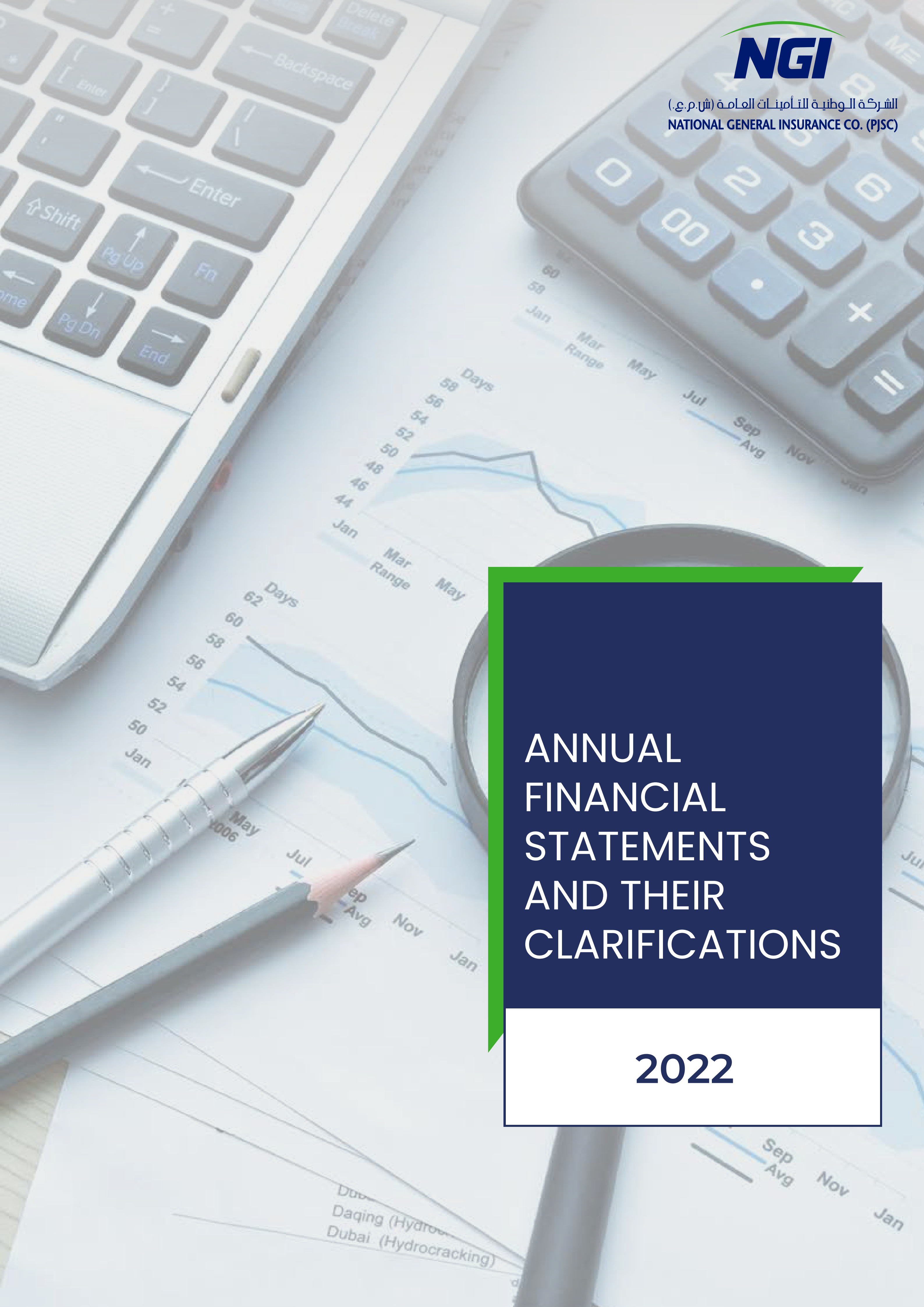
الشركة الوطنية للتأمينات العامة (ش.م.ع.)

NATIONAL GENERAL INSURANCE CO. (PJSC)



ANNUAL FINANCIAL STATEMENTS AND THEIR CLARIFICATIONS

2022

NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)

FINANCIAL STATEMENTS

31 DECEMBER 2022

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Report of the Board of Directors

Dear Shareholders,

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RECOMMENDATIONS OF THE BOARD OF DIRECTORS

The Board of Directors has the pleasure in presenting the following recommendations to the shareholders:

1. Consider, discuss and approve the Board of Directors' report.
2. Consider, discuss and approve the Auditors' report.
3. Consider, discuss and approve the Financial Statements for the year ended 31 December 2022.
4. Absolve the Chairman and Members of the Board from all responsibilities for acts and decisions made by them in fulfilling their functions during the year ended 31 December 2022.
5. Approve the proposed appropriation of the profits as follows:

	AED
Profit brought forward	**177,551,607**
Add comprehensive profit for the year 2022	**46,053,694**
Total available for distribution	**223,605,301**
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a) Director's remuneration	**5,000,000**
b) Proposed Dividend – Cash 25%	**37,488,528**
Profit carried forward	**181,116,773**

6. Appoint Auditors for the financial year 2022 and determine their fees.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, financial performance and cash flows of the Company as of, and for, the periods presented in the periodic report.

The Board of Directors take pleasure in extending, on your behalf, their sincere thanks and appreciation to H.H Sheikh Mohammed Bin Zayed Al Nahyan, the President and H.H Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, for their kind support to the national companies and institutions, which benefited immensely from their wise economic and social policies.

The Directors also appreciate the fruitful co-operation of all customers who had the major role in the progress of the company.

The Directors take this opportunity to express their sincere appreciation and thanks to the Company's executive administration and staff for their loyalty, diligence and hard work, and to our treaty leaders and all the Reinsurers for their continued support to the Company.

On behalf of the Board

Hamad Mubarak Buamim
Chairman

Building a better
working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National General Insurance Co. (P.J.S.C.) (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.) (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
***Valuation of insurance contract liabilities and reinsurance assets** (refer to note 9 of the financial statements)*	
We focused on these balances because of the complexity involved in the estimation process, and the significant judgements that management and the directors make in determining the appropriateness and adequacy of the liability. The liabilities which includes claims reported and not settled, incurred but not reported and mathematical reserve are based on a best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. A range of methods may be used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Reinsurance assets are recognised when the related gross insurance liability is recognised according to the terms of the relevant reinsurance contracts and their recoverability is subject to the probability of default and probable losses in the event of default by respective reinsurance counterparties. Note 14 to the financial statements describes the elements that make up the insurance contract liabilities and reinsurance assets balance.	The work that we preformed to address this key audit matter included the following procedures: • The evaluation and testing of key controls around the claims handling and reserve setting processes of the Company along with the recognition and release of reinsurance assets. We examined evidence of the operation of controls over the valuation of individual claims reserves, such as large loss review controls and internal peer reviews (whereby reviewers examine documentation supporting claims reserves and consider if the amount recorded in the financial statements is valued appropriately). • We checked samples of claims reserves and the respective share of reinsurance assets, through comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters and where relevant inspection of the Company's correspondence with lawyers and reinsurers where the claim are under investigation. • We reviewed management's reconciliation of the underlying company data recorded in the policy administration systems with the data used in the actuarial reserving calculations. • We tied the insurance contract liabilities and reinsurance assets as recommended by the Company's actuary to the liabilities and assets in the financial statements. • We involved our actuarial specialist team members, to apply industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. • We obtained the reinsurance treaty summary for the year and verified the details in the summary to the respective agreements. • We reviewed the ratios of reinsurance assets to related insurance contact liabilities to identify any variance from reinsurance treaty arrangements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Revenue recognition *(refer to note 19 of the financial statements)*	
Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period, and are recognised on the date on which the policy commences. At the end of each year, a proportion of the written premiums of the general insurance, medical and group life business is provided for to cover portions of risk which have not expired at the reporting date. The reserves are required to be calculated in accordance with the requirements of the Insurance Law relating to insurance companies. Since the Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the risks and rewards have been transferred, we have identified it as a key audit matter.	The work that we performed to address this key audit matter included the following procedures. • We assessed whether the Company's revenue recognition policies complied with IFRS and tested the implementation of those policies. Specifically, we considered whether the premiums on insurance policies are accounted for on the date of inception of policies, by testing a sample of revenue items to insurance contracts, with a specific focus on transactions which occurred near 31 December 2022. • We compared the unearned premiums reserve balance as per the financial statements to the reserve balance computed by the Company's actuary. • We also tested a risk based sample of journal entries posted to revenue accounts to identify any unusual or irregular items, and we tested the reconciliations between the policy master file and its financial ledgers.
Recoverability of insurance balance receivables *(refer to note 10 of the financial statements)*	
The Company has significant insurance balance receivables against written premium policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.	The work that we performed to address this key audit matter included the following procedures. • We tested key controls over the processes designed to record and monitor insurance receivables; • We tested the ageing of insurance receivables to assess if these have been accurately determined. • We obtained balance confirmations from a sample of counterparties such as policyholders, reinsurers, agents and brokers; • We verified payments received from such counterparties post year end; – Considering the adequacy of provisions for bad debts for significant customers, taking into account, existence of any disputes over the balance outstanding, history of settlement of receivables liabilities with the same counterparties; and – Discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.) (continued)

Report on the audit of the financial statements (continued)

Other information included in The Company's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 financial statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on the audit of the financial statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations preclude 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.) (continued)

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 2022:

i) the Company has maintained proper books of account;

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

iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. (32) of 2021;

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

v) as disclosed in Note 8 to the financial statements, the Company has investment in securities as at 31 December 2022;

vi) note 23 to the financial statements discloses material related party transactions and balances, 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 Company has contravened during the financial year ended 31 December 2022, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or its Articles of Association, which would have a material impact on its activities or its financial position as at 31 December 2022; and

viii) the Company has no social contributions made during the year.

Further, as required by the U.A.E. Federal Law No. 6 of 2007 (as amended) and the related Financial Regulations for Insurance Companies, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

21 February 2023

Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	*2022* *AED*	*2021* *AED*
ASSETS			
Property and equipment	5	**26,874,482**	27,227,665
Intangible assets	6	**5,405,607**	3,706,450
Investment properties	7	**185,150,000**	184,704,150
Investment securities	8	**317,559,937**	356,419,319
Investments on behalf of policyholders of unit-linked products	8	**47,879,920**	51,535,535
Reinsurance contract assets	9	**378,628,831**	360,553,396
Insurance and other receivables	10	**213,028,120**	207,972,486
Deposits	11	**219,027,755**	247,944,812
Cash and cash equivalents	11	**126,362,439**	64,397,757
TOTAL ASSETS		**1,519,917,091**	1,504,461,570
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	**149,954,112**	149,954,112
Legal reserve	13	**74,977,056**	74,977,056
General reserve	13	**74,977,056**	74,977,056
Cumulative change in fair value through other comprehensive income (FVOCI) investments		**(5,637,987)**	1,930,661
Retained earnings		**231,173,949**	229,388,850
Reinsurance reserve	14	**3,572,440**	1,846,431
Total equity		**529,016,626**	533,074,166
LIABILITIES			
Provision for end of service indemnity	15	**13,290,777**	11,651,763
Insurance contract liabilities	9	**687,769,243**	659,424,205
Insurance and other payables	16	**241,960,525**	241,973,451
Payable to policyholders of unit linked products	17	**47,879,920**	51,535,535
Bank borrowings	18	**-**	6,802,450
Total liabilities		**990,900,465**	971,387,404
TOTAL EQUITY AND LIABILITIES		**1,519,917,091**	1,504,461,570

HE Hamad Mubarak Buamim
Chairman

Dr. Abdul Zahra A. Ali
Chief Executive Officer

The accompanying notes 1 to 30 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	*2022* *AED*	*2021* *AED*
Gross written premium	19	**650,233,740**	645,802,900
Reinsurance ceded	19	**(345,201,830)**	(352,640,140)
Net premium		**305,031,910**	293,162,760
Change in unearned premium	9	**(12,603,893)**	(9,299,557)
Net earned premium	19	**292,428,017**	283,863,203
Reinsurance commission earned		**56,574,982**	46,005,095
Net underwriting income		**349,002,999**	329,868,298
Claims paid	9	**(359,401,526)**	(313,824,764)
Reinsurance share	9	**176,277,988**	147,178,168
Net claims paid		**(183,123,538)**	(166,646,596)
Change in net outstanding claims and claims incurred but not reported	9	**(4,988,644)**	(14,472,473)
Net incurred claims		**(188,112,182)**	(181,119,069)
Commission incurred		**(53,827,715)**	(51,463,568)
Administrative expenses	21	**(60,994,674)**	(57,362,263)
Net underwriting expenses		**(302,934,571)**	(289,944,900)
Movement in life assurance fund and payable to policyholders of unit linked products	9,17	**10,978,549**	(8,964,470)
Change in fair value of investments held for unit linked products	17	**(11,757,807)**	5,788,936
Net income from life investments		**5,445,167**	4,799,140
Total underwriting expenses		**(298,268,662)**	(288,321,294)
Underwriting profit		**50,734,337**	41,547,004
Interest and other income		**6,534,206**	5,411,285
Net income from investment properties		**3,976,940**	8,154,465
Net income from other investments	20	**8,466,365**	32,195,447
Net gain from investment portfolio		**18,977,511**	45,761,197
General and administrative expenses	21	**(16,089,506)**	(16,523,000)
PROFIT FOR THE YEAR		**53,622,342**	70,785,201
Basic and diluted earnings per share	22	**0.36**	0.47

The accompanying notes 1 to 30 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 ***AED***	*2021* *AED*
Profit for the year	**53,622,342**	70,785,201
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Net change in fair value of investments at fair value through Other comprehensive income (FVOCI)	**(7,568,648)**	(2,193,927)
Total other comprehensive loss for the year	**(7,568,648)**	(2,193,927)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**46,053,694**	68,591,274

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital AED	*Legal reserve AED*	*General reserve AED*	*Reinsurance reserve AED*	*Cumulative change in fair value of investments in FVOCI AED*	*Retained earnings AED*	*Total AED*
Balance at 1 January 2021	149,954,112	74,977,056	74,977,056	83,123	4,124,588	186,260,074	490,376,009
Total comprehensive income for the year	-	-	-	-	(2,193,927)	70,785,201	68,591,274
Directors' remuneration (Note 25)	-	-	-	-	-	(3,400,000)	(3,400,000)
Dividends declared (Note 25)	-	-	-	-	-	(22,493,117)	(22,493,117)
Transfer to reinsurance reserve	-	-	-	1,763,308	-	(1,763,308)	-
Balance at 31 December 2021	149,954,112	74,977,056	74,977,056	1,846,431	1,930,661	229,388,850	533,074,166
Total comprehensive income for the year	-	-	-	-	(7,568,648)	53,622,342	46,053,694
Directors' remuneration (Note 25)	-	-	-	-	-	(5,125,000)	(5,125,000)
Dividends declared (Note 25)	-	-	-	-	-	(44,986,234)	(44,986,234)
Transfer to reinsurance reserve	-	-	-	1,726,009	-	(1,726,009)	-
Balance at 31 December 2022	**149,954,112**	**74,977,056**	**74,977,056**	**3,572,440**	**(5,637,987)**	**231,173,949**	**529,016,626**

The accompanying notes 1 to 30 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	***2022*** ***AED***	*2021* *AED*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**53,622,342**	70,785,201
Adjustments for:			
Depreciation and amortization		**2,426,687**	2,543,731
Dividend income		**(6,210,907)**	(5,499,718)
Realised gains on fair value through profit or loss (FVTPL) investments		**(15,226,188)**	(14,048,943)
Unrealised loss/ (gain) on investment FVTPL		**12,497,199**	(13,700,764)
Change in fair value of investment properties		**(445,850)**	(3,899,555)
Provision/ (reversal) for expected credit losses		**1,520,041**	(1,931,166)
Other investment income		**(9,591,766)**	(9,044,508)
Provision for end of service indemnity		**2,124,036**	1,485,970
Operating cash flows before changes in operating assets and liabilities		**40,715,594**	26,690,248
Change in insurance and other receivables		**(6,575,675)**	(2,070,877)
Change in insurance and other payables		**(12,926)**	35,580,540
Change in unearned premium reserve and life assurance fund		**5,280,959**	18,714,005
Change in net outstanding claims and claims incurred but not reported		**4,988,644**	9,893,107
Change in investments on behalf of policyholders of unit-linked products	8	**(3,655,615)**	(4,129,387)
Change in payable to policyholders of unit linked products	17	**3,655,615**	4,129,387
Employees' end of service indemnity paid		**(485,022)**	(2,266,675)
Net cash generated from operating activities		**43,911,574**	86,540,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment and intangible assets	6,7	**(3,772,661)**	(4,978,405)
Purchase of investments at FVTPL	8	**(93,393,325)**	(174,524,379)
Purchase of investments at FVTOCI	8	**(15,049,140)**	(51,306,242)
Proceeds from sale of investments at FVTPL		**127,462,188**	161,993,042
Proceeds from maturity of investments at amortised costs		**15,000,000**	-
Interest and other income		**9,591,766**	9,044,508
Dividends received		**6,210,907**	5,499,718
Change in bank deposits		**28,917,057**	(168,036,274)
Decrease in bank borrowings		**(6,802,450)**	(3,677)
Net cash generated from/ (used in) investing activities		**68,164,342**	(222,311,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Directors' remuneration paid		**(5,125,000)**	(3,400,000)
Dividend paid		**(44,986,234)**	(22,493,117)
Net cash used in financing activities		**(50,111,234)**	(25,893,117)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**61,964,682**	(161,664,478)
Cash and cash equivalents at the beginning of the year		**64,397,757**	226,062,235
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 11)		**126,362,439**	64,397,757

The accompanying notes 1 to 30 form an integral part of these financial statements.

1 GENERAL INFORMATION

National General Insurance Co. (P.J.S.C.) ("the Company") was originally incorporated as a Private Limited Liability Company on 19 November 1980. Subsequently, the Company was converted to a Public Joint Stock Company with effect from 12 September 2001.

The Company is registered under UAE Federal Decree Law No. (32) of 2021 in the Emirate of Dubai and underwrites all classes of life and general insurance business as well as certain reinsurance business in accordance with the provisions of the UAE Federal Law No. 6 of 2007 relating to Establishment of Insurance Authority and Regulation of Insurance Operations, as amended, and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA")). The Company is listed on Dubai Financial Market, United Arab Emirates.

The registered office of the Company is at the NGI House, P.O. Box 154, Dubai, United Arab Emirates.

Federal Law Decree No. 32 of 2021 ("Companies Law") which repeals and replaces Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 20 September 2021 and is effective from 2 January 2022. The Company complied with the new provisions and requirements of the UAE Federal Decree Law No. (32) of 2021 and obtained approval from the CBUAE on the required amendments to its Articles of Association in order to align with the new provisions and the requirements. The amendments on the Articles of Association was approved and finalized during the Annual General Meeting held on 3 March 2022.

The financial statements were approved by the Board of Directors and authorised for issue on 20 February 2023.

2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for revaluation of certain financial instruments and investment properties carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of the Articles of Association of the Company and of United Arab Emirates Laws.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards and interpretations effective after 1 January 2022
The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to 'Interest Rate Benchmark Reform - Phase 2, that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.
- Amendments relating to IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16
- Amendment to IFRS 16 'Leases' to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. Effective for annual period beginning on or after 1 January 2023.
- Amendments to IAS 8: Definition of Accounting Estimates. Effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. Effective for annual period beginning on or after 1 January 2023 with earlier application permitted.
- IFRS 17: Insurance Contracts. Effective for annual period beginning on or after 1 January 2023

IFRS 17, 'Insurance Contracts'
IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023 and the company expects to first apply IFRS 17 on that date. 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 financial statements to assess the impact of these contracts on the 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)

IFRS 17 also allows entities, in very limited circumstances, that have applied IFRS 9 'Financial instruments' to annual reporting period before the initial application of IFRS 17, to redesignate their financial assets associated with insurance.

The implementation project at the company is governed by the Audit Committee and the IFRS 17 Steering Committee. These committees provide oversight and governance over the implementation of the IFRS 17 project. The steering committee is comprised of executive management as well as senior management from various functions including finance, actuarial, risk, information technology and reinsurance. Technical papers, actuarial methodologies and disclosure requirements have been defined and are approved by the committees. The IFRS 17 project team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. Where applicable, the policy and methodology papers are updated to reflect any changes in requirements.

The Company is currently working on the following areas to ensure successful implementation of IFRS 17 and compliance with the regulatory requirements:
- Finalization of transition balances as at year end 2021 and sign off on the same by the Steering Committee, Audit Committee, and the external auditor.
- Comparatives for the year 2022
- Finalization of User Acceptance Testing of the IFRS 17 engine.
- Configuration of the new core systems for life and generation of data reports as per the requirements of IFRS 17.
- Continuation of the knowledge transfer and trainings of key stakeholders in the business, and;
- Implementation of future financial and data governance processes and accountabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, 'Insurance Contracts' (continued)

Measurement models

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts based on profitability and annual cohorts. IFRS 17 consists of 3 measurement models:

- **General model:** This approach is applied to all insurance contracts, unless they have direct participation features or the contract is eligible for, and the entity elects to apply, the premium allocation approach.

- **Variable fee approach**: This approach is applied to insurance contracts with direct participation features. Such contracts are substantially investment-related service contracts under which an entity promises an investment return based on underlying items. This approach cannot be used for the measurement of reinsurance contracts issued or held.

- **Premium allocation approach**: This approach is an optional simplification of the measurement of the liability for remaining coverage for insurance contracts with short-term coverage.

The measurement of the liability for incurred claims is identical under all three measurement models and follows the principles of the general model, apart from the determination of locked-in interest rates used for discounting and in some cases, discounting may not be required.

General measurement model
The general measurement model ("**GMM**"), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin("CSM") represents the unearned profit from in-force contracts that the Company will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognized in profit or loss each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units.

The Company applies the General Measurement model to the following classes of business:
- Endowment Insurance
- Universal Life Insurance
- Term Insurance

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, 'Insurance Contracts' (continued)

Measurement models (continued)

Variable fee approach
The variable fee approach ("VFA") is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:
- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

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

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

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

The Company applies the Variable Fee Approach model to following classes of business:
- Unit Linked DSF
- Unit Linked Banca

Premium Allocation Approach
As the premium allocation approach is a simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement s not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:
• Relevant pricing decisions.
• Initial stages of a new business acquired where the underlying contracts are onerous.
• Any other strategic decisions the board considers appropriate.

The Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Company performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Company expects all of its non-life, health and short term life contracts follow PAA measurement model,

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, 'Insurance Contracts' (continued)

Measurement models (continued)

Insurance revenue and insurance service expenses
As the company provides insurance contract services under the group of insurance contracts, it reduces the Liability for Remaining Coverage and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

For insurance contracts measured under the general measurement model and the variable fee approach, insurance revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period, changes in the risk adjustment for non-financial risk, amounts of the CSM recognized for the services provided in the period, experience adjustments arising from premiums received in the period other than those that relate to future service and other amounts, including any other pre-recognition cash flows assets derecognized at the date of initial recognition. For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used. The Standard requires losses to be recognized 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 amortization, changes that relate to past service (i.e changes in the FCF relating to the 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.

Accounting policy choices

The following table sets out the accounting policy choices adopted by the Company:

	Measurement model the option is allowed to be applied	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	PAA	IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortizing them over the contract's coverage period, provided that the coverage period of each contract in the group at initial recognition is no more than one year	The Company capitalizes insurance acquisition cash flows for portfolios measured under PAA. It also 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	PAA	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 Company makes an allowance for accretion of interest on the LRC for long term non-life portfolios (where applicable)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, 'Insurance Contracts' (continued)

Accounting policy choices (continued)

	Measurement model the option is allowed to be applied	IFRS 17 options	Adopted approach
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	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 Company has a plan to adjust LIC for the time value of money.
Insurance finance income and expenses	GMM, VFA and PAA	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 OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	The Company has two options, whether to recognize the impact of changes in discount rates and other financial variables in profit or loss or in OCI.
Disaggregation of risk adjustment	GMM, VFA and PAA	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 Company has a plan to recognize the entire change in risk adjustment for non-financial risk in insurance service result as this is an operationally simple option.
Recovery of insurance acquisition cash flows	GMM and VFA	It is an accounting policy choice whether or not to consider the time value of money in allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.	The Company has a plan to not consider the time value of money when allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, 'Insurance Contracts' (continued)

Areas of significant judgements

The following are key judgements and estimates which the Company expects to apply as a result of IFRS 17

CSM and Coverage Units

For contracts being measured under PAA, the revenue recognition pattern is determined at the defined portfolio level. The revenue recognition pattern will be linear for all contracts other than Engineering type contracts which will follow a non-linear (increasing risk) methodology.

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

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

Discount rates

For GMM and PAA, the Company has a plan to use the bottom-up approach will be used to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The Company intends to derive the risk-free rate using the EIBOR rates available in the market denominated in the same currency as the product being measured. Management uses judgement to assess liquidity characteristics of the liability cash flows.

For VFA, the Company intends to use an average of the historical fund returns to set a yield curve to discount the cashflows.

Risk adjustment

For portfolios being measured under PAA, the Company has a plan to calculate the risk adjustment using the Mack Method. The confidence level (probability of sufficiency) considered by the Company is to be based on the risk profile as well as management decision. The Company also plans to consider impact of diversification between line of business.

For portfolios being measured under GMM and VFA, margin method would be employed to calculate risk adjustment for LRC. This approach would be refined in the future and the company may plan to replace the current methodology with the VaR or Cost of Capital approach.

Contract Boundary

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgements might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.

Modification and derecognition

All endorsements are to be treated as changes in Fulfillment Cash flows with the exception of cancellations, where contract would need to be derecognized (consistent with current practice). 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).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, 'Insurance Contracts' (continued)

Transition

There are three approaches to calculate liability balances at the transition date:

- Full retrospective approach: At the transition date, the full retrospective application requires the entity to identify, recognise and measure each group of insurance contracts and any assets for insurance acquisition cash flows as if IFRS 17 had always been applied. This would involve looking back to the date of initial recognition and using the actual policy data and information available then, without the use of hindsight, to identify groups of insurance contracts and determine the components (expected cash flows, adjustment for time value of money and for non-financial risks) of fulfilment cash flows and in particular, the CSM or loss component on initial recognition.

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). The fair value approach enables an entity to determine the opening transition balances, even if the entity does not have reasonable and supportable information about the contracts that exist at the transition date.

The transition approach is determined at the level of a group of insurance contracts and it affects the way the CSM is calculated on initial adoption of IFRS 17:

a. full retrospective approach – the CSM at initial recognition is based on initial assumptions when groups of contracts were recognized and rolled forward to the date of transition as if IFRS 17 had always been applied;
b. modified retrospective approach – the CSM at initial recognition is calculated based on assumptions at transition using some simplifications and taking into account the actual pre-transition fulfilment cash flows; and
c. fair value approach – the pre-transition fulfilment cash flows and experience are not considered.

Contracts measured under GMM and VFA
The Company has assessed that it is impracticable to apply the full or modified retrospective approach to calculate transition balances for long term life business contracts due to several practical challenges. The company has decided to employ the fair value approach in order to calculate the liability balances for long-term life portfolios measured under GMM and VFA.

Contracts measured under PAA
The Company has determined that reasonable and supportable information is available for most of the contracts in force at the transition date. In addition, as the contracts are eligible for the PAA, the company has made an assessment of the available data and has decided to use a mixture of Modified and Full retrospective approach to calculated the liability balances at the transition data.

Accordingly, the Company will:
- identify, recognize and measure each group of insurance contracts and any asset for insurance acquisition cash flows as if IFRS 17 had always applied;
- derecognize any existing balances that would not exist if IFRS 17 had always applied; and
- recognize any resulting net difference in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and revised IFRS standards and interpretations but not yet effective (continued)

IFRS 17, ‘Insurance Contracts’ (continued)

Impact on transition to IFRS 17

The management anticipates that the implementation of IFRS 17 will have an effect on the amounts reported and disclosures made in these financial statements with regard to its issued and retained reinsurance contracts. Opening equity is anticipated to be significantly influenced by the following factors, according to estimates made thus far:

- Impact of discounting
- Impact of risk adjustment assumptions
- Impact of onerous contracts identified
- Impact of deferment of acquisition cost
- Introduction of CSM

The effects on the Company’s financial statements are currently being evaluated. Even though the project was well underway at the time these financial statements were published, it is still not yet practical to accurately evaluate the transition impact.

Impact on presentation and disclosures on transition to IFRS 17

In the statement of financial position, deferred acquisition costs and insurance related receivables will no longer be presented separately but as part of the insurance asset or liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities.

The amounts presented in the statement of financial performance (statement of comprehensive income) need to be disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from insurance contracts issued.

The Company is required to provide disaggregated qualitative and quantitative information about:

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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, mentioned below, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 17 will be adopted in the Company’s financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Company’s financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Company performs a detailed review.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the years presented.

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

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

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

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

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

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

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

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

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

Insurance contracts

Classification
The Company issues contracts that transfer either insurance risk or both insurance and financial risks.

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Company to pay significant additional benefits due to happening of the insured event compared to its non happening.

Insurance contracts may also transfer some financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts where insurance risk is not significant are classified as investment contracts. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance contracts (continued)

Classification (continued)

Some insurance contracts and investment contracts contain discretionary participating features (DPF) which entitle the contract holder to receive, as a supplement to the standard guaranteed benefits, additional benefits;

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer;
- that are contractually based on;
  - (i) the performance of a specified pool of contracts or a specified type of contract,
  - (ii) realised/unrealised investment returns on a specified pool of assets held by the issuer or,
  - (iii) the profit or loss of the Company, fund or other entity that issues that contract.

Under IFRS 4, DPF can be either treated as an element of equity or as a liability, or can be split between the two elements. The Company policy is to treat all DPF as a liability within insurance or investment contract liabilities.

The policyholder bears the financial risks relating to some insurance contracts or investment contracts. Such products are usually unit-linked contracts.

Recognition and measurement
Insurance contracts are classified into two main categories, depending on the nature of the risk, duration of the risk and whether or not the terms and conditions are fixed.

These contracts are general insurance contracts and life assurance contracts.

General insurance contracts
Gross premiums written reflect business incepted during the year and exclude any fees and other amounts collected with and calculated based on premiums. These are recognised when underwriting process is complete and policies are issued. Premiums are recognized as revenue (earned premiums) proportionately over the period of coverage.

The earned portion of premium is recognised as an income and are shown in the profit or loss before deduction of commission. Premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis described below:

Life assurance contracts
In respect of the short term life assurance contracts, premiums are recognised as revenue (earned premiums) proportionately over the period of coverage. The portion of the premium received in respect of in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability. Premiums are shown before the deduction of the commission.

In respect of long term life assurance contracts, premium are recognised as revenue (earned premiums) when they become payable by the contract holder. Premiums are shown before deduction of commission.

Premiums for group credit life policies are recognised when it is paid by the contract holder.

A liability for contractual benefits that are expected to be incurred in future is recorded when the premiums are recognised. The liability is based on the assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviation is included in the assumptions.

Where a life assurance contract has a single premium or limited number of premium payments due over a significantly shorter period than the period during which the benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contract in-force or for annuities in force, in line with the decrease of the amount of future benefits expected to be paid.

The liabilities are recalculated at the end of each reporting period using the assumptions established at the inception of the contract.

Claims and benefits payable to contract holders are recorded as expenses when they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned premium provision

The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date. UPR is calculated using the 1/365 method except for marine cargo and general accident. The UPR for marine cargo is recognised as fixed proportion of the written premiums as required in the financial regulation issued under UAE Federal Law No. 6 of 2007, and UPR for general accident assumes a linear increase in risk with the duration of the project such that the risk faced is 100% at the expiry of the contract, the rate at which the premium is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy. Unearned premiums for individual life business are considered by the Company's actuary in the calculation for life reserve fund.

Claims

Claims incurred comprise the settlement and the internal and external handling costs paid and changes in the provisions for outstanding claims arising from events occurring during the financial period. Where applicable, deductions are made for salvage and their recoveries.

Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expense reduced by expected salvage and other recoveries. Claims outstanding are assessed by reviewing individual reported claims. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior periods are reflected in the financial statements of the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provision is also made for any claims incurred but not reported (“IBNR”) at the date of statement of financial position using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required by the regulations.

Provision for premium deficiency / liability adequacy test

Provision is made for premium deficiency arising from general insurance contracts and short term group life contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision and already recorded claim liabilities in relation to such policies.

Reinsurance

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are recognised as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer, are included in insurance contracts. The benefits to which the Company is entitled under its reinsurance contracts are recognised as reinsurance contract assets.

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Amounts due to and from reinsurers are accounted for in a manner consistent with the related insurance policies and in accordance with the relevant reinsurance contracts. Reinsurance premiums are deferred and expensed using the same basis as used to calculate unearned premium reserves for related insurance policies. The deferred portion of ceded reinsurance premiums is included in reinsurance assets.

Reinsurance assets are assessed for impairment on a regular basis. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in statement of profit or loss in the year in which they are incurred.

Profit commission in respect of reinsurance contracts is recognised on an accrual basis. Reinsurance assets or liabilities are derecognized when the contractual obligations/rights are extinguished or expire or when the contract is transferred to another party.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred acquisition cost
For general insurance contracts, the deferred acquisition cost asset represents the position of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the reporting date. Commission income related to underwriting activities are recognised on a time proportion basis over the effective period of policy using the same basis as described for unearned premium reserve.

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred.

Insurance receivables and payables
Amounts due from and to policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract liabilities or reinsurance assets.

Life assurance fund
The fund is determined by the independent actuarial valuation of future policy benefits. Actuarial assumptions include a margin for adverse deviation and generally vary by type of policy, year of issue and policy duration. Mortality and withdrawal rate assumptions are based on experience. Adjustments to the balance of fund are affected by charges or credits to income. Certain generated returns are accrued and provided for in the life fund.

Unit linked liabilities
For unit linked policies, liability is equal to the policy account values. The account value is the number of units times the bid price.

Insurance contract liabilities and reinsurance assets
Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the statement of financial position date, in addition for claims incurred but not reported and Life assurance fund. Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period after reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of claims cannot be known with certainty at the end of the reporting period. The liability is not discounted for the time value of money.

No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when it is expired, discharged or cancelled.

The reinsurers' portion towards the above outstanding claims, claims incurred but not reported and unearned premium is classified as reinsurance contract assets in the financial statements.

Salvage and subrogation reimbursements
Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurement of the insurance liability for claims.

Revenue (other than insurance revenue)
Revenue (other than insurance revenue) comprises the following:

Fee and commission income
Fee and commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

Dividend income
Dividend income is recognised when the Company’s right to receive the payment has been established.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (other than insurance revenue) (continued)

Rental income
Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

General and administrative expenses
Direct expenses are charged to the respective departmental revenue accounts. Indirect expenses are allocated to departmental revenue accounts on the basis of gross written premiums of each department. Other administration expenses are charged to profit or loss as unallocated general and administrative expenses.

Leases
The Company as lessee
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company as lessor
The Company enters into lease agreements as a lessor with respect to some of its investment properties.

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

Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and identified impairment losses. Land is not depreciated.

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

Where parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognised net within other income/other expenses in profit or loss.

Subsequent costs
The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in statement of profit or loss as incurred.

Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation (continued)
Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate. No depreciation is charged on freehold land and capital-work-in-progress. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

The estimated useful lives with their capabilities for various categories of property and equipment is as follows :

Office building	30 years
Other property and equipment	4 years

Intangible assets (software)
Software acquired by the Company is measured at cost less accumulated amortisation and any identified impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight line basis in the statement of profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods are four years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment properties
Investment properties are properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in providing services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognized in the statement of profit or loss.

The Company determines fair value on the basis of valuations provided by two independent valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties include the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Impairment of non-financial assets
At the end of each reporting period, the Company reviews the carrying amounts of their tangible and intangible 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial assets and liabilities

Recognition
The Company initially recognises insurance receivables and insurance payables on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

All recognised financial assets and financial liabilities are subsequently measured in their entirety at either amortised cost or fair value.

Classification
Financial assets measured at amortised cost
At inception a financial asset is classified as measured at amortised cost or fair value.

A financial asset qualifies for amortised cost measurement only if it meets both of the following two conditions:

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

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this reflect the best way the business is managed and information is provided to the management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focus on earning contractual interest revenue;
- the degree of frequency of any expected asset sales;
- the reason of any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Insurance and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

Financial assets measured at fair value through profit or loss
Financial assets at FVTPL are:
(i) assets with contractual cash flows that are not SPPI; or/and
(ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
(iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial assets and liabilities (continued)

Classification (continued)

Equity instruments at FVOCI
Investments in equity instruments/funds 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 and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments in equity instruments/funds, but reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt instruments at amortised cost or at FVOCI
At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Company has not identified a change in its business models.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at FVOCI are subject to impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, balances with the banks and fixed deposits with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

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

Equity instruments
Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

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

Non-derivative financial liabilities
Insurance and other payables are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Other financial liabilities (except for deferred reinsurance commission) are subsequently measured at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis except for short term payable when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial assets and liabilities (continued)

Impairment
The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, cash and bank balances, insurance receivables and reinsurance receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL (expected credit losses) for insurance receivables and reinsurance receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

The Company has adopted simplified approach in case of insurance and other receivables. In case of financial assets for which simplified approach is adopted lifetime expected credit loss is recognised.

Details of these statistical parameters/inputs are as follows:

PD - The probability of default is an estimate of the likelihood of default over a given time horizon.

LGD - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial assets and liabilities (continued)

Impairment (continued)

Forward-looking information
The measurement of expected credit losses considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors
In its models, the company relies on a broad range of forward looking information as economic inputs, such as: GDP, GDP annual growth rate, unemployment rates, inflation rates, interest rates, etc. Various macroeconomic variables considered are Brent, CPI, Stock, Inflation and Loans to private sector.

The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.

Definition of default
Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative - e.g. breaches of covenant,
- Quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources.

Derecognition of financial assets and financial liabilities
The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control on the financial asset. Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Company is recognised as separate asset or liability in the statement of financial position. On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the financial assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the services. The Company derecognises a financial liability when its contractual obligation are discharged or cancelled or expire.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Reinsurance reserves
In accordance with Article 34 of Insurance Authority's Board of Directors Decision No.(23) of 2021, the Company shall allocate an amount equals to 0.5% of the total reinsurance premiums ceded to reinsurance reserve. This reserve shall be accumulated year after year and may not be disposed off without the written approval of the Director General of the Insurance Authority

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

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

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

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

Exchange differences are recognized in profit or loss in the year in which they arise.

Employee terminal benefits
The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment and are not less than the liability arising under UAE Labour Law.

The Company contributes to the pension scheme for UAE nationals under the UAE pension and social security law. This is a defined contribution pension plan and the Company's contributions are charged tothe statement of profit or loss in the period to which they relate. In respect of this scheme, the Company has a legal and constructive obligation to pay the fixed contributions as they fall due and no obligations exist to pay the future benefits.

Earnings per share
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Offsetting
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the recognised amounts audit intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Directors' remuneration
Pursuant to Article 171 of Federal Decree Law No. (32) of 2021 and in accordance with the Articles of Association of the Company, the Directors are entitled for remuneration which shall not exceed 10% of the net profits after deducting depreciation and reserves.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3 to these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of investments
Management decides on acquisition of an investment whether it should be classified as FVTPL, FVTOCI or FV at amortised cost. The Company classifies investments at FVTPL if they are acquired primarily for the purpose of making a short term profit by the dealers.

Equity instruments are classified as FVOCI securities when they are considered by management to be strategic equity investments that are not held to benefit from changes in their fair value and are not held for trading.

Management is satisfied that the Company's investments in securities are appropriately classified.

Classification of properties
In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment, property under development and property held for sale. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 2 – Inventories, IAS 16 – Property, Plant and Equipment, and IAS 40 – Investment Property, with regards to the intended use of the property.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Critical accounting judgements (continued)

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

Business model assessment (continued)
The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

Insurance contract classification
Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Company.

There are a number of contracts sold where the Company exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Company is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

4.2 Key sources of estimation uncertainty

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

The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2021.

Individual life insurance
The assumptions used in the actuarial valuations for life fund are consistently applied and these assumptions are based on mortality and withdrawal rate assumptions.

Provision for outstanding claims whether reported or not
The estimation of ultimate liability arising from the claims made under insurance contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made at the end of the reporting period for both the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

Provision for outstanding claims whether reported or not (continued)
The Company has performed an assessment of the impact of COVID-19 on its contractual arrangements and provisions for outstanding claims and claims incurred but not reported which included regular sensitivity analyses. The Company determined that there is no material impact on its risk position and provision balances for outstanding claims and claims incurred but not reported, as at 31 December 2022. The Company will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.2 Key sources of estimation uncertainty (continued)

Calculation of loss allowance
When measuring ECL the Company 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. Forward looking factor considered as the GDP of U.A.E. 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.

Liability adequacy test
At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the profit or loss.

Valuation of investment properties
The fair value of investment properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment properties portfolio annually.

Valuation technique and significant unobservable inputs
The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

The Company has taken the highest and best use fair values for the fair value measurement of its investment properties.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
1) Income valuation approach 2) Sales comparative valuation approach 3) Residual approach	-Expected market rental growth rate -Free hold property -Free of covenants, third party rights and obligations -Statutory and legal validity -Condition of the property, location and plot area -Recent sales value of comparable properties	The estimated fair value increase/decrease if: - Expected market rental growth rate were higher - The risk adjusted discount rates were lower/higher - The property is not free hold - The property is subject to any covenants, rights and obligations - The property is subject to any adverse legal notices / judgment - The property is subject to any defect / damages - The property is subject to sales value fluctuations of surrounding properties in the area.

Depreciation of property and equipment
The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

Impairment of intangible assets
The period of amortisation of the intangible assets is determined based on the pattern in which the asset’s future economic benefits are expected to be consumed by the Company and technological obsolescence. Management has concluded that no impairment of intangible assets is required based on impairment test performed by the Company as of the reporting date.

5 PROPERTY AND EQUIPMENT

	Land and office building AED	*Furniture and fixtures AED*	*Computer&Office equipment AED*	*Motor vehicles AED*	*Total AED*
Cost:					
At 31 December 2020	34,314,711	9,366,214	9,389,734	402,050	53,472,709
Additions during the year	2,286,000	289,351	384,547	-	2,959,898
Transfer/adjustments	-	(9,705)	37,264	-	27,559
Disposals	-	-	(91,101)	-	(91,101)
At 31 December 2021	36,600,711	9,645,860	9,720,444	402,050	56,369,065
Additions during the year	-	1,150	1,292,501	-	1,293,651
Transfer/adjustments	-	-	-	-	-
Disposals	-	-	-	(6,600)	(6,600)
At 31 December 2022	**36,600,711**	**9,647,010**	**11,012,945**	**395,450**	**57,656,116**
Accumulated depreciation:					
At 31 December 2020	9,266,879	9,281,449	8,910,329	320,646	27,779,303
Charge for the year	1,029,653	62,709	357,877	34,156	1,484,395
Transfer/adjustments	-	30,780	(61,977)	-	(31,197)
Disposals	-	-	(91,101)	-	(91,101)
At 31 December 2021	10,296,532	9,374,938	9,115,128	354,802	29,141,400
Charge for the year	1,105,853	87,912	420,323	32,746	1,646,834
Disposals	-	-	-	(6,600)	(6,600)
At 31 December 2022	**11,402,385**	**9,462,850**	**9,535,451**	**380,948**	**30,781,634**
Carrying amount:					
At 31 December 2022	**25,198,326**	**184,160**	**1,477,494**	**14,502**	**26,874,482**
At 31 December 2021	26,304,179	270,922	605,316	47,248	27,227,665

Property and equipment are located in U.A.E.

6 INTANGIBLE ASSETS

	Computer software AED
Cost:	
At 31 December 2020	12,175,994
Additions during the year	2,018,507
Transfer/adjustments	(135,870)
At 31 December 2021	14,058,631
Additions during the year	2,479,010
At 31 December 2022	**16,537,641**
Accumulated amortization:	
At 31 December 2020	9,369,959
Charge for the year	1,059,336
Transfer/adjustments	(77,114)
At 31 December 2021	10,352,181
Charge for the year	779,853
At 31 December 2022	**11,132,034**
Carrying amount:	
At 31 December 2022	**5,405,607**
At 31 December 2021	3,706,450

7 INVESTMENT PROPERTIES

	2022 AED	*2021 AED*
At 1 January	**184,704,150**	180,804,595
Change in fair value	**445,850**	3,899,555
At 31 December	**185,150,000**	184,704,150

	2022 AED		*2021 AED*	
	Cost	***Fair value***	*Cost*	*Fair value*
Land	**119,627,060**	**113,700,000**	119,627,060	112,749,999
Office building	**63,156,439**	**71,450,000**	63,156,439	71,954,151
At 31 December	**182,783,499**	**185,150,000**	182,783,499	184,704,150

Investment properties include two plots of land and rented out portion of a commercial building. All investment properties are located in the U.A.E.

The carrying amount of investment properties are the fair value of the properties as determined by independent appraisers having an appropriate recognized professional qualification and recent experience in the location and category of the property being valued and is reviewed by the Board of Directors on a yearly basis. Fair values were determined based on income valuation approach, sales comparative approach and open market value basis.

7 INVESTMENT PROPERTIES (continued)

The properties have been categorized as Level 3 based on the inputs to the valuation technique used; and in estimating the fair value, the highest and best use of the properties is their current use.

The rental income and operating expenses relating to these properties are as follows:

	2022 AED	*2021 AED*
Rental income	**5,350,940**	6,238,780
Operating expenses	**(1,819,850)**	(1,983,870)
Net rental income	**3,531,090**	4,254,910

8 INVESTMENT SECURITIES

The Company's investment securities at the end of reporting period are detailed below.

	Notes	***2022 AED***	*2021 AED*
Financial assets at fair value through profit or loss (FVTPL)	8.1	**258,032,545**	293,077,912
Financial assets at fair value through other comprehensive income (FVOCI)	8.2	**107,822,835**	100,342,343
Financial assets at amortised cost		**-**	15,000,000
Less: Provision for expected credit losses (ECL)		**(415,523)**	(465,401)
		365,439,857	407,954,854

Investments securities – Geographic concentration		
Investments made:		
- Within U.A.E.	**148,859,027**	187,262,982
- Outside U.A.E.	**216,580,830**	220,691,872
Total	**365,439,857**	407,954,854

8.1 FVTPL investments

Equity investments – quoted	**119,776,698**	141,596,693
Equity investments – unquoted	**10,000,000**	10,000,000
Fixed income investments/ bonds – quoted	**80,375,927**	89,945,684
	210,152,625	241,542,377
Investments held on behalf of policyholders' unit linked products (Note 17)	**47,879,920**	51,535,535
Total	**258,032,545**	293,077,912

8.2 FVOCI investments

Equity investments – unquoted	**53,091,043**	51,209,909
Fixed income investments/bonds – quoted	**54,731,792**	49,132,434
Total	**107,822,835**	100,342,343

8 INVESTMENT SECURITIES (continued)

The movements in investments securities excluding investments held on behalf of policyholders' unit linked products are as follows:

	At FVOCI		*At FVTPL*	
	2022	*2021*	***2022***	*2021*
	AED	*AED*	***AED***	*AED*
At 1 January	**100,342,343**	51,230,028	**241,542,377**	201,220,783
Purchased during the year	**15,049,140**	51,306,242	**93,420,605**	174,524,379
Disposals during the year	**-**	-	**(112,313,158)**	(147,903,549)
Change in fair value	**(7,568,648)**	(2,193,927)	**(12,497,199)**	13,700,764
At 31 December	**107,822,835**	100,342,343	**210,152,625**	241,542,377

FVTPL and FVOCI investments with fair value of AED Nil (31 December 2021: AED 21.9 million) are pledged to a bank against loan granted to the Company (see Note 16). The bank loan was repaid in August 2022.

Movements in provision for ECL are as follows:

	2022	*2021*
	AED	*AED*
Balance at the beginning of the year	**465,401**	424,851
Charge during the year	**-**	40,550
Reversal for the year	**(49,878)**	-
Balance at the end of the year	**415,523**	465,401

As at 31 December 2022, the Company has an investment in certain fixed income bonds amounting to AED 6.5 million included under FVTPL investments. Subsequent to yearend, there were some negative news around the group of this bonds' issuer. Since then, the share prices of its related companies have been declining. The situation is still developing, and nothing is proven yet on the allegations, thus the Company believes that there is no valuation risk on this investment.

Investment Concentration

The UAE Insurance Authority has set a maximum limit for aggregate exposure in various categories of investments. As at 31 December 2022, the Company has investments more than the limit in some categories particularly equity instruments within and outside UAE, and deposits and other debt instruments.

9 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2022 AED	*2021 AED*
Insurance contract liabilities		
Claims reported unsettled and unexpired risk	**231,950,424**	228,526,918
Claims incurred but not reported	**111,496,094**	88,098,942
Life assurance fund	**80,533,289**	96,817,739
Unearned premium	**263,789,436**	245,980,606
Total insurance contract liabilities, gross	**687,769,243**	659,424,205
Re-insurance contract assets		
Claims reported unsettled and unexpired risk	**173,911,292**	173,555,746
Claims incurred but not reported	**68,457,054**	46,980,586
Life assurance fund	**9,371,669**	18,333,185
Unearned premium	**126,888,816**	121,683,879
Total reinsurers' share of insurance liabilities	**378,628,831**	360,553,396
Net		
Claims reported unsettled and unexpired risk	**58,039,132**	54,971,171
Claims incurred but not reported	**43,039,040**	41,118,356
Life assurance fund (Note 9.2)	**71,161,620**	78,484,554
Unearned premium	**136,900,620**	124,296,728
	309,140,412	298,870,809

9 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

9.1 Movements in the insurance contract liabilities and reinsurance contract assets during the year were as follows:

		2022			*2021*	
	Gross AED	***Reinsurance AED***	***Net AED***	*Gross AED*	*Reinsurance AED*	*Net AED*
Claims reported unsettled and unexpired risk	**228,526,918**	**173,555,746**	**54,971,172**	220,914,773	177,527,617	43,387,156
Incurred but not reported	**88,098,942**	**46,980,586**	**41,118,356**	94,065,912	56,069,065	37,996,847
Total at the beginning of the year	**316,625,860**	**220,536,332**	**96,089,528**	314,980,685	233,596,682	81,384,003
Claims settled in the year	**(359,401,526)**	**(176,277,988)**	**(183,123,538)**	(313,824,764)	(147,178,168)	(166,646,596)
Increase in liabilities	**386,222,184**	**198,110,002**	**188,112,182**	315,469,939	134,117,818	181,352,121
Total at the end of the year	**343,446,518**	**242,368,346**	**101,078,172**	316,625,860	220,536,332	96,089,528
Claims reported unsettled and unexpired risk	**231,950,424**	**173,911,292**	**58,039,132**	228,526,918	173,555,746	54,971,172
Incurred but not reported	**111,496,094**	**68,457,054**	**43,039,040**	88,098,942	46,980,586	41,118,356
Total at the end of the year	**343,446,518**	**242,368,346**	**101,078,172**	316,625,860	220,536,332	96,089,528
Unearned premium						
Total at the beginning of the year	**245,980,606**	**121,683,879**	**124,296,727**	226,487,491	111,490,321	114,997,170
Net increase during the year (Note 19)	**17,808,830**	**5,204,937**	**12,603,893**	19,493,115	10,193,558	9,299,557
Total at the end of the year	**263,789,436**	**126,888,816**	**136,900,620**	245,980,606	121,683,879	124,296,727

9 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

9.2 Life assurance fund

	Gross AED	*Net AED*
31 December 2020	82,195,192	73,649,471
Increase/(Decrease)	14,622,547	4,835,083
31 December 2021	96,817,739	78,484,554
Increase/(Decrease)	(16,284,450)	(7,322,934)
31 December 2022	**80,533,289**	**71,161,620**

9.3 Claim development table

Accident year	*2019 AED*	*2020 AED*	*2021 AED*	*2022 AED*	***Total AED***
Gross					
Estimate of net incurred claims costs					
- At the end of underwriting year	205,596,382	192,153,424	212,301,557	428,800,639	1,038,852,002
- One year later	264,516,633	247,144,778	310,769,762	-	822,431,173
- Two years later	274,499,556	334,074,670	-	-	608,574,226
- Three years later	290,281,434	-	-	-	290,281,434
Current estimate of incurred claims	290,281,434	334,074,670	310,769,762	428,800,639	1,363,926,505
Cumulative payments to date	(277,877,000)	(254,235,011)	(271,926,165)	(238,643,404)	(1,042,681,580)
Liability recognised	12,404,434	79,839,659	38,843,597	190,157,235	321,244,925
Liability in respect of prior years					17,501,155
Total liability included in the statement of financial position					**338,746,080***
Net					
Estimate of net incurred claims costs					
- At the end of underwriting year	103,143,080	98,914,984	114,762,520	201,423,031	518,243,615
- One year later	129,062,598	122,409,124	156,787,365	-	408,259,087
- Two years later	135,040,322	131,919,595	-	-	266,959,917
- Three years later	141,381,467	-	-	-	141,381,467
Current estimate of incurred claims	141,381,467	131,919,595	156,787,365	201,423,031	631,511,458
Cumulative payments to date	(135,812,441)	(126,020,728)	(142,223,934)	(131,465,301)	(535,522,404)
Liability recognised	5,569,026	5,898,867	14,563,431	69,957,730	95,989,054
Liability in respect of prior years					1,774,197
					97,763,251*

*Only includes reserves for claims reported unsettled and IBNR, excluding gross unexpired risk reserve amounting to AED 4.7 million and net unexpired risk reserve amounting to AED 3.3 million as at 31 December 2022 (31 December 2021: Gross: AED 6.3 million; Net: 4.8 million).

9 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

9.4 Summary of the Actuary's report on the Technical Provisions

Actuarial estimation of the insurance liabilities has been performed by the independent actuary in accordance with the requirement of new financial regulations issued under Federal Law No. 6 of 2007 pertaining to the insurance companies and agents. Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR) using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

Gross reserve

31 December 2022

	Life insurance AED	***General insurance AED***	***Total AED***
Reserve for outstanding claims (including IBNR)	**26,830,345**	**316,616,173**	**343,446,518**
Unearned premium	**2,012,650**	**261,776,786**	**263,789,436**
Life assurance fund	**80,533,289**	**-**	**80,533,289**
	109,376,284	**578,392,959**	**687,769,243**

31 December 2021

	Life insurance AED	*General insurance AED*	*Total AED*
Reserve for outstanding claims (including IBNR)	31,252,988	285,372,872	316,625,860
Unearned premium	2,163,886	243,816,720	245,980,606
Life assurance fund	96,817,739	-	96,817,739
	130,234,613	529,189,592	659,424,205

Net reserve

31 December 2022

	Life insurance AED	***General insurance AED***	***Total AED***
Reserve for outstanding claims (including IBNR)	**6,235,783**	**94,842,389**	**101,078,172**
Unearned premium	**1,116,405**	**135,784,215**	**136,900,620**
Life assurance fund	**71,161,620**	**-**	**71,161,620**
	78,513,808	**230,626,604**	**309,140,412**

31 December 2021

	Life insurance AED	*General insurance AED*	*Total AED*
Reserve for outstanding claims (including IBNR)	7,691,930	88,397,598	96,089,528
Unearned premium	1,169,272	123,127,455	124,296,727
Life assurance fund	78,484,554	-	78,484,554
	87,345,756	211,525,053	298,870,809

10 INSURANCE AND OTHER RECEIVABLES

	2022 AED	*2021 AED*
Premium receivable	**31,263,457**	43,643,167
Reinsurance companies	**20,402,283**	26,963,018
Insurance agents and brokers	**114,536,575**	94,190,783
Due from related parties	**12,361,853**	6,768,533
	178,564,168	171,565,501
Less: Provision for ECL	**(9,144,643)**	(7,624,602)
	169,419,525	163,940,899
Accrual of interest and other income	**5,585,190**	3,186,294
Deferred acquisition cost	**29,359,168**	27,529,657
Advances and prepayments	**2,154,994**	2,838,808
Other receivables	**6,509,243**	10,476,828
	213,028,120	207,972,486

Movements in provision for ECL are as follows:

	2022 AED	*2021 AED*
Balance at the beginning of the year	7,624,602	9,555,768
Provision/ (Reversal) during the year	1,520,041	(1,931,166)
Balance at the end of the year	9,144,643	7,624,602

The ageing analysis of insurance receivables is as follows.

2022	***Less than 90 days***	***91 – 180 days***	***181 – 365 days***	***Above 365 days***	***Unallocated credits***	***Total***
Premium receivable	**24,126,286**	**2,543,135**	**5,329,585**	**3,999,477**	**(4,735,026)**	**31,263,457**
Reinsurance companies	**16,907,393**	**579,373**	**387,302**	**2,528,215**	-	**20,402,283**
Insurance brokers/agents	**98,776,937**	**7,905,267**	**5,964,605**	**1,889,766**	-	**114,536,575**
Due from related parties	**4,496,305**	**5,598,860**	**1,740,875**	**525,813**	-	**12,361,853**
Total	**144,306,921**	**16,626,635**	**13,422,367**	**8,943,271**	**(4,735,026)**	**178,564,168**

2021	*Less than 90 days*	*91 – 180 days*	*181 – 365 days*	*Above 365 days*	*Unallocated credits*	*Total*
Premium receivable	36,661,920	3,409,611	4,954,321	2,972,144	(4,354,831)	43,643,165
Reinsurance companies	13,232,872	7,071,923	1,285,797	7,675,123	(2,302,697)	26,963,018
Insurance brokers/agents	81,646,936	10,422,693	1,312,518	808,636	-	94,190,783
Due from related parties	1,591,770	4,526,489	617,879	32,397	-	6,768,535
Total	133,133,498	25,430,716	8,170,515	11,488,300	(6,657,528)	171,565,501

11 CASH AND CASH EQUIVALENTS

	2022 AED	2021 AED
Cash on hand	**222,378**	22,596
Cash with banks	**126,185,092**	64,416,636
Statutory deposit	**10,000,000**	10,000,000
Fixed deposits	**209,027,755**	237,944,812
Less: Provision for ECL	**(45,031)**	(41,475)
Total bank balances and cash	**345,390,194**	312,342,569
Less: Deposits with maturities greater than three months	**(219,027,755)**	(247,944,812)
Cash and cash equivalents	**126,362,439**	64,397,757

Cash and cash equivalents includes AED 1.3 million restricted deposit on unreleased guarantee margin.

Statutory deposits represents bank deposits maintained in accordance with Article 42 of UAE Federal Law No. 6 of 2007.

Fixed deposits amounting to AED 17.6 million as on 31 December 2022 (31 December 2021: AED 21.6 million) under lien are against letters of guarantee (Note 24). These deposits bears an interest rate range of 0.85% to 4.35% per annum during the year 2022 (2021: 0.4% to 2.85% per annum).

Movements in provision for ECL are as follows:

	2022 AED	2021 AED
Balance at the beginning of the year	**41,475**	41,758
Provision/ (Reversal) during the year	**3,556**	(283)
Balance at the end of the year	**45,031**	41,475

12 SHARE CAPITAL

	2022 AED	2021 AED
Issued and fully paid		
(149,954,112 ordinary shares of AED 1 each)	**149,954,112**	149,954,112

13 LEGAL AND GENERAL RESERVE

In accordance with the Company's Articles of Association and UAE Federal Decree Law No. (32) of 2021, the Company transfers 10% of annual net profits, if any, to the legal reserve until it equals 50% of the share capital. Also, in accordance with its Articles of Association, 10% of annual net profits, if any, may be transferred to a general reserve until it is suspended by an Ordinary General Meeting upon a proposal by the Board of Directors or if this reserve amounts to 50% of the paid capital of the Company.

General reserve can be utilised for the purposes determined by the Ordinary General Meeting upon recommendations of the Board of Directors. The legal reserve and general reserve reached 50% of share capital during 2017.

14 REINSURANCE RESERVE

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. (23) of 2021, the Company allocated an amount equals to 0.5% of the total reinsurance premiums ceded to reinsurance reserve.

This reserve is accumulated year after year and may not be disposed off without the written approval of the Director General of the Insurance Authority

15 PROVISION FOR END OF SERVICE INDEMNITY

Movements in the net liability were as follows:

	2022 ***AED***	*2021* *AED*
Balance at the beginning of the year	**11,651,763**	12,432,468
Amounts charged to income during the year	**2,124,036**	1,485,970
Amounts paid during the year	**(485,022)**	(2,266,675)
	13,290,777	11,651,763

16 INSURANCE AND OTHER PAYABLES

	2022 ***AED***	*2021* *AED*
Insurance companies	**73,332,902**	53,971,879
Reinsurance companies	**53,867,908**	76,529,620
Premium reserve withheld	**72,855,023**	59,064,433
Due to related parties	**354,516**	280,783
Deferred reinsurance commission	**19,358,616**	16,725,734
Accrued expenses	**11,065,077**	21,828,488
Commission payable	**933,309**	1,753,665
Other payable balances	**10,193,174**	11,818,849
	241,960,525	241,973,451

17 PAYABLE TO POLICYHOLDERS OF UNIT-LINKED PRODUCTS

Movement during the year:

	2022 ***AED***	*2021* *AED*
As at 1 January	**51,535,535**	47,406,148
Amount invested by policyholders	**19,151,494**	15,506,840
Amount withdrawn at redemption stage/lapse/surrender by policyholder	**(11,049,302)**	(17,166,388)
Change in fair value	**(11,757,807)**	5,788,935
Payable to policyholders of unit-linked products	**47,879,920**	51,535,535

18 BANK BORROWINGS

As at 31 December 2022, the company has fulfilled its contractual obligation and repaid the loan. The bank loan was secured against the Company's investments in debt instruments having a fair value of AED nil (31 December 2021: AED 21.9 million) (Note 7) and carried an interest rate of 1 month USD LIBOR plus 0.5% per annum.

19 NET EARNED PREMIUM

	2022	*2021*
	AED	*AED*
Gross premium written		
Gross premium written	**650,233,740**	645,802,900
Change in unearned premium (Note 9.1)	**(17,808,830)**	(19,493,115)
	632,424,910	626,309,785
Reinsurance premium ceded		
Reinsurance premium ceded	**345,201,830**	352,640,140
Change in unearned premium (Note 9.1)	**(5,204,937)**	(10,193,558)
	339,996,893	342,446,582
Net earned premium	**292,428,017**	283,863,203

20 NET INCOME FROM OTHER INVESTMENTS

	2022	*2021*
	AED	*AED*
Dividend income	**6,210,907**	5,499,718
Realised gain on investments	**15,226,188**	14,048,943
Unrealised (loss)/ gain on investments at FVTPL	**(12,497,199)**	13,700,764
Expenses/charges on securities	**(473,531)**	(1,053,978)
	8,466,365	32,195,447

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	*2021*
	AED	*AED*
General and administrative expenses for underwriting operations	**60,994,674**	57,362,263
Others- for investments and centralised operation	**16,089,506**	16,523,000
	77,084,180	73,885,263

The above general and administration expenses include the following costs:

	2022	*2021*
	AED	*AED*
Staff costs	**54,060,617**	54,972,065
Rent	**1,375,115**	1,975,205
Depreciation and amortisation	**2,426,688**	2,543,731
Others	**19,221,760**	14,394,262
	77,084,180	73,885,263
Number of employees at 31 December	**385**	393

22 BASIC AND DILUTED EARNINGS PER SHARE

	2022	*2021*
Profit for the year (in AED)	**53,622,342**	70,785,201
Weighted average number of shares	**149,954,112**	149,954,112
Basic and diluted earnings per share (in AED)	**0.36**	0.47

Basic earnings per share is calculated by dividing the profit for the period by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

23 RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting period, amounts due from/to related parties were as follows:

	2022 AED	*2021 AED*
Investment securities		
Investment measured at FVPTL	**10,000,000**	10,000,000
Investment measured at FVOCI	**3,086,695**	-
	13,086,695	10,000,000
Due from related parties		
Insurance premium receivable	**12,361,853**	6,768,533
Due to related parties		
Insurance payable	**354,516**	280,783
Cash and cash equivalents		
Cash at bank	**18,441,772**	10,010,072
Short term deposit	**48,730,172**	18,409,770
	67,171,944	28,419,842

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

	2022 AED	*2021 AED*
Key management personnel compensation		
Directors' fees	**5,125,000**	3,400,000
Remuneration and short term benefits	**6,734,552**	6,500,464
End of service benefits	**702,350**	267,986

23 RELATED PARTY TRANSACTIONS (continued)

	2022	*2021*
	AED	*AED*
Other related parties		
Premiums	**53,437,955**	83,054,186
Claims paid	**26,076,707**	38,968,878
Dividend paid	**30,015,867**	14,302,752
Interest income	**1,526,253**	1,326,655

24 CONTINGENT LIABILITIES

	2022	*2021*
	AED	*AED*
Letters of guarantee	**14,627,939**	16,102,815

As at 31 December 2022, guarantees includes AED 1.3 million unreleased guarantee margin recorded by the Company under cash and cash equivalents (Note 11).

Fixed deposits amounting to AED 17.6 million (31 December 2021: AED 21.6 million) are under lien as collateral in respect of above guarantees (Note 11). Guarantees include an amount of AED 10 million (31 December 2021: AED 10 million) favoring the Ministry of Economy and Commerce (Note 11).

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

25 DIVIDEND AND DIRECTORS' REMUNERATION

	2022	*2021*
	AED	*AED*
Cash dividend for 2021 of AED 0.30 per share (declared and paid)	**44,986,234**	-
Cash dividend for 2020 of AED 0.15 per share (declared and paid)	**-**	22,493,117
	44,986,234	22,493,117

The Shareholders approved Board of Directors' remuneration of AED 5,125,000 for 2021 (AED 3,400,000 for 2020).

Subsequent to yearend, the Board of Directors proposed that a cash dividend of AED 25 fils per share amounting to AED 37,488,528 be paid to the shareholders and Board of Directors' remuneration of AED 5.0 million for the year ended 31 December 2022. The Company has received CBUAE's tentative approval on 16 February 2023 on the proposed cash dividend. This is still subject to approval by the shareholders at the Annual General Meeting and have not been included as a liability in these financial statements.

26 SEGMENT INFORMATION

For management purposes the Company is organized into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information to management.

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.

26 SEGMENT INFORMATION (continued)

	General insurance		*Life assurance*		*Total*	
	2022 AED	*2021 AED*	***2022 AED***	*2021 AED*	***2022 AED***	*2021 AED*
Underwriting income						
Gross written premium	**580,510,296**	534,292,456	**69,723,444**	111,510,444	**650,233,740**	645,802,900
Reinsurance ceded	**(315,590,949)**	(288,278,600)	**(29,610,881)**	(64,361,540)	**(345,201,830)**	(352,640,140)
Net premium	**264,919,347**	246,013,856	**40,112,563**	47,148,904	**305,031,910**	293,162,760
Change in unearned premium	**(12,656,759)**	(9,137,889)	**52,866**	(161,668)	**(12,603,893)**	(9,299,557)
Reinsurance commission earned	**52,810,674**	40,955,178	**3,764,308**	5,049,917	**56,574,982**	46,005,095
Total underwriting income	**305,073,262**	277,831,145	**43,929,737**	52,037,153	**349,002,999**	329,868,298
Underwriting expenses						
Net incurred claims	**(165,733,076)**	(151,672,960)	**(22,379,106)**	(29,446,109)	**(188,112,182)**	(181,119,069)
Commission incurred	**(49,318,895)**	(42,789,443)	**(4,508,820)**	(8,674,125)	**(53,827,715)**	(51,463,568)
Administrative expenses	**(51,514,448)**	(49,751,404)	**(9,480,226)**	(7,610,859)	**(60,994,674)**	(57,362,263)
Total underwriting expenses	**(266,566,419)**	(244,213,807)	**(36,368,152)**	(45,731,093)	**(302,934,571)**	(289,944,900)
Profit before movement in life assurance fund	**38,506,843**	33,617,338	**7,561,585**	6,306,060	**46,068,428**	39,923,398
Net movement in life assurance fund and payable to policyholders of unit linked products	**-**	-	**10,978,549**	(8,964,470)	**10,978,549**	(8,964,470)
(Decrease)/ increase in fair value of investment held for unit linked products	**-**	-	**(11,757,807)**	5,788,936	**(11,757,807)**	5,788,936
Net income from investments life	**-**	-	**5,445,167**	4,799,140	**5,445,167**	4,799,140
Underwriting profit	**38,506,843**	33,617,338	**12,227,494**	7,929,666	**50,734,337**	41,547,004
Income from investments, interest and rent					**18,977,511**	45,761,197
Unallocated expenses					**(16,089,506)**	(16,523,000)
Profit for the year					**53,622,342**	70,785,201

26 SEGMENT INFORMATION (continued)

	General insurance		*Life assurance*		*Total*	
	2022 AED	*2021 AED*	***2022 AED***	*2021 AED*	***2022 AED***	*2021 AED*
ASSETS						
Property and equipment	**26,874,482**	27,227,665	**-**	-	**26,874,482**	27,227,665
Intangible assets	**5,405,607**	3,706,450	**-**	-	**5,405,607**	3,706,450
Investment properties	**185,150,000**	184,704,150	**-**	-	**185,150,000**	184,704,150
Investments securities	**263,180,609**	292,683,265	**54,379,328**	63,736,054	**317,559,937**	356,419,319
Investments on behalf of policyholders of unit-linked products	**-**	-	**47,879,920**	51,535,535	**47,879,920**	51,535,535
Reinsurance assets	**347,766,354**	317,664,537	**30,862,477**	42,888,859	**378,628,831**	360,553,396
Insurance and other receivables	**203,275,810**	194,900,047	**9,752,310**	13,072,439	**213,028,120**	207,972,486
Cash and bank balances	**221,657,886**	192,755,546	**123,732,308**	119,587,023	**345,390,194**	312,342,569
Total assets	**1,253,310,748**	1,213,641,660	**266,606,343**	290,819,910	**1,519,917,091**	1,504,461,570
LIABILITIES						
Insurance contract liabilities	**578,360,163**	529,105,889	**109,409,080**	130,318,316	**687,769,243**	659,424,205
Provision for end of service indemnity	**13,290,777**	11,651,763	**-**	-	**13,290,777**	11,651,763
Insurance and other payables	**229,279,019**	222,276,447	**12,681,506**	19,697,004	**241,960,525**	241,973,451
Bank borrowings	**-**	6,802,450	**-**	-	**-**	6,802,450
Payable to policyholders of unit linked products	**-**	-	**47,879,920**	51,535,535	**47,879,920**	51,535,535
Total liabilities	**820,929,959**	769,836,549	**169,970,506**	201,550,855	**990,900,465**	971,387,404
EQUITY						
Share capital					**149,954,112**	149,954,112
Legal reserve					**74,977,056**	74,977,056
General reserve					**74,977,056**	74,977,056
Reinsurance reserve					**3,572,440**	1,846,431
Change in fair value of investment in FVOCI					**(5,637,987)**	1,930,661
Retained earnings					**231,173,949**	229,388,850
Total equity					**529,016,626**	533,074,166
Total liabilities and equity					**1,519,917,091**	1,504,461,570

27 INSURANCE RISK

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks. This section summarises these risk and the way the Company manages them.

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Management recognizes the critical importance of having efficient and effective risk management systems in place.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

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

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

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

27.1 Frequency and severity of claims

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

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

27 INSURANCE RISK (continued)

27.1 Frequency and severity of claims (continued)

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set limit of AED 275,000 for motor business in any one policy. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once a year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

27.2 Sources of uncertainty in the estimation of future claim payments

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

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

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

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

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

27.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises.

27 INSURANCE RISK (continued)

27.3 Process used to decide on assumptions (continued)

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company for provision of IBNR takes into account historical data, past estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR) using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

The assumptions that have the greatest effect on the measurement of insurance contract liabilities are the expected loss ratios for the most recent accident years.

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

The Company has an internal actuary and independent external actuaries are also involved in the valuation of technical reserves of the Company.

27.4 Concentration of insurance risk

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

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

27.5 Sensitivity of underwriting profit and losses

The contribution by the insurance operations is a profit of AED 50.7 million for the year ended 31 December 2022 (2021: AED 41.5 million). The Company does not foresee any major impact from insurance operations to the Company’s results and expects to increase the contribution by insurance operations to the profitability due to the following reasons:

The Company has an overall retention level of 47 % (2021: 45%). The risk is adequately covered by excess of loss reinsurance programs to guard against major financial impact.

28 FINANCIAL INSTRUMENTS

The Company 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 and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Classes and categories of financial assets and financial liabilities
The table below sets out the classification of each class of financial assets and liabilities and their fair value:

31 December 2022

	FVTPL AED	***FVTOCI AED***	***Amortised cost AED***	***Total AED***
Financial assets:				
Investment securities	**210,089,566**	**107,470,371**	**-**	**317,559,937**
Investments on behalf of policyholders of unit-linked products	**47,879,920**	**-**	**-**	**47,879,920**
Insurance and other receivables	**-**	**-**	**180,948,138**	**180,948,138**
Cash and bank balances	**-**	**-**	**345,390,194**	**345,390,194**
	257,969,486	**107,470,371**	**526,338,332**	**891,778,189**
Financial liabilities:				
Insurance and other payables	**-**	**-**	**222,354,006**	**222,354,006**
Payable to policyholders of unit-linked products	**-**	**-**	**47,879,920**	**47,879,920**
	-	**-**	**270,233,926**	**270,233,926**

31 December 2021

	FVTPL AED	*FVTOCI AED*	*Amortised cost AED*	*Total AED*
Financial assets:				
Investment securities	241,563,770	99,962,589	14,983,404	356,509,763
Investments on behalf of policyholders of unit-linked products	51,535,535	-	-	51,535,535
Insurance and other receivables	-	-	174,965,795	174,965,795
Cash and bank balances	-	-	312,342,569	312,342,569
	293,099,305	99,962,589	502,291,768	895,353,662
Financial liabilities:				
Insurance and other payables	-	-	225,247,710	225,247,710
Payable to policyholders of unit-linked products	-	-	51,535,535	51,535,535
Bank borrowings	-	-	6,802,450	6,802,450
	-	-	283,585,695	283,585,695

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

28 FINANCIAL INSTRUMENTS (continued)

Fair value measurements

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

Financial assets	*Fair value as at 2022 AED*	*Fair value as at 2021 AED*	*Fair value hierarchy*	*Valuation techniques and key inputs*	*Significant unobservable input*	*Relationship of unobservable inputs to fair value*
FVOCI						
Quoted debt securities	**54,379,328**	48,752,650	Level 1	Quoted bid prices in an active market.	None.	N/A
Unquoted equity securities	**53,091,043**	51,209,909	Level 3	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
AMORTISED COST						
Investment at amortised cost	**-**	14,983,404	Level 3	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
FVTPL						
Quoted equity securities	**119,776,698**	141,596,692	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	**80,312,869**	89,876,664	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	**47,879,920**	51,535,535	Level 2	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity investments	**10,000,000**	10,000,000	Level 3	Net assets valuation of funds.	Net assets value.	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Market risk

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

28 FINANCIAL INSTRUMENTS (continued)

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

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in securities has deposits and has bank borrowings that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities.

The Company's interest risk policy requires to manage interest risk by maintaining an appropriate mix of fixed and variable rate instruments. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated and has no significant concentration of interest rate risk.

Sensitivity analysis
If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Company’s profit for the year ended 31 December 2022 and equity as at 31 December 2022 would increase/decrease by approximately AED 509,833 (2021: AED 629,923). The Company’s sensitivity to interest rates has not changed significantly from the prior year.

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

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

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

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

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

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

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

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

28 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

At the end of the reporting period, the Company's maximum exposure to credit risk, from insurance receivables situated outside the U.A.E. were as follows:

	2022 ***AED***	*2021* *AED*
Europe	561,726	266,674
Other G.C.C. & Arab countries	12,149,843	13,858,622

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Less than 90 days AED	***91-180 days AED***	***181 – 365 days AED***	***Above 365 days AED***	***Total AED***
31 December 2022					
Financial assets					
FVOCI investments	**-**	**-**	**-**	**107,470,371**	**107,470,371**
FVTPL investments	**177,656,617**	**-**	**-**	**80,312,869**	**257,969,486**
Statutory deposit	**-**	**-**	**-**	**10,000,000**	**10,000,000**
Insurance and other receivables	**145,260,508**	**17,341,825**	**14,137,560**	**4,208,245**	**180,948,138**
Bank balances and cash	**335,390,194**	**-**	**-**	**-**	**335,390,194**
	658,307,319	**17,341,825**	**14,137,560**	**201,991,485**	**891,778,189**
Financial liabilities					
Insurance and other payables	**87,389,495**	**46,555,170**	**39,381,271**	**49,028,070**	**222,354,006**
Payable to policyholders of unit linked investments	**-**	**-**	**-**	**47,879,920**	**47,879,920**
	87,389,495	**46,555,170**	**39,381,271**	**96,907,990**	**270,233,926**

28 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Less than 90 days AED	*91-180 days AED*	*181 – 365 days AED*	*Above 365 days AED*	*Total AED*
31 December 2021					
Financial assets					
FVOCI investments	-	-	-	99,962,589	99,962,589
FVTPL investments	203,132,227	-	-	89,876,665	293,008,892
Financial assets at amortized cost	-	-	-	14,983,404	14,983,404
Statutory deposit	-	-	-	10,000,000	10,000,000
Insurance and other receivables	134,606,432	26,564,005	5,787,921	8,007,437	174,965,795
Bank balances and cash	302,342,569	-	-	-	302,342,569
	640,081,228	26,564,005	5,787,921	222,830,095	895,263,249
Financial liabilities					
Insurance and other payables	99,276,040	48,882,417	51,218,583	25,870,670	225,247,710
Payable to policyholders of unit linked investments	-	-	-	51,535,535	51,535,535
Bank borrowings	-	-	-	6,802,450	6,802,450
	99,276,040	48,882,417	51,218,583	84,208,655	283,585,695

Equity price risk

Sensitivity analysis
At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Company's other comprehensive income and equity would have increased/decreased by AED 2.7 million (2021: AED 15.2 million).

Method and assumptions for sensitivity analysis

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

29 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations.
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., Insurance Authority specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

29 CAPITAL RISK MANAGEMENT (continued)

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

	2022 ***AED***	*2021* *AED*
Total capital held	**149,954,112**	149,954,112
Minimum regulatory capital	**100,000,000**	100,000,000

The U.A.E. Insurance Authority has issued resolution no. 42 for 2009 setting the minimum subscribed or paid up capital of AED 100 million for establishing insurance firms and AED 250 million for reinsurance firms. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the U.A.E. should be owned by U.A.E. or G.C.C. national individuals or corporate bodies.

As per Article (8) of Section (2) of financial regulations issued for insurance companies by the Central Bank of the UAE, the Company the Company has to maintain a solvency margin. The Company has incorporated in its policies and procedures the necessary procedures to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement , Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet the required Solvency Margins in line with the requirements of the UAE Insurance Authority. The company has disclosed the solvency position for the immediately preceding period since the solvency position for current period is not yet finalised.

	30 September 2022 ***AED*** ***(Unaudited)***	*31 December 2021* *AED*
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**159,951,202**	174,143,039
Minimum Guarantee Fund (MGF)	**89,970,386**	85,607,995
Basic Own Funds	**389,029,883**	360,814,391
MCR Solvency Margin Surplus	**289,029,883**	260,814,391
SCR Solvency Margin Surplus/(Deficit)	**229,078,682**	186,671,352
MGF Solvency Margin Surplus/(Deficit)	**299,059,497**	275,206,396

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

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

30 Taxation

Federal Decree Law No. 47 of 2022 was issued on 3 October 2022 relating to taxation of Corporations and Businesses in the United Arab Emirates and is effective for tax periods commencing on or after 1 June 2023. Management is in the process of reviewing the Decree Law and will ensure compliance with the requirements of the law from the effective period applicable to the Company.

الشركة الوطنية للتأمينات العامة (ش.م.ع.)
NATIONAL GENERAL INSURANCE CO. (PJSC)

GOVERNANCE REPORT

2022

الشركة الوطنية للتأمينات العامة (ش.م.ع.)
NATIONAL GENERAL INSURANCE CO. (PJSC)

National General Insurance Company. (PJSC)

Corporate Governance Report of
The year ended in 31.12.2022.

In order to make this report available to all shareholders of the company, regulatory and supervising bodies in the United Arab Emirates, we have published this report on the company website at: www.ngi.ae

February 2023

الشركة الوطنية للتأمينات العامة (ش.م.ع.)
NATIONAL GENERAL INSURANCE CO. (PJSC)

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b. Statement of fees and costs for the audit or service provided by the external auditor.
c. Statement clarifying the reservation included by the external auditor in the interim and annual financial statement for 2022.

5. Audit and Risk Committee:

a. The audit and risk committee chairman's acknowledgment of his responsibility for the committee system at the company, review its work mechanism and ensuring its effectiveness.

b. Names of members of Audit and Risk Committee and clarifying their competences and tasks assigned.

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6. Nomination and Rumination Committee:

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b. Names of Nomination and Remuneration Committee's members, clarifying their competences and tasks assigned to them.

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7. The supervision and follow-up committee of insiders' transactions:

a. Acknowledgment by the committee chairman or the authorized person of his responsibility for the committee system at the company, review of its work mechanism and ensuring its effectiveness.

b. Names of members of the supervision and follow-up committee of insiders' transaction and their duties and tasks.

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g. Statement of special resolutions presented in the Annual General Meeting held during 2022.

h. The name of the Rapporteur of the Board of Director, the date of his/her appointment.

i. Detailed statement of major events and important disclosures that the company encountered during 2022.

j. Statement of the transactions carried out by the company with related parties, during the year 2022 that are equal to 5% or more of the company's capital.

k. Statement of Emiratization percentage in the company at the end of 2020, 2021 and 2022.

l. Statement of innovation projects and initiatives carried out by the company or being developed during 2022.

Corporate Governance Practices:

1) **The method in which the company applies the principles provided for in the Chairman of the Authority's Board of Directors' Decision No. (3 / Chairman) of 2020 concerning Approval of public joint-stock companies Governance Guide and its amendments**: -

The board of directors of National General Insurance Co. (PJSC) gives utmost priority to the practices of executing the governance controls and the Institutional Discipline Standards as a result of it compliance with the provisions of the Chairman of the Authority's Board of Directors' Decision No. (3 / Chairman) of 2020 and its amendments.

The Board of Directors pays also more attention to transparency of the practices of corporate governance controls of the company pursuant to the provisions of the Chairman of the Authority's Board of Directors' Decision No. (3 /Chairman) of 2020 and its amendments. The Board of Directors also adheres to the provisions of the Board of Directors of the Securities and Commodities Authority's Decision No (3) of 2000 on regulations of transparency and disclosure. Therefore, the Board of Directors has continued to adopt the same techniques of approving and publishing the final and provisional accounts in the Dubai Financial Market to enable the shareholders and the concerned parties in reviewing the same as the final and provisional accounts of the company. The same shall be reported to the Board's committee for auditing, discussion and reviewing, then the committee shall provide the recommendations along with the financial statements to the Board of Directors who shall review and discuss and then approve the same before disclosure and publishing in Dubai Financial Market.

The National General Insurance Co. (PJSC), through members of the Board of Directors and members of executive management take responsibility for proper application of corporate governance principles to achieve the required discipline in the company according to international standards in such way achieving the interest of all concerned parties, including shareholders and clients as well.

The members of Board of Directors have discussed and passed the necessary decisions for supervision and management of the company activities. The following is a brief of activities and practices adopted by the Board of Directors at the meetings of the Board and its committees:

- Supervise activities of the company and review performance of insurance branches.
- Discuss and approve application of policies and procedures and give instructions if necessary.
- Review and approve the estimated budget and financial statement both provisional and financial.
- Review investments and approve necessary investment decisions.
- Supervise the application of policies relating with human resources and verify the suitability of those policies to achieve the work strategy of the company.

- Approve auditing plans of 2022 as provided by the internal control department of the company.
- Abide by the transparency and make the shareholders acquainted with the performance statements of the company within the time schedules approved for this purpose. The Board of Directors shall report its recommendations to the shareholders regarding the profit distribution for the financial year ended in 31.12.2022 during the Annual General Meeting to be held on 21.03.2023. The Board of Directors shall report its recommendations to the shareholders regarding the profit distribution for the financial year ended in 31.12.2022 during the Annual General Meeting to be held on 21.03.2022.

The company's Board of Director wants to get the confidence of the shareholders, customers, employees of the company and the associated Companies of National General Insurance Company. Therefore, the Board of Directors believes in the importance of stating responsibilities of the company internally and externally to ensure performance of business activities according to the provisions of the applicable laws and performance as per quality standards with the objective of maximizing, maintaining thereby and protecting the interests of the shareholders of the company. The company has been keen on strict compliance with the provisions of the Chairman of the Authority's Board of Directors' Decision No. (3 / Chairman) of 2020 and its amendments by establishing the following practices:

- The Board is keen on holding four meetings during 2022 according to the provisions of the decision.

- The Board ensures that the majority of the Board's members have attended the meetings to assert the validity the required quorum.

The Board is informed by the Securities and Commodities Authority's Decision issued during 2018 regarding the amendments of transparency and disclosure regulations and amendments of institutional governance system.

The Board's committee for Nomination and Remuneration ensured fulfillment of the requirements of the corporate governance system which requires the number of the independent members must not be less than one-third of the Board's members and the independent member may not be an employee with any parties associated with the company during the last two years.

The Board' committee for auditing held four meeting during 2022 i.e. one meeting per three months. The committee is keen on discussing all reports submitted by the internal control department. In 2022, the committee also discussed the financial statements of 2022 and the report of external auditors for the same year. The committee also discussed the provisional financial statements before submitting them with the recommendations to approve the same by the Board of Directors, thus, making them available to the shareholders through distributing them at Dubai Financial Market.

The Board's committee for Nomination and Remuneration held five meetings during 2022 while the Board's committee for Investment held seven meetings during 2022.

The members of Board of Directors has received the governance report of the company of 2022 and the members knew that the governance report of the company of 2022 is distributed on the website of the company on the internet and on DFM website, in accordance with the requirements of the Chairman of the Authority's Board of Directors' Decision No. (3 /Chairman) of 2020 and its amendments, that the annual report of governance of the company must be available to the shareholders and all concerned parties of the company.

2) Statement of ownership and transactions of Board of Directors' members and their spouses, their children in the securities of the company during 2022: -

The company adopted the approved rules and procedures for regulating the transactions of the Board of Directors' members and employees of the company and all well-informed persons in the securities issued by the company, parent company, associated companies or sister companies in accordance with the provisions of the Chairman of the Authority's Board of Directors' Decision No. (3 / Chairman) of 2020 concerning Approval of public joint-stock companies Governance guide and its amendments.

The Board of Directors' members asserts their full commitment with the rules of regulating the transitions of the well-informed persons by not dealing in the securities issued by the company, parent company, associated companies or sister companies whether by himself or by other during the following periods:

- Before ten days of the announcement of any essential information expected to affect the share price.
- Before fifteen days of the end of the financial period whether annual, semiannual or quarterly till the disclosure of the financial statements.

a) The Board of Director's members shall report the names of persons owning 5% and more of the company shares whether by themselves or with their minor children while ensuring doing this obligation each time the shareholding reaches 1% over the rate of 5% of the company shares.

b) The Internal Control Management shall follow the discussions of the board director members and the informed employees.

c) The company shall report the share number owned by the Board of Director member to the authority during (15) fifteen days after becoming a member and at the end of each financial year and regarding all circulation operations done by the Board of Directors' members and the executive management of the company,

d) Each member shall report if his ownership by himself or in conjunction with his minor children reaches or exceeds 10% of the securities issued by the company.

Sr.	Name	Position/ Kinship	Owned shares as on 31/12/2022	Total Sale	Total Purchase
01	H.E Hamad Mubarak Buamim	Chairman	Nil	Nil	Nil
02	Mr. Adel M. Saleh Al Zarouni	Vice Chairman	952,917	Nil	Nil
	Spouse	----	10,000	Nil	Nil
03	Mr. Khalid Jassim Bin Kalban	Member	Nil	Nil	Nil
04	Mr. Jamal Ahmad Al Matari	Member	Nil	Nil	Nil
05	Mr. Ali Fardan Ali Al Fardan	Member	Nil	Nil	Nil
06	Mr. Mohamed Saif Darwish Al Ketbi	Member	Nil	Nil	Nil
07	Mr. Humaid Ahmed Al Tayer	Member	127,154	Nil	7,000
08	Mr. Faisal Abdul Azeez Al Khazraji	Member	Nil	Nil	Nil
09	Mrs. Hind Abdulrahman Al Ali	Member	Nil	Nil	Nil

3) Board of Directors Formation

a. Formation of the current Board of Directors:

As per the corporate governance control requirements, the Board of Directors is formed in a balanced way as it consists of members with technical skills and experiences. As per the corporate governance control requirements, the Board of Directors of the National General Insurance Company consists of four independent members and two non-executive members, and one chair is kept empty for a Lady: - members of the Board of Directors for 2022:

Name	Cat	Experience	Qualifications	Period stayed as a member in the company's Board of Directors	Memberships and titles held in any joint stock companies	Titles in any contrail, governmental or commercial bodies
H.E Hamad Mubarak Buamim – Chairman	Non-executive Director	General Manager of Dubai Chambers	Master's degree in Business Administration with honor from University of Missouri-Kansas City in 2002, bachelor of math and electric engineering from California in 1996	Appointment date: 28.03.2011 (12 years)	Board of Director of Dubai Islamic Bank Chairman of Dubai Multi Commodities Centre Authority	Nil
Mr. Adel Mohammed Saleh Al	Non-executive Director	Managing Director & Partner for Rivoli Group LLC	Bachelor of Commerce	Appointment date: 17.04.2001	Vice Chairman of Taleem Company	

Zarouni - Deputy Chairman of the Board				(22 years)		Nil
Mr. Khalid Jassim Bin Kalban – Director	Independent Director	35 Years in Investment field: - Real Estate - Financial - Industrial	Bachelor of administration sciences - Metropolitan university – Denver – Colorado – United States of America	Appointment date: 17.04.2001 (22 years)	Chairman of Al Mal Capital Vice Chairman and Chief Executive Officer of Dubai Investment (PSC) Board Director of Al Mal REIT Board Director of Arcapita Group - Bahrain	Nil
Mr. Jamal Ahmad Al Matari– Director	Non-executive Director	Head of Private Banking & Enterprise Liabilities in Commercial Bank of Dubai	Diploma, Financial Specialist American Academy of Financial Management Diploma, Credit Management American University of Sharjah Higher National Diploma, Business Management and Marketing Dubai University College	Appointment date: 20.08.2016 (4 years & 8 months)	Nil	Nil
Mr. Ali Fardan Ali Al Fardan – Director	Non-executive Director	Chairman of Al Fardan Group LLC and its subsidiary	Bachelor of Science in Management and Information System	Appointment date: 12.10.2021	Board Member of Dubai Investment	Nil

		Chairman of ABF Investment LLC and Al Fardan Tourism & Travel		(1 year & 4 months)	Board Member of Al Mal Capital Board Member of CBD	
Mr. Mohamed Saif Darwish Al Ketbi– Director	Independent Director	Director – Investment & Business Development, Darwish Bin Ahmed & Sons LLC	Bachelor's Degree in business administration Majoring in Business Management	Appointment date: 12.10.2021 (1 year & 4 months)	Board Member of Dubai Investment Board member of Al Mal Capital PSC Board Member of AHI Carrier FZC	Nil
Mr. Humaid Ahmed Al Tayer - Director	Non-executive Director	Chief Operating Officer – Al Tayer Insignia	Bachelor of Science	Appointment date: 31.03.2022 (1 year)	Nil	Nil
Mr. Faisal Abdulaziz Al Khazraji - Director	Independent Director	More than 20 years of experience in developing and strengthening management teams to maximize company profitability and efficiency	Bachelor's degree of Architectural Engineering - UAE University	Appointment date: 31.03.2022 (1 year)	Member of the AMCREIT Investment and Oversight Committee ("IOC")	Nil
Mrs. Hind Abdulrahman Al Ali - Director	Independent Director	Over 12 years of experience in the metals and mining industry and was part of Mubadala investment company focusing on the company's industrial investments.	Bachelor's degree in finance from Zayed University Passed Level of CFA program Completed multiple executive and management	Appointment date: 31.03.2022 (1 year)	Nil	Nil

		Responsibilities included asset management, merger and acquisition deals, structure finance where she raised over $5bn of debt from commercial and international government EXIM banks as well as developing commercial strategies and exploring business development opportunities.	programs from Insead and LSE			

b. Statement of woman representation in Board of Directors of 2022:

The Board of Director of National General Insurance Co. has one woman in the Board.

c. Statement of the reason for the absence of any female candidate for the Board Membership:

During the AGM meeting held on 31/03/2022, the women candidate was elected by the shareholders.

d. Statement of the following:

1.Total remuneration of Directors paid for 2021: Directors have received AED 5,125,000 as financial reward.

2. Total remuneration of Directors proposed for 2022 and it will be discussed for approval at the Annual General Meeting: According to the article no. 38 of the Article of Association of the company, the remuneration of the company's Board of Directors shall be a percentage of the net profit. The Director shall be compensated from time to time against all expenses incurred during performance the company business, his work in whatsoever committee or exerting any special efforts or doing any additional works to serve the company beyond his normal duties being a director while the Board of Directors shall determine such amounts from time to time. The Board of Directors has not yet proposed the remuneration of Directors for the year 2022.

3- Statement of attendance allowances received by the Board Members for committees of the Board of the Directors for the financial year of 2022 according to the following schedule:

Sr	Name	Attendance allowances for committees of the Board of the Director		
		Audit / Risk Committee	Allowance Value	Meetings number
1	Mr. Khalid Bin Kalban	Head of Committee	111,333.33	4/3
2	Mr. Humaid Ahmed Al Tayer	Member	86,333.33	2/2
3	Mr. Faisal Abdulaziz Al Khazraji	Member	94,833.33	3/3
4	Mrs. Hind Abdulrahman Al Ali	Member	94,833.33	3/3

		Attendance allowances for committees of the Board of the Director

Sr	Name	**Nomination and Remuneration Committee**	Allowance Value	Meetings number
1	Mr. Adel Mohammed Saleh Al Zarouni	Head of Committee	66000	4
2	Mr. Ali Fardan Ali Al Fardan	Member	70000	5
3	Mr. Mohamed Saif Darwish Al Ketbi	Member	70000	5

Sr	Name	Attendance allowances for committees of the Board of the Director		
		Investment Committee	Allowance Value	Meetings number
1	Mr. Khalid Bin Kalban	Head of Committee	78000	7
2	Mr. Adel Mohammed Saleh Al Zarouni	Vice Head	70000	5
3	Mr. Jamal Ahmed Al Matari	Member	74000	6
4	Mr. Mohamed Saif Darwish Al Ketbi	Member	70000	5

4- **Statement of the details of the allowances, salaries, or additional fees and their reasons, which were received by the members of the Board of Directors other than the attendance allowances of the committees:**

Members of the Board of Directors did not receive any allowances, salaries, or additional fees other than the attendance allowances of the committees.

e. **Number of Board of Directors' meetings held during the financial year of 2022:**

- The Board of Directors had held five meetings during 2022 as follows:

National General Insurance Company (PJSC)
Corporate Governance Report for the year 2022

الشركة الوطنية للتأمينات العامة (ش.م.ع.)
NATIONAL GENERAL INSURANCE CO. (PJSC)

Sr	Times of Board of Directors' meetings in 2022	1	2	3	4	5	6	7	8	9
1	15 Feb 2022	✓	✓	✓	✓	✓	✓	NA	NA	NA
2	31 March 2022	✓	✓	✓	✓	✓	✓	NA	NA	NA
3	09 May 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	11 August 2022	✓	✓	✓	×	✓	✓	×	✓	✓
5	03 Nov 2022	✓	×	✓	✓	✓	✓	✓	✓	✓
6	26 Dec 2022	✓	×	×	✓	✓	×	×	✓	✓

Details of Directors		✓	Attend the meeting
1.	H.E Hamad Mubarak Buamim	×	Apologize for attend
2.	Mr. Adel Mohammed Saleh Al Zarouni	NA	Not applicable
3.	Mr. Khalid Jassim Bin Kalban		
4.	Mr. Jamal Ahmad Al Matari		
5	Mr. Ali Fardan Ali Al Fardan		
6.	Mr. Mohamed Saif Darwish Al Ketbi		
7.	Mr. Humaid Ahmed Al Tayer		
8.	Mr. Faisal Abdulaziz Al Khazraji		
9.	Mrs. Hind Abdulrahman Al Ali		

February 2023

The Board of Directors held six meetings during 2022, while the Audit and Risk Committee held four meetings, the Nomination and Remuneration Committee held five meetings and the Investment Committee held seven meetings."

It is resolved that the fees of the Directors against their contribution in meetings of the committees formed by the Board of Directors shall be in a membership fee of AED 50,000 annually per member while the fees of attending the committee meetings shall be AED 4.000 per member for each meeting, he/she participated."

f. Number of Board of directors Resolution by Circulation issued during the financial year 2022:

During the year 2022, the Board of directors did not issue any resolution by circulation.

g. Duties and powers executed by the Board of Directors or the Executive Management Members:

Name of the Authorized Person	Power of Authorization	Duration of Authorization
Dr. Abdul Zahra Abdullah Ali Al	All management and supervision work that go into the day-to-day running of the company's affairs, achieving its goals, and monitoring the workflow, including, for example: - Representing the company before all official Authorities, whether federal or local.	Indefinite Authorization.

Turki (CEO of the Company)	- Appoint advocates to represent the company before all courts of various degrees and types. - Execute all agreements and transactions within the company's objectives. - Sign and execute the Board resolutions.	

h. Statement of transactions details done with the related parties and (stakeholders):

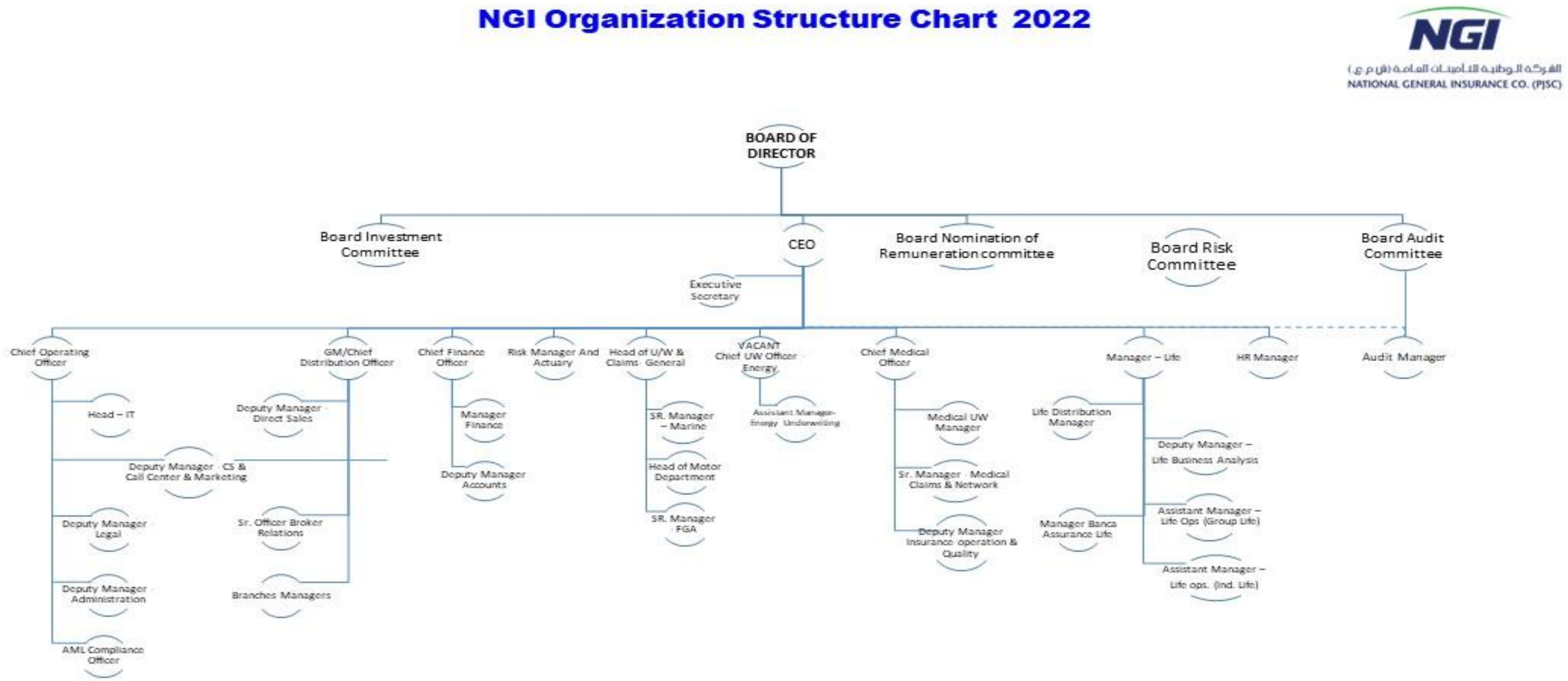
The related parties are defined according to the definition stated in the International Accounting Standard No. 24 (SAS 24) regarding the related parties. In the light of the definition, the following includes details of all transactions done with the related parties in the financial year ended in 31.12.2022:

Sr.	Statement of Related Parties	Nature of Relationship	Type of Transaction	Value of Transaction	
				Premiums	Claims
01	Dubai investment Group	Shareholder	Insurance Premiums and Claim Settlements	19,932,347.70	6,532,659.33
02	Zarouni Group	Shareholder	Insurance Premiums and Claim Settlements	6,352,964.51	3,992,444.49

03	Commercial Bank of Dubai	Shareholder	Insurance Premiums and Claim Settlements	26,890,840.23	15,535,896.05
04	Others	Shareholder	Insurance Premiums and Claim Settlements	261,802.29	15,706.87
Total				**53,437,954.73**	**26,076,706.74**

الشركة الوطنية للتأمينات العامة (ش.م.ع.)
NATIONAL GENERAL INSURANCE CO. (PJSC)

i. Organizational Chart of the company:



Internal

j. Detailed statement of senior executive employees in the company:

Title	Appointment date	Annual aggregate allowances and salaries Paid in 2022 (AED)	Aggregate bonuses of 2022 (bonuses) (AED)	Any other cash / in kind bonus for 2022 or due in the future
Chief Executive Officer	07.02.1998	3,320,457	Not yet declared	NA
GM / Chief Distribution officer	07.10.2013	1,548,000	Not yet declared	NA
Chief operating Officer	23.10.2019	626,694	Not yet declared	NA
Chief Finance Officer	16.05.2021	629,025	Not yet declared	NA
Chief Medical Officer	17.05.2022	374,194	Not yet declared	NA
Chief Underwriting Officer - General	30.03.2022	453,226	Not yet declared	NA
Chief Underwriting Officer - Energy	02.09.2018	683,817	Not yet declared	NA
Audit Manager	16.09.2020	450,930	Not yet declared	NA
Life Manager	07.08.2018	459,063	Not yet declared	NA
Risk Manager & Actuary	09.09.2018	422,850	Not yet declared	NA
HR Manager	26.02.2013	410,045	Not yet declared	NA

4) External Auditor:

a. Overview of the company Auditor to the shareholders

Ernst & Young (Middle East) was appointed as the company's external auditor for the year 2022 by the company's shareholders at the AGM held on 31/03/2022. EY is a multinational professional services network with headquarters in London, England. EY is considered one of the Big Four accounting firms with multiple branches in many countries and has achieved growth since its establishment through its offices in the United Arab Emirates, and it provides auditing services, taxes, management consulting and financial advice.

b. Statement of the costs and fees relating with auditing and services provided by the external auditor:

Name of Auditing office And Partner Auditor	Ernst & Young (Middle East) (Mr. Ashraf Al Sharkh)
Number of years spent as an external auditor for the company	02 year
The number of years that the partner auditor spent auditing the company's accounts	02 year
Aggregate fees of auditing the financial statements for 2022 (Dirhams)	AED 420,000/- Including All Services
Fees and costs of other special services other than auditing the financial statements for 2022	
Details and nature of other services provided Consultancy for IFRS 17 standard	NIL
Statement of other services done by another external auditor	NIL

- The external auditor not only attends the General Meeting, verifies its procedures, and reads the Auditing Report featuring with neutrality and independence but also It answers the inquires of the shareholders.

c. Statement clarifying the reservations that the company auditor included in the interim and annual financial statement for 2022: There are no reservations by the company's auditor for the year 2022.

4) Audit and Risk Committee:

a. The Audit and Risk committee chairman's acknowledgment of his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness:

"Mr. Khalid Jassim Bin Kalban, Audit and Risk Committee Chairman, acknowledges his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness".

b. Names of members of Audit and Risk Committee and clarifying their competence and tasks assigned to them:

The Audit and Risk Committee consists of the following:

1- Mr. Khalid Jassim Bin Kalban - Head of Committee (Independent Director)

2- Mr. Humaid Ahmed Al Tayer – Member (Non-executive Director)

3- Mr. Faisal Abdul Azeez Al Khazraji – Member (Independent Director)

4- Mrs. Hind Abdul Rahman Al Ali – Member (Independent Director)

The Competences and Tasks assigned to the Audit and Risk Committee:

- Review the quarterly financial statements and the recommendation to hereof for the Board of Directors.
- Follow up the accounting matters which have essential effect on the financial performance of the company and ensure the transparency of the financial reports.
- Make sure fulfilling the disclosure requirements of financial statements and other legal requirements.

- Assess independence and efficiency of external auditors and meet with them one time at minimum per year.
- Review and assess the internal control system and verify its efficiency.
- Consider the matters raised by the financial manager, internal control manager or accounts auditor.
- Review polices and accounting and financial procedures of the company.
- Review external auditing report and its work plan as well as essential enquires raised by the external auditor and the management reply on it.
- Control the company compliance with the code of conduct.
- Submit reports to the Board of Directors on the abovementioned issues.
- Review the annual and quarterly financial statements and ensure their accuracy according to the international accounting standards.
- Ensure fulfilling the disclosure requirements.
- Assess the efficiency and suitability level of operation nature in the company and the framework of performing the company activities.
- The committee holds its meetings four times at minimum annually with the attendance of the majority of its members.

d. Number and dates of meetings during 2022 and numbers of personal attendance:

The Audit and Risk Committee held four meetings during 2022, as per the below register of meeting attendance.

Sr	Times of Audit and Risk Committee's meetings in 2022	Details of Audit and Risk Committee's members			
		1	2	3	4
1	15 Feb 2022	✓	NA	NA	NA
2	09 May 2022	✓	✓	✓	✓
3	11 August 2022	✓	X	✓	✓
4	03 Nov 2022	✓	✓	✓	✓

6- Nomination and Remuneration Committee:

a. The Nomination and Remuneration committee chairman's acknowledgment of his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness:

"Mr. Adel Mohammed Saleh Al Zarouni, Nomination and Remuneration committee Chairman acknowledges his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness".

b. Names of Nomination and Remuneration Committee's and clarifying their competence and assignments:

The Nomination and Remuneration Committee consists of the following:

1- Mr. Adel Al Zarouni - Head of Committee (Non-executive Director)

2- Mr. Al Fardan Ali Al Fardan – Member (Non-executive Director)

3- Mr. Mohamed Saif Darwish Al Ketbi – Member (Independent Director)

The Competences and Tasks assigned to the Nomination and Remuneration Committee:

- Ensure the independence of independent members at all times. If the committee finds a member lacked the independence terms, it must refer the matter to the company's Board of Directors. The Board of Directors must notify the member with the justifications of lacking independence by a registered mail on his address available at the company.
- The member must respond to the Board of Directors within fifteen days of his notification date. And the Board of Directors passes a decision stating the member as independent or dependent in the first subsequent meeting after the member response or elapsing the period referred to in the previous paragraph without response.
- If the independence loss does not violate the minimum limit of the number of independent members in the Board of Directors, it must consider this fact in the committee formation.

- Without prejudice to the provision of the company's commercial law, if the Board of Directors' decision states losing the reasons or justifications of the member's independence and affects the minimum limit of percentage of independent members to be achieved inside the Board of Directors, the company's Board of Directors will appoint an independent member instead of such member provided that the new member appointment will be discussed in the first general meeting of the company in order to consider the approval of the Board of Directors' decision.
- Periodically review the decisions and instructions issued from time to time on governance controls and submit the recommendations to the Board of Directors regarding changes it deems fit.
- Supervise the process of preparing and approving the governance procedures directory in the company.
- Raise awareness level of the directors and executive management with governance rules and principles and the importance of its application.
- Make recommendation of nomination or re-nomination to the membership of the Board of Directors and its committees as well as the senior administrative offices taking the applicable laws and decisions into consideration.

- Approve the conditions and standards of appointing executive mangers, reports of performance assessment and deputation plans.
- Review the policies of bonuses and salaries of directors and employees of the company and submit recommendations hereof to the Board of Directors.
- Define the company's competencies needs at the level of executive management.
- Review the human resource policy.
- Submit performance reports to the Board of Directors on the abovementioned issues.

c. Number and dates of meetings during 2022, and numbers of personal attendance:

- The Nomination and Remuneration Committee held five meetings during 2022 as per the below register of meeting attendance.

Sr	Times of Nomination and Remuneration Committee's meetings in 2022	Details of Nomination and Remuneration Committee's members		
		1	2	3
1	15 Feb 2022	✓	✓	✓
2	21 March 2022	✓	✓	✓

3	09 May 2022	✓	✓	✓
4	11 August 2022	✓	✓	✓
5	03 Nov 2022	X	✓	✓

7 – The Supervision and follow-up Committee of Insider' Transactions:

a. The Insider committee chairman's acknowledgment of his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness:

"Dr. Abdulzahra Abdullah Ali Al Turki, Insiders' committee Chairman acknowledges his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness".

b. Names of members of insider Committee and clarifying their duties and tasks

The company has an Insider Committee, and it consists of the following persons:

1- Chief Executive Officer

2- Chief Financial Officer

3- Chief Operation Officer

4- Audit Manager

5- Finance Manager

The company also provided the policy of the insider committee on the internal website in order to enable all employees from reviewing and abiding by the policy.

- The rules and procedures set forth herein shall apply to all the natural persons and legal entities having access to the Company information, and to all their trading transactions in the securities issued by the Company, the parent company, the affiliates, sister companies or associates. Every natural person or legal entity that can have access to the inside information shall be deemed as interested party and shall be subject to the rules and procedures stated herein.
- All the persons having access to the Company inside information shall not trade in the securities issued by the Company, the parent company, the affiliates, sister companies or associates whether in person or through others during the following periods:

1-Ten days prior to the disclosure of any essential information that may affect the share price- Fifteen days prior to the end of the quarterly, biannual, or annual fiscal period and till the disclosure of financial statements.
2- The Company board members and employees shall not disclose any information that may affect the market value of securities and the investor's decision. Neither the board members nor the Company employees may exploit their positions for trading in the securities through undisclosed information that they might be aware of due to their positions.
3- The Company board members and employees shall not use the Company inside information for the purchase or sale of shares. The Interested Parties shall not cooperate with any third party to exploit the investors' inside information to achieve private interests.
4- The Company shall inform the Authority of the names of those holding, or those whose contribution with minor children reaches, (5%) or more of the Company shares. Such requirement shall be met every time the contribution percentage reaches (1%) of the Company shares in addition to the (5%) percentage.

5- The Company shall inform the Authority of the number of shares held by the Company board members within (15) fifteen days as of their membership date and at the end of every fiscal year, and of all the trading operations executed by the Company board members and executive management.
6- Each board member or employee shall notify the Company if his / her ownership of shares, or his / her shares plus the shares held by his / her minor children, reaches or exceeds 10% of the securities issued by the Company, the parent company, the affiliates, sister companies or associates. The interested parties shall disclose the shares they, or their relatives to the first degree, hold in the Company, the parent company, the affiliates, sister companies or associates.
7- The Company uses its website to enhance the disclosure and transparency of the interested parties' transactions.

c. Summary of the committee's work report during 2022: The committee did not note any transaction that violates the insider trading policy by the well-informed persons during 2022.

8. Investment Committee:

a. The Investment committee chairman's acknowledgment of his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness:

"Mr. Khalid Jassim Bin Kalban, Investment committee Chairman acknowledges his responsibility for the Committee system at the company, review of its work mechanism and ensuring its effectiveness".

b. Names of Investments Committee's members: The investment Committee consists of the following:

1- Mr. Khalid Jassim Bin Kalban - Head of Committee (Independent Director)

2- Mr. Adel Mohammed Saleh Al Zarouni – Member (Non-Executive Director)

3- Mr. Jamal Ahmad Al Matari – Member (Non-Executive Director)

4- Mr. Mohamed Saif Darwish Al Ketbi – Member (Independent Director)

The Competences and Tasks assigned to the Investment Committee:

The Board Investment Committee (BIC) shall comprise of four members from the BOD. The BIC will act as a central agency and shall be responsible for:

1. Establishing the investment policy and strategy for approval from the BOD. Setting the investment guidelines in line with regulatory limits and restrictions. Periodical review of policies and guidelines and recommend improvisation/changes according to the changing market condition.
2. Recommend and/or authorize the acquisition and/or disposition of investments whilst ensuring that investment decisions achieve and maintain investment objectives of the Company.
3. Approve the appointment of asset managers to manage assets and/or provide investment advice regarding such assets or funds.
4. Reviewing/monitoring the investment performance to ensure investment returns are optimized and risks are minimized.
5. In conjunction with the Audit and Risk Committee, determine the scope of rigorous audit procedures including full coverage of investment activities to ensure timely identification of internal control weaknesses and operating system deficiencies.

6. Assisting BOD in its evaluation of the adequacy and efficiency of the investment policies, procedures and controls applied in the day-to-day management of its business through an audit report (either independent internal or external) that is to be submitted to the Audit and Risk Committee.
7. Review and approve the quarterly and annual regulatory reports on investment allocation and risk analysis.

c. Number and dates of meetings and numbers of personal attendance:

The investment Committee held seven meetings during 2022, as per the below register of meeting attendance.

Sr	Times of Investment Committee's meetings in 2022	Details of Investment Committee's members			
		1	2	3	4
1	07 Feb 2022	✓	x	✓	NA
2	24 March 2022	✓	x	✓	NA
3	12 May 2022	✓	✓	✓	✓
4	16 June 2022	✓	✓	✓	✓
5	19 Sept 2022	✓	✓	✓	✓
6	31 Oct 2022	✓	✓	✓	✓
7	15 Dec 2022	✓	✓	x	✓

9- Internal Control Department:

a. **Responsibility declaration of the Board of Directors for the Internal Control Department of the company and reviewing its effectiveness:**

- The National General Insurance Company's Board of Directors recognizes its responsibility for enforcing the Internal Control System of the company and its regular periodic review and efficiency checking through the Audit and Risk Committee formed by the Board of Directors in consistence with the Chairman of the Authority's Board of Directors' Decision No. (3 / Chairman) of 2020 and its amendments.
- In this context, NGI is keen on keeping the accurate Internal Control System which is approved by the Board of Directors in 2010. The approved system of the Internal Control Department takes the following points into consideration:

1- The company shall enforce an accurate system for the internal control which is approved by the Board of Directors aiming at developing and assess procedures of the risk management in the company and apply the governance rules in the company.

2- The application of the Internal Control System is assigned to a specialized department of internal control after the Board of Directors had approved the rules, powers, and tasks of the management with asserting the following:

a. Independence of the Internal Control Department in the company.

b. Integrity and neutrality of the Internal Control Department in the company.

c. Professional competence and defining the fields of auditing processes.

d. The internal control procedures

e. Responsibilities of The Internal Control Department manager

f. Possibility of outsourcing to assess the Risk Department procedures in the company.

3- The Internal Control Department reviews the company activities over the year as the annual review will be based on the following:

a. Key control elements, including the financial control, operations, and risk management.

b. Changes occurred since the date of previous review and the company ability of dealing with these changes in works.

c. Define the range and kind of the current review process.

d. Revise the efficiency of the company operations on preparing the financial reports and compliance with the disclosure and inclusion rules.

4- The Internal Control Department approved the following work mechanism to ensure achieving objectives and plans of internal auditing works in the company.

-Prepare the annual plan of internal control and discuss it with the Audit and Risk Committee.

-Perform the internal control processes which cover the key insurance operations and back operations as per the approved annual plan.

-Submit the auditing reports to the department officials responsible for each auditing operation and commenting on the auditing remarks, thus, submit the final auditing reports to the Audit and Risk Committee.

-The Audit and Risk Committee discusses and reviews the auditing reports in association with the company management and the Internal Control Department's head. The Audit and Risk Committee is also responsible for following up application and enforcement of suitable procedures for the risk management and keeping compliance with the applicable conditions and laws.

-The Board of Directors is provided with the minutes of meetings of Audit and Risk Committee and notified with the high potential risk cases if any.

-The Internal Control is involved in assessing the compliance internal procedures and corporate governance principles and submitting reports hereof provided that the compliance procedures aim at the following:

-Check the company commitment with the applicable regulations and laws, especially the decisions relating with money laundering and decision of Central Bank -Insurance Sector-.

-Fully ensure the commitment with the compliance policy approved by the company and submit reports to the Audit and Risk Committee regarding violations, defaults and adopted remedy procedures.

a. **Name, qualification, and appointment date of department manager:**

Mr. Reyazuddin Ahmad, Internal Audit Manager is the in-charge for overseeing the Internal Control function. He is Chartered Accountant (ICAI, India) and Certified Internal Auditor (Institute of Internal Auditor, USA). Additionally, he holds certifications in insurance (cert. CII from UK) and fraud examination (ACFE, USA). Reyazuddin was appointed in September 2020. Mr. Reyazuddin holds over 15 years of experience in financial services having worked in management roles across reputed organizations in advisory and insurance sector.

b. **Name, qualification, and appointment date of compliance officer:** The department in charge by Ms. Sarah Jaafar, Emirati National, as Compliance officer since November 2016. She holds the bachelor in E-Business administration and Certificate of Anti Money Laundering in Insurance Laws and Best practices from Emirates Institute for banking and Financial Studies.

c. Method of dealing the Internal Control Department with any major issues in the company:

The Internal Control Department performs its reviews in line with the 'Annual Audit Plan' approved by the Board Audit and Risk Committee. The Manager of Internal Control submits the internal audit reports to the Board Audit and Risk Committee on a quarterly basis. In line with the Board Audit and Risk Committee approved 'Annual Audit Plan', the Internal Control department reviews the adherence to the approved policies and procedures. In light of the intensive operations of reviewing, auditing and control, the Internal Control Department confirms that there are no forgery cases, material violations or high potential risk cases during 2022.

d. Number of reports issued by the Internal Control Department to the Company's board of directors:

The Internal control Department issued Ten (10) reports.

10- Details of Violations: National General Insurance Company through the Board of Directors and the members of executive management commits to abide by all applicable regulations and acts. In such context, there is no violation noted during the financial year ended in 31.12.2022.

11- Statement of the company's contribution in the development of local community and environment during 2022:

In addition to staying true to the core objectives and goals of the company, NGI is progressively taking initiatives to support their commitment towards a sustainable and inclusive economy year on year. Our contribution during 2022 includes the following:

- ✓ Escort & sponsor an entertainment trip with the elderly from "Senior Happiness Centre" Care Home followed by a Suhoor Dinner.
- ✓ Visit to Arabian Centre for Eid Shopping of kids from Red Crescent Orphanage followed by Iftar Dinner. A volunteer was assigned to each kid to help them shop for clothes/accessories for themselves.
- ✓ Flag Day Celebration: A flag hosting ceremony was organized in the presence of the CEO, Ex-com, Management, Emirati & Expat Staff followed by short speeches from CEO & GM to commemorate efforts of UAE Leaders and to encourage and embody feelings of unity & peace.

- ✓ National Day: To celebrate the day marking unification of all 7 Emirates into 1 nation. Celebrations were made across the Head Office and all branches of NGI in the UAE. Premises were decorated with flags of UAE and National Day-themed items. To encourage diversity & inclusion, various activities were conducted for the staff including Best Floor Decoration Competition, Henna Application for ladies, Online Quiz Competition for the Staff followed Lunch.
- ✓ AML Awareness and Training Program was conducted as part of annual exercise for all staff internally. External training on AML from EIBFS was provided to Assistant Managers, Managers, HODs and Executive Committee.
- ✓ Disease Awareness Program: Conducted the disease awareness programs on Breast Cancer and Prostate Cancer in the month of October in coordination with one of the renowned hospitals of Dubai. The program was focusing on staff and family wellbeing.
- ✓ Blood Donation Campaign: Organized voluntary Blood Donation Camps at NGI premises in partnership with IBG & DHA in the month of March 22nd, 2022. Many employees of NGI have participated in this noble cause.

- ✓ AML Initiatives: Facilitated all its Employees to obtain online AML learning program with EIBFS to mitigate the risk of money laundering, fraud and for staff certification on the significant topics.
- ✓ Staff Learning: Re-registered NGI on EIBFS new portal for the local employee as well as Expat training and development.
- ✓ Sports: Promote sport spirit by sponsoring Sports activities like Cricket and Football.
- ✓ Emiratization : Achieved the given annual target point of Emiratization and hired locals at various critical job function for their career development and professional growth. Linked Management incentives with development target of locals.
- ✓ Conservation of Nature: Save Paper & save Tree Drive along with Extensive Automation and ECM Innovative Process Development by IT for all Staff Approvals. Consciousness building on electricity and water usage.
- ✓ Social: Various Staff gatherings at events, celebrations and sharing of greetings and gifts during the year.

12- General Information

a. **Statement of the company's share price in the market (closing price, highest price, lowest price):**

Month	Highest price of share	Lowest price of share	Closing price
January 2022	3.200	3.120	3.150
February 2022	3.730	2.850	3.730
March 2022	No Trading	No Trading	3.730
April 2022	4.200	4.000	4.200
May 2022	4.800	4.800	4.800
June 2022	4.500	4.330	4.400
July 2022	5.000	4.500	4.500
August 2022	4.500	4.500	4.500
September 2022	4.450	4.050	4.300
October 2022	4.290	4.290	4.290
November 2022	No Trading	No Trading	4.290
December 2022	3.870	3.210	3.260

b. **Statement of the performance of the company share in comparison with the market index and sector index during 2022:**

Trading date	NGI	DFM Index	Insurance
January 2022	3.15	3203.08	2416.75
February 2022	3.73	3345.64	2549.30

March 2022	3.73	3526.6	2587.59
April 2022	4.2	3719.63	2659.38
May 2022	4.8	3347.24	2399.45
June 2022	4.4	3223.29	2312.80
July 2022	4.5	3337.96	2368.10
August 2022	4.5	3443.11	2359.33
September 2022	4.3	3339.15	2381.43
October 2022	4.29	3331.76	2351.51
November 2022	4.29	3323.96	2348.51
December 2022	3.26	3336.07	2354.84

c. **Statement of shareholding as of 31.12.2022 (individuals, companies, governments) classified as follows: (local, Arabic, foreign):**

Shareholder classification	**Percentage of owned shares**			
	Individuals	**Companies**	**Governments**	**Total**
Local	21.786%	77.964%	0.000%	**99.750%**
Arabic	0.246%	0.000%	0.000%	**0.246%**
Foreign	0.004%	0.000%	0.000%	**0.0004%**
Total	**22.036%**	**77.964%**	**0.000%**	**100%**

d. Statement of shareholders holding 5% or more of the company capital as of 31.12.2022 according to the following table:

Name	Number of owned shares	Percentage of owned shares in the company capital
Dubai Investments PJSC	72,486,941	48%
Commercial Bank of Dubai PJSC	26,613,032	18%
Malika Ahmed Merdas Al Zarouni	16,416,877	11%
Mohammed Omar Ali Bin Haider Investment	12,071,432	8%
Sheikh/ Mana Khalifa Al Maktoum	7,497,705	5%

e. Statement of shareholder distribution according to the ownership volume as of 31.12.2022 as per the following table:

Sr	Shareholding (share)	Shareholder number	Owned share number	Share percentage of capital
1	Less than 50.000	103	1,323,299	0.883%
2	From 50.000 to 500.000	26	4,954,038	3.304%
3	From 500.000 to 5.000.000	6	8,590,788	5.729%
4	More than 5.000.000	5	135,085,987	90.085%
	Total	**140**	**149,954,112**	**100%**

f. Statement of the procedures taken regarding the investor relation controls:

Mrs. Khawla Khalifa Jumaa is the responsible official for investor relations in the company and her contact details are email: mkhalwa@ngiuae.com, Tel No: 042115865. The following is the electronic link to investor relation page on the company website: Investor Relations - National General Insurance (ngi.ae)

g. Statement of special resolutions issued in the Annual General Meeting held during 2022:

During the AGM meeting held on 31/03/2022, one special decision was adopted by shareholders, namely, the approval to amend some articles of the company' Article of Association to comply with the Commercial Companies Law No. (32) of 2021. Approvals has been obtained by the Central Bank and the Securities and Commodities Authority and the amendments are being published in the official gazette.

h. The name of the Rapporteur of the Board of Director, and the date of his/her appointment:

Mr. Kamal Abdel Hamid was appointed as a secretary of the board of directors on 26/9/2016, holding a bachelor's degree in Law and Administrative Sciences, with experience in legal and administrative affairs, and during 2022 the Board Secretary organized and attended all the meetings of the Board of Directors and its committees, he also prepared the AGM Meeting held in 31/03/2022, and was appointed as the secretary of the meeting.

i. Essential events faced by the company during 2022:

- **IFRS 17 standard Implementation:** The project started in 2021 by constituting a committee of 5 senior personnel and NGI has already invested close to 300+ hours into this project. Tool selection, project partner selection and implementation was overseen by this committee. Expected completion by Q1 2023.

- **NGI Life Core System change:** with increasing demands on the business front and changes demanded by IFRS 17, it was felt necessary to change the Life IT system from Centegy to KGISL (ISF) solution. Detailed project planning and implementation is in full focus. Expected completion date 31st Dec 2022.
- **HRMS:** NGI's HRMS had operational glitches which the providers were unable to fix. NGI initiated a change in the solution during 2022 and solution was procured from M/s Gulf HR. Project completed by 31/12/2022.
- **NGI KPI Review:** M/s SHMA was appointed during 2022 to undertake review of NGI management and staff KPI's. Expected completion date Dec 2022.
- **Motor Offering:** The whole UAE market is bleeding under the lower prices practiced on the Motor insurance. NGI was no different. Quick correction measures were undertaken based on actuarial pricing. We expect results to break even by end of 2022 and get into profitability from 2023 onwards.
- **NGI RI arrangements:** NGI enjoys reliable and rated treaty and facultative arrangements. We have initiated 2023 renewals and are witnessing challenges due to RI market hardening.
- **NGI Investments:** NGI's conservative approach aligned with insurance business expectations shall drive the investment policy. Above average return during 2022. seasonally impacted by unrealized losses in 2022.
- **NGI Facility Management:** NGI is targeting close to 100% occupancy by end of 2022. Good initiatives have been completed to prevent the water leakage challenges faced.

j. **Statement of the transactions carried out by the company with related parties, during the year 2022 that are equal to 5% or more of the company's capital:** - Please refer to item (4/h) above.

k. **Statement of Emiratization percentage in the company by the end of 2022:**

Year	Emiratization Percentage
2020	7.94%
2021	7.56%
2022	8.24%

The company has sought to follow the Emiratization policy by providing all facilities and privileges to the Emirati Nationals of whatsoever ages whether male or female. Therefore, the company has managed to achieve Emiratization percentage as below:

Central Bank is assessing insurance companies on a **(Point Rating System)** on Emiratization scoring on their hiring, retention, and development in more critical roles. Hence, we are excelling over given target points each year successfully. **(Target points for year 2022: 62 /achieved points: 64)**

1. **Statement of innovative projects and initiatives done by the company or still under process during 2022:**

- **IT security enhancements:** based on the cyber experience in 2022, NGI has invested into a full-fledged security personnel and solutions to monitor the IT assets of NGI. Close to three security review meetings were completed in 2022.

- **Digitalization of NGI offerings:** close to 8 -10 new offerings were made available on the digital front through portals to various LOB's during 2022. The LOBs benefitted includes Motor, Marine and FGA. We expect higher business growth on the PL front through these portals in 2023 both on the direct and broker channels.
- **Compliance Dept. Changes:** NGI was one of the few companies that completed an audit by CBUAE on the AML front. Based on the findings, NGI initiated a process of Compliance RM tool monitoring through M/s Smart Infotech, wherein risk scoring shall be assigned to every customer profile.
- **Process flow automation and Paperless Environment:** NGI launched and successfully implemented ADHOC solution to permit consolidation and dissemination of large quantum documents without printing it. This facility is already being well utilized in NGI.
- **NGI ERM:** NGI has developed risk management policy and procedures and capital management tools to up-scale the monitoring capabilities. initiated discussions with vendors towards a GRC solution comprising of clear workflows on governance, risk and compliance. Implementation targeted for 2023.
- **Chatbot update:** Project initiated during 2022 to enable chatbot facility for NGI clients – first as a facility for handling medical claims and later extending to all client bases.
- **Genesys call Centre Solution:** this solution needed an upgrade followed by increase in the call centre agents count and service. The project completed by Dec 31, 2022.
- **NGI cloud Management:** NGI signed up with M/s Phoenix Digital Tech to manage its cloud operations. Periodic meetings at the management and operational level have been conducted to optimize performance and cost.
- **Call centre concept** was initiated during 2021 and has witnessed modest start during 2022. Motor LOB market conditions has impacted the numbers. We expect the team to complete AED 10M GWP by Dec 2023.

- **Virtual Claims survey:** Automation and survey facilitation through video calls, which saves time and cost to NGI surveyors.
- **Develop in house capabilities and efficient use of BI tools:** NGI actuarial team has developed in-house capabilities to utilize BI tools, Alteryx and Qlik view, for data consolidation, data analysis and data validation. Self-learning of Alteryx has been done throughout the year, which is part of learning and development of the team.
- **Internal Audit:** Comprehensive Audit coverage ensured yearly audit of all classes of business, increased focus on compliance with policies & procedures, focus on improvements in business processes. Furthermore, assisted the company in completing first ICFR review and report, conducted follow-up on ICFR gaps during the year 2022.

The Chairman	The Audit and Risk Committee	The BRNC Committee	The Internal Control Dpt
Date:20/02/2023	Date:20/02/2023	Date:20/02/2023	Date:20/02/2023
…………………………	…………………………	…………………………	R. Ahmad …………………………

P.O. Box: 154
Dubai - U.A.E.
23
NATIONAL GENERAL INSURANCE CO. (P.J.S.C)
الشركة الوطنية للتأمينات العامة (ش.م.ع)

NGI
الوطنية للتأمينات العامة
NATIONAL GENERAL INSURANCE

SUSTAINABILITY REPORT

2022

Sustainability Report

Year 2022

National General Insurance Company PJSC

Table of Contents

01 About this Report

NGI's annual ESG report outlines the company's purpose and covers the period from 01 January 2022 to 31 December 2022. It provides an overview of initiatives in-progress towards our sustainability goals.

Disclaimer: NGI's ESG report provides an overview of long term company goals and efforts to be undertaken to achieve them. The report contains goals, commitments, our aspirations and forward looking statements and hence actual results may differ in short or long term horizon. This report should not be construed as an invitation or recommendation to transact in NGI's shares. NGI assumes no responsibility for any loss or damage of whatever nature that arises due to use of this report.

Reporting guidelines: The Global Reporting Initiative (GRI) is a widely accepted guideline for sustainability reporting. This report is prepared in line with the 'core option' of the GRI standards. Reference to GRI standard is made where applicable.

Sustainable Development Goals (SDGs)
The United Nations has developed 17 sustainability goals and 169 targets in order to achieve key goals necessary to improve the overall well being and health of the world. NGI is making an effort to align our sustainability goals with UN's SDGs.

Being an entity, which values best governance practices and ethics, NGI is committed to adopt a sound ESG strategy to achieve its environment, social and governance objectives.

The contents of this report are reviewed internally within the organization.

In line with the requirements of the Securities & Commodities Authority (SCA), the report has been approved by the NGI's Board of Directors.

For comments or queries on this report, kindly contact us at the following:

Ms. Khawla Khalifa Jumaa (Investor Relations)

Call at
+971 4 2115865

E-mail
Investorrelation@ngiuae.com

Mr. Kamal (Legal & Corporate Affairs)

Call at
+971 4 2115890

E-mail
kamal@ngiuae.com

02 Sustainability Overview

CEO's Message

NGI is pleased to present year 2022 Sustainability report which highlights our contribution towards our key stakeholders, financial highlights, and efforts in the direction of long term value creation.

Sustainability is at the forefront of everything we do. Being in insurance for over 40 years, NGI has shown zero tolerance to unethical practices. Sustainability has been a long tradition in NGI, much before the formal reporting mechanism has been put in place.

In order to refine our entity wide ESG strategy and strengthen the integration of ESG considerations into our decision making process, we have established an ESG committee to oversee the steps into right direction.

As a responsible insurer, NGI recognizes its critical role in economic system by identifying risks and offering solutions to mitigate them for our customers. We have engaged adequate financial and human capital to ensure our stakeholders are prepared to withstand adversity.

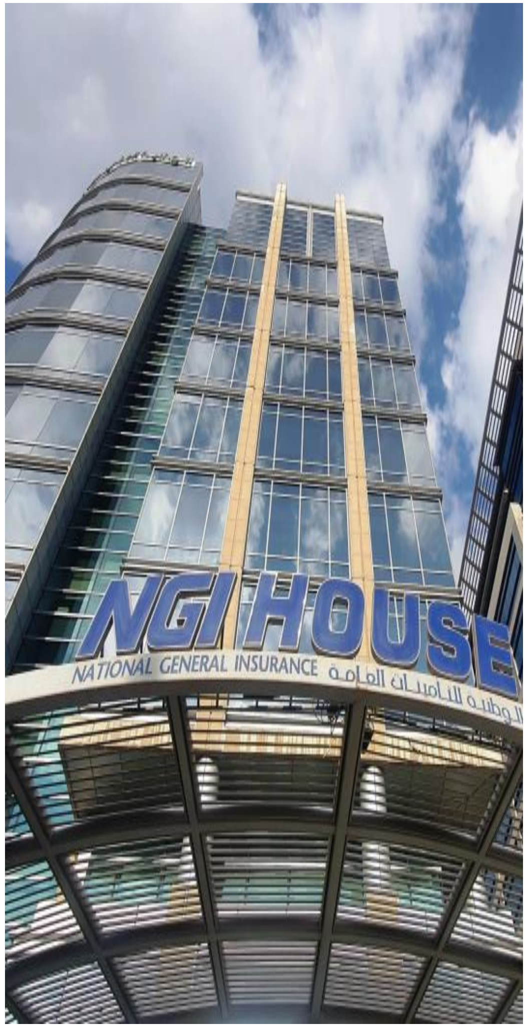
NGI remains focused on our strategy of balanced product mix, diversified distribution channels, customer centric product propositions and enhanced digital capabilities, as these will guide us to deliver sustainable and profitable growth.

Stronger emphasis on governance has enabled NGI to demonstrate increased transparency to our investors, community, and strengthen its ties with regulators. NGI continues its commitment to further enhance its balance sheet strength and solvency position. During year 2022, AM Best re-affirmed NGI financial strength rating of A- (excellent).

In the year 2023, we look forward to continuing to play an effective role in creating a sustainable tomorrow for our society, people and customers. NGI will put more concerted efforts to contribute towards UAE's long term Vision and United Nations SDGs. NGI will continue to be committed to its sustainability goals that will help shape a sustainable future for the communities we serve and create long-term value for all our stakeholders.

About National General Insurance PJSC (NGI)

GRI 102-1, 102-2, 102-3, 102-4,102-13, 102-16



Vision

To pursue a reputation of excellence and trust

Mission

To achieve market supremacy through the provision of total insurance solutions and dedicated premier services

Core Values

Our core values are key to the accomplishment of our mission: Transparency I Accountability I Fairness I Security I Service

AED 650 Mn in Gross Premium

AED 53 Mn in Net Profit

AED 359 million settled in claims

+350 employees

+40 Years of operations

A- Rated by AM Best

+ 200,000 Lives

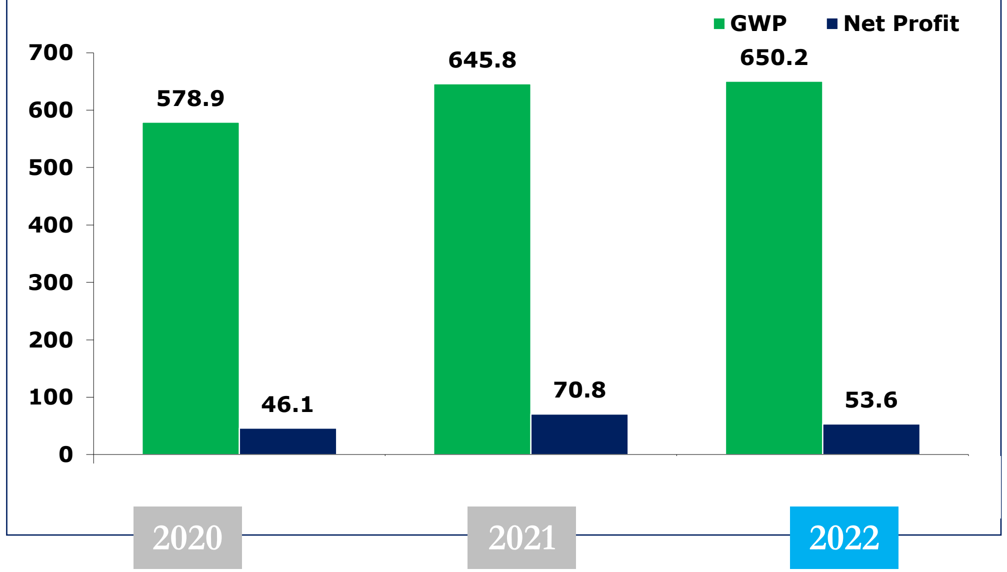
Wide outreach with 7 Branches **& 2** Point of sales

Composite insurer, offering Life/ Non Life products

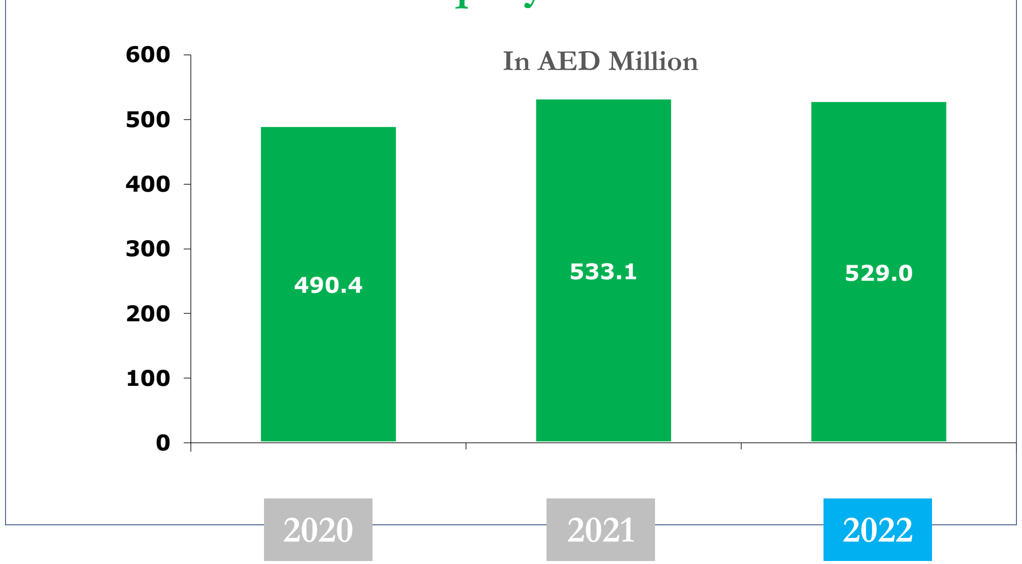
Internal

Year 2022 – Financial Highlights

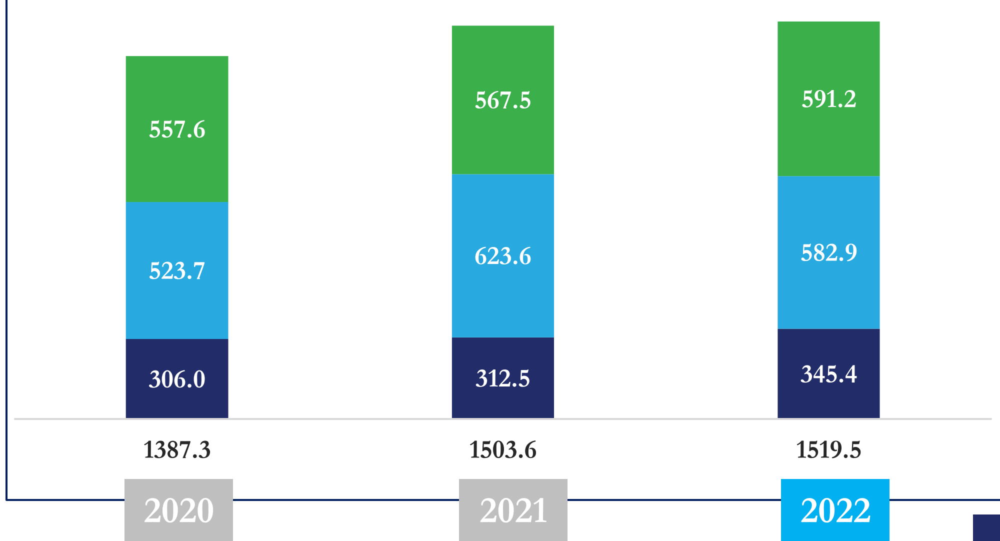
Gross Premium & Net Profit



Shareholders Equity



Bank, Cash & Other Assets



Note: Year 2022 financial data is based on un-audited numbers as the audits were in progress at the date of this report compilation. All the figures in AED Million

Our Sustainability Approach

- Our ESG strategy is linked with our overall business strategy. NGI formed a committee to strategize and oversee respective ESG initiatives. The ESG Committee constitutes of leaders from Executive and Operational functions.
- The Committee has been established to govern ESG matters and to ensure its effective assimilation into business operations of the Company. Additionally, the Committee would be responsible for reviewing our ESG strategy and progress.
- The Committee monitors the progress of the various projects to ensure that the company very much remains on track to achieve its ESG objectives.
- ESG efforts focused considerably into societal & governance factors
- Budget driven
- NGI's ESG strategy is based on following pillars: Focus on overall health of stakeholders, Green Operations, Environment friendly Investments, People, Sustainable governance.
- Our specific focus for year 2023 would include:
  - Environment initiatives;
  - Supporting green initiatives as part of business solution.

01
About this report

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Stakeholders

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Environment

NGI's Sustainability Framework

The following sustainability factors lead NGI towards its Sustainability framework:

Governance	**Social Responsibility**	**Shareholders**
Customer Journey	**Data privacy**	**Digitalization**
Diversity & Inclusion	**Training & Development**	**Climate Risk**

ESG Considerations

- Key Risks
- Materiality Assessment
- Sustainability Goals
- Stakeholders Engagement
- ESG Roadmap

Stakeholders Engagement

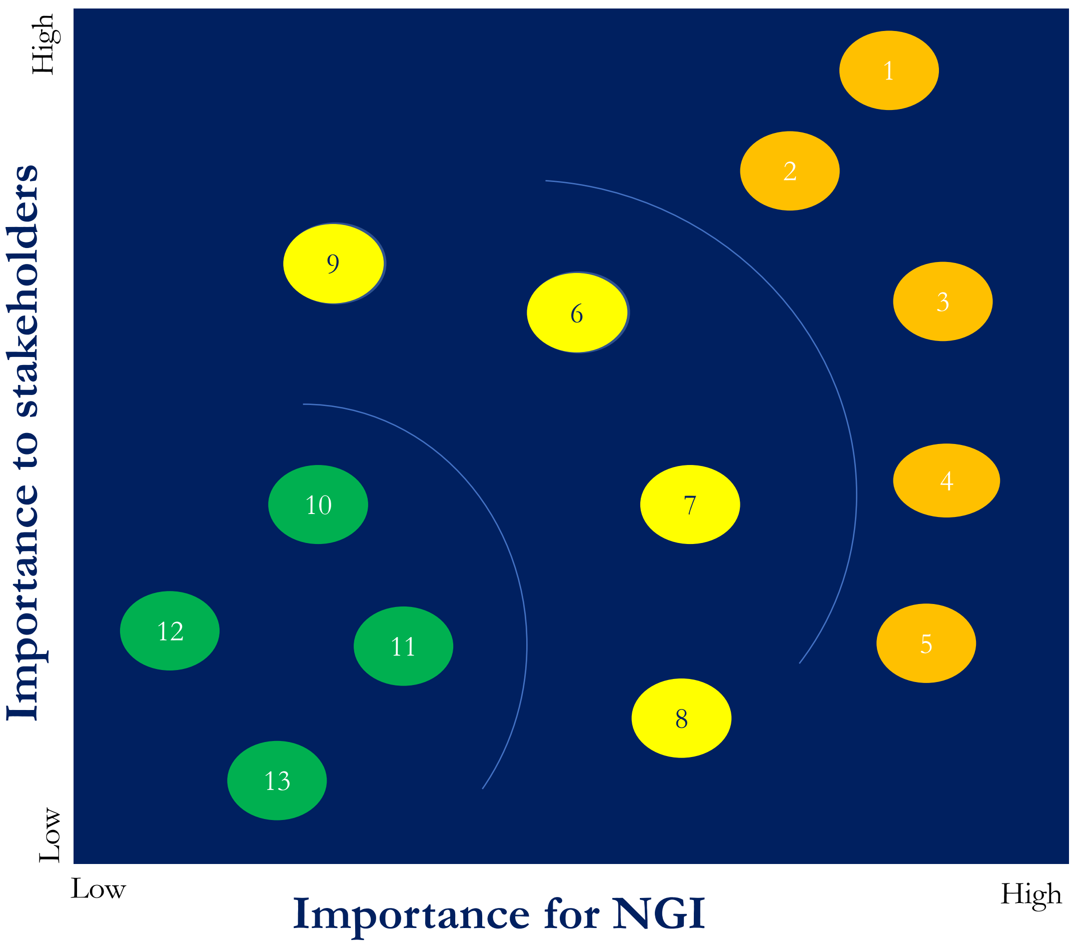
Continuous stakeholder engagement and collaboration is vital to our ability to respond to sustainability opportunities and challenges.

Stakeholders		Engagement Route
Investors	Assist investors in taking informed decisions and within their expectations	▪ Annual General Meeting ▪ Publishing of Financials & Corporate Gov. Report on DFM and website ▪ Press releases, Rating Exercise
Customers	Customer feedback assists to improve our services/product	▪ Customer Happiness Center ▪ Chat-bot ▪ Social Media interactions (LinkedIn, Twitter, Facebook)
Society	Coordination amongst Society is pivotal in achieving the sustainability goals	▪ Covid-19 awareness initiatives ▪ Discounted motor policies ▪ Offering of products suited to SMEs ▪ Employees volunteering
Regulators	Compliance with regulations will increase the confidence of regulators and other stakeholder in the entity	▪ Compliance with regulations ▪ Regular interaction with regulators ▪ AML, CFT and Proliferation risk management
Employees	To ensure strong and talented workforce, fairly reward and develop	▪ Compensation and benefits ▪ Diversity and inclusion ▪ Employee welfare and fair treatment
Vendors, Providers	Ensure increased level of collaboration with our vendors, providers to serve our customers better	▪ Fair treatment ▪ Timely payments ▪ Portals

Materiality Assessment

At NGI, we are very keen to consider our stakeholders in respective stages of materiality assessment. During the year 2022, materiality assessment was conducted to perceive stakeholders' expectations and identify key ESG risks. We intend to continue our interaction with the key stakeholders to assess the relevancy of these material items.

To reassess the material items and our priorities, we evaluated internal and external stakeholder's information/exchanges, customer feedback, employees' inputs and investors interaction.



High Priority

1. Climate change and disasters
2. Data privacy and Information Security
3. Corporate Governance
4. Digitalization and Innovation
5. Customer Experience

Moderate Priority

6. Diversity and inclusion
7. Pandemic, well being and health
8. Ethics, Fraud and professional conduct
9. Talent Retention and employee development

Low Priority

10. Green operations
11. Training & development
12. Sustainable procurements
13. ESG Investing

SUSTAINABLE DEVELOPMENT GOALS

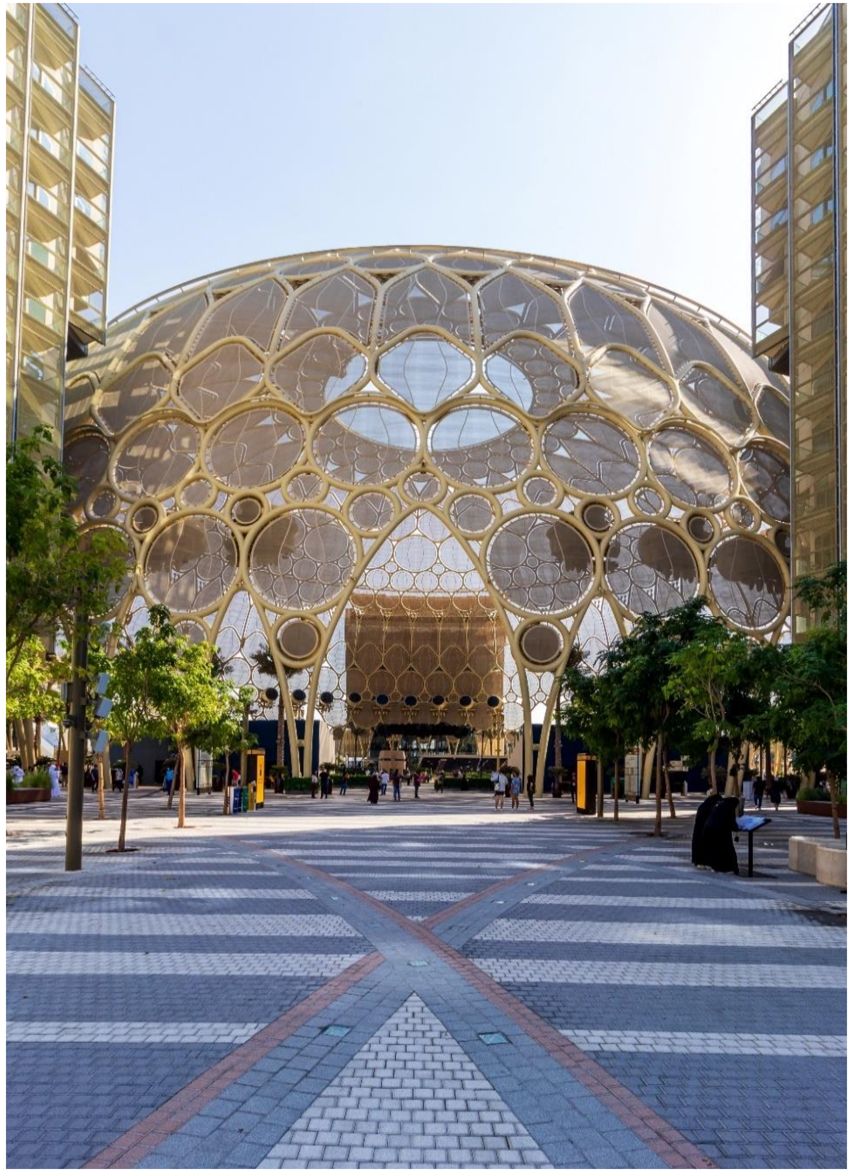
The United Nations has developed 17 sustainability goals and 169 targets in order to achieve key goals necessary to improve the overall well being and health of the world.

In order to ensure improved sustainability performance, NGI is adopting a proactive approach to integrate ESG into various aspects of our business. This integration will encompass our core operations (underwriting, claims), corporate governance, risk management, strategies and reporting. NGI is reviewing and focusing on the SDGs earmarked by the United Nations so we can have the desired impact via our service offering, business operations and investments. **Applicable and relevant SDGs are referenced in different parts of this report.**

Governance Pg. # 14

Society, Stakeholders Pg. # 21

Environmental Pg. # 33



ESG Roadmap

Although Sustainability practices were always the core of NGI's belief and efforts, it was Year 2021, the Company adopted a formal approach by documenting a board approved Corporate Social Responsibility policy. So far, we have published 2 Sustainability reports in public domain. We intend to make a positive impact by engaging our key stakeholders.

ESG Committee

- ESG committee formed
- Representatives across the Company
- Quarterly update on ESG progress

ESG Governance documentation

- Sustainability policy to be defined
- Annual Report submitted to Board and Regulator
- Budget allocation for Community cause

Initiatives, Impact on Operations

- Employee health awareness campaigns
- Client support by settlement of ex-gratia claims, health and covid awareness efforts
- ESG factors built in to Underwriting policies

Risk Management

- ESG risks factored in Risk Register
- Planned internal audit over ESG initiatives
- Governance functions

03 Governance

Governance – Tone at the Top

GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 405-1

SDG 10

Reduced inequalities

SDG 16

Peace, justice and strong institutions

As accountability and transparency is deeply embedded in our core values, NGI Operates its business in line with the leading corporate governance practices and ensures utmost transparency in dealings with respective stakeholders. Effective governance is vital to sustainable value creation and preserving business integrity.

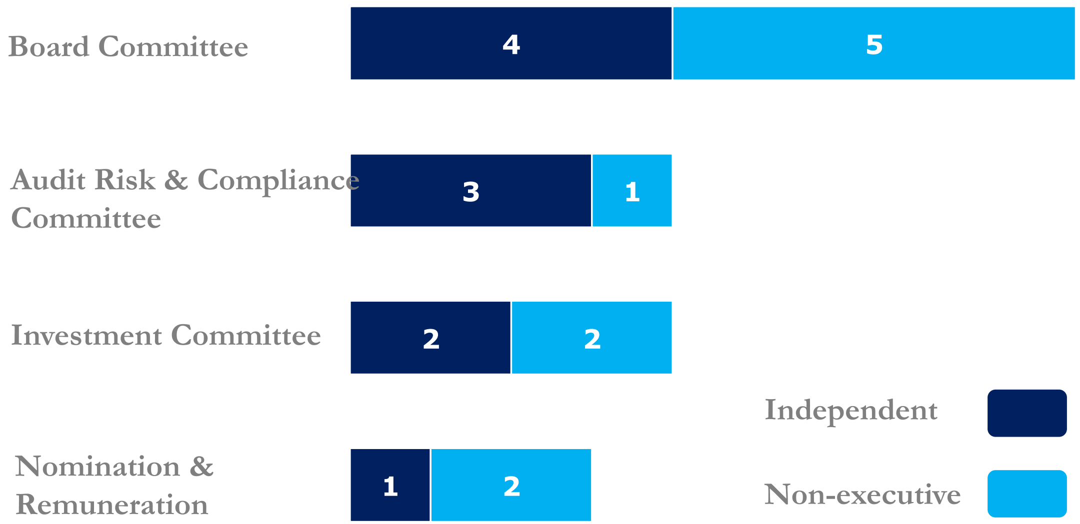
The Board of NGI oversees the implementation of corporate governance practices across the Company. The annual 'corporate governance report' which is published at our website (www.ngi.ae) and DFM's website (www.dfm.ae), reflects detailed elements of NGI's governance aspects and showcases our commitment to uphold the principle of integrity and transparency.

Board Committees and Composition

The Board has put in place committees such as Board Audit Risk & Compliance Committee, Investment Committee and Nomination & Remuneration Committee. These committees meet at least on a quarterly basis. There are defined 'Terms of References' for the smooth functioning of these committees.

NGI's Board Committees

NGI's Board Composition



Number of Board Meetings in Year 2022

Board Committee	Board Audit, Risk & Compliance	Investment Committee	Nomination & Remuneration
6	4	7	5

Board of Directors

NGI's current Board consists of 9 members, 4 of them are independent members and 5 are non-executive members. Members of the Board are highly qualified and come from diverse sectors such as banking, private equity firm, real estate developers. NGI believes in encouraging gender equality in Board Committee's, currently NGI Board has one female member.

H.E Hamad Mubarak Buamim

Chairman

Mr. Adel Mohammed Saleh Al Zarouni

Vice Chairman

Mr. Khalid Jassim Bin Kalban

Board Member

Mr. Mohamed Saif Darwish Al Ketbi

Board Member

Mr. Al Fardan Ali Al Fardan

Board Member

Mr. Humaid Ahmed Al Tayer

Board Member

Mr. Jamal Ahmad Al Matari

Board Member

Mr. Faisal Abdulaziz Al Khazraji

Board Member

Mrs. Hind Abdulrahman Al Ali

Board Member

Governance – Control Pillars

Risk Management

NGI has embraced a prudent, responsible and futuristic approach to manage risks. A Risk Management function is in place to assess key business and regulatory risks including the ESG risks. The department periodically assesses the status of actions undertaken to mitigate and report. NGI intends to identify and integrate ESG concerns into risk management and underwriting practices.

Compliance

Compliance function reviews the regulatory compliances and assesses the Compliance status to achieve complete adherence. Based on the ESG policy and reporting requirements, Compliance function will ensure review of ESG compliance requirements. Risk based compliance for AML initiated and deployed latest tech for monitoring of AML violations.

Whistleblower Mechanism

A whistleblower mechanism is in place to receive anonymous tips or complaints pertaining to potential fraud or compliance violations. Whistleblower mechanism provides the whistleblower an access to the NGI's Board of Directors.

Internal Audit

An independent audit function is set-up and resourced with skilled employees to undertake critical reviews of business operations, risk management and overall compliance environment. ESG being a key element under the business plan of 2022, internal audit reviews would be focused on compliance specific to ESG initiatives.

Effective Risk Management

NGI acknowledges the vitality of ensuring an effective risk management strategy which is central to an insurance company's core business of underwriting risks. Our risk management and internal controls are designed to ensure that our risks are managed efficiently and effectively and assist the Company in achieving its key objectives.

Our balanced approach to Risk Management ensures that we have risk framework and designs in place to address relevant risks. The Board leads the oversight for risk management through respective Board and Management Risk Committees. NGI's management team considers and implements risk management practices across the company with the assistance from Risk Management department.

Our Underwriting practices have been considerate of ESG factors and sustainable insurance practices are at core of our operations.

NGI practices risk-based capital modelling, by which different risks are assigned capital based on their individual risk exposures

Few of our risk management mitigants/policies are briefed below:

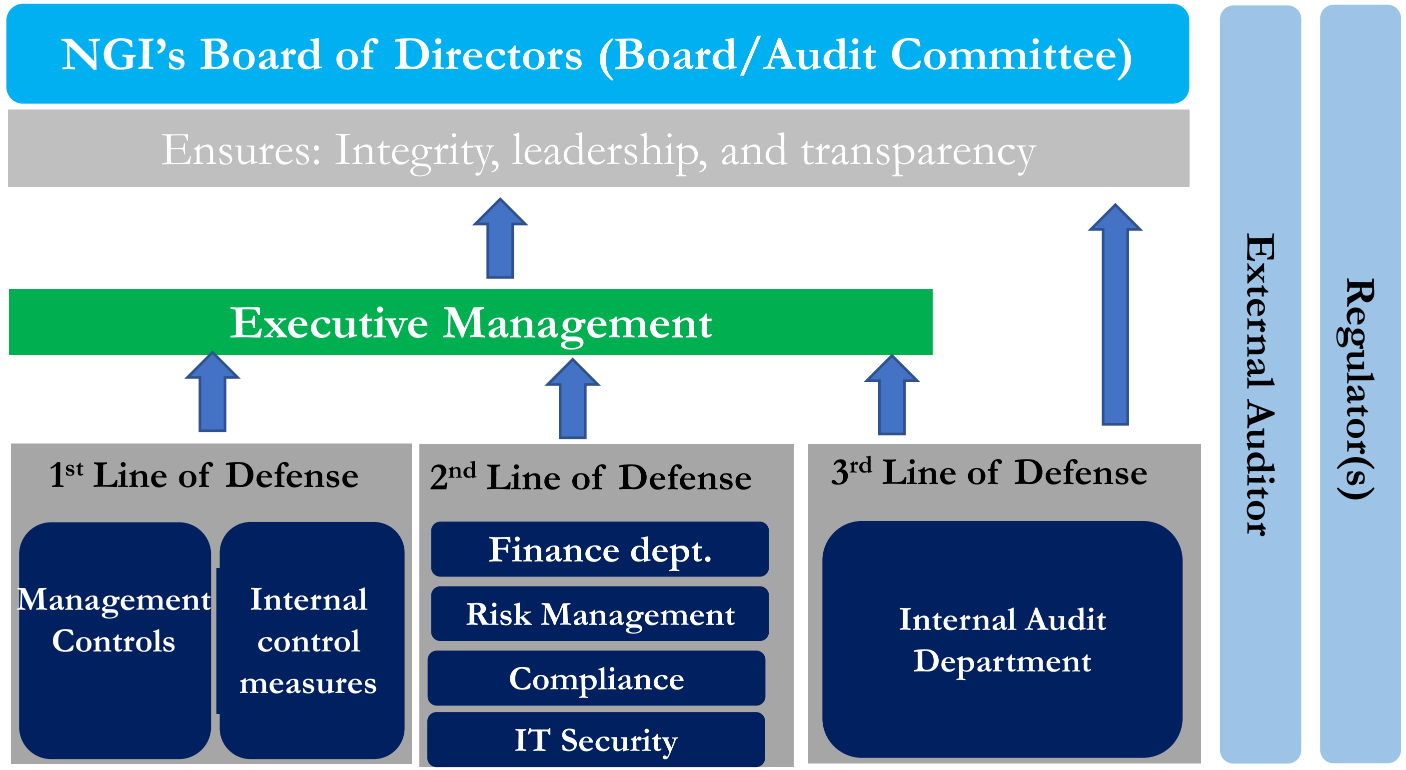
- Board Approved ERM policy in place.
- Approved Internal Control framework;
- Risk champions from different department are identified and trained in operational risk;
- Underwriting policies and procedures for all lines of business;
- Approved AML and Internal Audit Manual;
- Approved Anti-fraud and Whistle-blowers manual
- Code of Conduct
- Approved CSR policy.

Risk Management Model

Our Control Environment

NGI follows and believes in 'three lines of defense' Governance model formulated by the Institute of Internal Auditors.

NGI has established key control functions to monitor, consult and report on key governance and operational risks. **Clear charters and reporting lines are defined to ensure transparency and independence.**



Internal Control Framework

NGI has adopted COSO based internal control framework and completed the reviews mandated by UAE Insurance Authority. The company has well documented policies & procedures in place to guide business operations and ensure control effectiveness.

Strong Ethics and business code

NGI has defined and implemented policies pertaining to ethical conduct and transparency:

- Code of Conduct
- Fraud policy
- ERM Policy
- Whistleblower mechanism

Data Privacy & Security

Data Privacy & Security

Data privacy and information security is one of key materiality topics for NGI. NGI's Risk Management committee is responsible for the oversight of the IT Security and Data privacy risk and initiative.

NGI's Disaster Recovery & Continuity plans are designed and tested to ensure seamless support to our key stakeholders.

- **Comprehensive Data privacy policy & controls, periodic trainings**
- **Implemented IT controls in line with NESA standards**
- **Comprehensive IT review by external IT auditors/ in-house Internal Audits.**
- **Dedicated IT Security Officer, implemented data loss prevention solutions**

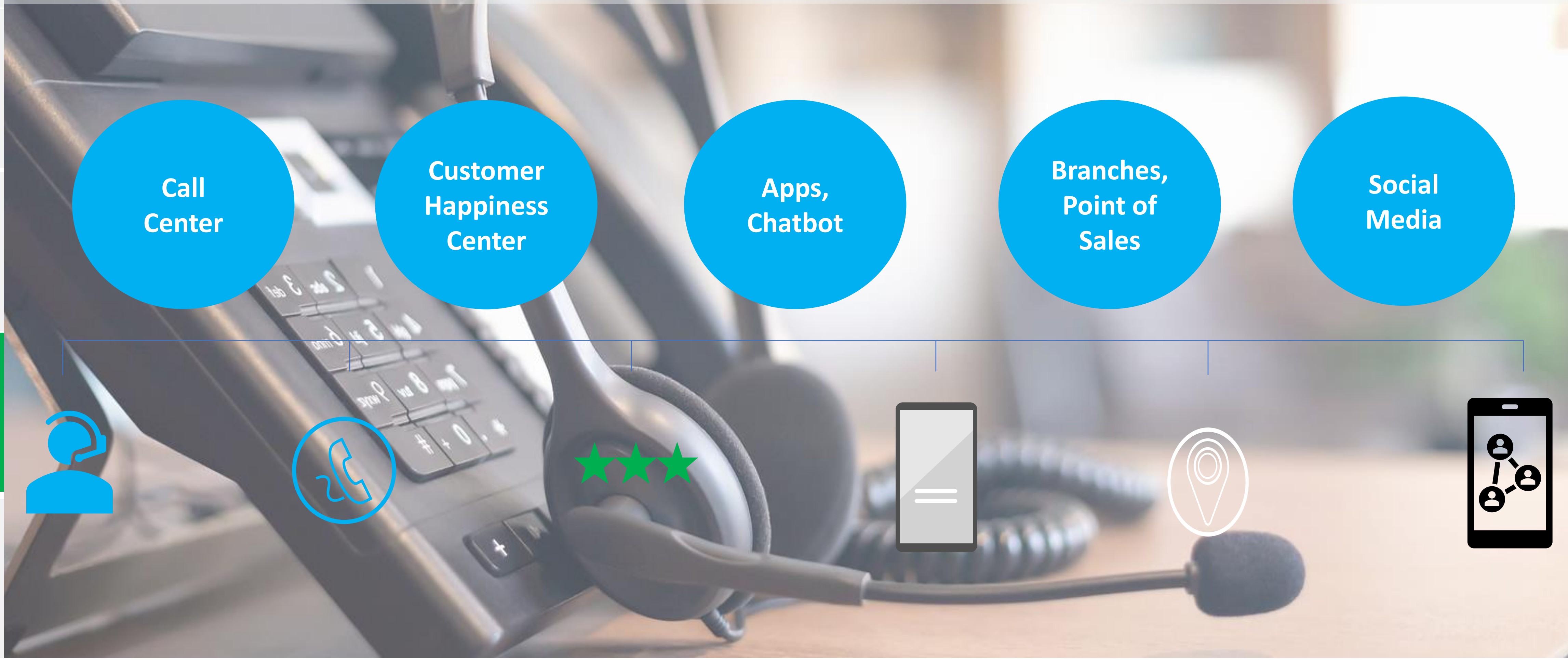
Abu Dhabi Health Information & Cyber Security

Internal

04 Society, Stakeholders

Improving our Customer Journey

Our customers as a key stakeholder group are at the center of our attention. NGI is continuously investing in resources and tools to improve customer experience. Our enhanced focus on digitalization takes us one more step closer to our goals of customer satisfaction. Our Call Centre, email support and Customer Service Executives are the primary contact for our customer willing to contact us for improvement in our service offerings.



Making a Positive Impact

- Presence of multilingual resources to serve the customers better.
- 24x7 support for approval of health claims, Quick approval of claims and superior policy servicing
- Covering and positively impacting over 200k lives, NGI has its own health claims network 'Healthnet Premier', competing with leading TPAs and offering wider network coverage including premier hospital & clinics across the entire UAE
- Offering of products suitable to different segments of society ranging from Essential basic plan to comprehensive products
- Risk Surveys to improve client risk profile, suggestions to enhance risk profile & periodic follow-ups
- Reduced pricing for properties equipped with fire safety measures or constructed with fire rated materials
- Reward for safe drivers in the form of 'no claim discounts'
- Dedicated renewal teams to remind our valuable insureds prior to expiry of cover, to ensure continuation of insurance coverage

Shareholders – Wealth & Value Creation

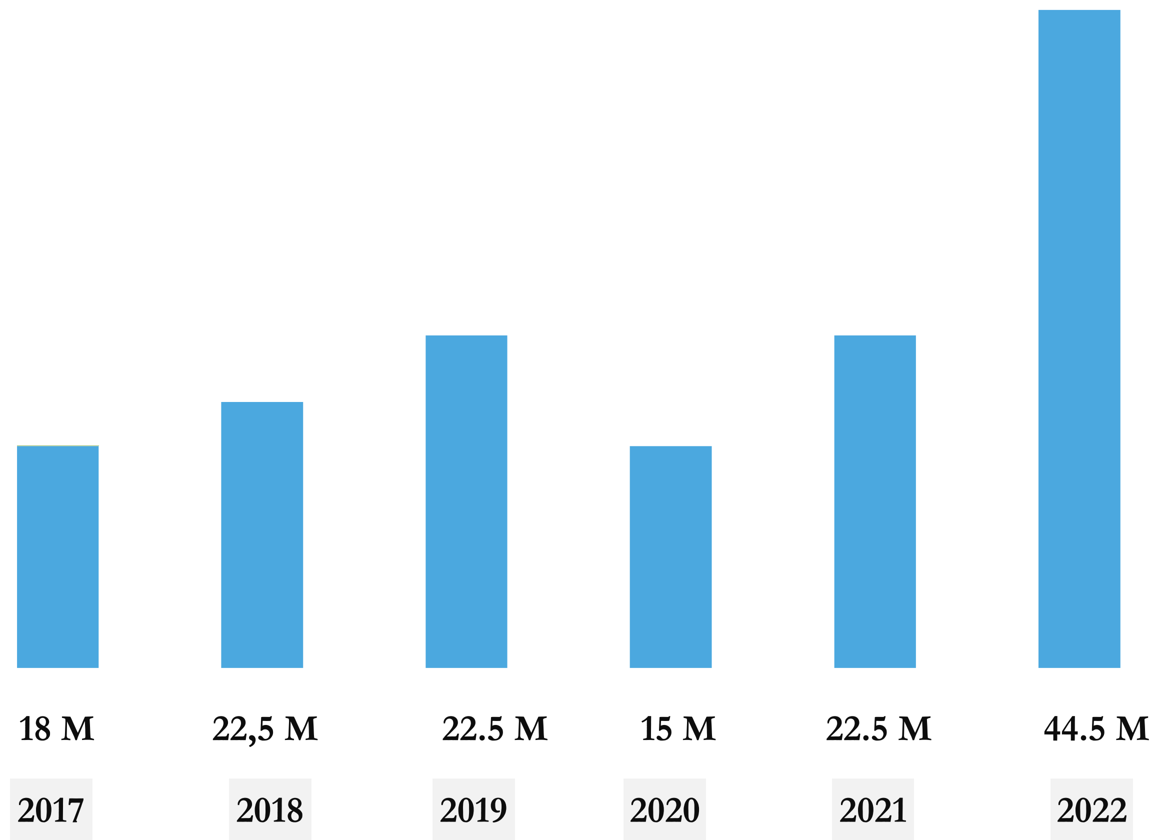
NGI's shareholders constitute of corporate entities owning approx. 78% of the company's overall share capital, the remaining is owned by individuals. NGI strongly believes in creating sustainable value for its stakeholders including shareholders.

Value creation for Shareholders

- Consistently rewarding shareholders through our attractive dividend policy, AED 44.5 Million dividend paid during year 2022.
- Strong balance sheet
- **10% Return on Equity** for the year 2022.
- Healthy return on investments throughout the years
- Transparency in dealing with shareholders and adequate disclosure
- Board election process in line with SCA Mandate

Dividend payout over last 5 Years

Figures in AED Million



Note: Year 2022 financial data is based on un-audited numbers as the audits were in progress at the date of this report compilation.

Nurturing a Great Workspace

GRI 102-08, GRI 102-16, GRI 401-1, GRI 401-2, GRI 404-1, GRI 404-3
GRI 405-1, GRI 405-2, GRI 418-1

Being one of the leading insurer in the region, NGI's success is linked to our valuable employee's relentless performance and untiring efforts. NGI's work environment and practices support employees by making sure that they possess and develop essential skills to serve our stakeholders. The primary goals of NGI's Human Resource strategy are to attract and retain best talents, promote diversity and equality. While employee well-being remains our key focus, we encourage and foster sustainable work culture, work-life balance and overall health of staff.

3 GOOD HEALTH AND WELL-BEING

SDG 3
Good Health & Well-being

5 GENDER EQUALITY

SDG 5
Gender Equality

10 REDUCED INEQUALITIES

SDG 10
Reduced inequalities

SDG 4
Quality Education

4 QUALITY EDUCATION

SDG 8
Decent work & Economic growth

8 DECENT WORK AND ECONOMIC GROWTH

Our Workforce, Diversity and Composition

Inclusive, equal opportunity and diverse work force

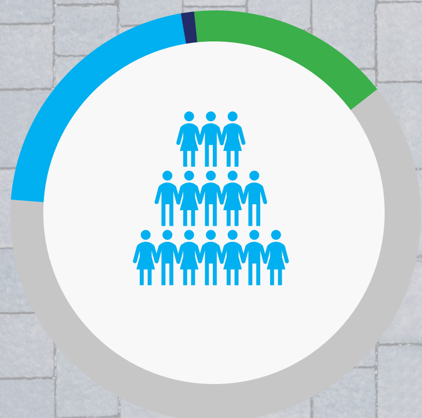
NGI is committed to diversity and believe in equal opportunity for all. With a workforce consisting of about 28 nationalities, NGI's workplace environment and staffing practices promote equal opportunity and derive its inspiration from UAE's vision of being tolerant and diverse. Whilst NGI complies with the Emiratization requirement, with each year we raise our bar further higher.

Gender Ratio

	Female	Male
Gender Ratio	37%	63%
Total Employees # 385	144	241

Employee Age Groups

18-30	62
30-45	238
45-60	81
Over 60	4



Training, Development & Rewards

Continuous learning

NGI emphasizes on continuous learning and excellence. Human Resource department publishes an annual training calendar with diverse trainings on offer to employees

Constructive Feedback/ Mentoring

In addition to formal trainings, NGI believes in self training and encourages our human capital to identify and select professional certification suiting their future ambitions. The cost of these certifications are reimbursed

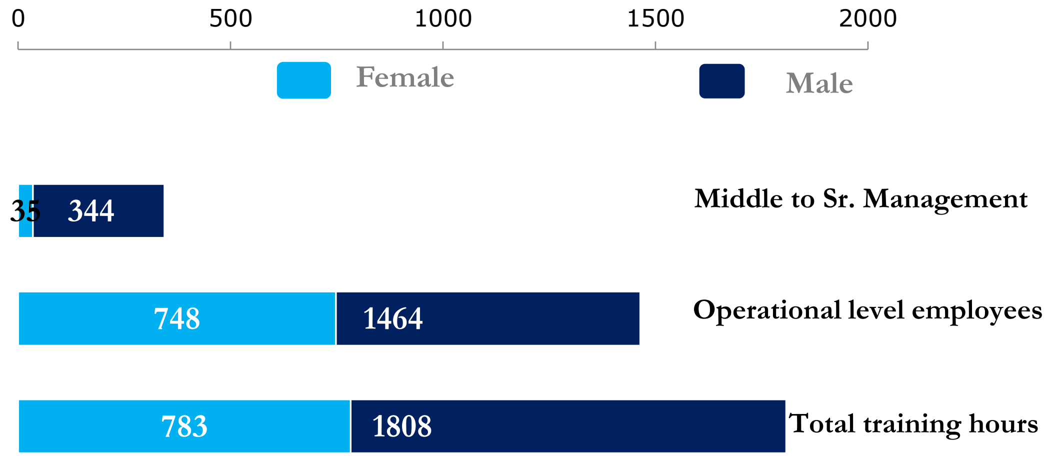
Performance Enhancement

NGI is committed to support the learning requirements of its employees, there is a systematic process in place to identify and implement performance improvements plan and on-boarding training of new joiners.

Rewards and Compensation

The company has a rewards and compensation policy in place to adequately reward the eligible employees. Furthermore, there is Board level committee overseeing the process of compensation.

Total employee training hours (2,591 hours)



Product & Technical trainings

Conducted in-house product and technical trainings for employees in-house

Professional Certifications

Financial assistance to employees to attain certifications, e.g., CII, UK or certifications relevant to their area of operation

EIBFS Trainings

Enrolled with Emirates Institute of Banking and Financial Services portal for staff trainings

AML & ICA, UK training Portals

AML and anti-fraud trainings for staff; Risk Management workshops

Employee Engagement

01
About this report

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Employee Awards & Events during 2022

NGI believes in the overall well being of its workforce, we reckon the importance of continuous engagement with our employees.

NGI organizes employee events & award programs to improve employee engagement , enhancing performance and productivity and improving employee well-being.

- Flag day celebration at NGI Head Office.
- National day celebration, followed by quizzes and gifts distribution.
- Rewarded top sales talent and awarding of certificates

Health Awareness Efforts in 2022 – Customers/Employees

Health Initiatives

Being a leading health insurer, NGI acknowledges its responsibilities towards the society and its policyholders. We have undertaken several efforts to raise public awareness and educate our policyholders ranging from blood donation drives to vaccination and orientation to policy coverages.

NGI encourages its employees to voluntarily participate in social campaigns to create awareness on health care facilities and diseases.

Vaccinations

1 Arranged Flu Vaccinations for select policyholders at their premises

Awareness

2 Conducted on-site/ off site campaigns for breast cancer awareness and general health awareness

Blood Donation

3 Undertaken Blood donation drive in coordination of Dubai Health Authority , contributors included employees and community members

Orientation

4 Tele-consultation orientations, Orientation of insurance policies, to explain the beneficiaries the coverage and benefits

Employees

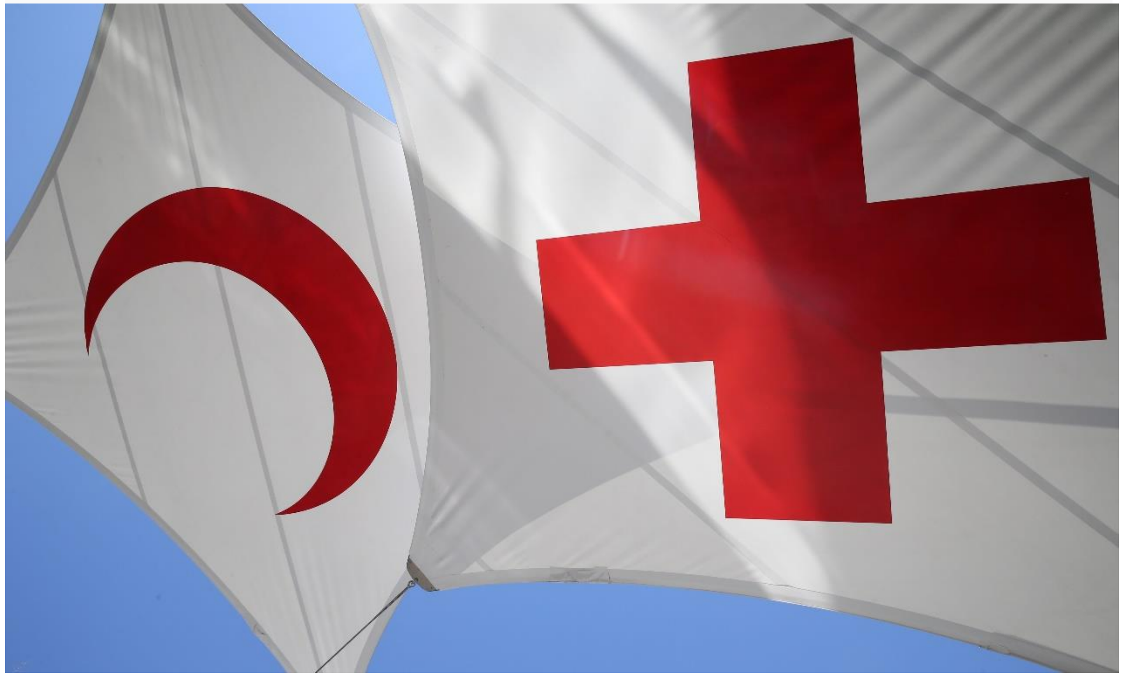
5 Organized 'Pink' (Breast cancer) campaign, Flu vaccinations for the staff at NGI Premises

Our Communities Outreach

- Blood donation drive undertaken in the year 2022 and contributed to DHA's blood donation initiatives.
- Deepening out societal outreach by organizing events involving our senior and younger community members
- Established an ESG Committee, set aside a budget for our ESG efforts, periodic meetings conducted to monitor our efforts
- Accountability and transparency in our overall operations, maintaining highest standards of governance, publishing periodic financials, press releases for important developments in the company
- Continuous communication with our stakeholders through periodic updates on our social media handles
- Enhanced our efforts on safeguarding the environment by monitoring our carbon footprint and efficient utilization of resources.
- Our commitment to ensure a safe, inclusive and equal opportunity work environment for our employees and future recruitments.

Our Response to the Disaster in Turkiye & Syria

- The unfortunate event in Turkiye and Syria has brought immense pain and suffering to millions of our community members.
- NGI rose to the occasion in times of crisis for Turkiye and Syria, contributed blankets through Red Crescent in Feb 2023.
- We encourage our employees and customers to contribute towards the cause.



ESG Business Operations Integration

Continuing over our efforts from several years, NGI has integrated the following in NGI business operations:

- Implemented ECM solution (Enterprise content management) to drastically reduce usage of paper
- Embed in decision making ESG issues relevant to insurance business, committed to responsible underwriting.
- Introducing Virtual motor claim surveys to reduce paper and resource, paper policy issuance and claims processing
- Work together with governments, regulators and other key stakeholders in the industry and community to promote ESG initiatives.
- Accountability and transparency in regularly disclosing the progress in implementing the principles.
- Work together with clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.
- Priority to ESG based exclusions in Insurance and corporate policies.

05 Environment

Our Environmental Priorities

GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-4

NGI being a responsible entity is very thoughtful of its impact on the society and environment. SDGs identify our environmental priorities. Hence, we understand that major issues like climate change and its effect should remain our focal point. Insurers being a critical part of the value chain can play an extremely important role in making a positive impact on environment.

Our environmental goals and priorities are aligned with the UAE Vision to position UAE as a low carbon economy.

SDG 12

Responsible consumption and production

SDG 6

Clean water and sanitization

SDG 8

Promote sustainable, inclusive growth, employment and quality work

SDG 9

Industry, Innovation and Infrastructure

SDG 13

Climate action

SDG 3

Ensure healthy lives and promote wellbeing for all at all ages

Our Efforts

We acknowledge the importance of minimizing the impact of our operations on environment. NGI continues to monitor its environmental footprint and implement energy efficiency measures. The following prioritizes our efforts:

- Implemented ECM solution (Enterprise content management) to drastically reduce usage of paper
- Branch office spaces revisited to ensure optimum use of available space, relocated branch offices. Abu Dhabi branch moved to owned space utilizing half of the previous office space
- Significant savings in usage of paper by issuing Quotations, Policy documents, Invoices digitally, paper-based policies are used on insistence of the insured.
- Papers are replaced in meeting rooms with on-screen meetings. Majority of the meetings undertaken online minimizing the use of papers
- Reduce our carbon footprint, manage the amount of waste produced from our operations
- Constant monitoring of our CO_2 emissions, power utilization and water consumption.
- Recycling 119 kilograms waste papers during 2022

Our Environmental Footprint

Our strategy to sustainability is considerate of several aspects of our operations including our power & water consumption, carbon emissions, waste management and most importantly positive attitude of our people.

During the year 2022, the following summarizes the result of our efforts:

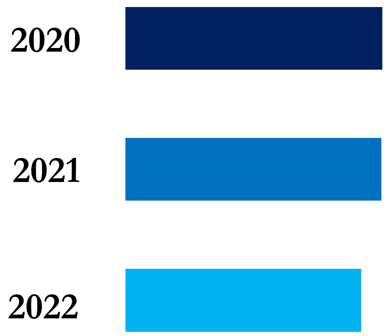
Reduced power consumption by

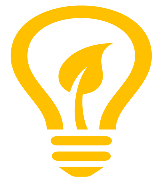
≥8%

Reduced carbon footprint

≥11%

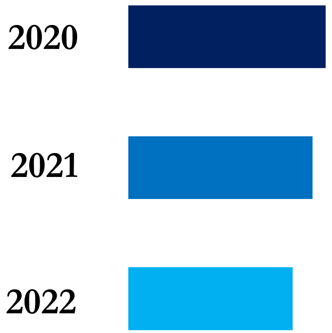
Power Consumption trend



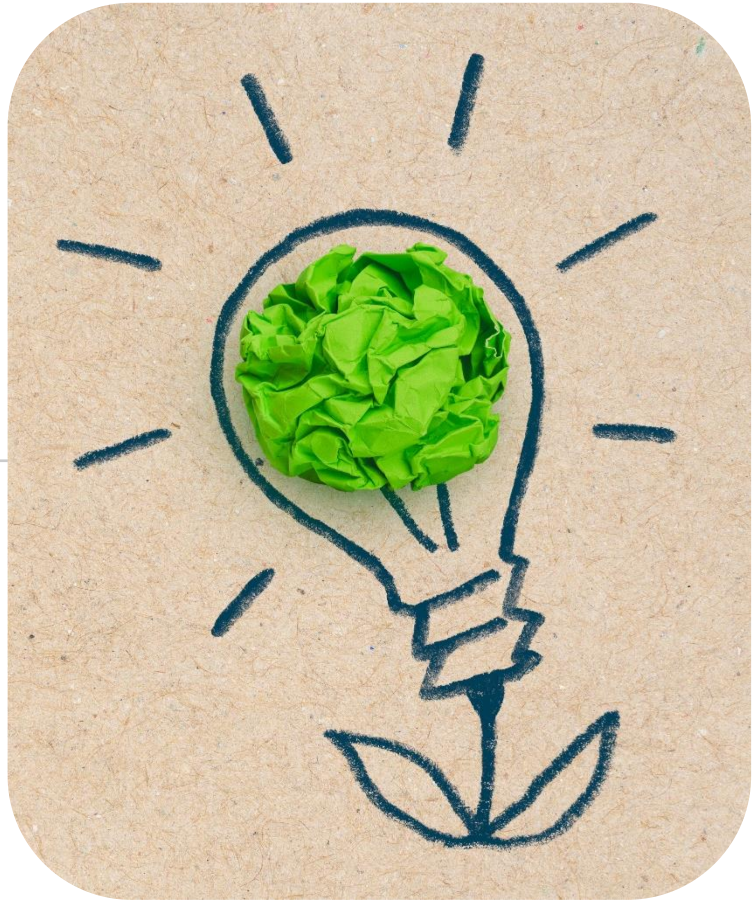


Power Bill expense
Reduction by 7%
2022 to 2021

CO 2 emission trend



Water consumption
Increased by 3%
2021 to 2022



Note: Data analyzed for Head Office and Branches except Sharjah and Abu Dhabi branch offices

Internal


Thank You!

Authorized Signatory	
Dr. Abdul Zahra Abdullah Ali Al Turki **CEO**	

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