



Integrated Report

For the Financial year ended 31/12/2023

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**Al Buhaira National Insurance Company P.S.C.
and its Subsidiary**

**Consolidated financial statements
For the year ended 31 December 2023**

Al Buhaira National Insurance Company P.S.C. and its Subsidiary
Consolidated financial statements

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Directors' report

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

Incorporation and registered offices

A. Buhaira National Insurance Company P.S.C. (the "Parent Company"), is incorporated as a public shareholding Company by an Emiri Decree issued by His Highness, The Ruler of Sharjah on 16 May 1978. The Parent Company is subject to the regulations of UAE Federal Law No. (48) of 2023 (previously UAE Federal Law No. 6 of 2007, as amended), concerning the formation of Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE"). The Parent Company is registered in the Insurance Companies register of the Central Bank of the U.A.E. under registration number 15. The address of the Parent Company's registered corporate office is P.O. Box 6000, Sharjah, United Arab Emirates.

Principal activities

The principal activity of the Group is the writing of insurance of all types - other than savings and accumulation of funds. The Group operates through its Head Office in Sharjah and has branches in Dubai, Abu Dhabi, Al Ain, Ras Al Khaimah, Fujairah and Ajman.

Financial position and results

The consolidated financial position and results of the Group for the year ended 31 December 2023 are set out in the accompanying consolidated financial statements.


Directors

The following were the Directors of the Group for the year ended 31 December 2023:

Sheikh Faisal Bin Khalid Sultan Al Qasimi (Chairman)
Sheikh Abdulla Mohd Ali Al Thani (Vice Chairman)
Sheikh Khaled Abdulla Sultan Al Qasimi (Managing Director)
Sheikh Ahmed Abdulla Bin Mohammed Ali Al Thani (Director)
Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla (Director)
Mr. Rashid Ali Rashid Dimas Al Suwaidi (Director)
Mr. Salem Abdulla Salem Al Hosani (Director)
Mr. Abdulla Mohamed Salih Abdul Rahim Al Zarooni (Director)
Mr. Noura Mahmoud Mohamed Al Mahmoud Al-Ali (Director)
Mr. Nader Tawfiq Qaddumi (General Manager)

Auditors

Grant Thornton were appointed as auditors of the Group for the year ended 31 December 2023 and being eligible, have offered themselves for re-appointment.


Sheikh Faisal Bin Khaled Bin Sultan Al Qasimi
Chairman of the Board of Directors



29 March 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Buhaira National Insurance Company P.S.C. and its subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Buhaira National Insurance Company P.S.C. (the "Parent Company") and its subsidiary (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including summary of material accounting policy information.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 28 to the consolidated financial statements, the Group has a deficit in the Solvency Capital Requirement as stipulated by the Central Bank of U.A.E. by an amount of AED 164 million. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Buhaira National Insurance Company P.S.C and its subsidiary (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of (Re)Insurance Contract Assets and Liabilities	
<p>As at 31 December 2023, the Group's Reinsurance Contract Assets, Insurance Contract Assets, Insurance Contract Liabilities and Reinsurance contract liabilities are valued at AED 422.2 million, AED 12.5 million, AED 537.7 million and AED 308.8 million respectively. (Refer note 9).</p> <p>Valuation of (Re)Insurance contract assets and liabilities involve significant judgements and estimates particularly with respect to the eligibility of measurement models and estimation of the present value of future cash flows.</p> <p>These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows.</p> <p>As a result of the above factors, we consider valuation of (re)insurance contract assets and liabilities as a key audit matter.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> - Assessed the competence, capabilities and objectivity of the management's appointed actuary; - Understood and evaluated the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - Independently reperformed the calculation to assess the mathematical accuracy of the Insurance contract liabilities and Reinsurance Contract Assets on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the data used in the impairment model calculations receivables for amounts due; and - Evaluated and tested the calculation of the allowance for expected credit loss allowance and the key assumptions and judgments used.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Buhaira National Insurance Company P.S.C and its subsidiary (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Disclosure of transition impact of adopting IFRS 17</p> <p>The Group adopted IFRS 17 Insurance Contracts with effect from 1 of January 2023, which resulted in changes to the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.</p> <p>We determined the disclosure for impact of adopting IFRS 17 to be a key audit matter due to the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to Notes 3 and 4).</p> <p>In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17 Insurance Contracts:</p> <p>The determination of the transition approach adopted for each group of insurance contracts.</p> <p>The methodology adopted, and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17.</p> <p>Disclosure of the impact of restatement, in accordance with IFRS 17.</p>	<p>Our audit procedures, among others, include:</p> <ul style="list-style-type: none"> - Assessed whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; - Used our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date; - Evaluated the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluated the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and - Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Buhaira National Insurance Company P.S.C and its subsidiary (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>As at 31 December 2023, the Group owns a portfolio of investment properties amounting to AED 847.8 million (2022: AED 842.5 million) which comprising commercial properties, residential properties and land. The Group recorded a net fair value gain in the consolidated statement of profit or loss amounting to AED 2.7 million during the year ended 31 December 2023 (2022: AED 1 million) (Notes 6).</p> <p>These investment properties are stated at their fair values as determined by independent real estate valuers engaged by the Group ("the valuers"). The valuation process involves significant judgements in determining and estimating the underlying assumptions to be applied.</p> <p>The valuations are highly sensitive to key assumptions applied in deriving at the significant unobservable inputs and a small change in the assumptions can have a significant impact to the valuation.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none"> - We obtained the valuation assessment report prepared by the external valuers; - We evaluated the external valuers qualifications, experience and expertise in the investment; properties being valued and considered their objectivity, independence and scope of work; - We assessed whether the valuation methods used are in accordance with the established standards for valuation of the properties and determining the fair value; - We involved our internal valuation specialists to review the valuation methodologies, key assumptions and critical judgements used by comparing these with market data, or other publicly available information, on selected properties; - On sample basis, we tested, whether property specific data provided to the external valuers by management reflected the underlying property records; and - We assessed the disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Buhaira National Insurance Company P.S.C and its subsidiary (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Directors' Report* but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Buhaira National Insurance Company P.S.C and its subsidiary (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to 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 to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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 AUDITOR'S REPORT

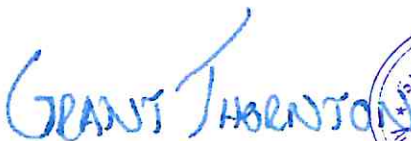
To the Shareholders of Al Buhaira National Insurance Company P.S.C and its subsidiary (continued)

Report on other Legal and Regulatory Requirements

Furthermore, as required by the UAE Federal Law No. (32) of 2021, we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- iii) The Group has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Directors' report is consistent with the books of account of the Group;
- v) Note 7 to the consolidated financial statements discloses investment in securities by the Group during the year ended 31 December 2023;
- vi) Note 25 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii) The Group has not made any social contributions during the financial year ended 31 December 2023; and
- viii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has, during the financial year ended 31 December 2023, contravened any of the applicable provisions of the UAE Federal Law No. (32) of 2021, or, in respect to the Parent Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2023.

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

**GRANT THORNTON UAE**

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

29 March 2024

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Consolidated statement of financial position As at 31 December 2023

	Notes	2023 AED	Restated 2022 AED	Restated 2021 AED
ASSETS				
Property and equipment	5	13,872,192	15,763,328	10,781,690
Investment properties	6	847,850,000	842,562,500	836,553,000
Investments in securities at FVTOCI	7	59,567,189	58,259,180	26,852,264
Statutory deposit	8	10,000,000	10,000,000	10,000,000
Reinsurance contract assets	9	422,203,950	466,909,857	354,760,428
Insurance contract assets	9	12,462,413	-	-
Other receivables	10	38,208,725	36,060,769	27,985,701
Bank balances and cash	11	315,730,998	311,829,775	337,895,458
TOTAL ASSETS		1,719,895,467	1,741,385,409	1,604,828,541
EQUITY AND LIABILITIES				
Equity				
Share capital	12	250,000,000	250,000,000	250,000,000
Statutory reserve	13.1	122,126,377	122,126,377	122,126,377
Voluntary reserve	13.2	200,000,000	200,000,000	200,000,000
Reinsurance reserve	13.3	14,293,181	10,216,524	6,816,786
Cumulative changes in fair value		(15,689,021)	(16,663,453)	(15,352,299)
(Accumulated losses)/ retained earnings		(74,178,917)	62,383,811	123,006,493
Total equity		496,551,620	628,063,259	686,597,357
Liabilities				
Provision for employees' end of service indemnity	14	43,118,479	41,822,684	39,787,312
Bank borrowings	15	278,982,938	221,131,707	256,657,986
Lease liabilities	16	6,880,398	9,281,797	5,237,612
Insurance contract liabilities	9	537,684,319	528,297,381	370,923,961
Reinsurance contract liabilities	9	308,782,606	274,008,494	206,739,719
Other payables	17	47,895,107	38,780,087	38,884,594
Total liabilities		1,223,343,847	1,113,322,150	918,231,184
TOTAL EQUITY AND LIABILITIES		1,719,895,467	1,741,385,409	1,604,828,541

Sheikh Faisal Bin Khaled Bin Sultan Al Qasbi
Chairman

Nader Tawfiq Qaddumi
General Manager

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Consolidated statement of profit or loss For the year ended 31 December 2023

	Notes	2023 AED	Restated 2022 AED
Insurance revenue	19	1,190,641,861	879,881,171
Insurance service expenses	20	(1,196,342,629)	(1,022,783,579)
Insurance service result before reinsurance contracts held		(5,700,768)	(142,902,408)
Allocation of reinsurance premiums	21	(841,062,128)	(682,584,155)
Amounts recoverable from reinsurance for incurred claims	21	707,183,751	778,255,013
Net (expense)/ income from reinsurance contracts held		(133,878,377)	95,670,858
Insurance service result		(139,579,145)	(47,231,550)
Investment and other income	18	42,760,945	33,429,894
Insurance finance expense for insurance contracts issued	22	(22,743,465)	(1,477,369)
Reinsurance finance income for reinsurance contracts held	22	12,845,665	662,481
Net insurance financial result		(9,897,800)	(814,888)
Net insurance and investment results		(106,716,000)	(14,616,544)
General and administrative expenses	23	(6,792,322)	(7,418,897)
Finance costs		(18,881,763)	(11,186,227)
Finance costs – lease	16	(372,384)	(650,822)
Loss for the year		(132,762,469)	(33,872,490)
Basic and diluted loss per share	24	(0.53)	(0.14)

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Consolidated statement of other comprehensive income For the year ended 31 December 2023

	2023 AED	Restated 2022 AED
Loss for the year	<u>(132,762,469)</u>	<u>(33,872,490)</u>
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments carried at FVTOCI	974,432	(1,311,154)
Gain on sale of investments carried at FVTOCI	<u>276,398</u>	<u>1,649,546</u>
Other comprehensive income for the year	<u>1,250,830</u>	<u>338,392</u>
Total comprehensive loss for the year	<u><u>(131,511,639)</u></u>	<u><u>(33,534,098)</u></u>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Consolidated statement of changes in equity For the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Reinsurance reserve AED	Cumulative changes in fair value AED	(Accumulated losses)/ retained earnings AED	Total AED
Balance at 31 December 2021, as previously reported	250,000,000	122,126,377	200,000,000	6,816,786	(15,352,299)	117,316,644	680,907,508
Adjustment on initial application of IFRS 17	-	-	-	-	-	5,689,849	5,689,849
Restated balance at 31 December 2021	250,000,000	122,126,377	200,000,000	6,816,786	(15,352,299)	123,006,493	686,597,357
Loss for the year (Restated)	-	-	-	-	-	(33,872,490)	(33,872,490)
Other comprehensive income for the year	-	-	-	-	338,392	-	338,392
Total comprehensive loss for the year	-	-	-	-	338,392	(33,872,490)	(33,534,098)
Transfer to reinsurance reserve	-	-	-	3,399,738	-	(3,399,738)	-
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	(1,649,546)	1,649,546	-
Dividends (note 32)	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance at 31 December 2022	250,000,000	122,126,377	200,000,000	10,216,524	(16,663,453)	62,383,811	628,063,259
Loss for the year	-	-	-	-	-	(132,762,469)	(132,762,469)
Other comprehensive income	-	-	-	-	1,250,830	-	1,250,830
Total comprehensive income / (loss) for the year	-	-	-	-	1,250,830	(132,762,469)	(131,511,639)
Transfer to reinsurance reserve	-	-	-	4,076,657	-	(4,076,657)	-
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	(276,398)	276,398	-
Balance at 31 December 2023	250,000,000	122,126,377	200,000,000	14,293,181	(15,689,021)	(74,178,917)	496,551,620

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Consolidated statement of cash flows For the year ended 31 December 2023

	Notes	2023 AED	Restated 2022 AED
Cash flows from operating activities			
Loss for the year		(132,762,469)	(33,872,490)
Adjustments for:			
Depreciation of property and equipment	5	4,990,052	4,367,972
Interest income on deposits	18	(12,308,056)	(6,692,200)
Dividend income	18	(3,324,127)	(2,764,085)
Net income from investment properties	6	(24,192,089)	(22,740,623)
Change in fair value of investment properties	6	(2,741,344)	(1,041,518)
Provision for employees' end of service indemnity	14	2,439,778	3,283,757
Finance costs		19,254,147	11,837,049
Gain on disposal of property and equipment		-	(105,000)
Other income	18	(195,329)	(86,468)
Board of Directors' remuneration	32	1,800,000	1,050,000
Operating cash flows before changes in working capital		(147,039,437)	(46,763,606)
Change in working capital			
Net reinsurance contract assets		79,480,019	(44,880,652)
Other receivables		(2,147,956)	(8,075,068)
Net insurance contract liabilities		(3,075,475)	157,373,419
Other payables		7,315,020	(104,508)
Cash (used in)/ generated from operating activities		(65,467,829)	57,549,585
Employees' end of service benefits paid	14	(1,143,983)	(1,248,385)
Board of Directors' remuneration		-	(1,050,000)
Net cash (used in)/ generated from operating activities		(66,611,812)	55,251,200
Cash flows from investing activities			
Movement in fixed deposits		26,836,428	29,135,920
Movement in margin deposits		(124,390)	216,000
Additions on investment properties	6	(2,546,156)	(4,967,982)
Purchase of investments at FVTOCI	7	(3,089,749)	(52,017,713)
Proceeds from sale of investments at FVTOCI	7	3,032,570	20,949,189
Purchase of property and equipment	5	(1,004,885)	(1,476,205)
Proceeds from sale of property and equipment		-	105,000
Interest income on deposits	18	12,308,056	6,692,200
Dividend from investments	18	3,324,127	2,764,085
Income from investment properties	6	24,192,089	22,740,623
Other income		139,308	86,468
Net cash generated from investing activities		63,067,398	24,227,585
Cash flows from financing activities			
Dividend paid	32	-	(25,000,000)
Increase/ (decrease) in bank borrowings – net	15	57,851,231	(35,526,279)
Finance costs paid		(18,881,763)	(11,186,227)
Lease payments	16	(4,811,793)	(4,480,042)
Net cash generated from/ (used in) financing activities		34,157,675	(76,192,548)
Net change in cash and cash equivalents		30,613,261	3,286,237
Cash and cash equivalents at the beginning of the year		42,338,969	39,052,732
Cash and cash equivalents at the end of the year	11	72,952,230	42,338,969
Non cash transactions			
Rights of use assets		2,094,031	7,873,405
Lease liability		(2,038,010)	(7,873,405)
Gain on cancellation of lease		56,021	-

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements For the year ended 31 December 2023

1. General information

Al Buhaira National Insurance Company P.S.C. (the "Parent Company") is incorporated as a public shareholding company by an Emiri Decree issued by His Highness, The Ruler of Sharjah on 16 May 1978. The Parent Company is subject to the regulations of UAE Federal Law No. (48) of 2023 (previously UAE Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE ("CBUAE") and regulation of its operations and is registered in the Insurance Companies Register of the CBUAE, under registration No.12. The address of the Parent Company's registered corporate office is P.O. Box 6000, Sharjah, United Arab Emirates.

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

The principal activity of the Parent Company is the writing of insurance of all types - other than savings and accumulation of funds. The Group operates through its Head Office in Sharjah and has branches in Dubai, Abu Dhabi, Al Ain, Khorfakkan, Fujairah and Ajman.

The Group consists of Al Buhaira National Company P.S.C. and its subsidiary (the "Group") as disclosed in Note 3.3 to the consolidated financial statements.

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

2.1 New and revised IFRSs and interpretations applied on the consolidated financial statements

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

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

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

2.2 Standards issued but not yet effective

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

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

3. Material accounting policies

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

3.1 Statement of compliance

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

3.2 Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial assets carried at fair value through other comprehensive income which are carried at fair value and the provision for employees' end of service benefit which is calculated in line with UAE labour laws.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: bank balances and cash, other receivables and other payables. The following balances would generally be classified as non-current: property and equipment, investment properties, statutory deposit and provision for employees' end of service benefit. The following balances are of mixed nature (including both current and non-current portions): investments in securities at fair value through other comprehensive income, reinsurance contract assets, insurance contract liabilities, bank borrowings and lease liabilities.

3.3 Basis of consolidation

The consolidated financial statements of Al Buhaira National Insurance Company P.S.C. and its subsidiary (the "Group") incorporate the consolidated financial statements of the Parent Company and the entity controlled by the Parent Company (its subsidiary).

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.3 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of the Group's subsidiary at 31 December 2023 is as below:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held	Principal activity
Al Buhaira Economic Investments Establishment	Sharjah, U.A.E.	100%	Investing in economic projects.

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

3.4 IFRS 17 Insurance Contracts

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

For the Group, IFRS 17 has not resulted in a material change in the classification of insurance contracts relative to IFRS 4. Previously under IFRS 4, the Group measured contracts at the line of business level. IFRS 17 has introduced a new unit of account at which insurance and reinsurance contracts are measured. Contracts are grouped into a unit of account based on the portfolio, cohort and profitability group to which the contract belongs.

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

Under IFRS 17, insurance revenue in each reporting year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. The nature of the changes in accounting policies can be summarised, as follows:

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

3.4.1 Changes to classification and measurement

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

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

The Group applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

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

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

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

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

The Group expenses all of its insurance acquisition cash flows upon payment. No separate asset is recognised for deferred acquisition costs.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

3.4.2 *Changes to presentation and disclosure*

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

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

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

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

- Insurance premium revenue;
- Insurance premium ceded to reinsurers;
- Net insurance premium revenue;
- Gross claims incurred;
- Insurance claims recovered from insurers
- Gross commissions earned;
- Commissions incurred;
- General and administrative expenses relating to underwriting activities
- Provision for expected credit losses of insurance balances receivable.

Instead, IFRS 17 requires separate presentation of:

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

3.4.3 Transition

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

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

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statements line item. The effects of adopting IFRS 17 on the financial statements at 1 January 2022 are presented in the consolidated statement of changes in equity.

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

The following table summaries the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported AED	Effect of application of IFRS 17 AED	Restated AED
ASSETS			
Insurance and reinsurance receivables	358,143,480	(358,143,480)	-
Reinsurance contract assets	356,440,652	(1,680,224)	354,760,428
Other receivables	27,985,701	-	27,985,701
LIABILITIES			
Insurance contract liabilities	544,707,772	(173,783,811)	370,923,961
Reinsurance contract liabilities	-	206,739,719	206,739,719
Insurance and reinsurance payables	402,188,272	(402,188,272)	-
Other payables	35,165,783	3,718,811	38,884,594
EQUITY			
Retained earnings and reserve	117,316,644	5,689,849	123,006,493

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

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

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

Level of aggregation

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

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

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

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

The Group has a Profitability Assessment Committee that meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

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

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

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

Recognition

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

- The beginning of the coverage year of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Group recognises a group of reinsurance contracts held;
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage year of the group, or the initial recognition of any underlying contract; and

In all other cases, from the beginning of the coverage year of the group the Group adds new contracts to the group when they are issued or initiated.

Contract boundary

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Contract boundary (continued)

A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

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

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

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the year before a claim is incurred. Variability in the fulfilment cash flows increases with:

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

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

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – subsequent measurement

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

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

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

Insurance acquisition cash flows are allocated on a straight-line basis to profit or loss.

Reinsurance contracts

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

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);
- Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

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

Presentation

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

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Presentation (continued)

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

The Group disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively. The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

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

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the years presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group reassess this on quarterly basis and if at quarter end, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage year of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

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

The Group do not disaggregate insurance finance income or expenses between profit or loss and OCI.

Net income or expense from reinsurance contracts held

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Classification of insurance contracts

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

Short-term insurance contracts

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

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

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

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

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

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

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

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

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

3. Material accounting policies (continued)

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

3.4 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Long-term insurance contracts

The Group has not written any long-term products during the year ended 31 December 2023 (31 December 2022: nil). Currently, the Group has no intention to grow this line. The existing portfolio will expire with the passage of time. This portfolio include writes single premium savings plan (Everest Product) which is a hybrid between Universal Life and traditional Endowment plans for periods of 3, 5 or 7 years. The plan offers guaranteed maturity benefit and death benefit as higher of policy value or single premium paid. Policy value is calculated as the sum of general and separate account values as at the date of valuation.

The general account value is invested in fixed deposits. The value of deposit as at the valuation date is taken to be general account value.

Separate account is invested in international equities by the reinsurer who carries the investment risk.

3.5 Investment and other income

3.5.1 Interest income

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 the asset's net carrying amount.

3.5.2 Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

3.5.3 Rental income

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

3.6 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 consolidated statement of profit or loss as unallocated general and administrative expenses.

3.7 Foreign currencies

The consolidated financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of a group entity are expressed in Arab Emirates Dirhams ("AED"), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.7 Foreign currencies (continued)

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

Exchange differences are recognised in consolidated statement of profit or loss in the year in which they arise.

3.8 Employee benefits

3.8.1 Defined contribution plan

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

3.8.2 Annual leave and leave passage

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

3.8.3 Provision for employees' end of service indemnity

Provision is also made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the U.A.E. Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service indemnity is disclosed as a non-current liability.

3.9 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Land is stated at cost less impairment if any.

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

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipment	5
Computer equipment	5
Office fixture and fittings	10
Residential villa	15

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise.

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

Fair value is determined by open market values based on valuations performed by independent surveyors and consultants.

3.11 Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 consolidated statement of 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 consolidated statement of 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.

3.12 Provisions

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.12 Provisions (continued)

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.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

3.14 Financial instruments

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- (i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- (ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- (iii) all other debt instruments (e.g. debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL. However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
 - a. the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and
 - b. the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.14 Financial instruments (continued)

Cash and bank and other receivables

Cash and bank and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

Equity instruments at FVTOCI

Investments in equity instruments/funds at FVTOCI 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. The Group has designated all investments in equity instruments that are not held for trading as FVTOCI.

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

Financial assets at FVTPL

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.

Fair value option: A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognising related gains and losses on a different basis (an "accounting mismatch").

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.14 Financial instruments (continued)

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Measurement of ECL

The Group considers broader range of information when assessing the credit risk, and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk. (Stage 1); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low. (Stage 2)

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. The Group 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 expected credit loss are recognised for the first category (Stage 1) while "life time expected credit losses" are recognised for the second category (Stage 2). Measurement of the expected credit losses is determined by a probability - weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for insurance receivables and for other receivables records life time expected credit loss. These are expected shortfalls in the contractual cashflows, considering the potential for default at any point during the life of a financial instrument. In calculating, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of insurance receivables on a collective basis as they possess shared credit risks characteristics, they have been grouped based on the days past due.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.14 Financial instruments (continued)

Measurement of ECL (continued)

The Group employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

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

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Presentation of allowance for ECL in the consolidated financial statements

Loss allowances for ECL are presented in the consolidated financial statements as follows:

- for financial assets measured at amortised cost (insurance and other receivables and cash and bank); as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in revaluation reserve and recognised in other comprehensive income;

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

3. Material accounting policies (continued)

3.15 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

3.15.1 Lessee

For any new contracts entered into on or after January 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the right-to-use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right of use asset and a lease liability on the consolidated statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of the fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in consolidated statement of profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been included in as a separate line item as lease liabilities

3.15.2 Lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

3. Material accounting policies (continued)

3.16 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized with in fair value hierarchy, based on the lowest level of input that is significant to the fair value measurement as a whole.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

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

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3 to these consolidated 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 Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI or FVTPL. In judging whether investments in securities are as at FVTOCI or FVTPL, management has considered the detailed criteria for determination of such classification as set out IFRS 9 Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

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

4.1 Critical accounting judgements (continued)

4.1.2 *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group 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. The Group monitors financial assets measured at amortised 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 Group'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 periods presented.

4.1.3 *Significant increase in credit risk*

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

4.1.4 *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.

4.2 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.

4.2.1 *Insurance and reinsurance contracts*

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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

4.2 Key sources of estimation uncertainty (continued)

4.2.1 Insurance and reinsurance contracts (continued)

Liability for remaining coverage

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

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

Liability for incurred claims

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

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

4.2.2 Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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

4.2 Key sources of estimation uncertainty (continued)

4.2.2 Discount rates (continued)

EIOPA USD risk free Volatility Adjusted (Spot) rates were used with country risk premium/ illiquidity premium of 0.72% is applied for discounting of future cash flows for 2023 and 0.85% for 2022 are listed below:

	1 year		3 years		5 years		10 years	
	2023	2022	2023	2022	2023	2022	2023	2022
Liability for Incurred Claims								
AED	5.95%	6.44%	4.92%	5.63%	4.69%	5.32%	4.64%	5.12%
USD	5.23%	5.59%	4.19%	4.78%	3.97%	4.47%	3.92%	4.27%
Liability for reinsurance contracts issued								
AED	5.95%	6.44%	4.92%	5.63%	4.69%	5.32%	4.64%	5.12%
USD	5.23%	5.59%	4.19%	4.78%	3.97%	4.47%	3.92%	4.27%

4.2.3 Impairment of financial assets

When measuring ECL and IFRS 9, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The determination of whether the insurance receivables are impaired, entails the Group evaluating, the credit and liquidity position of the insurance companies, historical recovery rates including detailed investigations carried out and feedback received from the legal department. The difference between the estimated collectible amount and the carrying value is recognised as an expense in the consolidated statement of profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the consolidated statement of profit or loss at the time of collection.

4.2.4 Valuation of unquoted equity instruments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, management estimates the fair value of these instruments using expected cash flows discounted at current rates for similar instruments or other valuation models.

4.2.5 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.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

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

4.2 Key sources of estimation uncertainty (continued)

4.2.6 *Revaluation of investment properties*

The investment properties are carried at fair value, with changes in the fair value being recognised in the consolidated statement of profit or loss. The management engaged independent valuation specialists to assess fair value during the year. The fair value of plots of land was determined based on the acceptable approach that reflects recent transactions prices for similar properties. The fair value of buildings was determined using income approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

4.2.7 *Risk adjustment for non-financial risk*

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

5.	Property and equipment												
		Land AED	Furniture and equipment AED	Computer equipment AED	Office fixture and fittings AED	Residential villa AED	Right of use assets AED	Total AED					
<i>Cost</i>													
31 December 2022		649,000	6,818,313	12,734,610	6,763,956	1,057,827	21,403,223	49,426,929					
Additions		-	223,292	391,145	390,448	-	2,841,817	3,846,702					
Disposal		-	-	-	-	-	(1,332,526)	(1,332,526)					
31 December 2023		649,000	7,041,605	13,125,755	7,154,404	1,057,827	22,912,514	51,941,105					
<i>Accumulated depreciation</i>													
31 December 2022		-	6,179,059	8,153,660	5,702,933	1,057,827	12,570,122	33,663,601					
Charge for the year		-	210,316	198,871	173,861	-	4,407,004	4,990,052					
Relating to disposals		-	-	-	-	-	(584,740)	(584,740)					
31 December 2023		-	6,389,375	8,352,531	5,876,794	1,057,827	16,392,386	38,068,913					
<i>Carrying amount</i>													
31 December 2023		649,000	652,230	4,773,224	1,277,610	-	6,520,128	13,872,192					

At 31 December 2023, the cost of fully depreciated property and equipment that was still in use amounted to AED 23.90 million (2022: AED 23.21 million).

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

5. Property and equipment (continued)

	Land AED	Furniture and equipment AED	Computer equipment AED	Office fixture and fittings AED	Residential Villa AED	Right of use AED	Total AED
<i>Cost</i>							
31 December 2021	649,000	6,667,317	12,591,246	6,027,111	1,057,827	13,529,818	40,522,319
Additions	-	595,996	143,364	736,845	-	7,873,405	9,349,610
Disposal	-	(445,000)	-	-	-	-	(445,000)
31 December 2022	649,000	6,818,313	12,734,610	6,763,956	1,057,827	21,403,223	49,426,929
<i>Accumulated depreciation</i>							
31 December 2021	-	6,438,321	7,895,384	5,607,757	1,057,827	8,741,340	29,740,629
Charge for the year	-	185,738	258,276	95,176	-	3,828,782	4,367,972
Relating to disposals	-	(445,000)	-	-	-	-	(445,000)
31 December 2022	-	6,179,059	8,153,660	5,702,933	1,057,827	12,570,122	33,663,601
<i>Carrying amount</i>							
31 December 2022	649,000	639,254	4,580,950	1,061,023	-	8,833,101	15,763,328

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

6. Investment properties

Investment properties comprises the following at fair value:

	2023 AED	2022 AED
Plots of land	71,250,000	73,084,018
Buildings	776,600,000	769,478,482
	<u>847,850,000</u>	<u>842,562,500</u>

Movement during the year was as follows:

	2023 AED	2022 AED
Fair value at the beginning of the year	842,562,500	836,553,000
Additions	2,546,156	4,967,982
Change in fair value during the year (Note 18)	2,741,344	1,041,518
Fair value at the end of the year	<u>847,850,000</u>	<u>842,562,500</u>

The fair value of the Group's investments properties as at 31 December 2023 has been arrived at on the basis of valuations carried on the respective dates by independent competent valuers who have recent market experience in the valuation of properties in the United Arab Emirates.

The fair value of plots of land and buildings was determined using market approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2023 (2022: Level 3).

Investment property amounting to AED 847.8 million (2022: AED 842.5 million) is mortgaged to a bank towards credit facilities granted to the Group (Note 15).

The rental proceeds from Al Khan, Al Nahda and Al Buhairah Corniche Towers are assigned to a bank against credit facilities granted to the Group (Note 15).

The property rental income earned by the Group from its investment properties, which are leased out under operating leases, and direct operating expenses arising on the investment property are as follows:

	2023 AED	2022 AED
Rental income	43,668,609	41,784,520
Direct operating expenses	(19,476,520)	(19,043,897)
Income from investment properties (Note 18)	<u>24,192,089</u>	<u>22,740,623</u>

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

7. Investments in securities at FVTOCI

	2023 AED	2022 AED
Equity investments at FVTOCI		
Quoted – at fair value	56,089,091	54,781,082
Unquoted – at fair value	3,478,098	3,478,098
	<u>59,567,189</u>	<u>58,259,180</u>

Movement during the year was as follows:

	2023 AED	2022 AED
Fair value at the beginning of the year	58,259,180	26,852,264
Purchases during the year	3,089,749	52,017,713
Disposals during the year	(3,032,570)	(20,949,189)
Change in fair value	1,250,830	338,392
Fair value at the end of the year	<u>59,567,189</u>	<u>58,259,180</u>

	<u>Within U.A.E.</u>		<u>Outside U.A.E.</u>		<u>Total</u>	
	2023 AED	2022 AED	2023 AED	2022 AED	2023 AED	2022 AED
Quoted	56,089,091	54,781,082	-	-	56,089,091	54,781,082
Unquoted	3,478,098	3,478,098	-	-	3,478,098	3,478,098
	<u>59,567,189</u>	<u>58,259,180</u>	<u>-</u>	<u>-</u>	<u>59,567,189</u>	<u>58,259,180</u>

8. Statutory deposit

In accordance with the requirements of Article (38) of the UAE Federal Law No. (48) of 2023 (previously UAE Federal Law No. 6 of 2007, as amended), the Group maintains a bank deposit of AED 10 million (2022: AED 10 million) as a statutory deposit. This deposit cannot be withdrawn without prior approval of the CBUAE and yields interest rate per annum of 5.25% (2022: 2.80%).

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

9. Insurance and reinsurance contracts

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

		2023			2022 (Restated)		
	Notes	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
Insurance contracts issued							
Motor	9.1	-	279,544	(279,544)	-	54,354,873	(54,354,873)
Marine	9.2	-	62,792,702	(62,792,702)	-	74,708,156	(74,708,156)
FGA	9.3	12,462,413	-	12,462,413	-	17,807,589	(17,807,589)
Medical	9.4	-	466,560,195	(466,560,195)	-	368,183,609	(368,183,609)
Life	9.5	-	8,051,878	(8,051,878)	-	13,243,154	(13,243,154)
Total insurance contracts issued		12,462,413	537,684,319	(525,221,906)	-	528,297,381	(528,297,381)
Reinsurance contracts held							
Motor	9.6	32,739,185	59,068,777	(26,329,592)	127,787,031	-	127,787,031
Marine	9.7	30,943,273	-	30,943,273	42,040,733	-	42,040,733
FGA	9.8	38,671,744	-	38,671,744	46,383,581	27,939,508	18,444,073
Medical	9.9	310,636,944	246,352,553	64,284,391	236,813,147	244,371,670	(7,558,523)
Life	9.10	9,212,804	3,361,276	5,851,528	13,885,365	1,697,316	12,188,049
Total reinsurance contracts held		422,203,950	308,782,606	113,421,344	466,909,857	274,008,494	192,901,363

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

The Group disaggregates information to provide disclosures in respect of major product lines separately for Motor, Marine, FGA, Medical and Life. This disaggregation has been determined based on how the Group is managed.

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

9.1 Motor

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Insurance contract liabilities as at 1 January	(155,567,782)	11,986,139	191,257,483	6,679,033	54,354,873
Insurance revenue	(197,355,225)	-	-	-	(197,355,225)
Insurance service expenses					
Incurred claims and other expenses	-	-	298,534,664	4,824,402	303,359,066
Amortisation of insurance acquisition cash flows	22,599,622	-	-	-	22,599,622
Losses on onerous contracts and reversals	-	(11,986,141)	-	-	(11,986,141)
Changes to liabilities for incurred claims	-	-	(8,991,847)	(5,567,956)	(14,559,803)
Insurance service result	(174,755,603)	(11,986,141)	289,542,817	(743,554)	102,057,519
Insurance finance expenses	-	-	7,875,870	275,040	8,150,910
Total changes in the statement of profit or loss	(174,755,603)	(11,986,141)	297,418,687	(468,514)	110,208,429
Cash flows					
Premiums received	187,770,894	-	-	-	187,770,894
Claims and other expenses	-	-	(329,455,030)	-	(329,455,030)
Insurance acquisition cash flows	(22,599,622)	-	-	-	(22,599,622)
Total cash flows	165,171,272	-	(329,455,030)	-	(164,283,758)
Net insurance contract liabilities as at 31 December	(165,152,113)	(2)	159,221,140	6,210,519	279,544
2022 (restated)					
Insurance contract liabilities as at 1 January	(104,701,480)	6,964,783	153,394,085	5,356,557	61,013,945
Insurance revenue	(201,907,000)	-	-	-	(201,907,000)
Insurance service expenses					
Incurred claims and other expenses	-	-	300,326,610	5,239,388	305,565,998
Amortisation of insurance acquisition cash flows	24,220,529	-	-	-	24,220,529
Losses on onerous contracts and reversals	-	5,021,356	-	-	5,021,356
Changes to liabilities for incurred claims	-	-	(17,019,824)	(3,925,138)	(20,944,962)
Insurance service result	(177,686,471)	5,021,356	283,306,786	1,314,250	111,955,921
Insurance finance expenses	-	-	235,527	8,226	243,753
Total changes in the statement of profit or loss	(177,686,471)	5,021,356	283,542,313	1,322,476	112,199,674
Cash flows					
Premiums received	151,040,698	-	-	-	151,040,698
Claims and other expenses	-	-	(245,678,915)	-	(245,678,915)
Insurance acquisition cash flows	(24,220,529)	-	-	-	(24,220,529)
Total cash flows	126,820,169	-	(245,678,915)	-	(118,858,746)
Net insurance contract liabilities as at 31 December	(155,567,782)	11,986,139	191,257,483	6,679,033	54,354,873

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.2 Marine

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Insurance contract liabilities as at 1 January	40,560,005	32,102	32,734,329	1,381,720	74,708,156
Insurance revenue	(32,431,377)	-	-	-	(32,431,377)
Insurance service expenses					
Incurred claims and other expenses	-	-	31,989,810	1,063,004	33,052,814
Amortisation of insurance acquisition cash flows	3,035,146	-	-	-	3,035,146
Losses on onerous contracts and reversals	-	(32,102)	-	-	(32,102)
Changes to liabilities for incurred claims	-	-	(23,261,433)	(1,293,510)	(24,554,943)
Insurance service result	(29,396,231)	(32,102)	8,728,377	(230,506)	(20,930,462)
Insurance finance expenses	-	-	1,295,677	54,692	1,350,369
Total changes in the statement of profit or loss	(29,396,231)	(32,102)	10,024,054	(175,814)	(19,580,093)
Cash flows					
Premiums received	27,880,281	-	-	-	27,880,281
Claims and other expenses	-	-	(17,180,496)	-	(17,180,496)
Insurance acquisition cash flows	(3,035,146)	-	-	-	(3,035,146)
Total cash flows	24,845,135	-	(17,180,496)	-	7,664,639
Net insurance contract liabilities as at 31 December	36,008,909	-	25,577,887	1,205,906	62,792,702
2022 (restated)					
Insurance contract liabilities as at 1 January	(4,951,317)	6,260	17,820,298	752,165	13,627,406
Insurance revenue	20,392,802	-	-	-	20,392,802
Insurance service expenses					
Incurred claims and other expenses	-	-	38,491,504	1,254,779	39,746,283
Amortisation of insurance acquisition cash flows	3,057,988	-	-	-	3,057,988
Losses on onerous contracts and reversals	-	25,842	-	-	25,842
Changes to liabilities for incurred claims	-	-	(7,160,105)	(626,014)	(7,786,119)
Insurance service result	23,450,790	25,842	31,331,399	628,765	55,436,796
Insurance finance expenses	-	-	18,720	790	19,510
Total changes in the statement of profit or loss	23,450,790	25,842	31,350,119	629,555	55,456,306
Cash flows					
Premiums received	25,118,520	-	-	-	25,118,520
Claims and other expenses	-	-	(16,436,088)	-	(16,436,088)
Insurance acquisition cash flows	(3,057,988)	-	-	-	(3,057,988)
Total cash flows	22,060,532	-	(16,436,088)	-	5,624,444
Net insurance contract liabilities as at 31 December	40,560,005	32,102	32,734,329	1,381,720	74,708,156

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.3 FGA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Insurance contract liabilities as at 1 January	(47,350,689)	315,284	61,651,982	3,191,012	17,807,589
Insurance revenue	(109,684,765)	-	-	-	(109,684,765)
Insurance service expenses					
Incurred claims and other expenses	-	-	46,628,793	1,867,490	48,496,283
Amortisation of insurance acquisition cash flows	3,393,341	-	-	-	3,393,341
Losses on onerous contracts and reversals	-	(315,288)	-	-	(315,288)
Changes to liabilities for incurred claims	-	-	(33,432,346)	(2,646,396)	(36,078,742)
Insurance service result	(106,291,424)	(315,288)	13,196,447	(778,906)	(94,189,171)
Insurance finance expenses	-	-	2,584,708	133,040	2,717,748
Total changes in the statement of profit or loss	(106,291,424)	(315,288)	15,781,155	(645,866)	(91,471,423)
Cash flows					
Premiums received	97,921,060	-	-	-	97,921,060
Claims and other expenses	-	-	(33,326,298)	-	(33,326,298)
Insurance acquisition cash flows	(3,393,341)	-	-	-	(3,393,341)
Total cash flows	94,527,719	-	(33,326,298)	-	61,201,421
Net insurance contract assets as at 31 December	(59,114,394)	(4)	44,106,839	2,545,146	(12,462,413)
2022 (restated)					
Insurance contract liabilities as at 1 January	(31,146,158)	157,774	52,196,684	2,592,878	23,801,178
Insurance revenue	(101,153,894)	-	-	-	(101,153,894)
Insurance service expenses					
Incurred claims and other expenses	-	-	59,725,529	2,087,781	61,813,310
Amortisation of insurance acquisition cash flows	3,250,557	-	-	-	3,250,557
Losses on onerous contracts and reversals	-	157,510	-	-	157,510
Changes to liabilities for incurred claims	-	-	(10,686,029)	(1,485,663)	(12,171,692)
Insurance service result	(97,903,337)	157,510	49,039,500	602,118	(48,104,209)
Insurance finance expenses	-	-	(113,329)	(3,984)	(117,313)
Total changes in the statement of profit or loss	(97,903,337)	157,510	48,926,171	598,134	(48,221,522)
Cash flows					
Premiums received	84,949,363	-	-	-	84,949,363
Claims and other expenses	-	-	(39,470,873)	-	(39,470,873)
Insurance acquisition cash flows	(3,250,557)	-	-	-	(3,250,557)
Total cash flows	81,698,806	-	(39,470,873)	-	42,227,933
Net insurance contract liabilities as at 31 December	(47,350,689)	315,284	61,651,982	3,191,012	17,807,589

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.4 Medical

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Insurance contract liabilities as at 1 January	23,177,062	18,567	338,289,485	6,698,495	368,183,609
Insurance revenue	(838,441,302)	-	-	-	(838,441,302)
Insurance service expenses					
Incurred claims and other expenses	-	-	858,641,874	8,007,432	866,649,306
Amortisation of insurance acquisition cash flows	19,827,734	-	-	-	19,827,734
Losses on onerous contracts and reversals	-	(18,567)	-	-	(18,567)
Changes to liabilities for incurred claims	-	-	(15,539,957)	(5,652,882)	(21,192,839)
Insurance service result	(818,613,568)	(18,567)	843,101,917	2,354,550	26,824,332
Insurance finance expenses	-	-	9,851,378	195,067	10,046,445
Total changes in the statement of profit or loss	(818,613,568)	(18,567)	852,953,295	2,549,617	36,870,777
Cash flows					
Premiums received	854,425,904	-	-	-	854,425,904
Claims and other expenses	-	-	(773,092,361)	-	(773,092,361)
Insurance acquisition cash flows	(19,827,734)	-	-	-	(19,827,734)
Total cash flows	834,598,170	-	(773,092,361)	-	61,505,809
Net insurance contract liabilities as at 31 December	39,161,664	-	418,150,419	9,248,112	466,560,195
2022 (restated)					
Insurance contract liabilities as at 1 January	10,360,162	2,187	242,552,594	4,802,605	257,717,548
Insurance revenue	(587,126,874)	-	-	-	(587,126,874)
Insurance service expenses					
Incurred claims and other expenses	-	-	677,877,894	6,483,219	684,361,113
Amortisation of insurance acquisition cash flows	11,602,317	-	-	-	11,602,317
Losses on onerous contracts and reversals	-	16,380	-	-	16,380
Changes to liabilities for incurred claims	-	-	(74,294,851)	(4,611,678)	(78,906,529)
Insurance service result	(575,524,557)	16,380	603,583,043	1,871,541	29,946,407
Insurance finance expenses	-	-	1,229,728	24,349	1,254,077
Total changes in the statement of profit or loss	(575,524,557)	16,380	604,812,771	1,895,890	31,200,484
Cash flows					
Premiums received	599,943,774	-	-	-	599,943,774
Claims and other expenses	-	-	(509,075,880)	-	(509,075,880)
Insurance acquisition cash flows	(11,602,317)	-	-	-	(11,602,317)
Total cash flows	588,341,457	-	(509,075,880)	-	79,265,577
Net insurance contract liabilities as at 31 December	23,177,062	18,567	338,289,485	6,698,495	368,183,609

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.5 Life

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Insurance contract liabilities as at 1 January	(2,949,384)	22,193	16,105,407	64,938	13,243,154
Insurance revenue	(12,729,192)	-	-	-	(12,729,192)
Insurance service expenses					
Incurred claims and other expenses	-	-	10,797,633	24,645	10,822,278
Amortisation of insurance acquisition cash flows	444,461	-	-	-	444,461
Losses on onerous contracts and reversals	-	(22,192)	-	-	(22,192)
Changes to liabilities for incurred claims	-	-	(6,545,690)	(31,115)	(6,576,805)
Insurance service result	(12,284,731)	(22,192)	4,251,943	(6,470)	(8,061,450)
Insurance finance expenses	-	-	476,073	1,920	477,993
Total changes in the statement of profit or loss	(12,284,731)	(22,192)	4,728,016	(4,550)	(7,583,457)
Cash flows					
Premiums received	9,963,169	-	-	-	9,963,169
Claims and other expenses	-	-	(7,126,527)	-	(7,126,527)
Insurance acquisition cash flows	(444,461)	-	-	-	(444,461)
Total cash flows	9,518,708	-	(7,126,527)	-	2,392,181
Net insurance contract liabilities as at 31 December	(5,715,407)	1	13,706,896	60,388	8,051,878
2022 (restated)					
Insurance contract liabilities as at 1 January	(1,645,345)	1,119,970	15,227,862	61,398	14,763,885
Insurance revenue	(10,086,205)	-	-	-	(10,086,205)
Insurance service expenses					
Incurred claims and other expenses	-	-	6,720,906	19,965	6,740,871
Amortisation of insurance acquisition cash flows	490,744	-	-	-	490,744
Losses on onerous contracts and reversals	-	(1,097,777)	-	-	(1,097,777)
Changes to liabilities for incurred claims	-	-	(2,363,405)	(16,735)	(2,380,140)
Insurance service result	(9,595,461)	(1,097,777)	4,357,501	3,230	(6,332,507)
Insurance finance expenses	-	-	77,032	310	77,342
Total changes in the statement of profit or loss	(9,595,461)	(1,097,777)	4,434,533	3,540	(6,255,165)
Cash flows					
Premiums received	8,782,166	-	-	-	8,782,166
Claims and other expenses	-	-	(3,556,988)	-	(3,556,988)
Insurance acquisition cash flows	(490,744)	-	-	-	(490,744)
Total cash flows	8,291,422	-	(3,556,988)	-	4,734,434
Net insurance contract liabilities as at 31 December	(2,949,384)	22,193	16,105,407	64,938	13,243,154

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

9.6 Motor

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Reinsurance contract assets as at 1 January	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
An allocation of reinsurance premiums	(81,892,267)	-	-	-	(81,892,267)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	63,201,987	912,376	64,114,363
Changes to amounts recoverable for incurred claims	-	-	9,894,246	(2,057,506)	7,836,740
Amortisation of insurance acquisition cash flows	(38,580,444)	-	-	-	(38,580,444)
Losses on onerous contracts and reversals of those losses – net	-	(6,745,506)	-	-	(6,745,506)
Net income or expense from reinsurance contracts held	(120,472,711)	(6,745,506)	73,096,233	(1,145,130)	(55,267,114)
Reinsurance finance income	-	-	2,676,007	93,452	2,769,459
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(120,472,711)	(6,745,506)	75,772,240	(1,051,678)	(52,497,655)
Cash flows					
Premiums paid	(19,849,825)	-	-	-	(19,849,825)
Reinsurance acquisition cash flows	38,580,444	-	-	-	38,580,444
Amounts received	-	-	(120,349,587)	-	(120,349,587)
Total cash flows	18,730,619	-	(120,349,587)	-	(101,618,968)
Net reinsurance contract liabilities as at 31 December	(59,068,777)	-	31,146,463	1,592,722	(26,329,592)
Reinsurance contract assets as at 31 December	-	-	31,146,463	1,592,722	32,739,185
Reinsurance contract liabilities as at 31 December	(59,068,777)	-	-	-	(59,068,777)
Net reinsurance contract liabilities as at 31 December	(59,068,777)	-	31,146,463	1,592,722	(26,329,592)

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.6 Motor (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2022 (restated)					
Reinsurance contract assets as at 1 January	58,113,217	4,068,090	59,706,451	2,121,989	124,009,747
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets	58,113,217	4,068,090	59,706,451	2,121,989	124,009,747
An allocation of reinsurance premiums	(124,709,408)	-	-	-	(124,709,408)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	147,515,912	1,830,344	149,346,256
Changes to amounts recoverable for incurred claims	-	-	10,872,794	(1,304,327)	9,568,467
Amortisation of insurance acquisition cash flows	56,558,538	-	-	-	56,558,538
Losses on onerous contracts and reversals of those losses - net	-	2,677,416	-	-	2,677,416
Net income or expense from reinsurance contracts held	(68,150,870)	2,677,416	158,388,706	526,017	93,441,269
Reinsurance finance income	-	-	(101,437)	(3,606)	(105,043)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(68,150,870)	2,677,416	158,287,269	522,411	93,336,226
Cash flows					
Premiums paid	109,269,506	-	-	-	109,269,506
Reinsurance acquisition cash flows	(56,558,538)	-	-	-	(56,558,538)
Amounts received	-	-	(142,269,910)	-	(142,269,910)
Total cash flows	52,710,968	-	(142,269,910)	-	(89,558,942)
Net reinsurance contract assets as at 31 December	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
Reinsurance contract assets as at 31 December	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.7 Marine

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
Reinsurance contract assets as at 1 January	3,408,674	4,738	37,062,892	1,564,429	42,040,733
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets	3,408,674	4,738	37,062,892	1,564,429	42,040,733
An allocation of reinsurance premiums	(18,924,063)	-	-	-	(18,924,063)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	5,168,097	810,923	5,979,020
Changes to amounts recoverable for incurred claims	-	-	(6,689,659)	(800,223)	(7,489,882)
Amortisation of insurance acquisition cash flows	2,815,477	-	-	-	2,815,477
Losses on onerous contracts and reversals of those losses - net	-	(4,738)	-	-	(4,738)
Net income or expense from reinsurance contracts held	(16,108,586)	(4,738)	(1,521,562)	10,700	(17,624,186)
Reinsurance finance income	-	-	1,226,923	51,788	1,278,711
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(16,108,586)	(4,738)	(294,639)	62,488	(16,345,475)
Cash flows					
Premiums paid	18,716,218	-	-	-	18,716,218
Reinsurance acquisition cash flows	(2,815,477)	-	-	-	(2,815,477)
Amounts received	-	-	(10,652,726)	-	(10,652,726)
Total cash flows	15,900,741	-	(10,652,726)	-	5,248,015
Net reinsurance contract assets as at 31 December	3,200,829	-	26,115,527	1,626,917	30,943,273
Reinsurance contract assets as at 31 December	3,200,829	-	26,115,527	1,626,917	30,943,273
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	3,200,829	-	26,115,527	1,626,917	30,943,273

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.7 Marine (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2022 (restated)					
Reinsurance contract assets as at 1 January	972,723	4,738	23,457,722	1,020,569	25,455,752
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract assets	972,723	4,738	23,457,722	1,020,569	25,455,752
An allocation of reinsurance premiums	(15,127,563)	-	-	-	(15,127,563)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	21,383,323	1,124,302	22,507,625
Changes to amounts recoverable for incurred claims	-	-	(2,437,956)	(584,978)	(3,022,934)
Amortisation of insurance acquisition cash flows	4,214,641	-	-	-	4,214,641
Losses on onerous contracts and reversals of those losses - net	-	-	-	-	-
Net income or expense from reinsurance contracts held	(10,912,922)	-	18,945,367	539,324	8,571,769
Reinsurance finance income	-	-	104,208	4,536	108,744
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(10,912,922)	-	19,049,575	543,860	8,680,513
Cash flows					
Premiums paid	17,563,514	-	-	-	17,563,514
Reinsurance acquisition cash flows	(4,214,641)	-	-	-	(4,214,641)
Amounts received	-	-	(5,444,405)	-	(5,444,405)
Total cash flows	13,348,873	-	(5,444,405)	-	7,904,468
Net reinsurance contract assets as at 31 December	3,408,674	4,738	37,062,892	1,564,429	42,040,733
Reinsurance contract assets as at 31 December	3,408,674	4,738	37,062,892	1,564,429	42,040,733
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	3,408,674	4,738	37,062,892	1,564,429	42,040,733

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.8 FGA

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Reinsurance contract assets as at 1 January	-	61,223	44,067,214	2,255,144	46,383,581
Reinsurance contract liabilities as at 1 January	(27,939,508)	-	-	-	(27,939,508)
Net reinsurance contract assets	(27,939,508)	61,223	44,067,214	2,255,144	18,444,073
An allocation of reinsurance premiums	(100,267,325)	-	-	-	(100,267,325)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	18,409,088	1,018,432	19,427,520
Changes to amounts recoverable for incurred claims	-	-	(17,199,718)	(1,633,149)	(18,832,867)
Amortisation of insurance acquisition cash flows	12,508,899	-	-	-	12,508,899
Losses on onerous contracts and reversals of those losses - net	-	(61,223)	-	-	(61,223)
Net income or expense from reinsurance contracts held	(87,758,426)	(61,223)	1,209,370	(614,717)	(87,224,996)
Reinsurance finance income	-	-	1,694,000	86,559	1,780,559
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(87,758,426)	(61,223)	2,903,370	(528,158)	(85,444,437)
Cash flows					
Premiums paid	137,188,741	-	-	-	137,188,741
Reinsurance acquisition cash flows	(12,508,899)	-	-	-	(12,508,899)
Amounts received	-	-	(19,007,734)	-	(19,007,734)
Total cash flows	124,679,842	-	(19,007,734)	-	105,672,108
Net reinsurance contract assets as at 31 December	8,981,908	-	27,962,850	1,726,986	38,671,744
Reinsurance contract assets as at 31 December	8,981,908	-	27,962,850	1,726,986	38,671,744
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	8,981,908	-	27,962,850	1,726,986	38,671,744

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.8 FGA (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2022 (<i>restated</i>)					
Reinsurance contract assets as at 1 January	-	152,949	37,620,498	1,936,589	39,710,036
Reinsurance contract liabilities as at 1 January	(29,592,314)	-	-	-	(29,592,314)
Net reinsurance contract assets	(29,592,314)	152,949	37,620,498	1,936,589	10,117,722
An allocation of reinsurance premiums	(92,092,590)	-	-	-	(92,092,590)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	36,359,268	1,418,350	37,777,618
Changes to amounts recoverable for incurred claims	-	-	(3,236,117)	(1,097,252)	(4,333,369)
Amortisation of insurance acquisition cash flows	19,430,347	-	-	-	19,430,347
Losses on onerous contracts and reversals of those losses - net	-	(91,726)	-	-	(91,726)
Net income or expense from reinsurance contracts held	(72,662,243)	(91,726)	33,123,151	321,098	(39,309,720)
Reinsurance finance income	-	-	(67,721)	(2,543)	(70,264)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(72,662,243)	(91,726)	33,055,430	318,555	(39,379,984)
<i>Cash flows</i>					
Premiums paid	93,745,396	-	-	-	93,745,396
Reinsurance acquisition cash flows	(19,430,347)	-	-	-	(19,430,347)
Amounts received	-	-	(26,608,714)	-	(26,608,714)
Total cash flows	74,315,049	-	(26,608,714)	-	47,706,335
Net reinsurance contract assets as at 31 December	(27,939,508)	61,223	44,067,214	2,255,144	18,444,073
Reinsurance contract assets as at 31 December	-	61,223	44,067,214	2,255,144	46,383,581
Reinsurance contract liabilities as at 31 December	(27,939,508)	-	-	-	(27,939,508)
Net reinsurance contract assets as at 31 December	(27,939,508)	61,223	44,067,214	2,255,144	18,444,073

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.9 Medical

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Reinsurance contract assets as at 1 January	-	16,181	232,199,174	4,597,792	236,813,147
Reinsurance contract liabilities as at 1 January	(244,371,670)	-	-	-	(244,371,670)
Net reinsurance contract liabilities	(244,371,670)	16,181	232,199,174	4,597,792	(7,558,523)
An allocation of reinsurance premiums	(629,193,954)	-	-	-	(629,193,954)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	609,543,138	6,086,096	615,629,234
Changes to amounts recoverable for incurred claims	-	-	(3,202,280)	(3,720,569)	(6,922,849)
Amortisation of insurance acquisition cash flows	52,814,117	-	-	-	52,814,117
Losses on onerous contracts and reversals of those losses - net	-	(16,181)	-	-	(16,181)
Net income or expense from reinsurance contracts held	(576,379,837)	(16,181)	606,340,858	2,365,527	32,310,367
Reinsurance finance income	-	-	6,511,912	128,943	6,640,855
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(576,379,837)	(16,181)	612,852,770	2,494,470	38,951,222
Cash flows					
Premiums paid	627,213,071	-	-	-	627,213,071
Reinsurance acquisition cash flows	(52,814,117)	-	-	-	(52,814,117)
Amounts received	-	-	(541,507,262)	-	(541,507,262)
Total cash flows	574,398,954	-	(541,507,262)	-	32,891,692
Net reinsurance contract assets as at 31 December	(246,352,553)	-	303,544,682	7,092,262	64,284,391
Reinsurance contract assets as at 31 December	-	-	303,544,682	7,092,262	310,636,944
Reinsurance contract liabilities as at 31 December	(246,352,553)	-	-	-	(246,352,553)
Net reinsurance contract assets as at 31 December	(246,352,553)	-	303,544,682	7,092,262	64,284,391

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.9 Medical (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2022 (restated)					
Reinsurance contract assets as at 1 January	-	1,754	150,828,374	3,006,159	153,836,287
Reinsurance contract liabilities as at 1 January	(176,542,832)	-	-	-	(176,542,832)
Net reinsurance contract liabilities	(176,542,832)	1,754	150,828,374	3,006,159	(22,706,545)
An allocation of reinsurance premiums	(441,578,100)	-	-	-	(441,578,100)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	456,966,642	4,574,311	461,540,953
Changes to amounts recoverable for incurred claims	-	-	(23,481,945)	(2,996,032)	(26,477,977)
Amortisation of insurance acquisition cash flows	43,522,824	-	-	-	43,522,824
Losses on onerous contracts and reversals of those losses - net	-	14,427	-	-	14,427
Net income or expense from reinsurance contracts held	(398,055,276)	14,427	433,484,697	1,578,279	37,022,127
Reinsurance finance income	-	-	669,979	13,354	683,333
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(398,055,276)	14,427	434,154,676	1,591,633	37,705,460
Cash flows					
Premiums paid	373,749,262	-	-	-	373,749,262
Reinsurance acquisition cash flows	(43,522,824)	-	-	-	(43,522,824)
Amounts received	-	-	(352,783,876)	-	(352,783,876)
Total cash flows	330,226,438	-	(352,783,876)	-	(22,557,438)
Net reinsurance contract liabilities as at 31 December	(244,371,670)	16,181	232,199,174	4,597,792	(7,558,523)
Reinsurance contract assets as at 31 December 2022	-	16,181	232,199,174	4,597,792	236,813,147
Reinsurance contract liabilities as at 31 December 2022	(244,371,670)	-	-	-	(244,371,670)
Net reinsurance contract liabilities as at 31 December	(244,371,670)	16,181	232,199,174	4,597,792	(7,558,523)

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.10 Life

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Reinsurance contract assets as at 1 January	-	991,806	12,841,676	51,883	13,885,365
Reinsurance contract liabilities as at 1 January	(1,697,316)	-	-	-	(1,697,316)
Net reinsurance contract assets	(1,697,316)	991,806	12,841,676	51,883	12,188,049
An allocation of reinsurance premiums	(10,784,519)	-	-	-	(10,784,519)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	7,690,774	14,984	7,705,758
Changes to amounts recoverable for incurred claims	-	-	(4,322,711)	(25,116)	(4,347,827)
Amortisation of insurance acquisition cash flows	2,345,946	-	-	-	2,345,946
Losses on onerous contracts and reversals of those losses – net	-	(991,806)	-	-	(991,806)
Net income or expense from reinsurance contracts held	(8,438,573)	(991,806)	3,368,063	(10,132)	(6,072,448)
Reinsurance finance income	-	-	374,569	1,512	376,081
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(8,438,573)	(991,806)	3,742,632	(8,620)	(5,696,367)
Cash flows					
Premiums paid	9,120,559	-	-	-	9,120,559
Reinsurance acquisition cash flows	(2,345,946)	-	-	-	(2,345,946)
Amounts received	-	-	(7,414,767)	-	(7,414,767)
Total cash flows	6,774,613	-	(7,414,767)	-	(640,154)
Net reinsurance contract assets as at 31 December	(3,361,276)	-	9,169,541	43,263	5,851,528
Reinsurance contract assets as at 31 December	-	-	9,169,541	43,263	9,212,804
Reinsurance contract liabilities as at 31 December	(3,361,276)	-	-	-	(3,361,276)
Net reinsurance contract assets as at 31 December	(3,361,276)	-	9,169,541	43,263	5,851,528

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

9.10 Life (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2022 (restated)					
Reinsurance contract assets as at 1 January	-	991,806	10,713,285	43,515	11,748,606
Reinsurance contract liabilities as at 1 January	(604,574)	-	-	-	(604,574)
Net reinsurance contract assets	(604,574)	991,806	10,713,285	43,515	11,144,032
An allocation of reinsurance premiums	(9,076,494)	-	-	-	(9,076,494)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	4,803,934	15,544	4,819,478
Changes to amounts recoverable for incurred claims	-	-	(1,406,862)	(7,361)	(1,414,223)
Amortisation of insurance acquisition cash flows	1,616,652	-	-	-	1,616,652
Losses on onerous contracts and reversals of those losses - net	-	-	-	-	-
Net income or expense from reinsurance contracts held	(7,459,842)	-	3,397,072	8,183	(4,054,587)
Reinsurance finance income	-	-	45,526	185	45,711
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	(7,459,842)	-	3,442,598	8,368	(4,008,876)
Cash flows					
Premiums paid	7,983,752	-	-	-	7,983,752
Reinsurance acquisition cash flows	(1,616,652)	-	-	-	(1,616,652)
Amounts received	-	-	(1,314,207)	-	(1,314,207)
Total cash flows	6,367,100	-	(1,314,207)	-	5,052,893
Net reinsurance contract assets as at 31 December	(1,697,316)	991,806	12,841,676	51,883	12,188,049
Reinsurance contract assets as at 31 December	-	991,806	12,841,676	51,883	13,885,365
Reinsurance contract liabilities as at 31 December	(1,697,316)	-	-	-	(1,697,316)
Net reinsurance contract assets as at 31 December	(1,697,316)	991,806	12,841,676	51,883	12,188,049

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

9. Insurance and reinsurance contracts (continued)

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

Gross Insurance contract liabilities at 31 December 2023

<i>Restated</i>	2017 and prior AED	2018 AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	-	331,369,154	739,736,964	666,481,817	750,668,028	903,177,754	1,105,364,807	4,496,798,524
One year later	-	306,213,542	712,914,545	636,827,477	777,802,856	900,711,657	-	3,334,470,077
Two years later	-	303,865,934	711,631,865	679,508,367	769,360,376	-	-	2,464,366,542
Three years later	-	294,784,581	721,116,688	647,798,338	-	-	-	1,663,699,607
Four years later	-	299,812,278	718,080,039	-	-	-	-	1,017,892,317
Five years later	-	183,793,338	-	-	-	-	-	183,793,338
Estimate of cumulative claims	610,700,517	183,793,338	718,080,039	647,798,338	769,360,376	900,711,657	1,105,364,807	4,935,809,072
Cumulative payments to date	(603,991,170)	(183,104,095)	(716,885,832)	(640,267,056)	(741,603,333)	(841,250,360)	(648,478,375)	(4,375,580,221)
	6,709,347	689,243	1,194,207	7,531,282	27,757,043	59,461,297	456,886,432	560,228,851
Unallocated loss adjustment expense reserve								8,040,204
Claims payable								113,939,838
Total gross undiscounted liabilities for incurred claims								682,208,893
Attributable expenses								68,232,066
Effect of discounting								(21,445,631)
Total discounted gross reserves included in the consolidated statement of financial position								728,995,328
Risk Adjustments								19,270,062
Total gross liabilities for incurred claims								748,265,390

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

10. Other receivables

	2023 AED	2022 AED
Staff receivables	3,421,499	4,563,957
Rent receivable	21,887,258	21,357,866
Prepayments and others	12,899,968	10,138,946
	<u>38,208,725</u>	<u>36,060,769</u>

11. Bank balances and cash

	2023 AED	2022 AED
Cash on hand	106,100	117,540
Bank balances:		
Current accounts	56,218,276	40,436,240
Call accounts	1,627,854	1,785,189
Margin deposits	1,089,390	965,000
Fixed deposits	256,689,378	268,525,806
Bank balances and cash	<u>315,730,998</u>	<u>311,829,775</u>
Less: Deposits under lien (Note 15)	(198,882,934)	(140,050,833)
Less: Deposits with original maturity of more than three months	(42,806,444)	(128,474,973)
Less: Margin deposits	(1,089,390)	(965,000)
Cash and cash equivalents	<u>72,952,230</u>	<u>42,338,969</u>

The interest rate on fixed deposits with banks ranges from 3% to 5.80% (2022: 1.90% to 5.55%) per annum. All fixed deposits are held in local banks in the United Arab Emirates.

12. Share capital

	2023 AED	2022 AED
Authorised, issued and fully paid:		
250 million ordinary shares of AED 1 each		
(2022: 250 million ordinary shares of AED 1 each)	<u>250,000,000</u>	<u>250,000,000</u>

13. Reserves

13.1 Statutory reserve

In accordance with UAE Federal Law No. (32) of 2021, the Parent Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer was made during the year (2022: AED nil).

13.2 Voluntary reserve

The voluntary reserve is established through transfers from profit for the year as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors, approved by a Shareholders' resolution. No transfers were approved by the Board of Directors for the years ended 31 December 2023 and 31 December 2022.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

13. Reserves (continued)

13.3 Reinsurance reserve

In accordance with Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") Board of Directors' Decision No. 23 Article 34, an amount of AED 4,076,657 (2022: 3,399,738) was transferred from accumulated losses to reinsurance reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the U.A.E. ("CBUAE").

14. Provision for employees' end of service indemnity

Movements in the net liability were as follows:

	2023 AED	2022 AED
Balance at the beginning of the year	41,822,684	39,787,312
Amounts charged during the year	2,439,778	3,283,757
Amounts paid during the year	(1,143,983)	(1,248,385)
	<u>43,118,479</u>	<u>41,822,684</u>

15. Bank borrowings

	2023 AED	2022 AED
Bank overdrafts	120,232,272	96,927,784
Term loans	158,750,666	124,203,923
	<u>278,982,938</u>	<u>221,131,707</u>

The bank borrowings are repayable as follows:

On demand or within one year	181,103,738	202,798,374
In the second year	11,214,000	10,000,000
In the third and subsequent years	86,665,200	8,333,333
	<u>278,982,938</u>	<u>221,131,707</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(181,103,738)</u>	<u>(202,798,374)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>97,879,200</u>	<u>18,333,333</u>

Bank overdrafts are repayable on demand and carry out interest rates ranging from CSAF plus 0.5% to 2.5% plus 3 months EIBOR (2022: 2.35% to 3.25% plus 3 months EIBOR) per annum.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

15. Bank borrowings (continued)

The term loans description, maturity dates, and classification are set in the table below:

	Note	Maturity	2023 AED	2022 AED
Loan 1	(i)	31 October 2025	18,333,333	28,333,333
Loan 2	(ii) & (v)	-	-	32,470,590
Loan 3	(iii)	2 February 2028	20,833,000	12,500,000
Loan 4	(iv) & (v)	-	-	50,900,000
Loan 5	(v)	30 June 2028	57,960,000	-
Loan 6	(vi)	31 December 2026	50,000,000	-
Loan 7	(vii)	28 February 2025	9,333,333	-
Loan 8	(viii)	2 February 2024	416,000	-
Loan 9	(ix)	8 March 2024	1,875,000	-
			<u>158,750,666</u>	<u>124,203,923</u>

Main features of bank borrowings:

- Bank loans are obtained to finance the construction of investment properties and to meet its operating capital requirements.
 - Bank overdraft is payable on demand.
- (i) Bank loan for the amount of AED 75,000,000 was obtained in November 2017 to be repaid on monthly instalments of AED 833,333 commencing from May 2018 till October 2025 with interest rate 2.75% plus 1 month EIBOR.
- (ii) Bank loan for the amount of AED 276,000,000 was obtained in November 2014 to refinance original facility and expend additional borrowing to be repaid on quarterly instalment of AED 8,117,647 till June 2023 with interest rate of 2.35% plus EIBOR rate paid every 3 months. In July 2023, the outstanding loan was restructured to Loan 5 amounting to AED 63,000,000.
- (iii) Bank loan for the amount of AED 50,000,000 was obtained in May 2017, AED 25,000,000 is to be repaid on monthly instalments of AED 694,444 commencing from January 2020 till December 2021, whereas remaining balance is to be repaid in two installment of AED 12,500,000 each on May 2023 & May 2024. On February 2023 the loan was restructured amounting to AED 25,000,000 and is to be repaid in 59 monthly installments of AED 416,700 and the remaining balance of AED 414,700 is to be repaid on February 2028 which bears interest rate of 2.5% plus 3 month EIBOR.
- (iv) Bank loan for the amount of AED 75,000,000 was obtained in August 2019. AED 2,600,000 is to be repaid on four quarterly instalments of AED 650,000 commencing from November 2019, AED 5,500,000 is to be repaid on five quarterly instalments of AED 1,100,000 commencing from November 2020, AED 7,200,000 is to be repaid on four quarterly instalments of AED 1,800,000 commencing from February 2021, AED 8,800,000 is to be repaid on four quarterly instalments of AED 2,200,000 commencing from February 2022, AED 28,400,000 is to be repaid on two quarterly instalments of AED 14,200,000 commencing from February 2023, whereas the remaining amount of AED 22,500,000 is to be repaid in one installment on August 2023 and bears interest rate of 2.35% plus 3 month EIBOR. In July 2023 the loan was restructured to Loan 5 amounting to AED 63,000,000.
- (v) Bank loan for the amount of AED 63,000,000 was obtained in July 2023. An amount of AED 15,120,000 is to be repaid on eighteen monthly instalments of AED 840,000 commencing from July 2023, AED 11,214,000 is to be repaid on twelve monthly instalments of AED 934,500 commencing from January 2025, AED 11,718,000 is to be repaid on twelve monthly instalments of AED 976,500 commencing from January 2026, AED 12,726,000 is to be repaid on twelve monthly instalments of AED 1,060,500 commencing from January 2027, AED 6,300,000 is to be repaid on three monthly instalments of AED 2,100,000 commencing from January 2028, whereas the remaining balance of AED 5,922,000 is to be repaid on three monthly instalments of AED 1,974,000 commencing from April 2028 and bears interest rate of 2.35% plus 3 month EIBOR.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

15. Bank borrowings (continued)

- (vi) Bank loan for the amount of AED 50,000,000 was obtained in December 2023 to be repaid in one bullet payment in December 2026 and bears interest rate of 0.65% plus fixed deposit rate (5.80%).
- (vii) Bank loan for the amount of AED 10,000,000 was obtained in November 2023 to be repaid on monthly instalments of AED 666,667 commencing from December 2023 till February 2025 with interest rate 2.75% plus 1 month EIBOR.
- (viii) Bank loan for the amount of AED 2,500,000 was obtained in February 2023. AED 2,292,400 is to be repaid on monthly instalments of AED 208,400 commencing from March 2023 till January 2024 and the remaining balance of AED 207,600 is to be repaid on February 2024 which bears interest rate of 2.5% plus 3 month EIBOR.
- (ix) Bank loan for the amount of AED 7,500,000 was obtained in March 2023 to be repaid on monthly instalments of AED 625,000 commencing from April 2023 till March 2024 with interest rate 2.5% plus 3 month EIBOR.

At 31 December 2023, bank borrowings were secured by lien on fixed deposits amounting to AED 198.8 million (2022: AED 140.1 million) (Note 11), mortgage of investment properties with fair value of AED 847.8 million (2022: AED 842.5 million) and assignment of rental proceeds from certain investment properties (Note 6).

Borrowing agreements included financial covenants, of which some of them were breached during the year. Hence, the loan has been reclassified from non-current to current portion accordingly.

Classification of bank borrowings between current and non current is as follows:

	2023 AED	2022 AED
Current portion	181,103,738	202,798,374
Non-current portion	97,879,200	18,333,333
	<u>278,982,938</u>	<u>221,131,707</u>

16. Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2023 AED	2022 AED
Current	4,435,857	4,304,714
Non-current	2,444,541	4,977,083
	<u>6,880,398</u>	<u>9,281,797</u>

The Group has leases for the offices all in UAE. Each lease is reflected on the consolidated statement of balance position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property and equipment (Note 5).

Right of use asset	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
Offices	24	2 to 3 years	2 years	24	24

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

16. Lease Liabilities (continued)

The movement in lease liabilities during the year was as follows:

	2023 AED	2022 AED
Balance at January 1,	9,281,797	5,237,612
Additions/ remeasurement	2,841,817	7,873,405
Termination	(803,807)	-
Interest charge during the year	372,384	650,822
Payment of lease liabilities during the year	(4,811,793)	(4,480,042)
Balance at December 31,	<u>6,880,398</u>	<u>9,281,797</u>

The incremental borrowing rate used for lease liabilities is 4% (2022: 4%). Future minimum lease payments at December 31, 2023 were as follows:

	Minimum lease payments due		Total
	Within 1 year AED	1-3 year AED	AED
December 31, 2023			
Lease payments	4,630,335	2,498,117	7,128,452
Finance charges	(194,478)	(53,576)	(248,054)
Net present value	<u>4,435,857</u>	<u>2,444,541</u>	<u>6,880,398</u>
December 31, 2022			
Lease payments	4,597,623	5,113,878	9,711,501
Finance charges	(292,909)	(136,795)	(429,704)
Net present value	<u>4,304,714</u>	<u>4,977,083</u>	<u>9,281,797</u>

17. Other payables

	2023 AED	2022 AED
Rent received in advance	13,728,274	7,880,980
Accrued expenses and other payables	18,498,245	16,413,758
Due to employees	15,668,588	14,485,349
	<u>47,895,107</u>	<u>38,780,087</u>

18. Investment and other income

	2023 AED	2022 AED
Interest income on deposits	12,308,056	6,692,200
Dividend from investments	3,324,127	2,764,085
Change in fair value of investment properties (Note 6)	2,741,344	1,041,518
Income from investment properties (Note 6)	24,192,089	22,740,623
Gain on cancellation of lease	56,021	-
Other income	139,308	191,468
	<u>42,760,945</u>	<u>33,429,894</u>

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) **For the year ended 31 December 2023**

19. Insurance revenue

2023	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
Contract measured under PAA						
Insurance contract issued	197,355,225	32,431,377	109,684,765	838,441,302	12,729,192	1,190,641,861
2022 (Restated)						
Contract measured under PAA						
Insurance contract issued	201,907,000	(20,392,802)	101,153,894	587,126,874	10,086,205	879,881,171

20. Insurance service expense

2023	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
Contract measured under PAA						
Incurrd claims and other expenses	303,359,066	33,052,814	48,496,283	866,649,306	10,822,278	1,262,379,747
Changes to liabilities for incurred claims	(14,559,803)	(24,554,943)	(36,078,742)	(21,192,839)	(6,576,805)	(102,963,132)
Amortization of insurance acquisition cash flows	22,599,622	3,035,146	3,393,341	19,827,734	444,461	49,300,304
Losses on onerous contracts and reversals of those losses - net	(11,986,141)	(32,102)	(315,288)	(18,567)	(22,192)	(12,374,290)
	299,412,744	11,500,915	15,495,594	865,265,634	4,667,742	1,196,342,629
2022 (Restated)						
Contract measured under PAA						
Incurrd claims and other expenses	305,565,998	39,746,283	61,813,310	684,361,113	6,740,871	1,098,227,575
Changes to liabilities for incurred claims	(20,944,962)	(7,786,119)	(12,171,692)	(78,906,529)	(2,380,140)	(122,189,442)
Amortization of insurance acquisition cash flows	24,220,529	3,057,988	3,250,557	11,602,317	490,744	42,622,135
Losses on onerous contracts and reversals of those losses - net	5,021,356	25,842	157,510	16,380	(1,097,777)	4,123,311
	313,862,921	35,043,994	53,049,685	617,073,281	3,753,698	1,022,783,579

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

21.	Net (expense)/ income from reinsurance contracts held	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
2023							
Allocation of reinsurance premiums		(81,892,267)	(18,924,063)	(100,267,325)	(629,193,954)	(10,784,519)	(841,062,128)
Amounts recoverable from reinsurance for incurred claims							
Amounts recoverable for incurred claims		64,114,363	5,979,020	19,427,520	615,629,234	7,705,758	712,855,895
Changes to amounts recoverable for incurred claims		7,836,740	(7,489,882)	(18,832,867)	(6,922,849)	(4,347,827)	(29,756,685)
Amortization of insurance acquisition cash flows		(38,580,444)	2,815,477	12,508,899	52,814,117	2,345,946	31,903,995
Losses on onerous contracts and reversals of those losses - net		(6,745,506)	(4,738)	(61,223)	(16,181)	(991,806)	(7,819,454)
		26,625,153	1,299,877	13,042,329	661,504,321	4,712,071	707,183,751
Net (expense)/ income from reinsurance contracts held		(55,267,114)	(17,624,186)	(87,224,996)	32,310,367	(6,072,448)	(133,878,377)
2022 (Restated)							
Allocation of reinsurance premiums		(124,709,408)	(15,127,563)	(92,092,590)	(441,578,100)	(9,076,494)	(682,584,155)
Amounts recoverable from reinsurance for incurred claims							
Amounts recoverable for incurred claims		149,346,256	22,507,625	37,777,618	461,540,953	4,819,478	675,991,930
Changes to amounts recoverable for incurred claims		9,568,467	(3,022,934)	(4,333,369)	(26,477,977)	(1,414,223)	(25,680,036)
Amortization of insurance acquisition cash flows		56,558,538	4,214,641	19,430,347	43,522,824	1,616,652	125,343,002
Losses on onerous contracts and reversals of those losses - net		2,677,416	-	(91,726)	14,427	-	2,600,117
		218,150,677	23,699,332	52,782,870	478,600,227	5,021,907	778,255,013
Net income/ (expense) from reinsurance contracts held		93,441,269	8,571,769	(39,309,720)	37,022,127	(4,054,587)	95,670,858

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

**Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023**

22. Net insurance financial result		Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
2023							
Insurance finance expenses from insurance contracts issued		(8,150,910)	(1,350,369)	(2,717,748)	(10,046,445)	(477,993)	(22,743,465)
Reinsurance finance income from reinsurance contracts held		2,769,459	1,278,711	1,780,559	6,640,855	376,081	12,845,665
2022 (Restated)							
Insurance finance expense from insurance contracts issued		(243,753)	(19,510)	117,313	(1,254,077)	(77,342)	(1,477,369)
Reinsurance finance income from reinsurance contracts held		(105,043)	108,744	(70,264)	683,333	45,711	662,481

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Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

23. General and administrative expenses

Profit for the year has been arrived at after charging the following expenses:

	2023 AED	2022 AED
Staff costs	37,599,792	36,670,335
Government and regulatory fees	7,120,829	9,688,351
Professional fees	7,890,782	4,478,048
Depreciation of property and equipment (note 5)	4,990,052	4,367,972
Insurance	4,226,644	3,229,006
Communication, transportation and utilities	2,690,870	2,124,391
Bank charges	1,759,274	1,138,829
Director's Remuneration (note 32)	1,800,000	1,050,000
Repairs and maintenance	147,373	759,669
Other expenses	6,798,864	6,457,298
	<u>75,024,480</u>	<u>69,963,899</u>

General and administrative expenses amounting to AED 68,232,158 (2022: AED 62,545,002) is allocated to the underwriting activities, excluding the director's remuneration and management expenses, which is fully unallocated. Unallocated portion is amounting to AED 6,792,322 (2022: AED 7,418,897).

24. Basic and diluted loss per share

	2023	2022
Loss for the year (in AED)	<u>(132,762,469)</u>	<u>(33,872,490)</u>
Number of outstanding shares	<u>250,000,000</u>	<u>250,000,000</u>
Basic and diluted loss per share (in AED)	<u>(0.53)</u>	<u>(0.14)</u>

Basic loss per share has been calculated by dividing the loss for the year by the number of shares outstanding at the end of the reporting period. Diluted loss per share as of 31 December 2023 and 31 December 2022 are equivalent to basic loss per share as the Group did not issue any new instrument that would impact earnings per share when executed.

25. Related party transactions

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

At the end of the reporting period, amounts due from/to related parties included under due from policyholders and gross outstanding claims were as follows:

	2023 AED	2022 AED
Due from policyholders	6,551,395	5,458,181
Gross outstanding claims	<u>418,763</u>	<u>997,311</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received and no expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

25. Related party transactions (continued)

Transactions:

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

	2023 AED	2022 AED
Gross premium	5,195,331	1,802,088
Claims paid	<u>4,511,245</u>	<u>272,241</u>

Compensation of board of directors/key management personnel

	2023 AED	2022 AED
Short-term benefits	4,547,784	4,612,784
Long-term benefits	305,950	310,750
Board of directors' remuneration	<u>1,800,000</u>	<u>1,050,000</u>

26. Contingencies and commitments

Contingencies

Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's consolidated financial statements if settled unfavorably.

	2023 AED	2022 AED
Commitments		
Letters of guarantee	<u>118,963,721</u>	<u>118,382,968</u>

27. Insurance risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group 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 Group 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 Group manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

27. Insurance risk (continued)

27.1 Frequency and severity of claims

The Group 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 Group 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 Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer net insurance losses of a set limit defined in each arrangement for each policy. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

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

	2023		
	Gross AED	Reinsurance AED	Net AED
Motor	279,544	26,329,592	26,609,136
Marine	62,792,702	(30,943,273)	31,849,429
FGA	(12,462,413)	(38,671,744)	(51,134,157)
Medical	466,560,195	(64,284,391)	402,275,804
Life	8,051,878	(5,851,528)	2,200,350
	525,221,906	(113,421,344)	411,800,562
	2022 (Restated)		
	Gross AED	Reinsurance AED	Net AED
Motor	54,354,873	(127,787,031)	(73,432,158)
Marine	74,708,156	(42,040,733)	32,667,423
FGA	17,807,589	(18,444,073)	(636,484)
Medical	368,183,609	7,558,523	375,742,132
Life	13,243,154	(12,188,049)	1,055,105
	528,297,381	(192,901,363)	335,396,018

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

27. Insurance risk (continued)

27.2 Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group 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 Group, 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 Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Group has involved external actuarial values 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 Group 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 Group 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 Group'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. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) are analyzed below by type of risk where the insured operates for current and prior year premiums earned.

	2023		2022 (Restated)	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Type of risk				
Motor	125%	149%	128%	125%
Marine	11%	51%	58%	36%
FGA	8%	59%	49%	84%
Medical	98%	101%	100%	101%
Life	32%	22%	39%	21%

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

27. Insurance risk (continued)

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

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact insurance service result as follows:

	2023 AED	2022 AED
Impact of change in loss ratio by +/- 1%		
Motor	1,847,765	1,066,640
Marine	64,296	60,641
FGA	51,192	85,477
Medical	2,106,871	1,475,486
Life	2,926	3,390

27.3 Process used to decide on assumptions

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

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

27.4 Concentration of insurance risk

Substantially all of the Group'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 Group, in the normal course of business, enters into arrangement with other parties for reinsurance purposes. [Yesterday 03:47 pm] Adil Ansari - Grant Thornton

However, the Group decided to waive the reinsurance quota share treaty in motor among others for the current year because of very less margin remains after actual loss ratio evident in last couple of years.

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

27.5 Sensitivity of underwriting profit and losses

The contribution by the insurance operations is a loss of AED 139.5 million for the year ended 31 December 2023 (2022: loss of AED 47.2 million). The Group does not foresee any major impact from insurance operations to the Group's results and expects to increase the contribution by insurance operations to the profitability due to the reasons mentioned below.

The Group has an overall retention level of 33% (2022: 28%) and the same is mainly contributed by motor and medical class of business. The Group tries to arrange appropriate excess of loss reinsurance cover to guard against major financial impact.

The Group earns a gross commission income of AED 31.9 million (2022: AED 125.3 million). These commissions arise primarily from the reinsurance placements and are a recurring source of income.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

27. Insurance risk (continued)

Sensitivity

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross and net liabilities, net profit and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

2023	Change in assumptions	Impact on net profit gross of reinsurance AED	Impact on net profit net of reinsurance AED	Impact on equity gross of reinsurance AED	Impact on equity net of reinsurance AED
Liability for Incurred claims	+10%	(66,085,330)	(26,291,424)	(66,085,330)	(26,291,424)
Risk adjustment	+10%	1,927,118	682,157	1,927,118	682,157
Discount rate	+1%	3,450,699	1,535,645	3,450,699	1,535,645
Liability for Incurred claims	-10%	66,068,943	26,275,037	66,068,943	26,275,037
Risk adjustment	-10%	(1,927,118)	(682,157)	(1,927,118)	(682,157)
Discount rate	-1%	(3,530,120)	(1,783,465)	(3,530,120)	(1,783,465)
2022					
Liability for Incurred claims	+10%	(64,003,868)	(23,815,287)	(64,003,868)	(23,815,287)
Risk adjustment	+10%	1,877,354	717,665	1,877,354	717,665
Discount rate	+1%	4,261,097	2,017,369	4,261,097	2,017,369
Liability for Incurred claims	-10%	64,003,868	23,813,659	64,003,868	23,813,659
Risk adjustment	-10%	(1,877,354)	(717,665)	(1,877,354)	(717,665)
Discount rate	-1%	(3,137,215)	(1,127,478)	(3,137,215)	(1,127,478)

28. Capital risk management

The Group's objectives when managing capital, which the Group considers to be the equity as shown in the consolidated statement of financial position, are:

- to comply with the insurance capital requirements required by UAE Federal Law No. (48) of 2023 (previously UAE Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations;
- to protect its policyholders' interests;
- to safeguard the Group'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 Companies register of the Central Bank of the U.A.E. ("CBUAE") specifies the minimum amount and type of capital that must be held by the Group in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

28. Capital risk management (continued)

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

	2023 AED	2022 AED
Total capital held	250,000,000	250,000,000
Minimum regulatory capital	100,000,000	100,000,000

The Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") 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 UAE should be owned by UAE or GCC national individuals or corporate bodies.

The table below summarises the minimum required capital of the Group and the total capital held:

	2023 AED	2022 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	296,743,776	253,690,972
Minimum Guarantee Fund (MGF)	101,603,494	84,563,657
Basic Own Funds	100,000,000	208,030,093
Ancillary Own Funds	63,769,523	103,200,000
MCR Solvency Margin – Surplus	-	108,030,093
SCR Solvency Margin – (Deficit)/ surplus	(164,859,015)	5,939,121
MGF Solvency Margin - Surplus	30,281,268	175,066,436

As of 31 December 2023, the Group has a deficit in the Solvency Margin Requirements as stipulated by the Central Bank of the U.A.E. by an amount of AED 164,859,015. The Group's ability to comply with the solvency requirements depends on implementing an effective business plan.

28.1 Gearing ratio

The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with capital.

The gearing ratio at the year-end was as follows:

	2023 AED	2022 AED
Debt (i)	278,982,938	221,131,707
Bank balances and cash (ii)	(325,730,998)	(321,829,775)
	(46,748,060)	(100,698,068)
Equity (iii)	496,551,620	628,063,259
Net debt to equity ratio	(0.09)	(0.16)

(i) Debt is defined as bank borrowings (note 15).

(ii) Bank balances and cash includes statutory deposit (note 8 & 11).

(iii) Equity comprises of capital, reserves, cumulative changes in fair value and (accumulated losses)/ retained earnings.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

29. Financial instruments

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

29.1 Material accounting policies

Details of the material 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 consolidated financial statements.

29.2 Categories of financial instruments

31 December 2023

	Amortised cost AED	FVTOCI AED	Total AED
Financial assets			
Financial assets carried at FVTOCI	-	59,567,189	59,567,189
Statutory deposits	10,000,000	-	10,000,000
Reinsurance contract assets	422,203,950	-	422,203,950
Insurance contract assets	12,462,413	-	12,462,413
Other receivables	38,208,726	-	38,208,726
Cash at banks	315,624,898	-	315,624,898
Total financial assets	798,499,987	59,567,189	858,067,176

	At amortised cost AED
Financial liabilities	
Provision for employees' end of service indemnity	43,118,479
Bank borrowings	278,982,938
Lease liabilities	6,880,398
Insurance contract liabilities	525,221,906
Reinsurance contract liabilities	308,782,606
Other payables	47,895,107
Total financial liabilities	1,210,881,434

31 December 2022

	Amortised cost AED	FVTOCI AED	Total AED
Financial assets			
Financial assets carried at FVTOCI	-	58,259,180	58,259,180
Statutory deposits	10,000,000	-	10,000,000
Reinsurance contract assets	466,909,857	-	466,909,857
Other receivables	36,060,769	-	36,060,769
Cash at banks	311,712,235	-	311,712,235
Total financial assets	824,682,861	58,259,180	882,942,041

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

29. Financial instruments (continued)

29.2 Categories of financial instruments (continued)

	At amortised cost AED
Financial liabilities	
Provision for employees' end of service indemnity	41,822,684
Bank borrowings	221,131,707
Lease liabilities	9,281,797
Insurance contract liabilities	528,297,381
Reinsurance contract liabilities	274,008,494
Other payables	38,780,087
Total financial liabilities	<u>1,113,322,150</u>

29.3 Fair value measurements

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

29.3.1 Fair value of financial instruments carried at amortised cost

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

29.3.2 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the annual consolidated financial statements for the year ended 31 December 2022.

29.3.3 Fair value measurements recognised in the consolidated statement of financial position

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2023 AED	31 December 2022 AED				
Quoted equity securities	56,089,091	54,781,082	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	3,478,098	3,478,098	Level 3	Net assets valuation method	Net assets value	Higher the net assets, value of the investees, higher the fair value.
	<u>59,567,189</u>	<u>58,259,180</u>				

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

29. Financial instruments (continued)

29.3 Fair value measurements (continued)

29.3.3 Fair value measurements recognised in the consolidated statement of financial position (continued)

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

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

31 December 2023

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTOCI				
Quoted equities	56,089,091	-	-	56,089,091
Unquoted equities	-	-	3,478,098	3,478,098
Investment properties	-	-	847,850,000	847,850,000
	<u>56,089,091</u>	<u>-</u>	<u>851,328,098</u>	<u>907,417,189</u>

31 December 2022

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTOCI				
Quoted equities	54,781,082	-	-	54,781,082
Unquoted equities	-	-	3,478,098	3,478,098
Investment properties	-	-	842,562,500	842,562,500
	<u>54,781,082</u>	<u>-</u>	<u>846,040,598</u>	<u>900,821,680</u>

Reconciliation of FVTOCI investments, movements in level 3 for assets measured at fair value:

	Opening balance AED	Additions/ Disposal AED	Change in fair value AED	Closing balance AED
31 December 2023				
Investment properties	842,562,500	2,546,156	2,741,344	847,850,000
<i>Financial assets at FVTOCI</i>				
Unquoted equities	<u>3,478,098</u>	<u>-</u>	<u>-</u>	<u>3,478,098</u>
31 December 2022				
Investment properties	836,553,000	4,967,982	1,041,518	842,562,500
<i>Financial assets at FVTOCI</i>				
Unquoted equities	<u>3,478,098</u>	<u>-</u>	<u>-</u>	<u>3,478,098</u>

There were no transfers between the levels during the year.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

29. Financial instruments (continued)

29.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

29.5 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 pegged.

29.6 Credit risk

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

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

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group 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 Group 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 Group. Management information reported to the Group 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 Group.

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.

For insurance receivables the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group 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. Notes 3.14 include further details on the expected credit loss for these assets respectively.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group 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 consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

29. Financial instruments (continued)

29.6 Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	Notes	2023 AED	Restated 2022 AED
Financial assets carried at FVTOCI	7	59,567,189	58,259,180
Statutory deposits	8	10,000,000	10,000,000
Reinsurance contract assets	9	422,203,950	466,909,857
Insurance contract assets	9	12,462,413	-
Other receivables	10	38,208,726	36,060,769
Cash at banks	11	315,624,898	311,712,235
Total credit risk exposure		858,067,176	882,942,041

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

	2023 AED	2022 AED
Inside UAE	379,616,818	344,231,104
Outside UAE	16,482,577	26,879,872

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group 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 table below presents an analysis of bank balances and fixed deposits by rating agency designation at the end of the reporting year based on Moody's rating or its equivalent for the main banking relationship:

	2023 AED	2022 AED
AAA	-	-
AA	-	-
A	64,521,941	54,498,405
BBB	251,081,526	257,192,401
BB	-	-
B	-	-
Unrated	21,431	21,429
	315,624,898	311,712,235

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

29. Financial instruments (continued)

29.7 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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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 summarizes the maturity profile of the Group'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. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

	Within 1 year AED	1 year to 5 years AED	More than 5 years AED	Total AED
31 December 2023				
Financial assets				
Financial assets carried at FVTOCI	-	59,567,189	-	59,567,189
Statutory deposits	-	-	10,000,000	10,000,000
Reinsurance contract assets	422,203,950	-	-	422,203,950
Insurance contract assets	12,462,413	-	-	12,462,413
Cash at banks	315,624,898	-	-	315,624,898
Other receivables	38,208,726	-	-	38,208,726
	<u>788,499,987</u>	<u>59,567,189</u>	<u>10,000,000</u>	<u>858,067,176</u>
Financial liabilities				
Provision for employees' end of service indemnity	-	43,118,479	-	43,118,479
Bank borrowings	181,103,738	97,879,200	-	278,982,938
Lease liabilities	4,435,857	2,444,541	-	6,880,398
Insurance contract liabilities	525,221,906	-	-	525,221,906
Reinsurance contract liabilities	308,782,606	-	-	308,782,606
Other payables	47,895,107	-	-	47,895,107
	<u>1,067,439,214</u>	<u>143,442,220</u>	<u>-</u>	<u>1,210,881,434</u>

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

29. Financial instruments (continued)

29.7 Liquidity risk (continued)

	Within 1 year AED	1 year to 5 years AED	More than 5 years AED	Total AED
31 December 2022				
Financial assets				
Financial assets carried at FVTOCI	-	58,259,180	-	58,259,180
Statutory deposits	-	-	10,000,000	10,000,000
Reinsurance contract assets	466,909,857	-	-	466,909,857
Cash at banks	311,712,235	-	-	311,712,235
Other receivables	36,060,769	-	-	36,060,769
	<u>814,682,861</u>	<u>58,259,180</u>	<u>10,000,000</u>	<u>882,942,041</u>
Financial liabilities				
Provision for employees' end of service indemnity	-	41,822,684	-	41,822,684
Bank borrowings	202,798,374	18,333,333	-	221,131,707
Lease liabilities	4,304,714	4,977,083	-	9,281,797
Insurance contract liabilities	528,297,381	-	-	528,297,381
Reinsurance contract liabilities	274,008,494	-	-	274,008,494
Other payables	38,780,087	-	-	38,780,087
	<u>1,048,189,050</u>	<u>65,133,100</u>	<u>-</u>	<u>1,113,322,150</u>

29.8 Interest risk

The Group's exposure to interest rate risk relates to its bank deposits and bank borrowings. During the year, bank deposits carried interest at the range of 3% to 5.80% per annum (2022: 1.90% to 5.55% per annum). Bank loans carried an interest rate in the range from CSAF plus 0.5% to 2.5% plus 3 months EIBOR per annum (2022: 2.35% to 3.25% to plus three months EIBOR per annum).

If interest rates had been 50 basis points lower throughout the year and all other variables were held constant, the Group's loss for the year ended 31 December 2023 and equity as at 31 December 2023 would increase by AED 1,381,329 (2022: increase by AED 1,091,908).

The Group generally tries to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Group is exposed to interest rate risk on:

- (i) Liability for incurred claims; and
- (ii) Asset for incurred claims.

29.9 Equity price risk

29.9.1 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 Group's other comprehensive income and equity would have increased/decreased by AED 5.9 million (2022: AED 5.8 million).

29.9.2 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 consolidated statement of 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.

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

30. Segment information

The Group is organized into three business segments: general insurance, life assurance and investments. The general insurance segment incorporates all classes of general insurance including fire, marine, medical, motor, general accident and other classes of insurance. The life assurance segment includes group life insurance.

Investments segment includes investments in equity securities, investment properties and statutory deposit.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating decision maker. Insurance premium represents the total income arising from insurance contracts. There are no transactions between the business segments.

a) *Segment consolidated statement of financial position is as follows:*

	2023			2022 (Restated)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets						
Unallocated assets	434,666,363	1,185,993,825	1,620,660,188	466,909,857	1,190,705,352	1,657,615,209
Total	434,666,363	1,185,993,825	1,719,895,467	466,909,857	1,190,705,352	1,741,385,409
Segment liabilities						
Unallocated liabilities	846,466,925	172,478,941	1,018,945,866	802,305,875	132,084,903	934,390,778
Total	846,466,925	172,478,941	1,223,343,847	802,305,875	132,084,903	1,113,322,150

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

30. Segment information (continued)

b) Segment consolidated statement of profit or loss is as follows:

2023

	Underwriting					Investments	Total
	Motor AED	Marine AED	FGA AED	Medical AED	Life AED		
Insurance revenue	197,355,225	32,431,377	109,684,765	838,441,302	12,729,192		1,190,641,861
Insurance service expenses	(299,412,744)	(11,500,915)	(15,495,594)	(865,265,634)	(4,667,742)		(1,196,342,629)
Net income from reinsurance contracts held	(55,267,114)	(17,624,186)	(87,224,996)	32,310,367	(6,072,448)		(133,878,377)
Net insurance financial result	(5,381,451)	(71,658)	(937,189)	(3,405,590)	(101,912)		(9,897,800)
Segment result	(162,706,084)	3,234,618	6,026,986	2,080,445	1,887,090	42,760,945	(106,716,000)
Unallocated costs							(26,046,469)
Loss for the year							(132,762,469)

2022 (Restated)

	Underwriting					Investments	Total
	Motor AED	Marine AED	FGA AED	Medical AED	Life AED		
Insurance revenue	201,907,000	(20,392,802)	101,153,894	587,126,874	10,086,205		879,881,171
Insurance service expenses	(313,862,921)	(35,043,994)	(53,049,685)	(617,073,281)	(3,753,698)		(1,022,783,579)
Net income from reinsurance contracts held	93,441,269	8,571,769	(39,309,720)	37,022,127	(4,054,587)		95,670,858
Net insurance financial result	(348,796)	89,234	47,049	(570,744)	(31,631)		(814,888)
Segment result	(18,863,448)	(46,775,793)	8,841,538	6,504,976	2,246,289	33,429,894	(14,616,544)
Unallocated costs							(19,255,946)
Loss for the year							(33,872,490)

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2023

31. Gross written premiums

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

31 December 2023	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct written premiums	12,174,789	-	844,837,388	358,743,607	1,215,755,784
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	8,000,110	8,000,110
Total assumed business	-	-	-	8,000,110	8,000,110
Gross written premiums	12,174,789	-	844,837,388	366,743,717	1,223,755,894

31 December 2022	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct written premiums	10,483,837	-	606,422,288	318,326,394	935,232,519
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	7,579,642	7,579,642
Total assumed business	-	-	-	7,579,642	7,579,642
Gross written premiums	10,483,837	-	606,422,288	325,906,036	942,812,161

32. Dividend and Director's remuneration

The board of directors in its meeting held on 29 March 2024 has not proposed dividend in respect of the year ended December 31, 2023 (2022: AED nil) for approval of the members at the Annual General Meeting. Further, Shareholders also approved Board of Directors remuneration of AED 1,800,000 for 2023 (2022: AED 1,050,000).

33. Corporate tax

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

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

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

Al Buhaira National Insurance Company P.S.C. and its Subsidiary

Notes to the consolidated financial statements (continued) For the year ended 31 December 2023

34. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 29 March 2024.

35. Subsequent events

There have been no events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements for the year ended 31 December 2023.



Corporate Governance Report

2023

Introduction

In accordance with Decision No. 3/R.M of the year 2020 of the Securities and Commodities Authority board in regards of the standards of institutional Discipline and Corporate Governance of public shareholding companies and in the interest of Al-Buhaira National Insurance Company which has applied for the year 2023 the provisions of the Guiding Regulations issued by the Authority in order to assist the Board of Directors in fulfilling its obligations and improving the practical efficiency of the Board and its committees, so as to ensure compliance with best governance practices that guarantee the protection of shareholders' rights and the rights of stakeholders, complying with the requirements and taking advantage of new opportunities to work effectively and to respond to the expectations of shareholders and other parties of stakeholders.

1. Application of Principles of Governance

In view of what shall have been provided herein above, the company has carried out the following:

- Implementing the policies and procedures of corporate governance, which include all policies and procedures related to the Board of Directors and its committees, the internal control system and its functions, and the external auditor.
- The company has a risk management frame work which has been prepared by the department manager. The board of directors formed a Risk Committee consisting of 3 board members. A charter for the Risk Committee has been approved by the Board. The Risk Committee, if required, may seek assistance from outside experts in the field to assist the committee in performing their task.
- The Audit Committee, the Remuneration and Nominations Committee, the Investment committee and the Risk management committee have been formed in accordance with the requirements of Corporate Governance regulation clarifying the functions and powers of each committee.
- The Board of Directors attended an awareness session / presentation heightening the requirement Corporate Governance regulations, policies and procedures.
- The board of directors had an awareness session about the requirements of Corporate Governance regulation, policies and procedures.
- The company has been keen to practice its work transparently, especially the dates and methods of disclosure of financial statements in compliance with all the laws and regulations of the Securities and Commodities Authority.
- Commitment to finish and end up the corporate governance report as well as the annual report and other financial statements and distribute it to the shareholders before the General

Assembly in sufficient time to allow shareholders access to them and to take appropriate decisions.

Shareholders' general rights:

Shall reserve to the shareholders all the rights related to the shares, and in particular the right to:

- Share of profits which shall be distributed.
- The right to receive a share of the company assets upon liquidation.
- The right to attend the general assemblies of the company, participate in its deliberations and vote on its decisions and each shareholder shall have the votes equivalent to his shares.
- The right to dispose of the shares.
- The right of surveillance onto the affairs of the Board of Directors in order to achieve greater efficiency in the performance of the company and its board members and hence bring the case of liability to the members if necessary.
- The right to inquire and request information of the company in a timely manner so as not to harm the interests of the company and which shall not contradict with the regulations issued by the Securities and Commodities Authority and the executive regulations of the listed companies.

Statement of the company implementation of the provisions contained in decision No. (3/R.M) for the year 2020 Chairman of the Board of Directors of the Authority regards of the standards of the institutional discipline and governance of public shareholding companies:

The company shall carry out and implement the provisions contained in the Authority decision as follows:

- The Board of Directors shall abide by holding its meetings, recording the minutes of its meetings, and keeping them accessible for easy perusal. (Four sessions)
- Holding of the Audit, Nomination and Remuneration, Investment & Risk management Committees and hence validate and conduction of the tasks assigned to them by the Board of Directors.
- The commitment of the Executive Management towards the implementation of the recommendations of the Board of Directors.
- Commitment to the principles of disclosure and transparency as provided for in the resolutions in force

2- statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company' securities during 2023 using the table below:

The company shall abide by that contained in the article No. (14) of the decision of the Board of Directors of the Securities and Commodities Authority No. (2) for the year 2001 concerning the special system of trading, clearing, settlement, conveyance, and custody of securities. The transactions of the Board of Directors and their first-class relatives have been as follows

Name	Position	Owned Shares As Of 31.12.2023	Total Sale Transactions	Total Purchase Transactions
Sheikh Faisal bin Khalid Sultan Al-Qasimi	Chairman	31,354,236	NA	404,895
Sheikh Abdullah bin Mohamed Ali Al Thani	Deputy Chairman	33,671,426	NA	NA
Sheikh Khalid bin Abdullah Sultan Al-Qasimi	Managing Director	446,429	NA	NA
Sheikh Ahmad Abdulla Mohammed Ali Al Thani	Member	NA	NA	NA
Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla	Member	NA	NA	NA
Mr. Rashid Ali Rashid Dimas Al-Suwaidi	Member	8,758,150	NA	NA
Mr. Salem Abdulla Salem Al Hosani	Member	47,262,150	NA	6,373,790
Mr. Abdulla Salem Al Hosani	Son	4,000,000	NA	1,125,267
Mr. Abdulla Mohamed Salih Al Zarooni	Member	NA	NA	NA

Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali	Member	NA	NA	NA
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3- Board of Directors

The Board of Directors shall enjoy highest power of taking decisions necessary to cover the profitability of the shareholders and maintaining their rights, further, to setting up strategic plans, the general surveillance, and the financial status of the company, as well as other matters.

- The board of directors consists of nine members, and the board shall appoint from amongst its members a chairman and a deputy chairman as well as a managing director. The membership term shall be for three years commencing as from the date of commencing the Board authorities; and it may also re-elect the member, and then the deputy chairman may act in place of the chairman in the event of being absent.
- Tenure of each of the chairman, the deputy chairman and the managing director shall not be in excess of their term of being members in the board of directors; and they may be re-elected or appointed. Board membership term shall lapse upon the end of its term, or death or if he or she shall be incompetent pursuant to any system, order,]or instructions in effect in the United Arab Emirates.
- If the position of a board member becomes vacant, the Board of Directors may temporarily appoint another member to the vacant position, provided that such appointment shall be submitted to the Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. If the number of members of the Council shall be less than the quorum required for the validity of its meetings, then the General Assembly shall be convened as soon as possible to appoint the necessary number of members.
- The majority of the board members are non-executive.

- It shall be prohibited to combine the position of the Chairman of the Board of Directors with any executive position in the Company such as the Managing Director, the Chief Executive Officer or the Director General.

- **Chairman and members of the board of directors:**

Name	Position	Category	Category
Sheikh Faisal bin Khalid Sultan Al-Qasimi	Chairman	Non-independent	Non-executive
Sheikh Abdullah bin Mohamed Ali Al Thani	Deputy Chairman,	Non-independent	Non-executive
Sheikh Khalid bin Abdullah Sultan Al-Qasimi	Managing Director	Non-independent	executive
Sheikh Ahmad Abdulla Mohammed Ali Al Thani	Board Member	Independent	Non-executive
Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla	Board Member	Independent	Non-executive
Mr. Rashid Ali Rashid Dimas Al-Suwaidi	Board Member	Non independent	Non-executive
Mr. Salem Abdulla Salem Al Hosani	Board Member	Non independent	Non-executive
Mr. Abdulla Mohamed Salih Al Zarooni	Board Member	Independent	Non-executive
Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali	Board Member	Independent	Non-executive

- **Experience and qualifications of the members of the Board of Directors**

Name	Experiences	Qualifications	Term of being as a Board member from the date of his first election
Sheikh Faisal bin Khalid Sultan Al-Qasimi	<ul style="list-style-type: none"> - Chairman of Al-Qassimi Group in Sharjah - Chairman of Travel Agents Society. - Board Member of Invest Bank. - Chairman of Al-Buhairah National Insurance Co. - (Former) President of Amiri Court in Sharjah. - (Former) Chief Commander of Amiri Guard in Sharjah - (Former) President of Sharjah Ruler's Office. - (Former) Chairman of Emirates Insurance Society. - Executive Council Board Member of Insurance and Reinsurance Coordinating Body. - (Former) Member of the Board of Directors of the Insurance Authority. 	BA Degree in Business Administration from California State University	Since the year 1986.
Sheikh Abdullah bin Mohamed Ali Al Thani	<ul style="list-style-type: none"> - Chairman of Air Arabia in Sharjah - Chairman of Sharjah Golf & Shooting Club - (Former) Head of Civil Aviation in Sharjah - Deputy Chairman of Al-Buhaira National Insurance Company. 	MA Degree in Business Administration from USA	Since the year 1995
Sheikh Khalid bin Abdullah Sultan Al-Qasimi	<ul style="list-style-type: none"> - Member of the executive council – Sharjah - Chairman of the Department of Ports, Customs and Free Zones - Managing Director Al-Buhaira National Insurance Company. 	B.Sc. in Industrial Engineering Environment from Arizona University	Since the year 2004
Sheikh Ahmad Abdulla Mohammed Ali Al Thani	<ul style="list-style-type: none"> - Member of the board of directors of Sharjah Air Navigation Services - Co. LTD (SASCO). - Chairman of the board of directors of Sharjah club. - Board member of Al Buhaira National Insurance Co. 	Bachelor of International Business	2022
Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla	<ul style="list-style-type: none"> - General Manager of Umm Al Quwain General Investment Company. - Former National Bank Of Umm Al Quwain. - Board Member of Al Buhaira National Insurance Company. - Board Member of the Kuwaiti Emirati Holding Co. 	Bachelor of Business Administration – UK MSc Human Resources – UK	2022

<p>Mr. Rashid Ali Rashid Dimas Al-Suwaidi</p>	<ul style="list-style-type: none"> - Owner & Chairman Of The Board Of Directors Of Deemas Contracting, Trading, Ready Mix Concrete And Brick Company. - General Manager & Commissioner Of The Friends Of Patients Committee - Sharjah - Former Member Of The Board Of Arbitrators Of Sharjah Courts. - Member Of The Board Of Contractors Association - Board Member Of Al-Buhaira National Insurance Company - Former Member Of The Federal National Council - Former Board Member Of The Emirates Insurance Association - Founder And Former Board Member Of Federal Commercial Bank (Currently ADCB) - Former Member Of The Municipal Council Of Sharjah Municipality - Former Board Member Of Sharjah Chamber Of Commerce & Industry. - Former Managing Director at Al Buhaira National Insurance Company. - Chairman of the parents & teachers council – Sharjah - Vice president of the Zakat Fund – Abu Dhabi. 	<p>GSCE</p>	<p>Since the year 1978</p>
<p>Mr. Salem Abdulla Salem Al Hosani</p>	<ul style="list-style-type: none"> - Deputy Chairman Medical Projects Co. - Chairman Umm Al Quwain General Investment co. - Former Shuaa Capital Co. - Former Al Ittehad Insurance co. - Former Union Arab Bank. - Former National Bank of Umm Al Quwain. - Former Gulf Cement Co. - Former Sharjah Insurance co. - Former Ras Al Khaimah co. for manufacturing of white cement and construction materials. - Chairman of the board of directors of Al Salem Co. LTD. - Chairman of the board of directors of the Coast Centre for shares. - Owner of the Coast Real Estate Centre. - Former Deputy Chairman of the board of directors of Khatif Holding Co. (Kuwait). - Board Member of Al Buhaira National Insurance Co. 	<p>Bachelor of Business Administration Beirut Arab University</p>	<p>2022</p>

Mr. Abdulla Mohamed Salih Al Zarooni	<ul style="list-style-type: none"> - Board of directors' member of National Bank of Umm Al Quwain. - Board member of Marsa Um Al Quwain Co. - Former Abu Dhabi National Bank. - Board of directors' member of Al Buhaira National Insurance Co. 	Bachelor of Accounting – UAE CPA Washington USA	2022
Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali	<ul style="list-style-type: none"> - Government Projects Management of Sharjah Electricity & Water Authority. - Board of directors' member of Al Buhaira National Insurance Co. 	Bachelors in management systems	2022

- **Positions of Members of Board of Directors in other companies**

Name	Position & Company Name
Sheikh Faisal bin Khalid Sultan Al-Qasimi	<ul style="list-style-type: none"> - Chairman of Al-Qassimi Group in Sharjah - Chairman of Travel Agents Society.
Sheikh Abdullah bin Mohamed Ali Al Thani	<ul style="list-style-type: none"> - Chairman of Air Arabia in Sharjah - Chairman of Sharjah Golf & Shooting Club
Sheikh Khalid bin Abdullah Sultan Al-Qasimi	N/A
Sheikh Ahmad Abdulla Mohammed Ali Al Thani	<ul style="list-style-type: none"> - Member of the board of directors of Sharjah Air Navigation Services Co. LTD (SASCO). - Chairman of the board of directors of Sharjah club.
Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla	<ul style="list-style-type: none"> - General Manager of Umm Al Quwain General Investment Company. - Board Member of the Kuwaiti Emirati Holding Co.
Mr. Rashid Ali Rashid Dimas Al-Suwaidi	<ul style="list-style-type: none"> - Chairman of Demas Group for Trading, Ready Mix Concrete and concrete products factory. - General Manager and authorized person for the Friends of Patients Committee
Mr. Salem Abdulla Salem Al Hosani	<ul style="list-style-type: none"> - Deputy Chairman - Medical Projects Co. - Chairman - Umm Al Quwain General Investment co. - Chairman of the board of directors of Al Salem Co. LTD. - Chairman of the board of directors of the Coast Centre for shares. - Owner of the Coast Real Estate Centre.
Mr. Abdulla Mohamed Salih Al Zarooni	<ul style="list-style-type: none"> - Board member of National Bank of Umm Al Quwain. - Board member of Marsa Um Al Quwain Co.
Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali	NA

- Statement of representation percentage of women in the Board of Directors for 2023:

Miss. Noura Mahmoud Al Ali was elected as a board member on 21.04. 2022.

- Determination of Members of Board of Directors' Remunerations

- 1- The General Assembly approved the Board of Directors recommendation to pay the Company's Directors a remuneration for 2022 amounting to AED 1,800,000 in total (AED 200,000 for each Director).
- 2- The Board of Directors decided to raise a recommendation to the Company's is General Assembly to pay the Directors a remuneration for the year 2023 amounting to AED 1,800,000 in total (AED 200,000 for each Director).
- 3- Board of directors committee AED. 250,000/- for the year 2022.

Board of directors committees compensation will be based on the number of meetings attended as follows :

- Audit committee max. 6 meetings
 - Chairman AED. 10,000/- per meeting.
 - Members AED. 7,000/- per meeting.
- Nomination & remuneration committee max. 3 meetings
 - Chairman AED. 10,000/- per meeting.
 - Members AED. 7,000/- per meeting.
- Risk management committee max 4 meetings
 - Chairman AED. 10,000/- per meeting.
 - Members AED.7,000/- per meeting.
- Investment committee max 4 meetings
 - Chairman AED. 10,000/- per meeting
 - Members AED. 7,000/- per meeting.
- 4- The Company paid a monthly compensation of AED 25,000 to the Managing Director, Sheikh Khalid Bin Abdullah Bin Sultan Al Qasimi during the year 2023.

- Board of Directors' Meetings

* During the year 2023, the Board of Directors has held four meetings as per the following distribution

Meeting Date	Attendees from amongst Board Members
22.03.2023	Sheikh Faisal bin Khalid Sultan Al-Qasimi, Sheikh Abdullah bin Mohamed Ali Al Thani, Sheikh Khalid bin Abdullah Sultan Al-Qasimi, Sheikh Ahmad Abdlla Mohammed Ali Al Thani, Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla, Mr. Salem Abdulla Salem Al Hosani, Mr. Abdulla Mohamed Salih Al Zarooni & Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali
12.06.2023	Sheikh Faisal bin Khalid Sultan Al-Qasimi, Sheikh Khalid bin Abdullah Sultan Al-Qasimi, Sheikh Ahmad Abdlla Mohammed Ali Al Thani ,Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla , Mr. Abdulla Mohamed Salih Al Zarooni, Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali
13.11.2023	Sheikh Faisal bin Khalid Sultan Al-Qasimi, Sheikh Abdullah bin Mohamed Ali Al Thani, Sheikh Khalid bin Abdullah Sultan Al-Qasimi, Sheikh Ahmad Abdlla Mohammed Ali Al Thani, Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla ,Mr. Salem Abdulla Salem Al Hosani, Mr. Abdulla Mohamed Salih Al Zarooni, Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali
20.12.2023	Sheikh Faisal bin Khalid Sultan Al-Qasimi, Sheikh Abdullah bin Mohamed Ali Al Thani, Sheikh Khalid bin Abdullah Sultan Al-Qasimi, Sheikh Ahmad Abdlla Mohammed Ali Al Thani, Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla ,Mr. Rashid Ali Rashid Dimas Al-Suwaidi , Mr. Salem Abdulla Salem Al Hosani, Mr. Abdulla Mohamed Salih Al Zarooni, Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali

No. of attendance times of members of Board of Directors

1-Sheikh Faisal bin Khalid Sultan Al-Qasimi	(4)
2-Sheikh Abdullah bin Mohamed Ali Al Thani	(3)
3-Sheikh Khalid bin Abdullah Sultan Al-Qasimi	(4)
4- Sheikh Ahmad Abdlla Mohammed Ali Al Thani	(4)
5- Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla	(4)
6- Mr. Rashid Ali Rashid Dimas Al-Suwaidi	(1)
7- Mr. Salem Abdulla Salem Al Hosani	(3)
8- Mr. Abdulla Mohamed Salih Al Zarooni,	(4)
9- Miss. Noura Mahmoud Mohamed Al Mahmoud Al Ali	(4)

- **The number of board decisions issued by passing during the fiscal year 2023 along with an indication of their date.**

Null.

- **Tasks delegated by the Board of Directors to the Executive Management**

- The company board of directors has authorized the executive management to carry out all affairs related to the nature of the company basic business as stipulated in the Articles of Association of the Company of insurance and reinsurance business, the disbursement of accident compensation and taking decisions that shall have reflected into the benefit of the company.
- The Executive Management shall revert to the Board of Directors in the event of decisions regarding the Company strategic policies. The Board may authorize the Managing Director to do so.
- Appointment of staff, Salary determination, Staff performance evaluation and termination.
- Follow-up and issuance of periodic financial reports to be submitted to the Board of Directors.

○ **Authorized Signatories:**

- Authorization by the board of directors members to Sheikh Faisal Al Qasimi, Sheikh Abdulla Al Thani , Sheikh Khalid Al Qasimi, Mr. Rashid Al Suwaidi and Mr. Nader Qaddumi - General Manager to manage all banking relationship and transactions adopting the principal of dual signatory.
- Sheikh Khalid Al Qasimi signing on behalf of the company as per the authorization of the Chairman of the Board of Directors on all formal transactions relating to the company business activity and signing all kinds of contracts, his authorization is unlimited.
- Mr. Nader Qaddumi – General Manager signing on behalf of the company as per the authorization of the Chairman of the Board of Directors on all formal transactions relating to the company business activity and signing all kinds of contracts, his authorization is unlimited.

- Statement of details of transactions made by related parties (stakeholders)

There are no any contractual transactions or supply chain contracts in order to supply the company with services or commodities from related parties.

4- Board of Directors Committees :

- Audit Committee Members:

Mr. Mr. Abdulla Mohamed Salih Al Zarooni,	Chairman	Independent
Sheikh Ahmed Abdlla Al Thani	Member	Independent
Mr. Ghassan Al Saheb	Member	External

Functions of Audit Committee:

- Development and application of the contracting policy with the external auditor, submit a report to the Board of Directors specifying issues that it considers important in order to take action with them and submitting the recommendation of the steps to be taken.
- Monitoring and surveillance of the independence and objectivity of the external auditor, discussion of the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
- Monitoring the integrity of the company financial statements, reports (annual, semi-annual and quarterly), and reviewing them as part of its normal work during the year, and hence shall focus in particular onto the following:
 - To compare the company's actual performance with the projected budget on quarterly basis.
 - Compliance with the accounting standards determined by the Authority.
 - Adherence to the rules of incorporation, disclosure and other legal requirements related to the preparation of financial reports.
 - Highlighting the areas of management discretion.
 - Significant and substantial revisions resulting from the audit.
 - Any changes in the Company financial and accounting policy.
- Coordination with the Board of Directors of the Company, the Executive Management, the Financial Manager or the Manager acting the same functions in the company in order to perform its duties, and meet with the external auditor of the company at least once a year.
- Reviewing the financial control, internal control and risk management rules of the company.
- Discussion of the internal control system with management, ensuring that it fulfills its duty to establish an effective internal control system.
- Considering the results of the main investigations in internal control matters assigned to them by the Board of Directors or are initiated by the Committee and approved by the Board of Directors.
- Ensuring that there is coordination between the internal auditor and the external auditor, ensuring the necessary resources are available to the internal audit body, reviewing and monitoring the effectiveness of that body.

- Reviewing the financial and accounting policies and procedures of the company.
- Reviewing the External Auditor's letter of work, its work plan and any material queries raised by the auditor on the executive management regarding accounting records, financial accounts or control systems and their response and approval.
- Ensuring that the Board of Directors responds in a timely manner to the clarifications and questions raised.
- Ensuring the application of the rules of work for the functions and powers entrusted to by the Board of Directors.
- Reporting to the Board of Directors on the issues listed herein.
- The Committee shall be the linking ring (interface) between the Board of Directors and the internal auditors.
- Ensuring that the company does not violate the laws and regulations in force in the United Arab Emirates.
- Seeking assistance, whenever necessary, of the independent consultants in order to carry out specialized studies to assist the Committee in carrying out its tasks and determining their fees.

Audit Committee Meetings:

The auditing committee has held seven meetings during the year 2023 on the following dat

Meeting Date	Attendees
14.02.2023	Mr. Abdulla Mohamed Salih Al Zarooni , Sheikh Ahmed Abdlla Al Thani & Mr. Ali Shalabi.
20.03.2023	Mr. Abdulla Mohamed Salih Al Zarooni , Sheikh Ahmed Abdlla Al Thani & Mr. Ali Shalabi.
07.06.2023	Mr. Abdulla Mohamed Salih Al Zarooni & Mr. Ali Shalabi.
	Attendees
20.06.2023	Mr. Abdulla Mohamed Salih Al Zarooni , Sheikh Ahmed Abdlla Al Thani & Mr. Ghassan Al Saheb.
14.08.2023	Mr. Abdulla Mohamed Salih Al Zarooni & Mr. Ghassan Al Saheb.
09.11.2023	Mr. Abdulla Mohamed Salih Al Zarooni ,Sheikh Ahmed Abdlla Al Thani & Mr. Ghassan Al Saheb.
28.11.2023	Mr. Abdulla Mohamed Salih Al Zarooni & Mr. Ghassan Al Saheb.

" Mr. Abdulla Mohamed Salih Al Zarooni Chairman of the Audit Committee, acknowledges his responsibility for the committee system in the company and for his review of its work mechanism and ensuring its effectiveness."



Signature: -----

- Nomination and Remuneration Committee

Members of the Committee :

Sheikh Saoud Nasser Rashid Al Moalla	Chairman	Independent
Mr. Rashid Ali Rashid Dimas Al-Suwaidi	Member	Non-Independent
Mr. Abdulla Mohamed Salih Al Zarooni	Member	Independent

Functions of Nomination and Remuneration Committee

- Ensuring the independence of independent members.
- Preparing the policy for the granting bonuses, benefits, incentives and salaries to the members of the company Board of Directors and its employees, and reviewing them on an annual basis. The Committee shall also verify that the remuneration and benefits granted to the Company Executive Management are reasonable and proportionate.
- Identifying the company need of competencies at the level of senior executive management and employees and the bases for their selection.
- Preparing, reviewing the Human Resources policy and training the company and reviewing it annually.
- Organizing and following up the procedures for the nomination to the Board of Directors in accordance with the applicable laws and regulations based on the decision of the Chairman of the Board of Directors No. (7/R.M) for the year 2016 in regards of the standards of institutional discipline and governance of public shareholding companies.
- Reviewing the structure of the Board and making recommendations regarding possible changes to the Board structure for the next session of the Board.

The Nomination and Remuneration Committee has held two meeting during the year 2023 on the following date:

Meeting Date	Attendees
20.03.2023	Sheikh Saoud Nasser Rashid Al Moalla, Mr. Rashid Ali Rashid Dimas Al-Suwaidi, Mr. Abdulla Mohamed Salih Al Zarooni
09.11.2023	Sheikh Saoud Nasser Rashid Al Moalla & Mr. Abdulla Mohamed Salih Al Zarooni

The following topics and matters have been discussed:

1. The annual remuneration of the staff.
2. Company business affairs and expanding their scope of business.
3. Ensuring the independence of independent members.

" Sheikh Saoud Nasser Rashid Al Moalla , Chairman of the Nomination & Remuneration Committee, acknowledges his responsibility for the committee system in the company and for his review of its work mechanism and ensuring its effectiveness."

Signature: 

Members of the Investment committee :

Sheikh Khalid Bin Sultan Al Qasimi	Chairman	Non-Independent
Mr. Salem Abdulla Al Hosani	Member	Non Independent
Mr. Salah Fouad Daou		AGM -Finance

The committee did not meet during the year 2023.

Members of the Risk Management Committee

Sheikh Ahmad Abdulla Al Thani	Chairman	Independent
Sheikh Saoud Nasser Rashid Al Moalla	Member	Independent
Mr. Abdulla Mohamed Salih Al Zarooni	Member	Independent

Meeting Date	Attendees
27.12.2023	Sheikh Ahmad Abdulla Al Thani ,Sheikh Saoud Nasser Rashid Al Moalla ,Mr. Abdulla Mohamed Salih Al Zarooni

" Sheikh Ahmad Abdulla Al Thani , Chairman of the risk management Committee, acknowledges his responsibility for the committee system in the company and for his review of its work mechanism and ensuring its effectiveness."

Signature: 

Insiders' Trading Follow-Up and Supervision Committee

A follow-up committee has been set up for the supervision of the insider transactions in accordance with the decision of the Board of Directors of the Securities and Commodities Authority No. (7/R.M) for the year 2016. This committee shall be consisting of two employees with knowledge onto the stock trading, whose task shall be monitoring and supervising the transactions of insiders after having obtained the necessary information about the nature of the committee and its functions through the forum of governance held on 30-01-2018. This function to be done periodically and especially during the period which shall prohibit insiders peruse the shares trading of the company.

Committee Members:

- Mr. Khalid Attieh - Investment Officer
- Mr. Bilal Nafee - Chief Accountant

Competences and Functions of the Insiders' Trading Follow-Up and Supervision Committee

- Revision & surveillance of the trading policies of insiders.
- Revision of the reports of the transactions carried out by the insiders.
- Studying and giving prior approval of applications for trading in shares and securities.

Functions of Insiders' Trading Follow-Up and Supervision Committee

- Holding meeting at least twice per annum.
- Formulation of declarations of insiders and supervision of their contracts
- Informing the Abu Dhabi Financial Market and the Securities and Commodities Authority in case of violation of the trading policy requirements of insiders.
- Reviewing the trading reports of insiders at the end of each quarter of the fiscal year.
- Monitor the trading policy of insiders annually in accordance with the rules of disclosure, transparency and governance requirements.

Summary of the committee report during 2023:

- It was noticed that two of the board of directors' members made a shares purchase transaction during the financial year 2023. Beside that, there were no purchases or sales of insiders during the year 2023.
- Monitor the trading policy of knowledgeable people annually in compliance with the rules of disclosure, transparency and governance requirements.

SR.	Shareholder	Recievables	Payables	Premium	Claims Paid
1	Mahmoud Alfarhan Group	16,115.00	-	2,044.00	
2	Deemas Group	3,623,559.00	88,442.00	841,893.00	1,189,321.00
3	Shattaf Group	5,133.00	-	78,155.00	2,795.00
4	Al Qasimi Group	351,534.00	16,530.00	41,767.00	35,400.00
5	Bin Kamel Group	263,907.00	11,288.00	3,426.00	3,000.00
6	Orient Group	682,153.00	223,648.00	401,105.00	303,270.00
7	Sheikh Abdulla Bin Mohammad Al Thani	47,002.00	76,440.00	33,726.00	381,614.00
8	Sheikh Khalid Bin Abdulla Al Qasimi	170,220.00	2,415.00	72,821.00	
9	Sheikh Tariq Faisal K, Al Qasimi	1,384,276.00	-		
11	Al Kayed General Trading	7,496.00	-	4,246.00	
	Total	6,551,395.00	418,763.00	1,479,183.00	1,915,400.00

5 - The complete organizational structure of the company, provided that the managing director, the general manager and / or CEO and the deputy general manager and the directors working in the company make it clear as the financial manager.

Attached.

Detailed statement of names of Top Management in the Company, date of their appointment and their total salaries:

Report will be updated in the event of determining top Management for the year 2023:

No.	Name of Employee	Position	Date of Appointment	Total Salaries & Allowances for the year 2022	Total Bonuses paid for the year 2021 AED	Any other Bonuses Cash/Corporate for the year 2021 or due in the future
1	Mr. Nader T. Qaddumi	General Manager	19-08-1986	450,000 + 2022 672,404/-	142,800/-	NA
2	Mr. Issam M. Mehdawi	Assistant General Manager - Fire & General Accident	01-10-1995	489,756 Housing 70,000	30,506/-	NA
3	Mr. Salah Daou	Assistant General Manager - Finance	11-06-1988	384,372 Housing 105,000	26,721/-	NA
4	Mr. Ayed Saleh	Assistant General Manager - Reinsurance	12-09-1998	359,924 Housing 84,875	21,425/-	NA
5	Mr. Mahmoud Shalab	Manager - Marine Dept.	12-02-2012	344,676	21,558/-	NA

				Housing allowance 60,000		
--	--	--	--	-----------------------------	--	--

6- External Auditor

A- About the External Auditor

Grant Thornton undertakes the company's external auditing work, which is one of the leading international auditing firms accredited in the country, and this audit firm audits the company's accounts commissioned by the general assembly.

Grant Thornton is one of the leading companies in the world in the field of auditing as it ranges between the fifth and sixth ranks at the level of auditing companies in the world. It has 800 offices located in more than 130 countries around the world and has more than 50,000 employees.

Grant Thornton company in the United Arab Emirates has three offices distributed in each of Abu Dhabi, Sharjah and Dubai, where the number of its employees within the state is about 450 employees distributed over several activities, including auditing, taxes and various financial consultations

B- External Auditor's Fees

It was approved by the general assembly of the Company on 21.04.2022 to appoint Grant Thornton as the company's external auditor for the year 2023 as he performs the standard audit in the public joint stock companies. The name of the partner auditor, Dr. Osama Al Bakri

The auditor's fees are set at an amount of 530,000 dirhams annually by the company's general assembly.

Name Of Audit Firm And Name Of The Partner Auditor	Grant Thornton. (Dr. Osama Al Bakri))
No. of years spent as company external auditor	5
Number of years the partner auditor has spent auditing the company's accounts	2
Total fees for auditing and reviewing the financial statements (interim and annual) for the year 2023 (AED)	AED 530,000
Fees and costs of other special services other than auditing the financial statements for the year 2023 (AED), if any, and in the absence of any other fees, this is expressly stated	None
Details and nature of other services provided (if any) and in the absence of other services, this shall be expressly stated	None
A statement of other services that <u>an external auditor other</u> than the company's auditor provided during 2023 (if any). In the absence of another external auditor, this is explicitly mentioned	No other external auditor has provided other services to the company during the year 2023

C- Reservations of the external auditor that he included in the interim and annual financial statement for the year 2023:

There were no reservations from the external auditor during the year 2023.

7- Internal Control System

The Board of Directors shall determine the objectives, functions and powers of the Internal Control Department, so that it shall enjoy sufficient independence for carrying out its duties. The Board of Directors shall be directly responsible for the internal control system and its revision and effectiveness, in accordance with the provisions of article (8) of the Securities & Commodities Authority No. (7/R.M) for the year 2016 in regards of the standards of institutional discipline and the governance of the public shareholding companies.

Internal Control Department Work Mechanism:

1. Coincidence and accuracy of financial and accounting information and data.

2. The extent of protection of the Company assets.
3. The extent of consistency and compliance of the control mechanism with the policies and plans that are set by the company management.
4. Developing the preventive control in order to avoid the occurrence of undesirable events and setting up policies to address the unsafe situations.
5. Ensuring the efficiency of internal control staff.
6. Supervision and inspection.

Internal Control Manager shall carry out the following:

1. Preparation of the annual internal control plans in coordination with the executive management.
2. Submission of detailed reports to the executive management on the internal control system and setting up proposals for the development of performance periodically and regularly.
3. Implementation of the control plans being set up and in line with the company strategy.
4. Communication with the company employees via e-mail and memos in order to raise awareness of internal controls.

Experience and qualifications of Internal Control Dept. Manager: Mr. Javid Saleh Khateeb – Date of Appointment: 01-03-1993

- Holder of BA in Business Sciences from Bombay University – Year 1984.
- Participated in large number of courses and conferences relevant to the financial internal control.
- Diversified expertise in business companies in Bombay.
- Specialized experience in financial control and management in insurance sector for more than 25 years.

Compliance Officer:

The Compliance Officer shall upon commission from the Board of Directors verify the scope of company and staff observation with the rules, laws and regulations issued.

Experience and qualifications of Compliance Officer:**Mr. Yusuf Al-Otaibi - Date of Appointment: 13-03-2019**

- Long experience in accounting, auditing and financial matters.
- He holds a CPA certificate.
- BA in Accounting from India.

Internal Audit Manager:

The Internal Audit Department, was established during the second half of the year 2020, the company's internal audit charter, which was approved by the Board of Directors.

Experience and qualifications of Internal Audit Manager:**(Mr. Tarek Jabri - Date of Appointment 10/05/2020):**

- He has extensive experience in the field of Internal and External Auditing of more than 20 years.
- Member of the UAE Internal Auditors Association (UAE IAA)
- He holds a BA in Accounting from Alexandria University - Egypt.
- Certified Internal Auditor.

Independence of the Internal Control Dept.

The components of the independence of the Internal Control Department shall include that the Internal Control Department must be directly linked to the Board of Directors.

How does the Department deal with the big problems in the company?

The Company has not encountered any problems that require Internal Control Department interference for their settlement.

Number of reports issued by the internal control; department to the board of directors:

The internal audit department reports are submitted to the audit committee who in return will issue a report to the board of directors for their review, discussion and taking the necessary decisions and procedures to address outstanding issues.

8- Financial violations recorded by the company during the fiscal year ending 31.12.2023

N/A

9- The company's contribution during the year 2023 to the development of the local community and the preservation of the environment.

N/A

10- General Information

A - AL BUHAIRA NATIONAL INSURANCE CO.

ABNIC Share Price

Year	Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)
2023	1	2.55	2.55	2.55	2.55
2023	2	2.55	2.55	2.55	2.55
2023	3	2.5	2.5	2.5	2.5
2023	4	2.5	2.5	2.5	2.5
2023	5	2.5	2.5	2.5	2.5
2023	6	2.5	2.5	2.5	2.5
2023	7	2.87	2.87	2.87	2.87
2023	8	2.87	2.87	2.87	2.87
2023	9	2.9	2.9	2.9	2.9
2023	10	2.9	2.9	2.9	2.9
2023	11	2.9	2.8	2.9	2.8
2023	12	2.8	2.8	2.8	2.7

B-Historical Trading

Trades										
Year	Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	Value (AED)	VOLUME	TRADES	Change	% Change
2023	01	2.550	2.550	2.550	2.550	2,023,815.15	793,653	1	0.000	0.000
2023	03	2.500	2.500	2.500	2.500	145,840.00	58,336	1	(0.050)	(1.96)
2023	07	2.870	2.870	2.870	2.870	602.70	210	1	0.370	14.80
2023	09	2.900	2.900	2.900	2.900	394,455.10	136,019	1	0.030	1.05
2023	11	2.900	2.800	2.900	2.800	1,395,921.40	486,700	3	(0.100)	(3.45)

2023	12	2.800	2.800	2.800	2.700	318,213.00	114,140	5	0.000	0.00000 000000 000000
						4,278,847.35	1,589,058	12		

Big Block Trades				
Year	M on th	Value (AED)	VOLUME	TRADES
2023	12	17,846,612.00	6,373,790	1
		17,846,612.00	6,373,790	1

C- Distribution of Shareholders as per the volume of ownership as of 31/12/2023

Shareholder's Classification	Individuals	Companies	Government	Total
Local	144,784,031	54,949,744	0	199,733,775
Arab	25,245,865	0	0	25,245.865
Foreign	20,360	25,000,000	0	25,020,360
Total	170,050,256	79,949,744	0	250,000.000

D- Distribution of of shareholders' ownership as of: 31/12/2023

Ownership of Shares (share)	No. of Shareholders	No. of Shares owned	Percentage of shares owned in company capital
< 50,000	38	626,641	0.25 %
From 50,000 to: 500,000	35	5,858,173	2.35 %
From: 500,00 to: 5,000,000	16	28,840,168	11.5 %
More than 5,000,000	10	214,675,018	85.9%
Total	99	250,000,000	100%

E- Shareholders who own 5% & More in Company Capital

Percentage of Shares owned in the Capital	No. of Shares	Shareholder's Name
18.9%	47,262,150	Salem Abdullah Al Hosani
13.47%	33,671,426	Sheikh Abdullah bin Mohammed Ali Al Thani
12.54%	31,354,236	Sheikh Faisal bin Khalid bin Sultan Al-Qasimi
10.00 %	25,000,000	FAB Private Bank(Suisse) SA
9.8%	24,500,000	UAQ General Investment Co.
9.29%	23,229,905	Suha Elmi F Nabulsi

F- Name and contact details of the Investor Relations Officer:

Mr. Salah Daou - Tel. 065174472 email salah@albuhaira.com

Link to the Investor Relations page on the company website.

<https://www.albuhaira.com/investor-relations> -

G- statement of the special resolutions that have been presented in the General Assembly meeting held during the year 2023 and the actions taken in their regards:

A decision to amend some articles of the company's articles of association "The procedures are followed up with the concerned authorities.

H- Name of rapporteur/ Determinant of the Board meetings and date of appointment:

The name of the rapporteur for the meetings of the Board of Directors is Mr. / Mohamed Amin Al-Jazzar, and he was appointed as the meeting rapporteur on 03.03.2021.

- He holds a law degree from the Lebanese University. He has more than nineteen years of experience in the field of insurance companies in the legal departments

I- Substantial events during the year 2023

There have been no major events during the year 2023.

J- statement of the transactions carried out by the company with related parties during the year 2023, which are equal to 5% or more of the capital:

No deals.

K- Statement of the percentage of Emiratization / localization within the company by the end of the year 2023:


The percentage of localization in the company has been 9 % 2021. and 10% during 2022 and reached 16 % during 2023 The company is working to increase that percentage.

L- statement of the projects and innovative initiatives which the company has undertaken or is under development during the year 2023


The company innovation officer – Mrs. Ibtihaj Haidar (UAE National), and she is currently attending training courses in the field of innovation which will soon be translated into innovative initiatives.

Signatures:


**Chairman of Board of
Directors**


Date: 28/03/2024

**Auditing Committee
Chairman**


Date: 28/03/2024

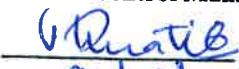
**Nomination and
Remuneration
Committee Chairman**


Date: 28/03/2024

Chairman of Risk committee


Date: 28/03/2024

Internal Control Manager


Date: 28/03/2024



Company's Official Seal

SUSTAINABILITY REPORT

2023



Sustainability Report

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Executive Summary

Overview of Sustainability
Achievements in 2023

Key Highlights and Milestones



1.1 Overview of Sustainability Achievements in 2023

Welcome to Al Buhaira National Insurance Company's (ABNIC) Sustainability Report for the year 2023. At ABNIC, sustainability is of paramount importance to us. It's not just a policy we adhere to but a core aspect of our operational philosophy. We are acutely aware of the impact our activities have on the environment, the community, and our business growth. As such, we've committed ourselves to making responsible choices. From the boardroom to the frontlines, we recognize that every action matters and every decision has the potential to make a positive contribution to the global community. This report showcases the positive impact we're making on our environment and communities, highlighting our continuous efforts to improve. We believe that even the smallest actions can lead to significant differences, and this report is our way of sharing our initiatives and their importance to both us and you.

The formation of ABNIC's Sustainability Committee in 2023 underscores our dedication to integrating sustainability throughout the organization. With initiatives like SHRED IT and measures to decrease electricity use, ABNIC is taking proactive steps towards environmental stewardship and operational efficiency. By embedding sustainability into our core practices, ABNIC not only adheres to its values but also establishes itself as a leader in responsible business conduct, benefiting the planet and improving our financial performance.

ABNIC is steadfast in its efforts to support the UAE's visionary goal of achieving net-zero emissions by 2050, undertaking comprehensive sustainability initiatives. Our commitment to minimizing carbon footprints in our operations, investing in renewable energy, and fostering a culture of environmental responsibility are driving tangible progress towards a sustainable future. Aligning our efforts with the UAE's energy strategy, ABNIC is committed to contributing significantly to the nation's ambitious environmental goals, ensuring a greener and more resilient future.

In February 2023, ABNIC was honored as the Health Insurer of the Year at the prestigious 8th INSURETEK GOLDEN SHIELD EXCELLENCE AWARDS 2023 in Dubai.

1.2 Key Highlights and Milestones



Our Insurance Revenue increased by AED 310,760,690 from 2022 to 2023.



We conducted an equipment shredding operation with SHREDIT, eliminating data securely and contributing to the conservation of approximately 1.58 trees



We formed a sustainability committee in the year 2023, highlighting our commitment to ESG integration into our business



Our investment in digitalization increased by AED 2,367,963.67 from 2022 to 2023 which emphasizes our commitment to promoting digital practices and ESG integration within the framework of our business



We formed a sustainability committee in the year 2023, highlighting our commitment to ESG integration into our business

About ABNIC

Company Overview

Vision, Mission, and Values

Sustainability Strategy and
Governance

Stakeholder Engagement
Summary

Materiality Analysis

2.1 Company Overviews

ABNIC, an Insurer of Choice

Al Buhaira National Insurance Company (ABNIC) has evolved into a major player in the insurance sector of UAE since its inception in 1978.

As a renowned entity in the insurance industry, we are recognized for our reliability, quality, and outstanding customer service. Our journey took a significant step forward in 2005 when we went public on the Abu Dhabi Securities Exchange (ADX), with a capital of AED 250 million.

At present, we offer a wide range of insurance products, including car, medical, property, engineering, energy, liability, aviation, marine, group life, travel, and home insurance. With branches strategically located across the UAE, ABNIC has become a trusted name for individuals and businesses alike.

One of our distinguishing features is that we embrace technological advancements to streamline processes and enhance customer experiences. By leveraging cutting-edge tools and platforms, we aim to provide efficient and accessible services tailored to the needs of our clientele. We're proud to be affiliated with the Emirates Insurance Association.

Beyond our business operations, we demonstrate a commitment to corporate social responsibility, engaging in initiatives that the communities we serve. Through our humanitarian efforts, we aim to make a positive impact beyond our core business operations, reflecting our dedication to societal welfare and ethical business practices.

Our Business Principles

ABNIC has established a solid track record and a positive reputation rooted in robust business principles and our commitment to delivering exceptional customer service. This commitment is upheld by the dedication of our staff and the financial strength we maintain.

Currently, ABNIC covers a wide array of personal and commercial insurance needs, including seven personal product lines and over 30 commercial product lines.

Personal Lines



Motor Insurance



Family Medical Insurance



Travel Insurance



Home Insurance



Jet Ski Insurance



Yacht Insurance



Individual Life Insurance

Commercial Lines



Group Medical Insurance



Group Life Insurance



Motor Fleet Insurance



Aviation Insurance



Marine Cargo Insurance



Goods in Transit



Marine Open Cover



Hauliers Liability



Protection & Indemnity (P&I)



Marine Hull Insurance



Ship Repair Legal Liability



Builder Risks

Property



Property all Risks Insurance



Hotel Comprehensive Insurance



Fire and Allied Perils



Strata Insurance



Burglary

Liability Lines



Product Liability



Directors' and Officers' Liability



Public Liability



Employees Liability



Workmen's Compensation



Medical Malpractice



Professional Indemnity for Architects, Lawyers, Accountant, etc.

Engineering Lines



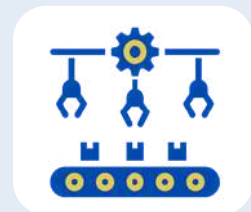
Contractor's All Risks



Erection All Risks



Contractor's Plant & Machinery



Machinery Breakdown



Electronic Equipment



Boiler and Pressure Plant

Miscellaneous



Deterioration of Stock



Banker's Blanket



Fidelity Guarantee



Money Insurance



Personal Accident

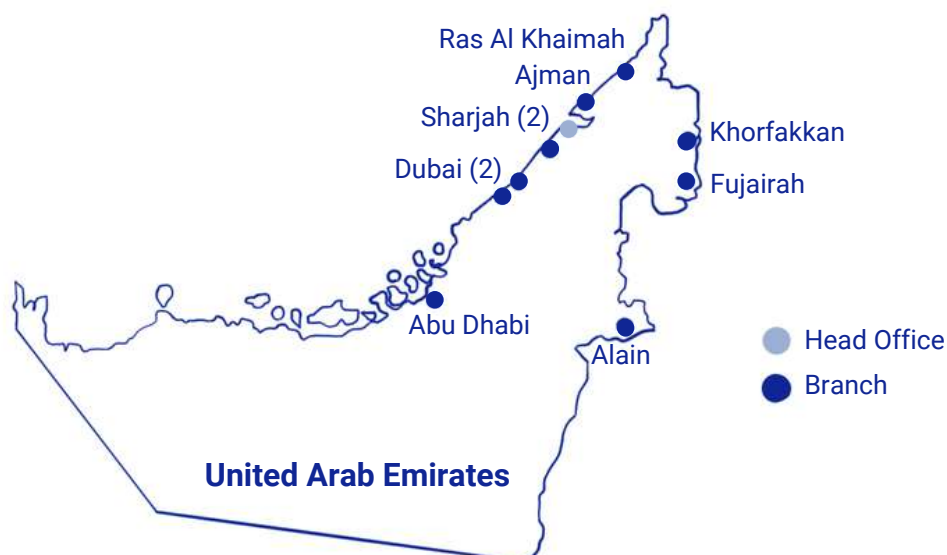


Jeweler's Block

Our Operations and Products

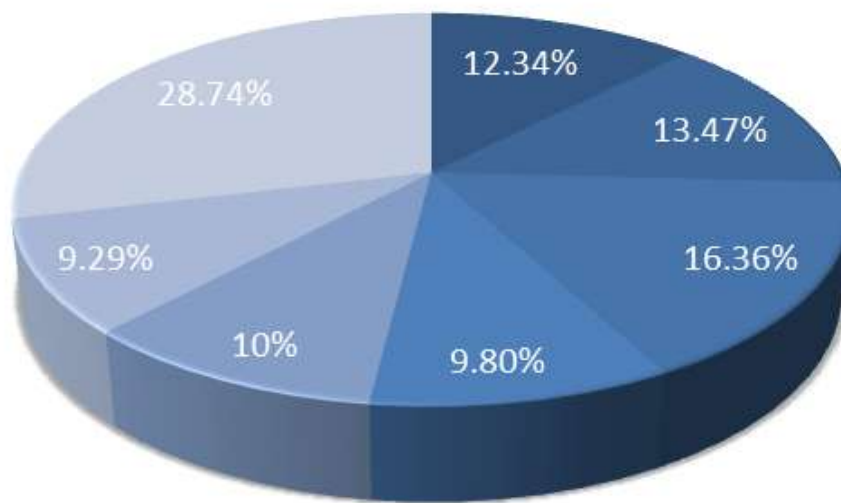
ABNIC has a presence across various cities and regions, operating with nine branches and 14 points of sale. Our services extend to Sharjah, Dubai, Abu Dhabi, Al Ain, Ajman, Fujairah, Hatta, Kalba, Khor Fakkan, and Umm Al Quwain.

We are proud to announce the opening of a new branch in **Ras Al Khaimah** in 2023, further expanding our reach and accessibility to serve our valued customers.





Shareholders



- 1 Sheikh Faisal Bin Khalid Bin Sultan Al-Qasimi
- 2 Sheikh Abdullah Bin Mohammed Ali Al Thani
- 3 Salem Abdullah Al Hosani
- 4 Umm Al Qaiwain General Investments P.S.C
- 5 FAB Private Bank (Suisse) SA
- 6 Suha Alami Fawzi Al-Nabulsi
- 7 Others

ABNIC operates as a public company, with foreign ownership at 0.01%, GCC nationals holding 79.89%, UAE nationals at 10.1%, and Arab countries accounting for the remaining ownership.

Economic Performance

Parameter	2022	2023
Insurance revenue	879,881,171	1,190,641,861
Insurance service expenses	(1,022,783,579)	(1,196,342,629)
Insurance service result before reinsurance contracts held	(142,902,408)	(5,700,768)
Allocation of reinsurance premiums	(682,584,155)	(841,062,128)
Amounts recoverable from reinsurance for incurred claims	778,255,012	707,183,749
Net expenses from reinsurance contracts held	95,670,857	(133,878,379)
Insurance service result	(47,231,551)	(139,579,147)
Investment and other income	33,429,894	42,760,945
Total investment income	33,429,894	42,760,945
Insurance finance income for insurance contracts issued	(1,477,369)	(22,743,465)
Reinsurance finance expense for reinsurance contracts held	662,481	12,845,665
Net insurance financial result	(814,888)	(9,897,800)
General and administrative expenses	(7,418,897)	(6,792,319)
Finance costs	(11,186,227)	(18,881,763)
Finance costs - lease	(650,822)	(372,384)
Total	(19,255,946)	(26,046,466)
Loss for the year	(33,872,491)	(132,762,468)
Tax payments	37,550,000	49,517,041
Community investments	942,812	1,223,755
Total Salaries & Benefits	36,670,335	37,599,792

2.2 Vision, Mission, and Values



Vision

To be the preferred insurance provider in the region.



Mission

To provide the right insurance services coupled with integrated solutions that meet customer needs



Values

Our values are integrated in our shield:

S – Security
H – Honesty
I – Integrity
E – Excellence
L – Leadership
D – Dependability



ABNIC is your insurer of choice for the following reasons -

1. **Simple and straightforward claim procedures.**
2. **Providing outstanding service since 1978.**
3. **Having strong financial stability, liquidity, and ample capital.**
4. **Being recognized and awarded by the Insurance Authority.**
5. **Offering innovative and forward-thinking insurance solutions.**
6. **Offering a wide variety of coverage options to meet clients' insurance needs.**
7. **Operating a 24/7 medical claims support center.**
8. **Offering digital services for added convenience.**

2.3 Sustainability Strategy and Governance

Al Buhaira Insurance recognizes the critical role of sustainability in its long-term success and commitment to creating value for stakeholders. Our sustainability strategy and governance framework are integral components of our business model, reflecting our dedication to responsible and ethical practices.

Sustainability Strategy

At the core of our sustainability strategy is a commitment to environmental, social, and economic considerations. Al Buhaira Insurance seeks to integrate sustainable practices into its operations by continuously assessing and addressing the impact of its activities. Our strategy contains the following key pillars:



Environmental Stewardship:

- Implementing energy-efficient practices to reduce our carbon footprint.
- Promoting waste reduction and responsible resource consumption.
- Supporting initiatives that contribute to environmental conservation.



Social Responsibility:

- Encouraging a diverse and inclusive workplace that values employees' well-being.
- Engaging in community development projects and philanthropic initiatives.
- Ensuring fair and ethical business practices across the value chain.



Economic Resilience:

- Investing in innovation and technology to enhance operational efficiency.
- Collaborating with suppliers and partners who share our commitment to sustainability.
- Providing financial education and insurance solutions that contribute to economic stability.



Governance Framework

Our sustainability governance framework is designed to ensure effective oversight, transparency, and accountability in implementing our strategy. Key components of our governance structure include:



Board Oversight:

- Our Board of Directors actively engages in overseeing and guiding our sustainability efforts, aligning them with the company's long-term vision.



Executive Leadership:

- Our executive leadership team is responsible for embedding sustainability into business operations and driving the integration of sustainable practices.



Stakeholder Engagement:

- Regular communication and collaboration with stakeholders, including customers, employees, regulators, and investors, to incorporate diverse perspectives into decision-making.



Reporting and Transparency:

- Al Buhaira Insurance is committed to transparent reporting on sustainability performance. We align with international reporting standards, providing stakeholders with a comprehensive view of our progress and challenges.

2.4 Stakeholder Engagement Summary

This chapter delves into our commitment to stakeholder engagement, materiality analysis, and advancing sustainable development goals. As a corporate entity, we recognize the importance of actively involving stakeholders, conducting rigorous materiality assessments, and aligning our initiatives with sustainable development goals. This chapter provides insights into our collaborative efforts with stakeholders, thorough analysis of material issues, and strategic alignment with global sustainability objectives. Through these endeavors, we aim to enhance transparency, accountability, and positive impact, contributing to a sustainable future for all.

Commencing dialogue with recognized stakeholders, including customers, management and employees, shareholders, government entities, business partners, rating agencies, and the community, is a vital first step in pinpointing the ESG topics most relevant to our business. By gaining insight into the concerns and priorities of these diverse stakeholders, we not only create value for them but also progress towards the goal of building a sustainable business.

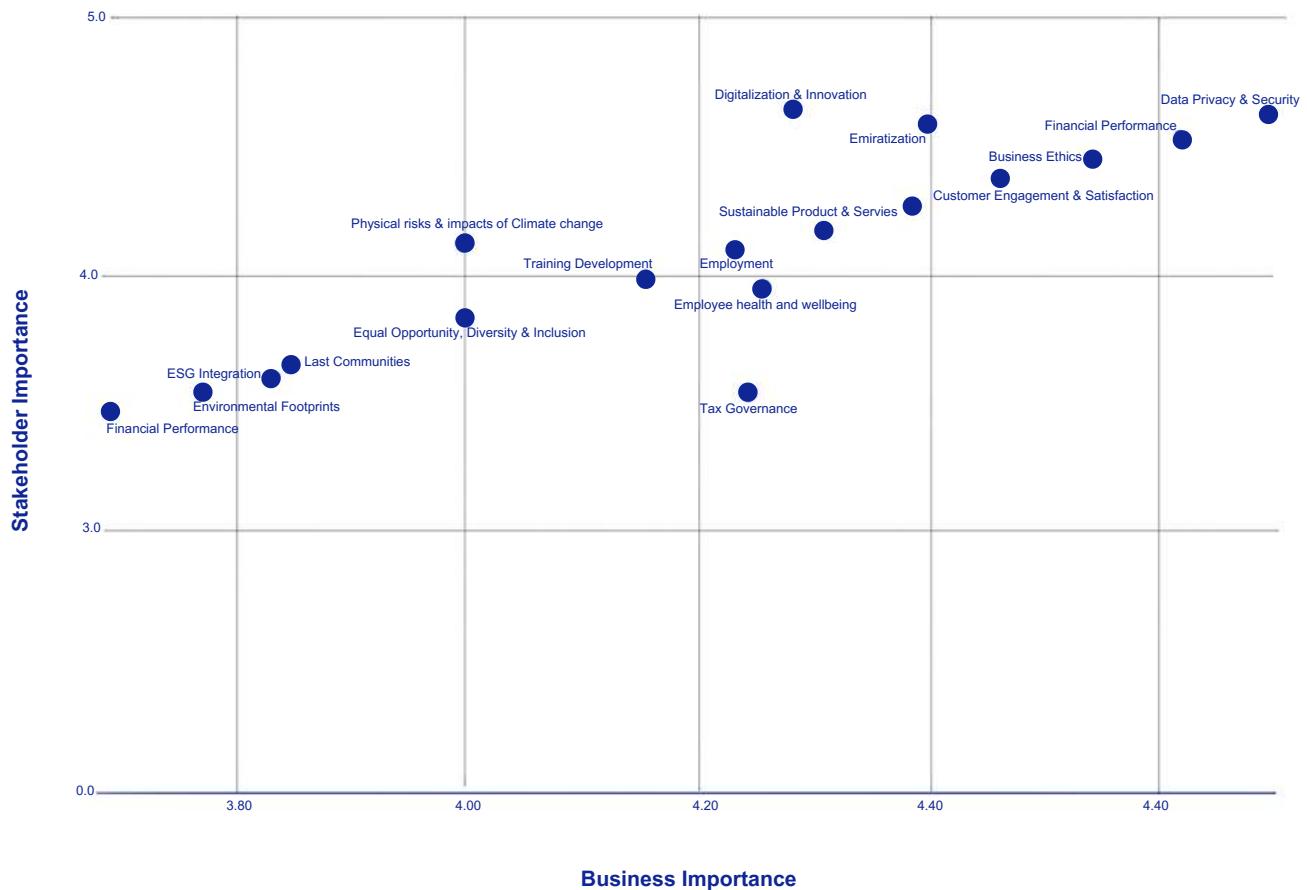
The following table outlines our stakeholders and the approaches employed to actively engage with them.

Stakeholder Groups	Method of Engagement
Customers	<ul style="list-style-type: none">• Website• Marketing Material• Social Media• Online Reviews• Complaints or Suggestions platform - Directly to ABNIC or through the Central Bank's website
Management & Employees	<ul style="list-style-type: none">• Training and Development• Events• Internal Announcements• Performance Appraisal• Exit Interviews

Shareholders	<ul style="list-style-type: none"> • Regular Communication • Annual General Meeting • Corporate Regulatory Disclosures
Government 1. CBUAE/Insurance Sector 2. Securities & Commodities Authority 3. Abu Dhabi Securities Exchange	1 a) Regular Communication through Reporting requirements and meetings 1 b) Regular Announcements 2 a) Financial results submission with quarterly communication 2 b) New Regulatory Requirements through email 3 a) Regular Interaction through reporting requirements 3 b) Interactions through webinars 3 c) Frequent Announcements
Business Partners 1. Reinsurers 2. TPAs 3. Brokers	<ul style="list-style-type: none"> • Regular communication related to business coordination, development, and agreement renewal
Rating Agencies	Annual interaction during the process of the rating review
Community	<ul style="list-style-type: none"> • Regular local community-related initiatives, donations, and volunteering activities



2.5 Materiality Analysis



In 2023, ABNIC conducted a comprehensive stakeholder engagement initiative through surveys, enhancing its understanding of stakeholder perspectives. Our assessment and prioritization of material Environmental, Social, and Governance (ESG) topics involve a dual methodology. This entails identifying the topics that significantly affect our business and recognizing the factors in which our operations exert the most influence.

Beyond stakeholder engagement, this methodology is reinforced by peer reviews to pinpoint topics deemed material to our company. Through this systematic approach, we concluded the compilation of the following list of – ESG topics that form the basis of the Sustainability Report for the year 2023.

Sustainability Framework & Strategy

Overview of Sustainability Frameworks Adopted

Long-term Sustainability Goals and Objectives



3.1 Overview of Sustainability Frameworks Adopted

This sustainability report is in line with the below disclosures, ensuring transparency and alignment with global sustainability goals. By following the GRI framework, we provide detailed insights into our economic, environmental, and social performance, demonstrating our commitment to sustainable development and accountability to stakeholders.



GRI (Global Reporting Initiative):

- GRI is a widely renowned framework for sustainability reporting that helps organizations disclose their economic, environmental, and social impacts transparently to stakeholders.



ADX (Abu Dhabi Securities Exchange):

- ADX is a stock exchange located in Abu Dhabi, UAE, facilitating the trading of various financial instruments such as stocks, bonds, and ETFs.



UNSDG (United Nations Sustainable Development Goals) disclosures:

- UNSDG disclosures involve organizations reporting their efforts towards achieving the UN's Sustainable Development Goals, addressing global challenges like poverty, inequality, and climate change. These disclosures enable stakeholders to evaluate an organization's sustainability practices and contributions to societal and environmental well-being.

This report is prepared following the below parameters:



Reporting Scope-

- This report is prepared in alignment with our operation within the UAE, headquartered in Sharjah and other branches across the Country including Dubai, Abu Dhabi, Ajman, Al Ain, Ras Al Khaimah, Fujairah, Khorfakkan.



Comparable Data-

- This report highlights our significant performance for the years 2023, 2022, and 2021.



Assurance-

- We have opted for internal assurance this year. The information contained in this report has been confirmed through an internal review process involving stakeholder feedback and departmental sign-off on their respective sections.



Forward Looking Statements-

- Forward-looking statements are uncertain given the external factors that could cause an impact on the environment in which the company operates.
- We hold no obligation to publicly update or revise our forward-looking statements throughout the upcoming fiscal year except if applicable by law. Therefore, our internal audit team is not under the scope to form an opinion on these forward-looking statements.

In 2023, ABNIC, a UAE-based company with over 44 years of experience in the insurance sector, aligns its business model with key government economic, social, and environmental strategies and initiatives. The UAE was among the early adopters of the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs), providing a universal framework for countries to enhance lives, protect the planet, and promote peace and prosperity by 2030.






















Enacted in 2015 by all UN Member States, the SDGs establish global priorities for sustainable development, calling for collaboration among governments, businesses, civil society, and academia to achieve these objectives. Beyond generating economic prosperity, businesses play a pivotal role in supporting efforts to address global challenges outlined in the SDGs, with climate change prominently featured in SDG13, Climate Action.

The UAE is determined to take a leading role in advancing global climate action. In November 2023, it hosted the 28th Conference of the Parties (COP28) in Dubai Expo City, bringing together stakeholders worldwide to explore strategies for addressing the challenge of climate change and fulfilling the goals of the Paris Agreement.

Aligning to its commitment, ABNIC has set clear ESG goals and is diligently working towards their realization. The company places a strong emphasis on promoting a workplace culture that adheres to established best practices, promoting a foundation built on accountability, transparency, and integrity in all business transactions. This internal commitment ensures that every member of the workforce actively contributes to the overall success of ABNIC's sustainability initiatives.

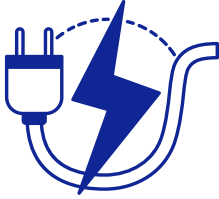
Insurance providers, including ABNIC, play a crucial role in fortifying individuals, businesses, and communities against the adverse effects of climate change and unforeseen events, contributing significantly to the SDGs. Positioned strategically, ABNIC aims to drive sustainable growth in core UAE industries such as real estate, construction, hospitality, and tourism. Aligned with the 'We the UAE 2031' Vision, outlining a 10-year strategy for attracting investments and promoting sustainable innovation, our responsible, ESG-oriented operations actively support the UAE's transformation into a global economic hub.



	Relevant SDG
We propose conducting a feasibility study to evaluate the integration of ESG principles into our products and services, aiming to establish measurable targets for ESG integration	
Indoor planting and green decor workshop promoting environmental stewardship and sustainable living practices.	   
Electricity conservation initiative through lunchtime power-off, promoting a culture of energy mindfulness.	    
Shredding for secure data destruction and paper consumption reduction campaigns.	    
Information security awareness session to reinforce vigilance in safeguarding sensitive information and customer privacy.	 
Yoga and Exercise Workshop	 
Development of a Sustainability Committee	
Meditation Session	 

3.2 Long-term Sustainability Goals and Objectives

Future Long-term (3-5 Years) Sustainability Goals



Electricity Consumption :

- Aim to reduce overall electricity consumption by 15% through the adoption of renewable energy sources, energy-efficient infrastructure, and smart office solutions.



Water Consumption:

- Target a 10% reduction in water consumption by implementing water-saving fixtures, recycling water where possible, and raising awareness among employees about water conservation.



Paper Consumption:

- Move towards a paperless environment, aiming for a 30% reduction in paper use by enhancing digital workflows, online document handling, and promoting digital communication internally and externally.



Responsible Governance

Board of Directors &
Committees

Enterprise Risk Management

Compliance and Ethical
Business Conduct

4.1 Board of Directors & Committees

At ABNIC, ethical governance is a foundational pillar guiding our identity and operations. As a leading player in the insurance industry, we prioritize integrity, accountability, and transparency in all our endeavors. This section explores ABNIC's governance framework, policies, and initiatives, highlighting our unwavering commitment to the highest standards of corporate conduct. By promoting a culture of responsible governance, we aim to build trust, promote sustainability, and excel in serving our customers and stakeholders.

As we delve into the roles and responsibilities of the board of directors and committees in the corporate landscape by exploring their functions in setting and enforcing ethical guidelines, as well as their contributions to fostering integrity and trust, we realize the importance of regulatory oversight in upholding high standards and promoting responsible conduct.

As the ultimate guiding body, the board of directors charts the company's strategic course, ensuring it adheres to sound principles and prioritizes stakeholder interests. Entrusted with making key decisions, overseeing leadership, and setting the cultural tone, they promote transparency, accountability, and ethical practices. Their efforts cultivate a strong reputation and also sustainable growth. In essence, they serve as pillars of responsible governance, steering the organization towards a future anchored in integrity and conduct.



Responsibilities Assigned by the Board of Directors to the Executive Management:

- The Board of Directors has delegated the authority to oversee all core operations outlined in the Company's Articles of Association (such as insurance and reinsurance activities, and the disbursement of accident compensation), to the executive management, while ensuring decisions are made in the company's best interest.
- The Executive Management must report decisions concerning the company's strategic policies back to the Board of Directors. The Managing Director may be authorized by the Board to handle such matters.

Committees -

A. Audit Committee:

The Audit Committee serves as a crucial component of corporate governance, tasked with ensuring transparency, integrity, and accountability in financial reporting and internal controls. Comprising independent directors with financial expertise, the committee plays a pivotal role in overseeing the company's financial affairs and safeguarding the interests of shareholders.



Functions of the Audit Committee:

- Development and implementation of the contracting policy with the external auditor, providing recommendations to the Board of Directors on significant issues identified for corrective action.
- Monitoring and assessing the independence and objectivity of the external auditor, including discussions on the audit's nature, scope, and effectiveness in accordance with approved auditing standards.
- Oversight of the integrity of the company's financial statements, reports, and adherence to accounting standards and legal requirements.
- Collaboration with the Board of Directors, Executive Management, and relevant stakeholders to fulfill its duties, including regular meetings with the external auditor.
- Reviewing financial controls, internal control systems, and risk management protocols.

- Addressing main investigations in internal control matters and ensuring coordination between the internal and external auditors.
- Evaluating financial and accounting policies and procedures, as well as the External Auditor's work plan and queries.
- Ensuring compliance with regulations and laws in the United Arab Emirates.
- Seeking assistance from independent consultants when necessary for specialized studies to fulfill their duties effectively.
- Serving as the liaison between the Board of Directors and internal auditors, reporting key issues to the Board and facilitating effective communication channels.

B. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee plays a vital role in ensuring the integrity, competence, and accountability of the company's leadership and workforce. Comprising independent members with expertise in corporate governance and human resources, the committee is entrusted with the responsibility of overseeing the nomination process for the Board of Directors and evaluating the remuneration policies for senior executives and employees.



Functions of the Nomination and Remuneration Committee:

- Safeguarding the independence of independent members within the Board of Directors, ensuring impartiality and objectivity in decision-making processes.
- Formulating and annually reviewing policies for granting bonuses, benefits, incentives, and salaries to the members of the Board of Directors and employees, while ensuring the fairness and proportionality of remuneration packages for the Executive Management.
- Identifying the company's competency needs at the senior executive management and employee levels and establishing criteria for their selection.
- Developing and periodically reviewing the company's Human Resources policies and training programs to align with organizational objectives and regulatory requirements.
- Facilitating and overseeing the nomination process for the Board of Directors in accordance with applicable laws and regulations, adhering to established standards of institutional discipline and governance.

- Assessing the structure of the Board and providing recommendations for potential changes to enhance its effectiveness and composition in the upcoming sessions.

C. Investment Committee:

The Investment Committee, comprising experts in finance and risk management, plays a pivotal role in guiding the company's investment strategies. Collaborating closely with the Board of Directors, the committee ensures that investment decisions are aligned with the company's strategic objectives and financial goals, ultimately driving value creation and enhancing shareholder confidence in the company's financial stewardship.



Functions of the Investment Committee:

- Conducting regular meetings to review and analyze investment opportunities, ensuring thorough assessment and evaluation of potential risks and returns.
- Developing investment strategies and policies aligned with the company's overall objectives and risk tolerance.
- Identifying and recommending suitable investment opportunities that align with the company's financial goals and investment criteria.
- Monitoring the performance of existing investments and portfolios, conducting periodic reviews to assess their continued alignment with strategic objectives and market conditions.
- Evaluating the diversification of investment portfolios to manage risk effectively and optimize returns.
- Collaborating with external advisors, investment managers, and experts to gather insights and expertise in specialized areas.
- Providing guidance and recommendations to the Board of Directors on investment decisions, ensuring transparency and accountability in the investment process.
- Ensuring compliance with regulatory requirements and ethical standards in all investment activities.
- Reporting regularly to the Board of Directors and stakeholders on investment performance, strategies, and significant developments.
- Continuously reviewing and refining investment policies and procedures to adapt to changing market dynamics and maximize investment opportunities.

D. Insider Trading Follow-up and Supervision Committee:

The Insider Trading Follow-up and Supervision Committee plays a crucial role in safeguarding the integrity and transparency of trading activities within the company. Comprised of independent members with expertise in financial markets and regulatory compliance, the committee is responsible for overseeing and enforcing policies to prevent insider trading and ensure compliance with relevant regulations.



Functions of the Insider Trading Follow-up and Supervision Committee:

- Holding regular meetings at least twice per annum to review and assess insider trading activities and compliance with trading policies.
- Formulating declarations of insiders and supervising their contracts to ensure transparency and accountability in trading practices.
- Promptly informing regulatory authorities such as the Abu Dhabi Financial Market and the Securities and Commodities Authority in the event of any violation of trading policy requirements by insiders.
- Reviewing trading reports submitted by insiders at the end of each quarter of the fiscal year to monitor trading activities and identify any irregularities.
- Conducting an annual review of the trading policy of insiders to ensure alignment with disclosure, transparency, and governance requirements.

E. Sustainability Committee:

We are pleased to announce the establishment of our Sustainability Committee for the year 2023, reflecting our firm commitment to environmental, social, and governance (ESG) principles. This committee, comprising individuals deeply committed to sustainable practices, will diligently pursue objectives aimed at reducing our carbon footprint, promoting energy efficiency, and integrating sustainable sourcing strategies. Through collaborative efforts and a dedication to responsible stewardship, we aspire to make meaningful contributions toward a more sustainable future for our organization and the broader community.



The establishment of this committee marks a pivotal step in addressing the environmental and social challenges facing ABNIC while promoting a proactive outlook toward sustainability. Tasked with spearheading our commitment to sustainable practices, the committee will play a vital role in crafting and executing strategies aimed at reducing our environmental footprint, championing sustainability, and promoting active engagement among employees, customers, and stakeholders.

Functions of the Sustainability Committee:

- Development and implementation of sustainability policies and procedures.
- Engagement with consultants for reporting and compliance.
- Monitoring and reporting on sustainability performance.
- Engagement of employees and stakeholders in sustainability initiatives.
- Identification and mitigation of sustainability risks and opportunities.
- Promotion of sustainable practices throughout the organization.

F. General Insurance Committee:

The General Insurance Committee serves as a vital forum within our organization, focusing on the broader aspects of insurance beyond specific lines. Comprising seasoned professionals from diverse backgrounds within the industry, this committee plays a pivotal role in shaping the strategic direction and policies related to general insurance products and services.



Functions of the General Insurance Committee:

- Formulating and revising policies and guidelines for various general insurance products.
- Analyzing market trends and competitive landscapes to ensure our offerings remain relevant and competitive.
- Reviewing claims processes and underwriting standards to maintain high service quality and profitability.
- Providing insights and recommendations on risk management strategies to safeguard the interests of the company and its clients.

G. Motor Committee:

The Motor Committee is dedicated to addressing the unique challenges and opportunities within the motor insurance sector. Composed of experts with extensive experience in motor insurance underwriting, claims, and risk management, this committee endeavors to enhance our motor insurance offerings and streamline operational efficiencies.



Functions of the Motor Committee:

- Assessing and adapting to regulatory changes affecting the motor insurance industry.
- Developing innovative products and services tailored to the evolving needs of motorists and vehicle owners.
- Implementing strategies to mitigate risks associated with motor insurance claims and fraud.
- Collaborating with automotive industry stakeholders to promote road safety initiatives and minimize accident-related losses.

H. Medical Committee:

The Medical Committee focuses on the intricacies of health insurance, aiming to optimize our healthcare coverage offerings and ensure the well-being of policyholders. Comprised of healthcare professionals, actuaries, and insurance experts, this committee works tirelessly to strike a balance between comprehensive coverage and cost-effectiveness.



Functions of the Medical Committee:

- Reviewing and updating health insurance policies to reflect advancements in medical treatments and technologies.
- Evaluating provider networks and negotiating contracts to enhance access to quality healthcare services for policyholders.
- Implementing preventive care programs and wellness initiatives to encourage healthier lifestyles among insured individuals.
- Monitoring medical inflation trends and conducting actuarial analyses to maintain the sustainability of health insurance products.

I. IT Governance Committee:

The IT Governance Committee, comprising senior management and the head of IT, is tasked with supervising all aspects of data privacy and protection, reporting directly to the general manager.



Functions of the IT Governance Committee:

- Continuously reviewing and updating policies
- Overseeing the implementation of operational procedures
- Managing critical issues, such as cybersecurity
- All decisions concerning the security of IT infrastructure require approval from the committee.

Our robust IT infrastructure systems ensure the protection of both internal and external data. Notable features include:

- Data backups
- Individual password protection
- Multi-factor authentication
- Security firewalls
- Email security gateway with advanced threat prevention
- Next-generation anti-virus software

J. Information Security Management Committee:

The Information Security Management Committee (ISMC) oversees ongoing risk management activities and conducts security audits to proactively identify potential risks and vulnerabilities within the IT/data infrastructure, addressing them preemptively. Their role includes managing the Continual Improvement Program to ensure employees are well-informed about and adhere to the company's security protocols consistently.



Comprised of IT/security professionals and senior management representatives, the committee collaborates closely with various departments to integrate information security measures seamlessly into the company's overall business objectives. Additionally, they ensure compliance with industry standards and regulations pertinent to information security.

The Information Security Management Committee is committed to enhancing ABNIC's defensive capabilities against digital threats. Employing strategic planning and collaborative efforts, the committee sets importance on safeguarding sensitive data and maintaining stringent cybersecurity protocols.

Functions of the Information Security Management Committee:

- Oversight of Risk Management: Monitoring and evaluating ongoing risks, conducting security audits, and implementing preemptive measures.
- Continual Improvement Program Management: Ensuring employee adherence to security protocols through training and policy updates.
- Collaboration with Departments: Integrating security measures into processes and projects across the organization.
- Compliance Management: Ensuring alignment with industry standards and regulations.
- Representation and Expertise: Bringing together diverse perspectives to address security challenges effectively.



4.2 Enterprise Risk Management

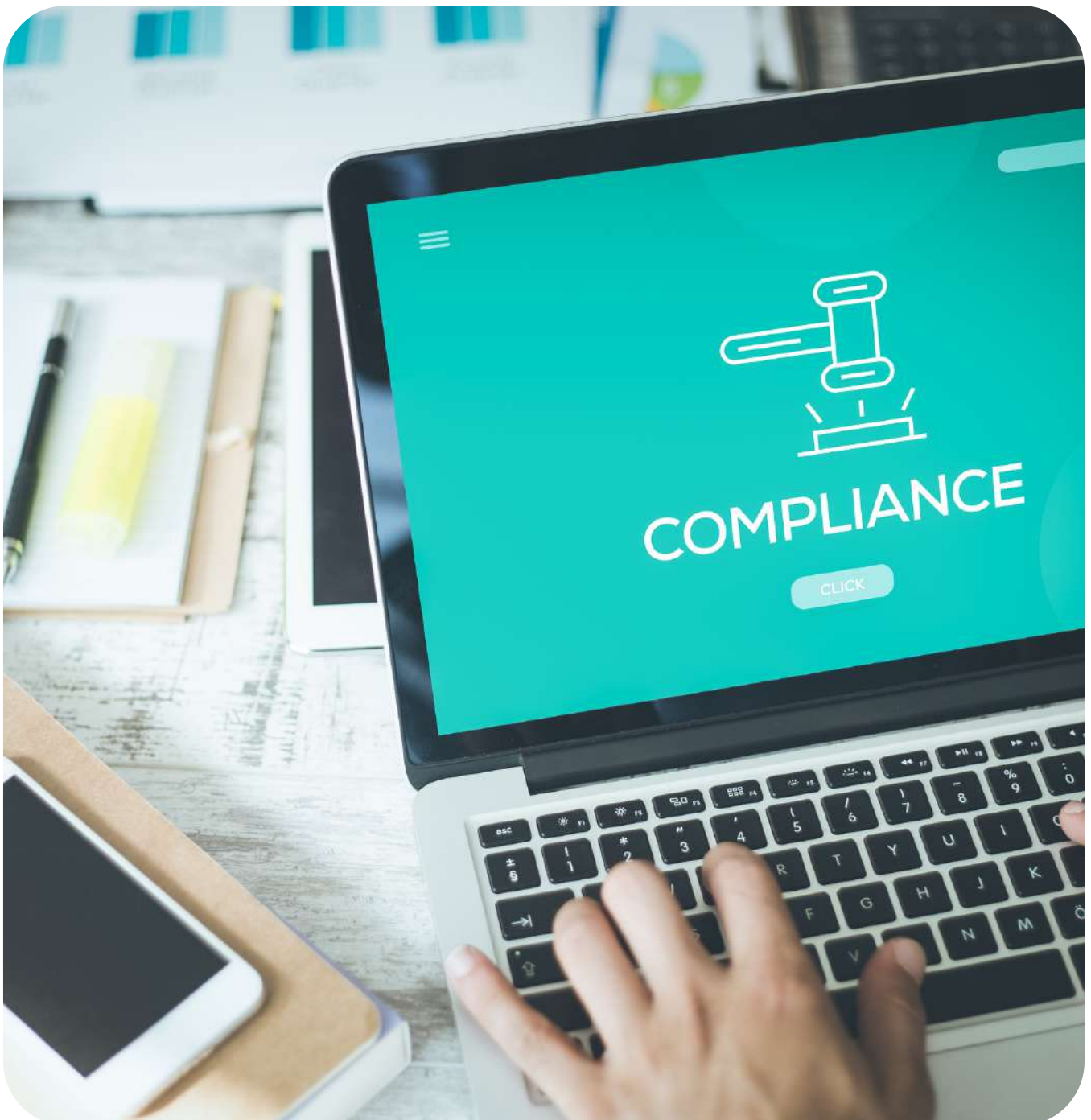


Implementing a robust Enterprise Risk Management (ERM) framework is crucial for ABNIC. It enables proactive identification, assessment, and mitigation of organizational risks. The Board of Directors is entrusted with this vital responsibility and diligently oversees the development and strict implementation of an effective risk management system.

By continually enhancing its ERM processes and embracing industry standards, ABNIC remains agile in navigating dynamic market conditions while seizing opportunities for sustainable growth. The integration of risk management principles into strategic decision-making promotes a culture of accountability and prudent risk-taking across all levels of the organization. Through these proactive measures, ABNIC strives to uphold its reputation as a trusted leader in the insurance industry, delivering value and peace of mind to its clients and investors alike.

4.3 Compliance and Ethical Business Conduct

Ensuring regulatory compliance and maintaining robust internal controls are imperative for the smooth and ethical operation of any organization. At ABNIC, we recognize the importance of establishing a comprehensive Internal Control and Compliance System to uphold integrity, mitigate risks, and safeguard stakeholders' interests. This section delves into the mechanisms and policies that underpin ABNIC's commitment to regulatory adherence and operational excellence.



Internal Control and Compliance System:

An effective internal control system is essential for organizational integrity, ensuring that all business decisions adhere to internal and external regulations while facilitating efficient and effective operations. Within ABNIC, this system is overseen by a dedicated department comprising the Financial Control Manager, the Compliance Officer, and the Internal Audit Manager. Together, they develop a framework designed to enforce adherence to corporate policies and regulatory requirements, thereby managing operational risks with precision and diligence.

ABNIC's set of corporate policies outlines the steps needed to reduce operational risks and promote accountability throughout the organization. Central to this framework is the Compliance Function, which holds importance in ensuring adherence to regulatory mandates and internal protocols. Key policies administered by the compliance function include:

Compliance Policy:

This policy provides a comprehensive framework for adhering to regulatory requirements stipulated by various regulatory bodies, including ADX, SCA, XBRL, CBUAE, UAE Labor Laws, UAE Federal Tax Authority Regulations, DHA, HAAD, and UAE AML regulations. By aligning with these standards, ABNIC reinforces its commitment to ethical conduct and regulatory compliance in all aspects of its operations.

AML/CFT Policy:

ABNIC's Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) Policy protects against illegal financial activities. By implementing stringent measures and training protocols, ABNIC ensures that its operations are not utilized for money laundering or terrorist financing purposes. Employees are equipped with the knowledge and tools necessary to detect and report suspicious activities promptly, thus strengthening the company's defenses against financial crime.

Whistleblowing Policy:

ABNIC promotes a culture of transparency and accountability through its Whistleblowing Policy, which empowers employees to report any instances of misconduct or breaches of internal processes. By providing a safe avenue for voicing concerns, ABNIC demonstrates its strong commitment to upholding responsible standards and maintaining organizational integrity.

Environmental Stewardship

GHG Analysis and Reduction Strategies

Energy Management and Efficiency Improvements

Water Management and Conservation Efforts

Waste Management and Recycling Programs

Environmental Initiatives



5.1 GHG Analysis and Reduction Strategies

Understanding the impact of greenhouse gas emissions on climate change, we are committed to a comprehensive GHG analysis as an integral component of our sustainability initiatives. Recognizing the inherent risks posed by climate change, especially in the insurance industry, our analysis aims to quantify and mitigate the carbon footprint associated with our operations. By adopting this, we strengthen our resilience to climate-related risks while contributing to shaping a more sustainable future for the insurance industry as a whole. ABNIC's commitment to GHG analysis highlights our standpoint in addressing environmental challenges and aligning our business practices with the evolving landscape of climate-conscious insurance solutions.

5.2 Energy Management and Efficiency Improvements

ABNIC is dedicated in its efforts towards effective energy management. As a forward-thinking insurance provider, we prioritize sustainable practices to minimize our environmental impact. Through a focus on energy efficiency, reduction strategies, and embracing innovative solutions, ABNIC is actively contributing to a greener and more sustainable future.

Electricity Conservation Initiative:

ABNIC actively conserves energy by switching off electricity during lunch breaks. This practice not only reduces our overall energy consumption but also promotes a culture of mindfulness among employees. It reflects our commitment to sustainability and responsible energy management.

5.3 Water Management and Conservation Efforts

ABNIC is committed to implementing best practices for water conservation across its operations. We recognize the importance of responsible water management in preserving this precious resource for future generations. Through the adoption of techniques and the integration of innovative technologies, we aim to minimize our water usage. We actively seek out strategic partnerships to further enhance our water management efforts. By continually refining our approaches and collaborating with stakeholders, we aim to ensure that our water conservation initiatives align with our broader sustainability objectives. Our ultimate goal is to contribute to a more resilient and water-secure future where the needs of both people and the planet meet harmoniously.

5.4 Waste Management and Recycling Programs

At ABNIC, we are committed to implementing sustainable waste management practices. Our initiatives encompass internal practices and collaborative efforts with suppliers and partners to optimize resource utilization throughout our value chain. By prioritizing waste reduction and responsible disposal methods, ABNIC aims to contribute to the preservation of natural resources, reduce pollution, and promote a circular economy. Through ongoing evaluation and improvement of our waste management processes, we are dedicated to achieving our sustainability objectives while promoting a cleaner, healthier future.

SHRED IT

Our IT department successfully conducted an equipment shredding operation, securely eliminating all data and contributing to the conservation of approximately 1.58 trees. This effort underscores our dedication to client data protection and our commitment to environmental sustainability.

We disposed of 144 hard disks in an environmentally responsible manner, ensuring that we upheld our commitment to sustainability and minimized our ecological footprint.

» Paper Reduction Initiatives-

ABNIC has implemented a series of innovative measures to transition towards a paperless workplace, leveraging technology and strategic initiatives to reduce paper usage across our operations. These developments include:



Managed Print Services (Canon's uniFLOW Platform):

Through centralized and controlled document management, we have significantly reduced paper usage within our organization. This system allows for efficient printing practices, minimizing unnecessary waste and promoting environmentally sustainable practices.

Social Media Campaigns:

We have launched targeted social media campaigns to promote the adoption of digital solutions and highlight the benefits of reducing paper consumption among our employees and stakeholders. By raising awareness and encouraging behavior change, we aim to further drive our paperless agenda.

ABNIC Smart App:

Our innovative Smart App is seamlessly integrated with banking systems, eliminating the need for printing physical cheques. By facilitating electronic transactions and digital payments, we not only streamline processes but also contribute to the reduction of paper usage in financial transactions.

Managed WiFi:

Our managed WiFi services have simplified guest access to our network, providing seamless connectivity without the need for printed access credentials. By offering convenient and efficient digital solutions, we reinforce our commitment to creating a paperless environment.

These initiatives align with our commitment to sustainability and highlight our dedication to protecting sensitive information while nurturing a cleaner, greener future.

5.5 Environmental Initiatives

At ABNIC, we understand the critical importance of environmental stewardship in today's world. As a leading insurance provider deeply embedded in our communities, we recognize the direct link between our operations and the health of the individuals. This section of our sustainability report highlights ABNIC's dedication to minimizing our ecological footprint through innovative practices, responsible policies, and strategic partnerships. In light of recent global efforts of COP28 hosted by the UAE in 2023, to address climate change, we remain committed to integrating sustainability into our core business strategies.

From reducing carbon emissions and energy consumption, recycling initiatives to supporting biodiversity conservation and environmental education, our efforts are integral to promoting a sustainable future. By integrating sustainability into our core business strategies, we fulfill our corporate responsibilities while contributing to building a healthier, more resilient planet for generations to come.



We organized an indoor planting and green decor workshop focused on promoting environmental stewardship. Participants learned about office-friendly plants and sustainable practices, highlighting the importance of integrating greenery into our daily lives. Through hands-on demonstrations and plant giveaways, we encouraged sustainable living practices and the promotion of a greener future.



Planting for a healthier planet! ABNIC's Abu Dhabi team embraced sustainability with a guided plantation drive at West Yas Community Park organized by our sustainability partners, The One Percent.

Social Responsibility

Human Assets and Workforce Analytics

Equal Opportunity, Diversity, and Inclusion (DEI) Initiatives

Health, Safety, and Wellbeing

Training & Development and Career Advancement

Giving Back to the Community

Cultural Celebrations



6.1 Human Assets and Workforce Analytics

Our employees, diverse in talents and experiences, are the foundation of our commitment to responsible business practices. We prioritize their well-being through comprehensive training, health initiatives, and fair labor practices, encouraging a culture of inclusivity where every voice is valued. By advocating diversity and equal opportunities, we enrich our workforce and drive positive change within our communities. At ABNIC, our dedication to social responsibility is manifested by our relentless support for our human assets, who drive us towards a sustainable and inclusive future.

We offer competitive remuneration packages including various benefits that go beyond UAE Labor Law requirements, including:



Group Life Insurance



Disability Coverage



Provident Fund



Annual Airlines Tickets



Staff Funds



Medical Insurance



Bonus if approved by Board of Directors



Hajj and Umrah Leave

6.2 Equal Opportunity, Diversity, and Inclusion (DEI) Initiatives



At ABNIC, we prioritize promoting diversity and ensuring equal opportunities throughout our organization. From inclusive recruitment practices to community engagement, we prioritize a culture that values and respects individual differences. Our ongoing efforts are aimed at creating a workplace where everyone, regardless of background, can thrive and contribute meaningfully. We recognize the strength that diverse perspectives bring to our organization, driving innovation and resilience. Transparent reporting allows us to share our progress and challenges on this journey. We actively seek collaboration with stakeholders to collectively build a more inclusive and sustainable future. By championing diversity in all its forms, we aim to create positive change not only within our organization but also in the broader communities we serve.

Emiratisation

Emiratisation embodies our belief in the value of local talent and the vital role it plays in driving economic growth and social prosperity. By prioritizing the recruitment, development, and advancement of Emirati professionals, we not only contribute to the empowerment of individuals but also to the overall development of the United Arab Emirates (UAE).

From targeted recruitment drives to specialized training and development opportunities, we are committed to providing Emirati talent with the resources and support they need to thrive within our organization.

Through our Emiratisation efforts, we aim to build a diverse and inclusive workplace that reflects the rich cultural fabric of the UAE while driving innovation and excellence across our operations. By investing in the development of local talent, we are strengthening our company while contributing to the long-term sustainability and prosperity of the communities we serve.

ABNIC is committed to adhering to established targets and regulations in employment-related metrics. This includes a dedication to Emiratisation standards as per UAE laws and CBUAE regulations. We prioritize the recruitment of Emirati talent for each branch, ensuring compliance with Emiratisation quotas. We aim for an annual employment growth rate of 2%, in line with labor regulations.



6.3 Health, Safety, and Wellbeing

At ABNIC, we recognize that promoting a culture of sustainability extends beyond our commitment to environmental stewardship and corporate responsibility. Being in the insurance sector, we understand the pivotal role that health plays in safeguarding individuals, families, and communities. Central to our ethos is the dedication to enhancing the health and wellbeing of our stakeholders - from employees and customers to the communities we serve. In this section of our sustainability report, we delve into our holistic approach towards promoting health and wellbeing, aligning our initiatives with our core values and strategic objectives. Through comprehensive programs, innovative policies, and collaborative partnerships, ABNIC endeavors to cultivate environments that support physical, mental, and social wellness. Our commitment to health and wellbeing is not only about mitigating risks but also about seizing opportunities to empower individuals to lead healthier lives. By prioritizing proactive measures and preventive care, we aim to reduce healthcare costs, enhance productivity, and ultimately, contribute to a more sustainable future for all.



Initiatives/Workshops-



ABNIC proudly participated in the GLAWA football tournament, promoting teamwork, sportsmanship, and employee health alongside fellow competitors.



We came third in Dubai's inter-company football tournament, promoting employee well-being through sportsmanship.



We boosted employee well-being through a yoga session at our head office, aligning with ESG goals, through partner support



We conducted a meditation session in collaboration with Vipassana Center and our sustainability partners D1P, aligning with the principles of self-transformation through self-observation. This approach centers on the profound interconnectedness between mind and body, which individuals can directly experience by cultivating disciplined attention to the physical sensations shaping bodily existence.

6.4 Training & Development and Career Advancement

At ABNIC, we recognize that sustainability extends beyond environmental stewardship; it includes social responsibility and economic resilience. As an insurance company deeply committed to promoting sustainable practices, we understand that investing in our people is integral to achieving long-term success. This section of our sustainability report delves into our comprehensive approach to training and development. We firmly believe that by equipping our workforce with the necessary skills and knowledge, we empower them to navigate the complex landscape of sustainability, adapt to evolving market dynamics, and drive positive change within our organization and beyond. Our training and development initiatives are not merely compliance-driven but are strategically designed to align with our core values and business objectives. By integrating sustainability principles into our learning programs, we cultivate a culture of awareness, innovation, and continuous improvement across all levels of the organization.

We have set specific targets for training and talent development to systematically and proactively support our employees' growth and skill enhancement, reflecting our commitment to their professional development. As part of these initiatives, a monthly training session is scheduled to provide continuous learning opportunities for our workforce. New employees undergo comprehensive induction training to facilitate a smooth transition into their roles and to equip them with the necessary skills and knowledge for success within the company. These targeted efforts highlight our commitment to cultivating a skilled and capable workforce at ABNIC.

We proactively address training and talent management issues by gathering employee feedback through employees' managers and refining training programs accordingly.

We strive to provide each employee with 12 hours of training annually, with sessions scheduled at one hour per month.





We conducted an Information Security Awareness Session, empowering employees to safeguard data and build a secure company culture through training.



We conducted an Anti-Money Laundering (AML) training session, equipping our employees with knowledge in this field, awarding certificates at our HQ in Sharjah.



We conducted a training session on insurance fundamentals & risk assessment enhancing employee knowledge and expertise.



Our informative medical insurance session empowered employees with knowledge, promoting confident navigation of healthcare options.



الوطنية للتأمين
Al-Buhaira National Insurance Co.



Talent Development

Talent development stands as a cornerstone in the success of any organization. By investing in the growth and skills enhancement of its workforce, a company not only cultivates a pool of competent professionals but also ensures its long-term sustainability and competitiveness. Talent development initiatives empower employees to adapt to evolving industry landscapes, promoting innovation, and maintaining a high level of expertise. Such programs contribute to employee satisfaction and retention, as individuals feel valued and supported in their professional growth. In the dynamic business environment, prioritizing talent development is not just a strategic choice but a crucial factor in driving organizational excellence and achieving sustainable success.

We implement various programs and initiatives to promote talent development. These include reimbursement for insurance-related certifications such as the CII (UK-based insurance certificate course), along with opportunities such as webinars and workshops.



6.5 Giving Back to the Community

ABNIC recognizes the importance of giving back to the community and actively engages in various initiatives. Through partnerships with local charities and volunteer programs, we strive to make a positive impact on the lives of those in need. By leveraging our resources and expertise, we aim to contribute to the betterment of society and promote a culture of corporate social responsibility within our organization.



We made a charitable donation to assist earthquake victims in Turkey and Syria, expressing our heartfelt condolences to everyone impacted by this disaster. We remain committed to supporting affected communities in any way we can.



In partnership with Central Hospital, we organized a 'BASM AH Patient Support Program' – a health awareness session at one of our valued client's sites. This initiative reflects our dedication to promoting health and wellbeing within the community.

6.6 Cultural Celebrations

Our company embraces cultural diversity by celebrating various traditions, spreading unity among our team. By embracing cultural celebrations, we reinforce our commitment to promoting an inclusive environment while also contributing to a more sustainable future.



We celebrated UAE's 52nd National Day with pride at ABNIC! We raise a toast to our nation's rich heritage and march forward, united in spirit and ambition, towards a future brimming with possibilities.



Flag raised high, hearts united! We proudly celebrated UAE Flag Day, promoting a beacon of prosperity and peace.



We were proud sponsors of the esteemed Sharjah International Book Fair 2023, promoting a celebration of literature and knowledge exchange.



We celebrated Onam at our office, promoting unity and positivity, echoing the vibrant spirit of the festival.

Customer Relations

Customer Satisfaction and
Feedback Mechanisms

Privacy, Data Protection, and
Cybersecurity Measures

Ethical Procurement and Supply
Chain Responsibility

Customer Support



7.1 Customer Satisfaction and Feedback Mechanisms

Listening attentively to our customers and consistently acting in their best interests has been the cornerstone of ABNIC's ascent as one of the leading insurers in the UAE. Our constant commitment to delivering top-notch products and exceptional service has garnered the loyalty of numerous customers during our more than four decades in business.

Our reputation is grounded in two core areas:

- Crafting innovative solutions tailored to customer needs
- Promptly responding to customer demands. ABNIC has facilitated easy and diverse connections with customers through various channels, with substantial investments in enhancing our digital touchpoints to provide more convenient means of contact.

The primary gateway for customers to stay informed about our latest offerings, news updates, medical network, claims submission, contact details, investor relations, and more is our website. Customers can reach out to us through phone calls, emails, or direct chats with our customer representatives on WhatsApp. Moreover, our website features links to our social media profiles, including Instagram, Facebook, Twitter, and LinkedIn, which we leverage to raise awareness on crucial issues related to motor and health insurance and showcase our products.

To gauge customer satisfaction, we have installed customer happiness meters throughout our branch network. We promptly address any negative feedback by directly engaging with the customer to understand their concerns and provide effective solutions.

ABNIC has several initiatives to enrich our customer offerings, including:

- Implementation of a user-friendly online B2C portal for easy purchase of motor, health, home, travel, jet ski, and yacht insurance.
- Establishment of a 24/7 call center specifically for medical insurance customers.
- Provision of personalized and proactive customer service, including reminders for policy renewals or claims follow-ups.
- Offering resources and tools to assist customers in understanding their coverage and making informed decisions.
- Providing rewards or incentives to foster customer loyalty.

- Collaboration with other companies to offer bundled services.
- ABNIC remains committed to upholding the highest ethical marketing standards, ensuring accurate product information and labeling to empower customers to make well-informed decisions. There have been no incidents of non-compliance with relevant regulations or voluntary codes.



7.2 Privacy, Data Protection, and Cybersecurity Measures

Digital transformation offers significant operational benefits and enhances the customer experience significantly. However, digitization also introduces specific challenges, especially in information security. Protecting our operations from external threats and securing customer data and privacy are our top priorities.

ABNIC has developed robust internal governance processes and deployed advanced IT systems to enhance the security of both company and customer data. Ensuring compliance with standards and regulations set by UAE authorities is a primary focus. This includes oversight by the Signals Intelligence Agency (SIA) and compliance with Abu Dhabi Healthcare Information and Cyber Security (ADHICS) standards, which aim to improve healthcare cybersecurity in the UAE.

To address the growing dependence on technology, ABNIC has instituted two committees—IT Governance and Information Security Management. The IT Governance Committee, comprising senior management and the head of IT, focuses on matters related to data privacy and protection. Responsibilities include policy review and updates, overseeing operations and procedural implementation, and managing critical issues such as cybersecurity. Decisions pertaining to IT infrastructure security must gain approval from this committee.



The Information Security Management Committee (ISMC) oversees ongoing risk management activities and security audits to proactively identify and address potential risks and vulnerabilities. Comprising IT/security professionals and senior management representatives, the ISMC collaborates closely with other departments to integrate information security measures within the company's overall business objectives. Additionally, the committee ensures compliance with industry standards and regulations related to information security.



ABNIC ensures robust cybersecurity through its Advanced Email Security Gateway, shielding against threats like phishing and ransomware. Centralized patch management minimizes endpoint vulnerabilities by keeping systems updated with the latest security patches. Additionally, an online user security awareness program educates employees on best practices. Targeted digital marketing campaigns across Google Ads, Facebook, Instagram, and LinkedIn amplify ABNIC's brand visibility. Our CRM system enhances customer interactions for a personalized experience and faster turnaround. The ABNIC Smart App enables seamless digital signatures and payment approvals, integrated with banking systems. Asset management protocols optimize resource tracking for operational efficiency.

ABNIC ensures the security of its wireless network through a Cisco-provided system, centrally managed for enhanced security oversight. The control and monitoring of the website, domain, and WiFi across all branches are centralized at our head office. Additionally, guests can securely log in through a dedicated portal.

Thanks to the implemented systems and processes, ABNIC has not encountered any data losses or breaches of customer privacy.



Data Protection

NESA & ADHICS Complaint	IT Governance Committee	Robust IT Infrastructure , Policies & Procedures	Information Security Management Committee
 National Electronic Security Authority			
 Department of Health			

Substantiated complaints concerning breaches of customer privacy and losses of customer data.

Google reviews for our organization consistently highlight our dedication to protecting customer privacy and data security, with zero complaints or breaches reported from external parties or regulatory bodies. This highlights the trust our customers have in our commitment to safeguarding their information.

Employees are mandated to undergo data security training, with a focus on all employees participating for 1 hour, facilitated through regular online sessions.

SHRED IT

Our IT department has concluded an equipment shredding operation, ensuring secure data destruction and enhancing our security measures, thereby reinforcing our dedication to data protection, regulatory compliance, and client confidentiality.

7.3 Ethical Procurement and Supply Chain Responsibility

At ABNIC, we recognize the significant impact our procurement practices have on the environment, society, and our business's long-term resilience. Our commitment to sustainability guides every procurement decision, emphasizing responsibility, transparency, and ethical conduct.

This section within ABNIC's Sustainability Report is dedicated to our procurement initiatives and their pivotal role in advancing our sustainability objectives. From sourcing raw materials to selecting suppliers and managing contracts, our procurement methodologies are rooted in principles that prioritize transparency, accountability, and ethical business conduct. By integrating sustainability considerations into our procurement processes, we aim to mitigate environmental impact, champion social responsibility, and drive positive transformation throughout our supply chain.

ABNIC's procurement strategy is built on three key pillars:



Ethical Procurement:

We prioritize suppliers who demonstrate a commitment to ethical behavior, human rights, and fair labor practices. Rigorous evaluation ensures our supply chain's environmental responsibility and compliance with international standards, thereby minimizing unethical behavior risks.



Environmental Consciousness:

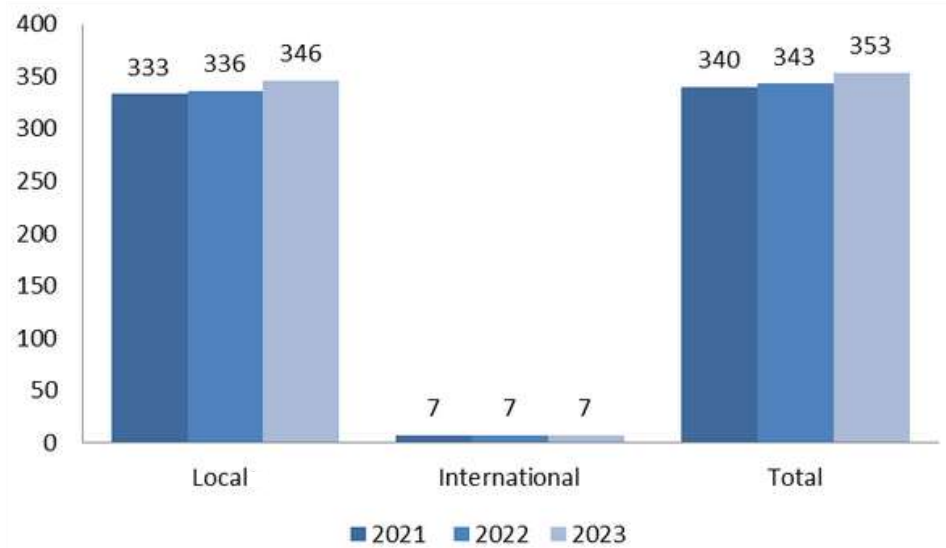
We aim to minimize our environmental footprint in procurement by partnering with suppliers dedicated to energy efficiency, waste reduction, and sustainable practices, thus supporting a circular economy and lowering greenhouse gas emissions.



Community Partnership:

We engage with local communities through our procurement practices, favoring suppliers that support diversity, inclusion, and community development. This approach helps us create mutual benefits, drive economic growth, and empower local communities.

Total number of Suppliers-



Total amount spent on Suppliers -



7.4 Customer Support

Customer support serves as the backbone of any successful business, providing essential assistance to customers. Committed to excellence and swift resolution of issues, our customer support team strives to ensure a seamless and satisfying experience for every customer.

Our customers can effectively voice their complaints through multiple channels:



Online Complaint Form:

Available on our official website, this form is designed for easy use and secure submission of complaints.



Email:

Customers can email their concerns directly to our customer service team for immediate attention.



Regulatory Escalation:

We provide direct links and instructions for customers to escalate complaints to the appropriate regulatory authority for formal resolution.



Google Business Page:

Feedback can be shared on our Google Business page, where our team actively monitors and addresses any concerns.



Innovation for Sustainability

Digital Transformation and its
Impact on Sustainability

Future Sustainability Initiatives

8.1 Digital transformation and its Impact on sustainability

ABNIC has prioritized the strategic goal of digitizing its services to provide customers with a seamless and outstanding experience. Our focus is on facilitating customers in effortlessly navigating the selection and purchase of products that best fit their needs, coupled with swift and efficient online claims processing.

ABNIC has achieved significant milestones in its digital transformation, yielding benefits in two main categories:

- 1) Digital initiatives directly enhancing customer service,
- 2) initiatives optimizing internal operational efficiency.

Customer-Facing Initiatives:

- Online Insurance Portal: Empowering customers to choose, get quotes, and finalize purchases for B2C products like Motor, Medical, Travel, Home, Jet Ski, and Yacht insurance. Future plans include expanding this service to cover the entire product range.
- Mobile App: Tailored for the medical insurance business line, enabling customers to use a digital insurance card, access the network, make payments, and submit claims anytime.
- Agent Medical Portal: A software tool for sales agents in the medical insurance sector, facilitating quick and easy generation of quotes for potential customers.
- Riayati Post Office: Launched by the UAE Ministry of Health and Prevention (MoHAP) to govern health insurance operations in line with global best practices. Designed to enhance efficiency, quality, and performance in population health management, making patient data more accessible.
- Property Rental Portal: A Direct-to-Customer (D2C) platform allowing users to select from a wide range of ABNIC-owned properties for rent, bypassing agent fees.
- Digital Marketing: Utilizing online platforms like Google Ads, Facebook, Instagram, and LinkedIn for campaigns targeting specific audiences, enhancing brand awareness and driving traffic to the ABNIC online insurance portal.

Internal Processes:

- Intranet: Facilitating quick and efficient employee access to company-related information and documentation.
- Managed Print Services: Utilizing Canon's uniflow platform to centralize, secure, and control document management and printing.
- Telecoms: Upgrading certain branches to IP telephony.
- ABNIC Smart App: An application streamlining the process of issuing and approving cheques through digital signing.

While ABNIC has made commendable progress in digital transformation, we are actively working to expedite the process, aiming to enhance both internal processes and the end-to-end customer journey.

Strategic Roadmap: Technology and Digitalization Plans and Objectives

Short Term:

- Leveraging WhatsApp Business for enhanced customer service interactions.
- Implementation of Enterprise Content Management systems for streamlined document handling.
- Utilizing Data Analytics & Insight tools for informed decision-making.
- Adoption of Digital Signature and Document Management solutions for efficiency.
- Implementing Data Classification & Leakage Prevention measures for enhanced security.
- Upgrading to an IP Telephone System for improved communication.
- Introduction of a digital platform for personal lines insurance.

Medium Term:

- Strengthening Security Incident and Event Management capabilities.
- Enhancing Core systems for improved performance.
- Implementation of Secure Disposal Management protocols.
- Introducing a Centralized IVR System for seamless communication across departments.
- Enhancing the IT Catalogue for better management.
- Implementing E-KYC (Electronic Know Your Customer) processes for streamlined customer verification.

Long Term:

- Integration of Robotic Process Automation (RPA) for automated processes.
- Developing API integrations for embedded insurance solutions.
- Implementing a comprehensive Procurement System for efficient operations.
- Introduction of Chatbots for enhanced customer service.
- Implementing a Salvage Auction system for efficient asset management.

Information Security Awareness Session



In 2023, we at Al Buhaira National Insurance Company held an Information Security Awareness Session for employees to enhance security measures and promote a culture of vigilance in safeguarding sensitive information. By providing Information Security Awareness training, we demonstrate our commitment to protecting our customers' privacy and building a culture of security within our company.



Reflecting on the recent panel discussion on "Digital Transformation in the Healthcare Insurance Sector," ABNIC reaffirms its commitment to innovation in healthcare insurance. This event highlights our consciousness of digital transformation's importance in enhancing industry practices.

Amount invested in Digitalization (in AED)

		Nature of the most significant investments
2021	1,935,993	Software Update, Various Amcs & Uat Implementation Live
2022	1,713,923	Oracle Support, Security Fee & Computer Upgradation
2023	4,081,886.67	Computer Upgradation, Oracle Support, Security Fee & Various Amcs

Our investment in digitalization increased by 138.25% from 2022 to 2023. This reflects our proactive commitment to leveraging digital technologies for enhanced efficiency and innovation.

Our approach to innovation involves several key strategies:



Customer-Centric Solutions:

We develop user-friendly online tools and applications to enhance the convenience of our insurance services for clients.



Sustainable Practices:

We embrace eco-friendly methods, including reducing paper usage and implementing energy-saving techniques in our operations.



Collaboration and Partnerships:

We engage in partnerships with tech companies and educational institutions to remain abreast of emerging trends and innovative ideas.



Employee Empowerment:

We prioritize staff training to encourage a culture of innovation, ensuring that every team Board Member can contribute fresh ideas.



Risk Management and Compliance:

We rigorously assess the safety and regulatory compliance of our new concepts to maintain the integrity of our offerings.



Main innovation projects undertaken in 2023



CRM System Enhancement:

Our revamped CRM system facilitates personalized customer interactions, ensuring smoother and more efficient engagements.



ABNIC Smart App for Cheque Approval:

Introducing the ABNIC Smart App, which expedites cheque approvals, elevating security measures and simplifying financial transactions with enhanced efficiency and safety.



8.2 Future Sustainability Initiatives

As we step forward into the future, our commitment to sustainability remains persistent. In 2023, we actively conducted quite a few ESG initiatives, among the initiatives undertaken during this period, we prioritized promoting the mental health and well-being of our employees, along with sustainability through activities like yoga, meditation, exercise, and plantation workshops. Looking ahead to 2024, we are set to undertake a series of impactful initiatives, including a desert/beach cleanup drive, financial independence training, awareness sessions on cultivating one's food, sustainability awareness training, and educational lectures on sustainable consumption, waste segregation, and recycling. These initiatives highlight our commitment to sustainability and the ESG framework.



Performance and Impact Reporting

Environmental performance metrics

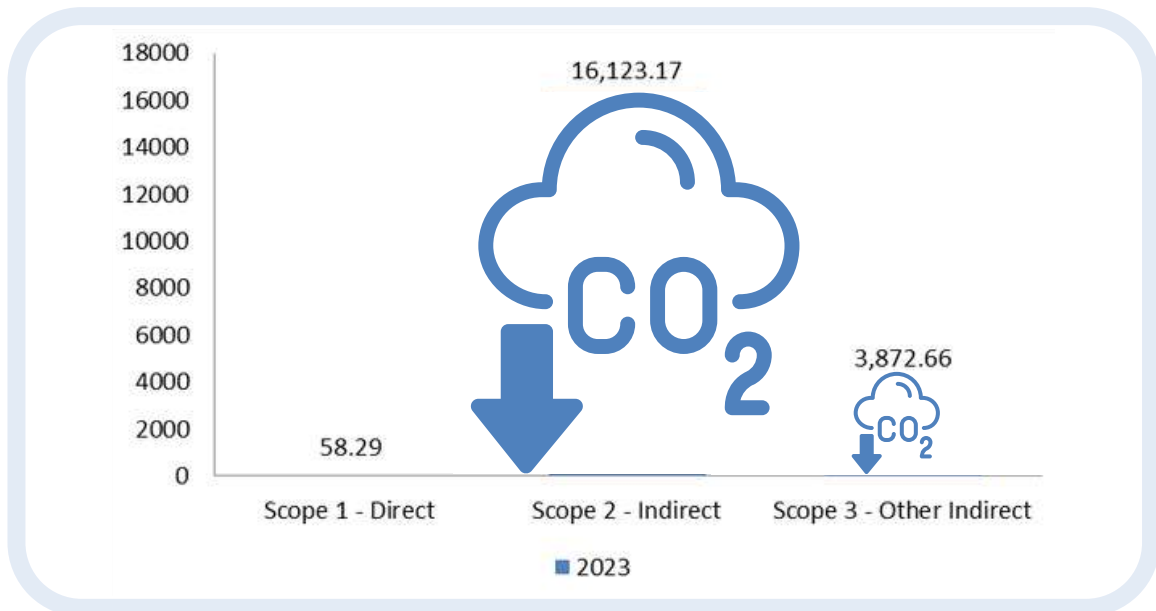
Social Impact Metrics

Governance and Compliance Achievements



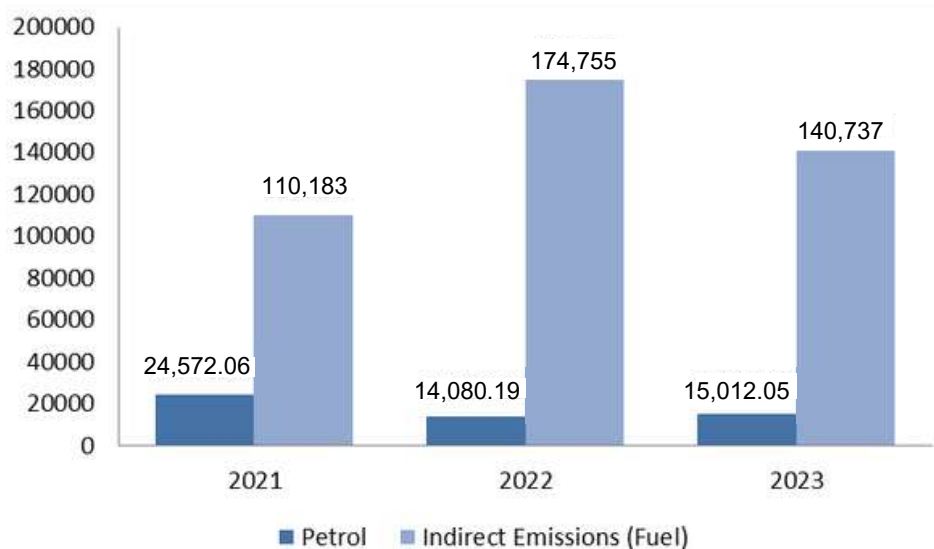
9.1 Environmental performance metrics

GHG Emissions in tCO₂e -

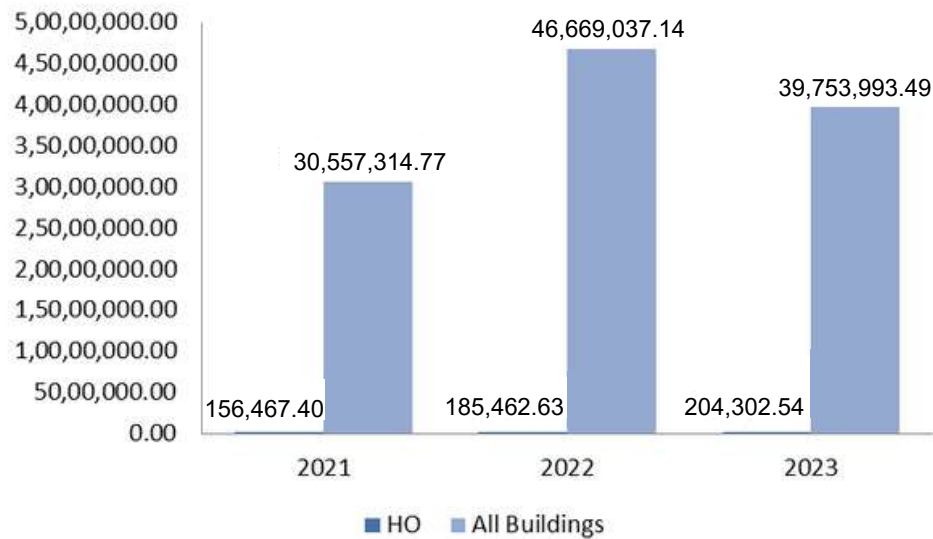


Energy Consumptions-

Fuel Consumption in Litres

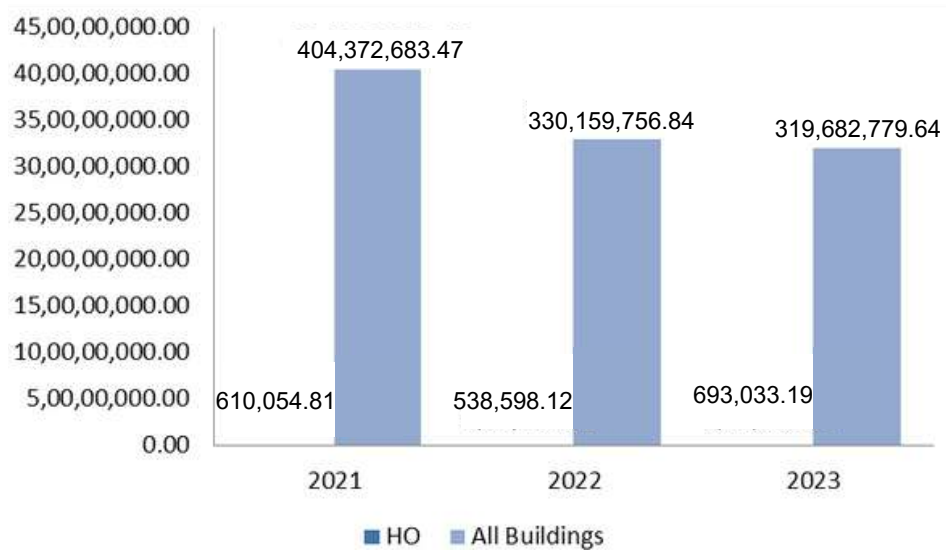


Electricity Consumptions in kWh

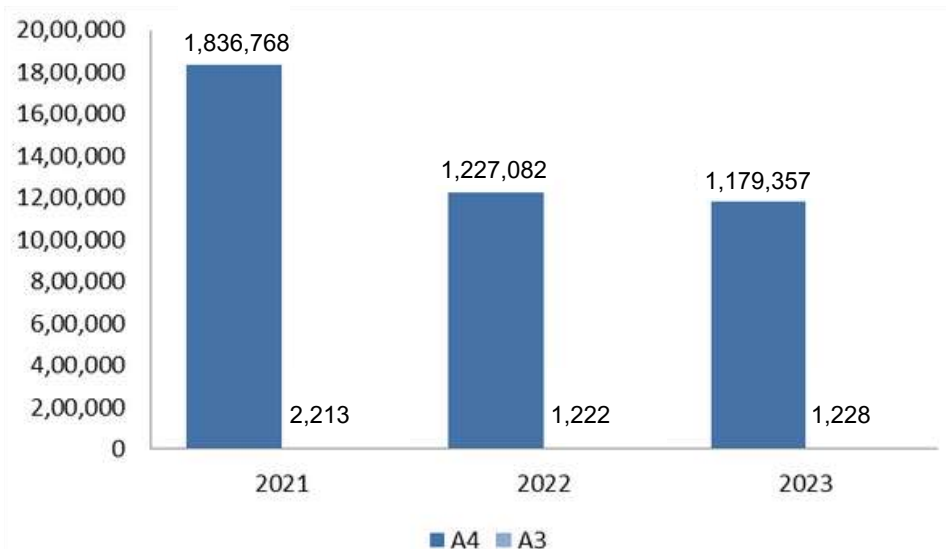


We achieved a reduction in electricity consumption by 14.81 % across all buildings from 2022 to 2023.

Total Consumption of Water in Litres

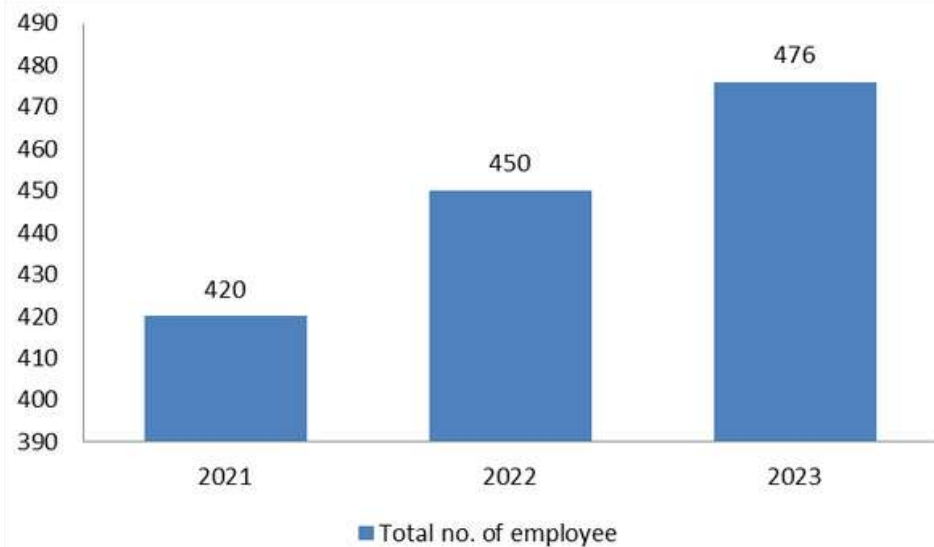


Total number of papers consumed

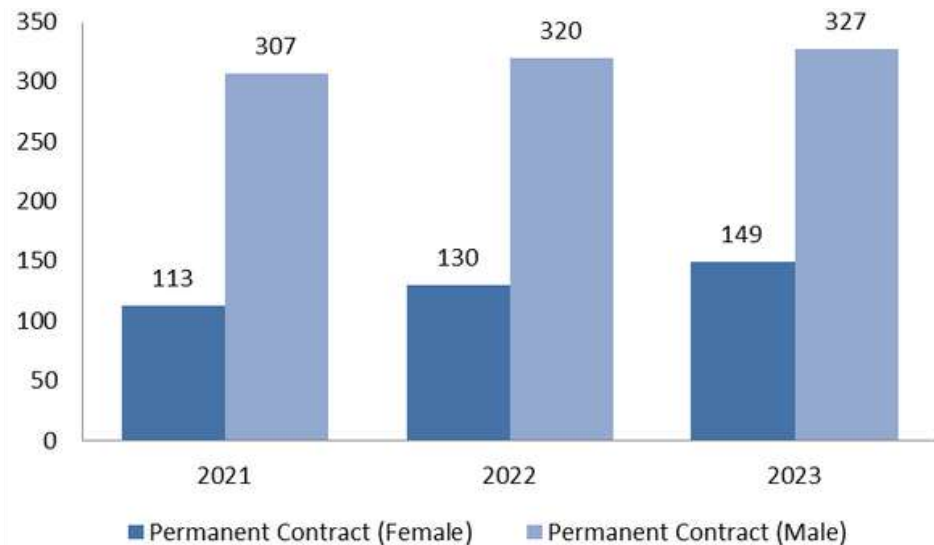


9.2 Social Impact Metrics

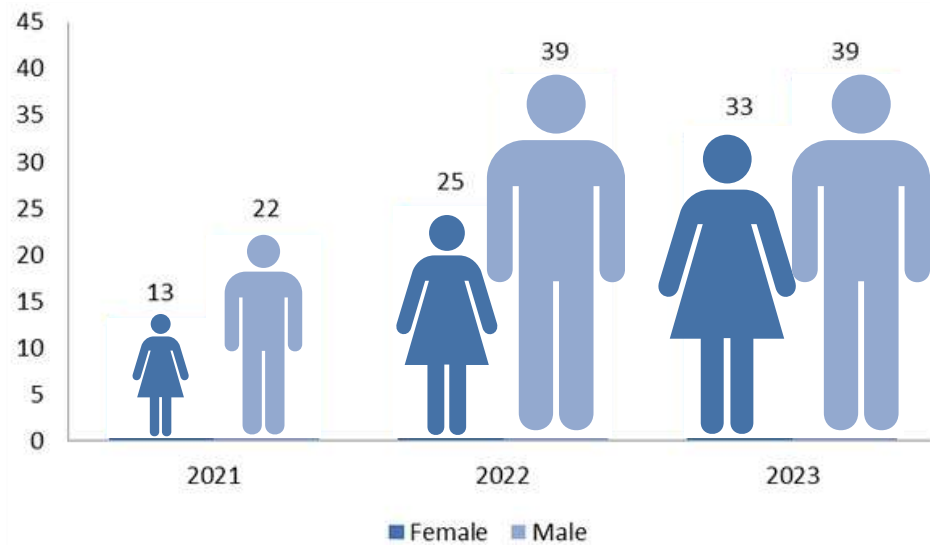
Total Number of Employees



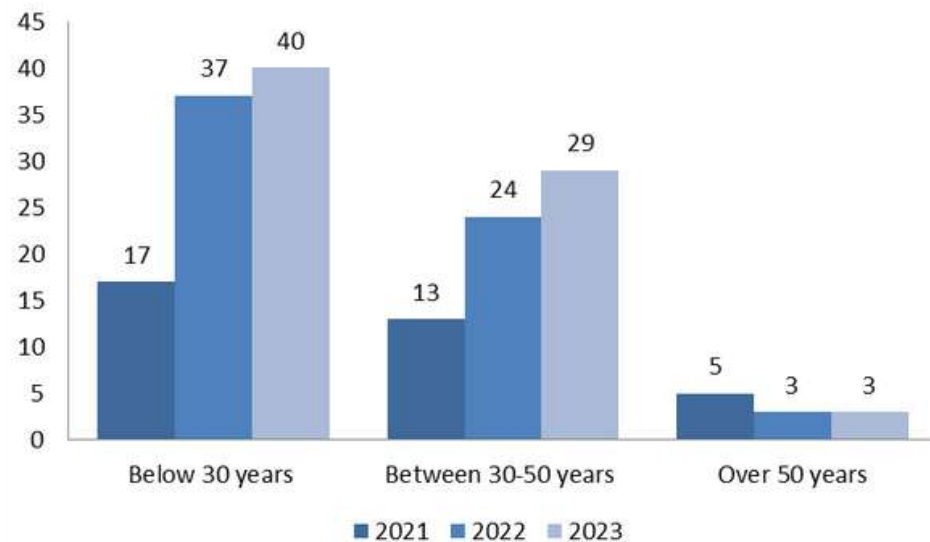
Total Number of employees by employment contract, by gender



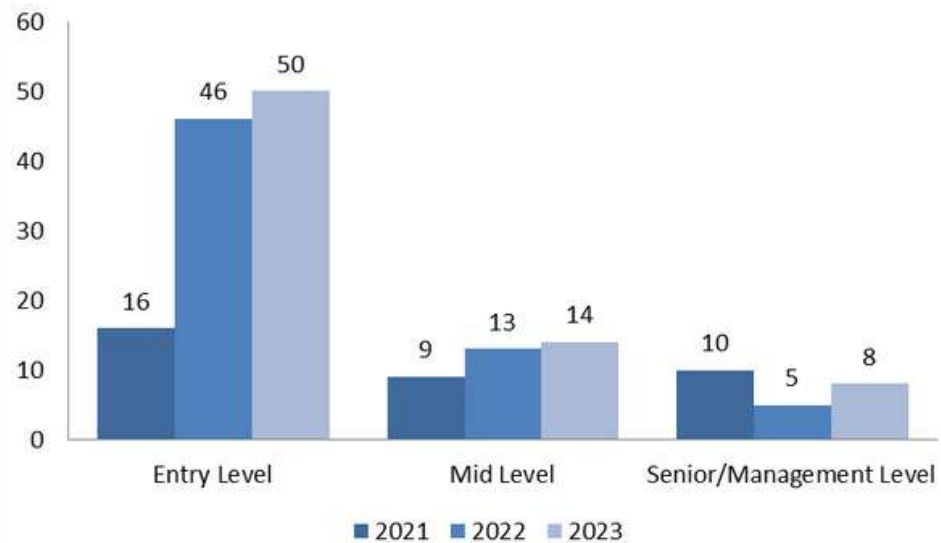
Total Number of New Hires, by gender



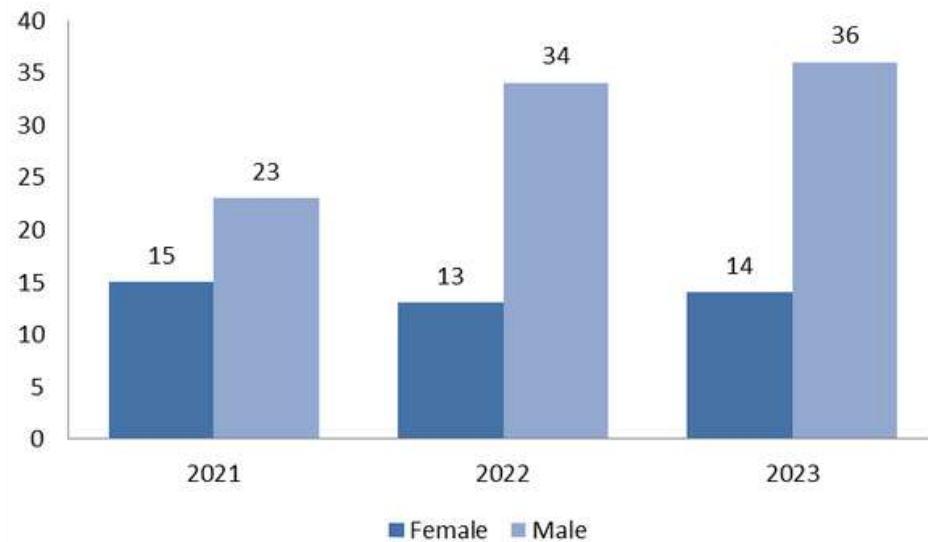
Total Number of New Hires, by age group



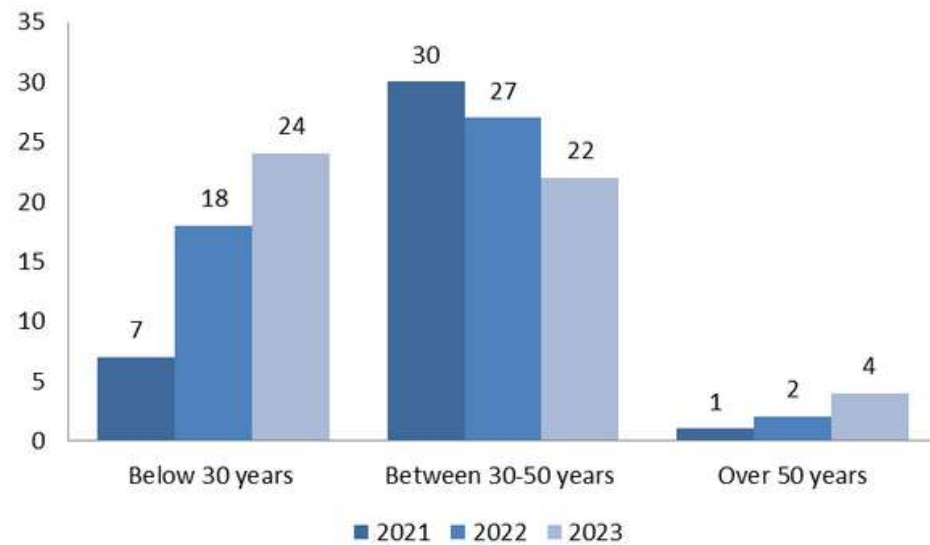
Total Number of New Hires, by job level



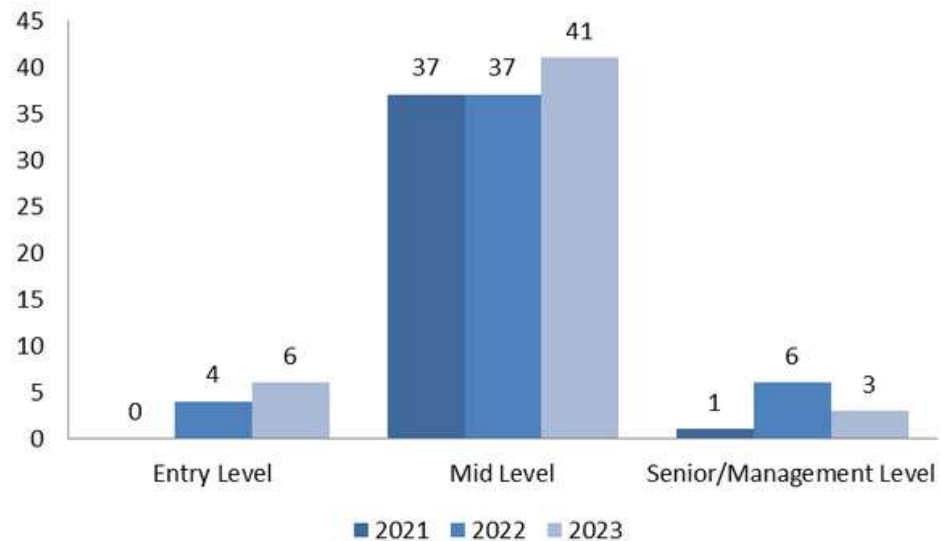
Total Number of Employees that Left, by gender



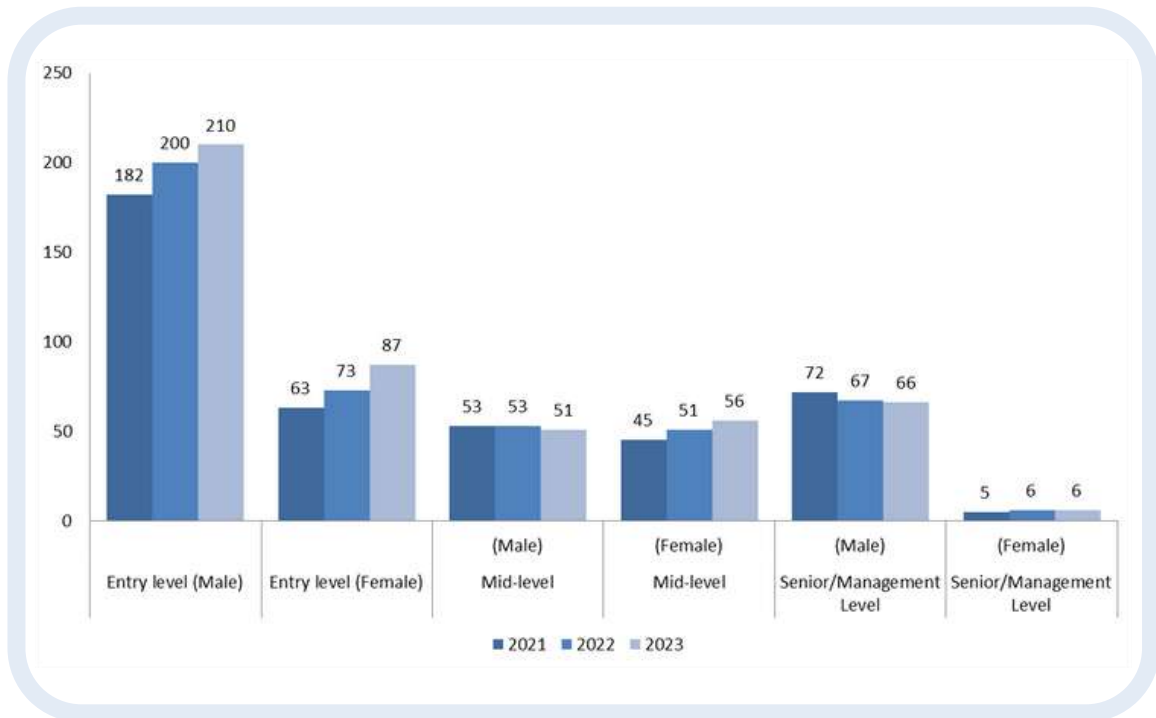
Total Number of Employees that Left, by age group



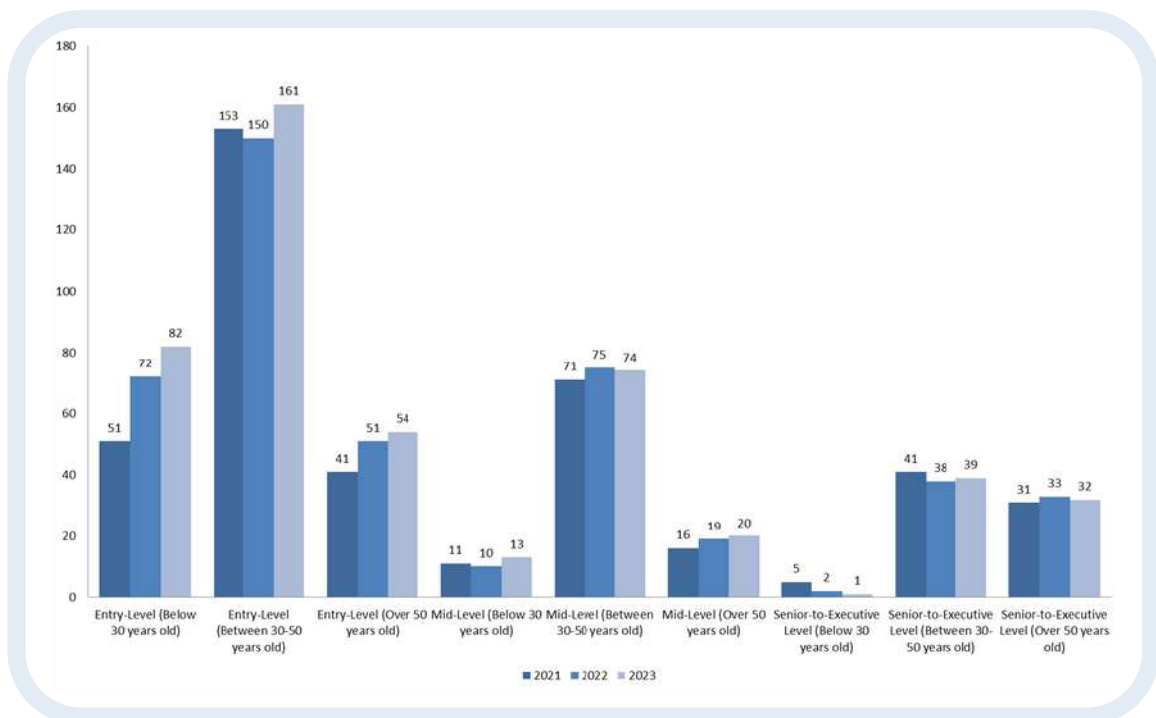
Total Number of Employees that Left, by job level



All Employees per employee category, by gender

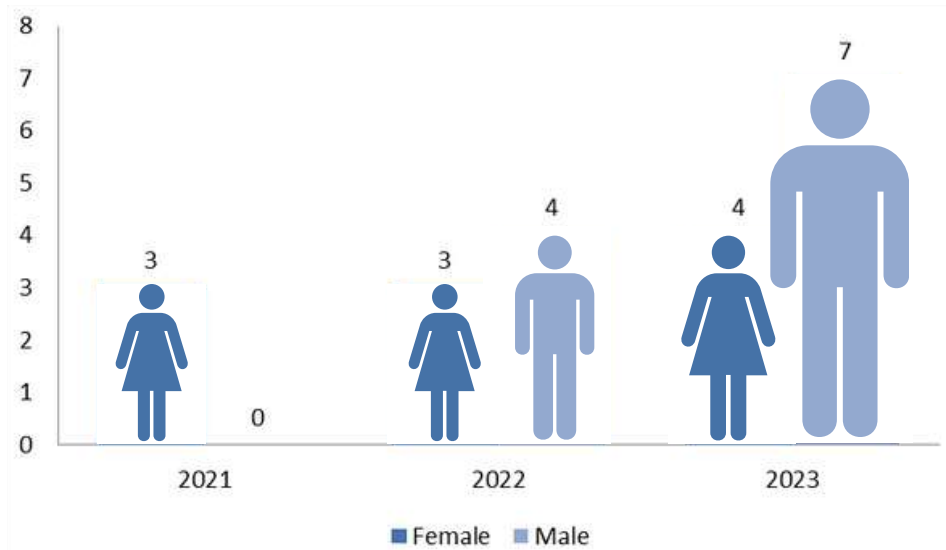


All Employees per employee category, by gender

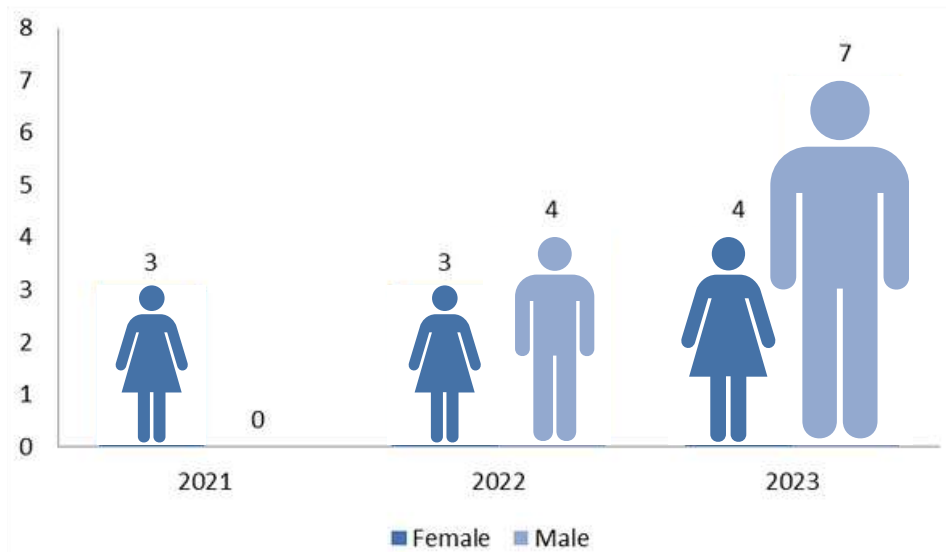


Parental Leaves-

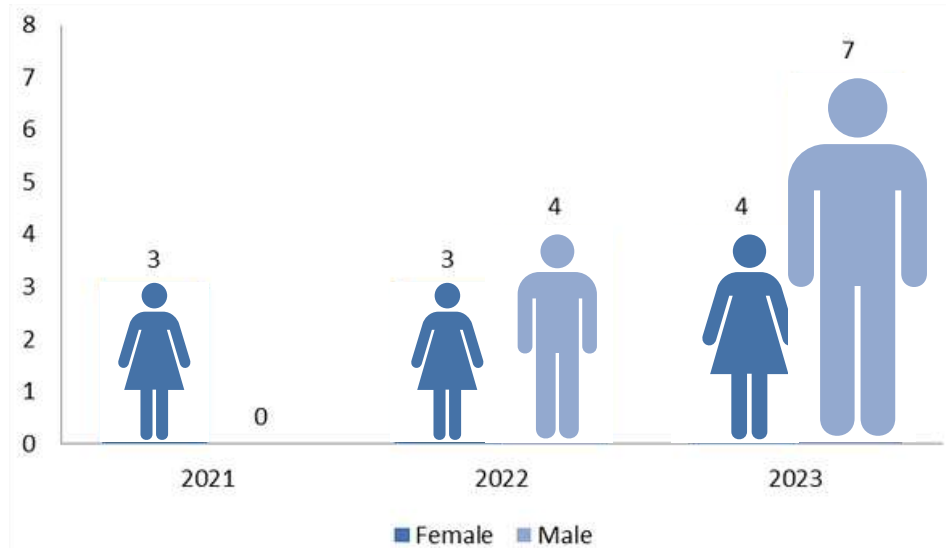
Number of employees entitled to parental leave:



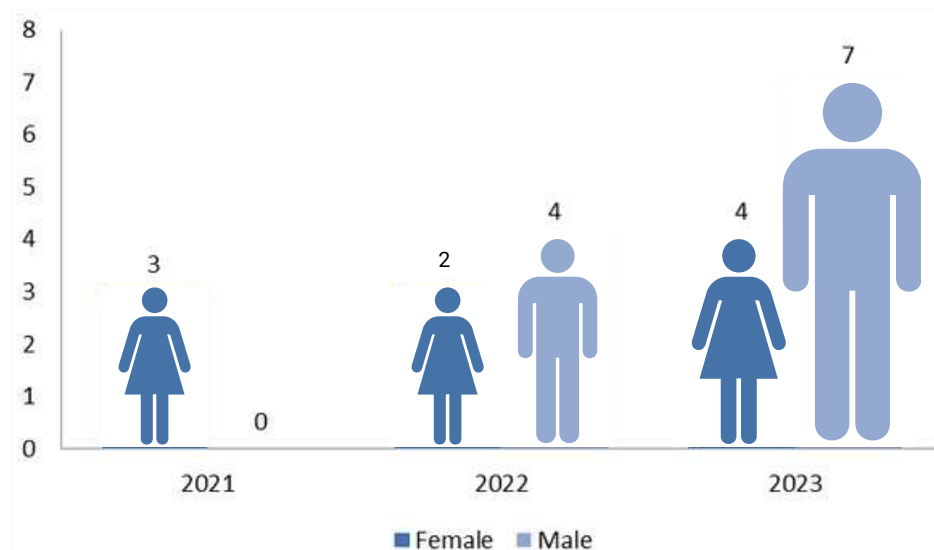
Number of employees who actually took parental leave:



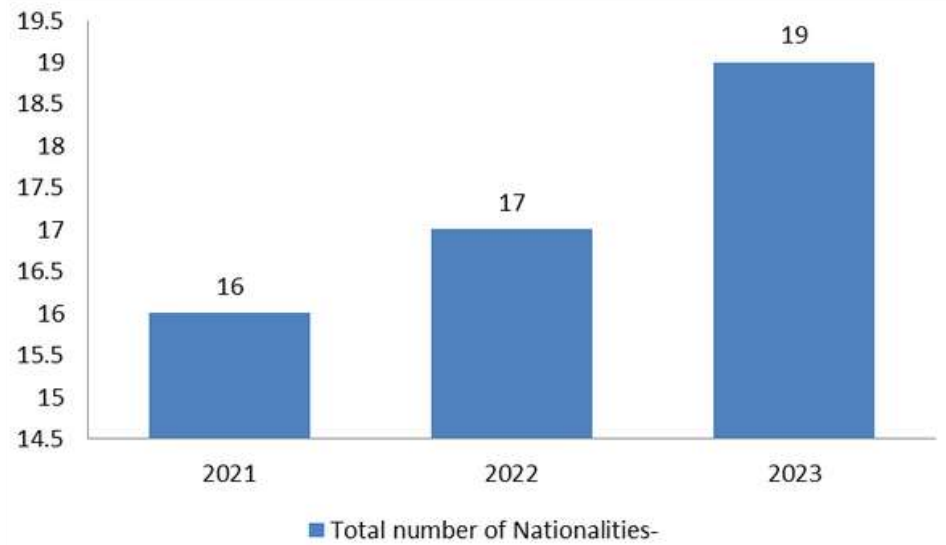
Number of employees who returned to work after completion of parental leave:



Number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work:

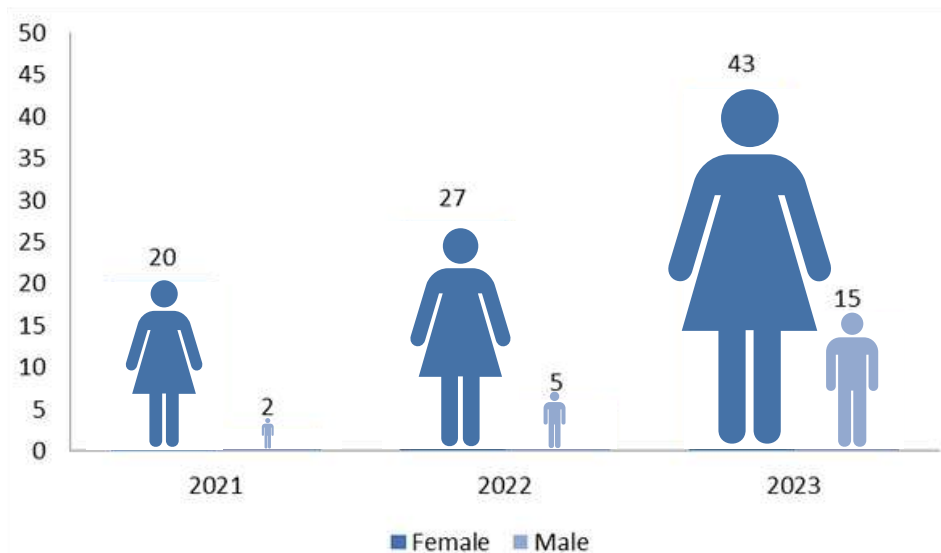


Total number of Nationalities:



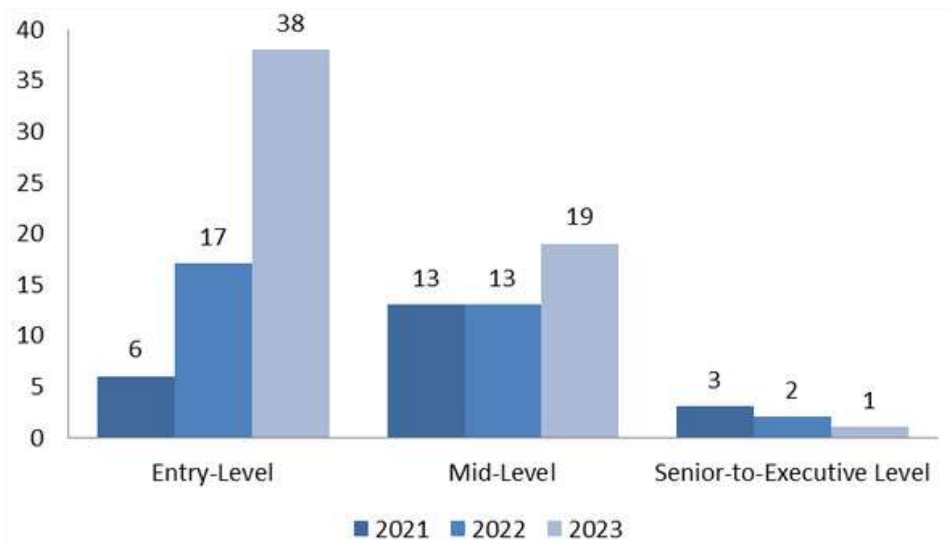
Our Gender Pay Ratio (Male:Female) from 2021-2023 has been 1.04:1 -

Number of UAE Nationals by gender:



The significant increase in the number of male UAE employees from 2022 to 2023, by 200% highlights our commitment to Emiratization and the development of local talent within our workforce.

Number of UAE Nationals by job level :

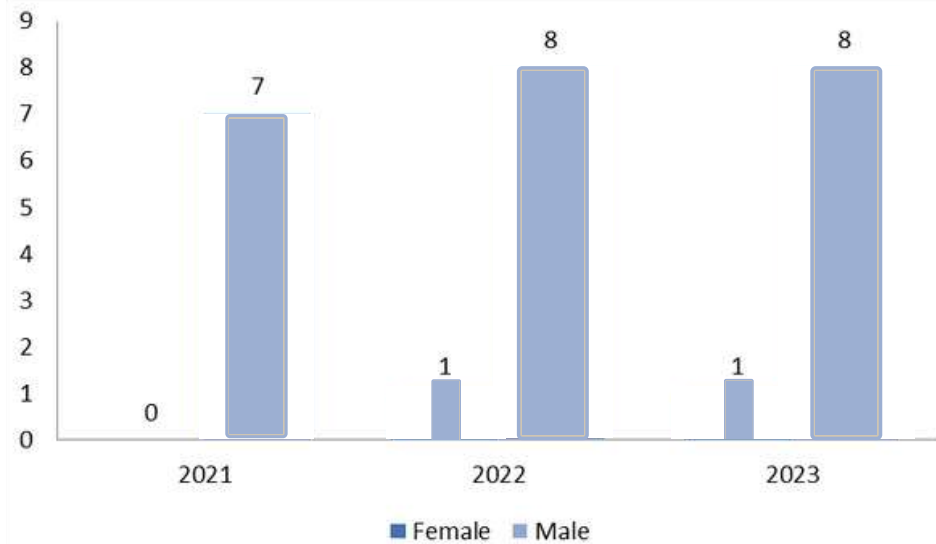


9.3 Governance and Compliance Achievements

Board of Directors

Name	Position	Category
SHEIKH FAISAL BIN KHALID SULTAN AL QASIMI	Chairman	Non-independent Non-executive
SHEIKH ABDULLA BIN MOHAMMED ALI AL THANI	Vice Chairman	Non-independent Non-executive
SHEIKH KHALED BIN ABDULLA SULTAN AL QASIMI	Managing Director	Non-independent Executive
SHEIKH AHMED ABDULLA BIN MOHAMMED ALI AL THANI	Board Member	Independent Non-executive
SHEIKH SAOUD NASSER RASHID ABDULAZIZ ALMOALLA	Board Member	Independent Non-executive
MR. RASHID ALI RASHID DIMAS AL SUWAIDI	Board Member	Non-independent Non-executive
MR.SALEM ABDULLA SALEM AL HOSANI	Board Member	Non-independent Non-executive
MR.ABDULLA MOHAMED SALIH AL ZAROONI	Board Member	Independent Non-executive
MS.NOURA MAHMOUD MOHAMED AL-ALI	Board Member	Independent Non-executive

Board of Directors Composition



Future Outlook and Commitments

Sustainability goals for the upcoming year

Commitment to ongoing sustainability leadership and innovation



10.1 Governance and Compliance Achievements

Sustainability Goals for 2024

- **Reduce Electricity Consumption:** Undertake projects aimed at reducing electricity usage by 5% compared to 2023 through energy audits and the introduction of energy-efficient appliances and lighting.
- **Decrease Water Usage:** Achieve a 5% reduction in water consumption through the installation of low-flow fixtures and promoting water conservation practices among employees.
- **Increase Paperless Operations:** Boost efforts to reduce paper consumption by an additional 10% by enhancing digital workflows and further reducing reliance on printed materials.
- **ESG Strategy Enhancement:** Initiate the development and launch of new insurance products that incorporate ESG factors, with an emphasis on sustainability and ethical investments, and seek to elevate stakeholder engagement on sustainability issues.
- **Community Engagement and CSR:** Increase participation in community engagement and corporate social responsibility (CSR) initiatives by 15% among employees, focusing on environmental conservation and social welfare projects.
- **Sustainability Reporting:** Enhance the quality and transparency of sustainability reporting, aiming for closer alignment with international standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).



10.2 Commitment to ongoing sustainability leadership and innovation

At ABNIC, our leadership team is deeply engaged in the sustainability journey alongside all stakeholders. Their involvement transcends mere directive roles, they actively participate in guiding and implementing sustainable practices throughout our organization. Through strategic decision-making and personal commitment, they ensure that sustainability principles are integrated into our corporate atmosphere and operational frameworks. By setting a precedent through their actions, ABNIC's leadership facilitates a culture where environmental stewardship and social responsibility are important.

GM's Statement

A forward-looking statement from the GM regarding the company's commitment to sustainability and future directions.



As the General Manager of Al Buhaira National Insurance Company (ABNIC), I am honored to present our Sustainability Report for the year 2023. This report not only reflects our journey through the year but also marks a significant milestone in our commitment to sustainability, ethical governance, and responsible business practices. We remain dedicated to enhancing our Environmental, Social, and Governance (ESG) initiatives, ensuring our alignment with the UAE's vision for a sustainable future and our global responsibility towards a cleaner, safer, and more resilient society.

Over the past year, ABNIC has been at the forefront of supporting the UAE's drive towards sustainable development. We have actively contributed to national and global efforts to combat climate change, aligning with the ambitious goals set forth by the COP28 summit. Our efforts have been focused on reducing our environmental footprint, fostering social well-being, and ensuring robust governance across all our operations.

We have made significant strides in digital transformation, streamlining our processes, and enhancing our customer service to meet the highest standards. Our dedication to digital excellence is matched by our commitment to environmental stewardship and social responsibility. We have embarked on initiatives to promote health and well-being, diversity and inclusion, and community engagement, laying the foundation for a sustainable future for all our stakeholders.

Our report highlights the progress we have made in various areas, including our approach to ethical governance, risk management, compliance, and our proactive role in climate action. It also outlines our efforts in stakeholder engagement, materiality analysis, and our contributions towards the Sustainable Development Goals (SDGs).

I am particularly proud of the initiatives we have implemented this year, which reflect our dedication to sustainability and responsible business practices. These include enhancing our digital platforms for customer engagement, promoting health and wellness among our employees and communities, and advancing our environmental stewardship through energy management, waste reduction, and water conservation.

I extend my heartfelt gratitude to our employees, clients, and investors for their unwavering support and dedication to ABNIC's ESG journey. Your commitment fuels our progress and inspires us to set higher benchmarks for sustainability and social impact.

As we look ahead, we are excited about the opportunities that lie before us. We are committed to continuous improvement, innovation, and collaboration to achieve our sustainability goals. Together, we are confident in our ability to navigate the challenges ahead and contribute to a sustainable future for generations to come.

Thank you for joining us on this journey. Together, we will continue to make a difference, creating lasting value for our stakeholders and the communities we serve.

-Nader T. Qaddumi
General Manager
Al Buhaira National Insurance Company

Appendices and Supplementary Information

GRI (Global Reporting Initiative)
Content Index

Glossary of terms and acronyms

Contact information for further
inquiries

12.1 GRI (Global Reporting Initiative) Content Index

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
GRI 2: General Disclosures 2021	2-1 Organizational details		7-15
	2-2 Entities included in the organization's sustainability reporting		23
	2-3 Reporting period, frequency and contact point	G7: Sustainability Reporting G8: Disclosure Practices	5, 111
	2-4 Restatements of information		23
	2-5 External assurance	G9: External Assurance	23
	2-6 Activities, value chain and other business relationships		9-13, 65, 66
	2-7 Employees		80-88
	2-8 Workers who are not employees		NA
	2-9 Governance structure and composition		89-90
	2-10 Nomination and selection of the highest governance body		28-29

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	G2: Board Independence	28-29
	2-12 Role of the highest governance body in overseeing the management of impacts	E9: Environmental Oversight	16-17
	2-13 Delegation of responsibility for managing impacts	E8: Environmental Oversight	16-17
	2-14 Role of the highest governance body in sustainability reporting		16-17
	2-15 Conflicts of interest		38-39
	2-16 Communication of critical concerns		38-39
	2-17 Collective knowledge of the highest governance body		16-17
	2-18 Evaluation of the performance of the highest governance body		28-29
	2-19 Remuneration policies		30
	2-20 Process to determine remuneration		30
	2-21 Annual total compensation ratio		As per industry standards

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy		16
	2-23 Policy commitments		39
	2-24 Embedding policy commitments		39
	2-25 Processes to remediate negative impacts		38, 39
	2-26 Mechanisms for seeking advice and raising concerns		38, 39
	2-27 Compliance with laws and regulations		38, 39
	2-28 Membership associations		No Memberships
	2-29 Approach to stakeholder engagement		18, 19
	2-30 Collective bargaining agreements		NA
GRI 3: Material Topics 2021	3-1 Process to determine material topics		20
	3-2 List of material topics		20

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
FINANCIAL PERFORMANCE			
GRI 3: Material Topics 2021	3- 3 Management of material topics		8
GRI 201:Economic Performance 2016	201-1 Direct economic value generated and distributed		14
	201-2 Financial implications and other risks and opportunities due to climate change	E10 : Climate Risk Mitigation	-
	201-4 Financial assistance received from government		14
BUSINESS ETHICS AND COMPLIANCE			
GRI 3: Material Topics 2021	3- 3 Management of material topics	G5: Ethics & Prevention of Corruption	38, 39
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
DATA PRIVACY AND SECURITY			
GRI 3: Material Topics 2021	3- 3 Management of material topics	G6: Data Privacy	62-64
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		
EMPLOYEE HEALTH AND WELLBEING			
GRI 3: Material Topics 2021	3- 3 Management of material topics		51
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		-
	403-2 Hazard identification, risk assessment, and incident investigation		-
	403-3 Occupational health services		-
	403-4 Worker participation, consultation, and communication on occupational health and safety		52
	403-5 Worker training on occupational health and safety		53-55

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health		51
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		-
	403-8 Workers covered by an occupational health and safety management system		-
	403-9 Work-related injuries	S7: Injury Rate	-
	403-10 Work-related ill health		-
CUSTOMER ENGAGEMENT AND SATISFACTION			
GRI 3: Material Topics 2021	3-3 Management of material topics	G6: Data Privacy	60, 61
PROCUREMENT PRACTICES			
GRI 3: Material Topics 2021	3-3 Management of material topics	G4: Supplier Code of Conduct	65, 66
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
ENVIRONMENTAL FOOTPRINT			
GRI 3: Material Topics 2021	3-3 Management of material topics	E3: Energy usage E4: Energy Intensity E5: Energy Mix	41, 77, 78
GRI 302: Principle 9 Energy 2016	302-1 Energy consumption within the organization		
	302-4 Reduction of energy consumption		
GRI 3: Material Topics 2021	3-3 Management of material topics	E6:Water Usage	78
GRI 303: Water and Effluents 2018	303-5 Water consumption		78
GRI 3: Material Topics 2021	3-3 Management of material topics	1: GHG Emissions E2: GHG Intensity	41, 77
GRI 3: Material Topics 2021	305-1 Direct (Scope 1) GHG emissions		
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics		43, 44

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
GRI 306: Waste 2020	306-3 Waste generated		79
	306-4 Waste diverted from disposal		
EMPLOYMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	S5: Temporary Worker Ratio	No temporary workers
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	S3: Employee Turnover	81-83
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		85, 86
	401-3 Parental leave		
LABOR/MANAGEMENT RELATIONS			
GRI 3: Material Topics 2021	3-3 Management of material topics		48
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes		

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		53-55
	404-2 Programs for upgrading employee skills and transition assistance programs		
	404-3 Percentage of employees receiving regular performance and career development reviews		
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 3: Material Topics 2021	3-3 Management of material topics		49, 50
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	S4: Gender Diversity S11: Nationalisation G1: Board Diversity	87, 88
	405-2 Ratio of basic salary and remuneration of women to men	S2: Gender Pay Ratio	-

GRI STANDARD	DISCLOSURE	ADX DISCLOSURES	PAGE
NON-DISCRIMINATION			
GRI 3: Material Topics 2021	3-3 Management of material topics		Part of our HR Policy
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	S6: Non Discrimination	-
CHILD LABOR			
GRI 3: Material Topics 2021	3-3 Management of material topics	S9: Child & Forced Labor	NA
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		-
LOCAL COMMUNITIES			
GRI 3: Material Topics 2021	3-3 Management of material topics	S12: Community Investment	56
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		
	413-2 Operations with significant actual and potential negative impacts on local communities		

12.2 Glossary of terms and acronyms

SI No	Term	Description
1	Benefit	Direct benefit provided in the form of financial contributions, care paid for by the organization, or the reimbursement of expenses borne by the employee
2	Breach of customer privacy	Non-compliance with existing legal regulations and (voluntary) standards regarding the protection of customer privacy
3	Business partner	Entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives
4	Carbon dioxide (CO ₂) equivalent	Measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP)
5	Community development program	Plan that details actions to minimize, mitigate, or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community
6	Customer privacy	Right of the customer to privacy and personal refuge
7	Direct (Scope 1) GHG emissions	Greenhouse gas (GHG) emissions from sources that are owned or controlled by the organization
8	Employee	Individual who is in an employment relationship with the organization according to national law or practice

SI No	Term	Description
9	Employee category	Breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production)
10	Energy indirect (Scope 2) GHG emissions	Greenhouse gas (GHG) emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization
11	Governance body	Formalized group of individuals responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders
12	Greenhouse gas (GHG)	Gas that contributes to the greenhouse effect by absorbing infrared radiation
13	Human rights	Rights inherent to all human beings, which include, at a minimum, the rights set out in the United Nations (UN) International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
14	Impact	Effect the organization has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development
15	Infrastructure	Facilities built primarily to provide a public service or good rather than a commercial purpose, and from which the organization does not seek to gain direct economic benefit

SI No	Term	Description
16	Local community	Individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities
17	Local supplier	Organization or person that provides a product or service to the reporting organization, and that is based in the same geographic market as the reporting organization (that is, no transnational payments are made to a local supplier)
18	Mitigation	Action(s) taken to reduce the extent of a negative impact
19	Other indirect (Scope 3) GHG emissions	Indirect greenhouse gas (GHG) emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions
20	Parental leave	Leave granted to men and women employees on the grounds of the birth of a child
21	Permanent employee	Employee with a contract for an indeterminate period (i.e., indefinite contract) for full-time or parttime work
22	Recycling	Reprocessing of products or components of products that have become waste, to make new materials
23	Remuneration	Basic salary plus additional amounts paid to a worker
24	Renewable energy source	Energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes

SI No	Term	Description
25	Senior executive	High-ranking member of the management of the organization, such as the Chief Executive Officer (CEO) or an individual reporting directly to the CEO or the highest governance body
26	Stakeholder	Individual or group that has an interest that is affected or could be affected by the organization's activities
27	Supplier	Entity upstream from the organization (i.e., in the organization's supply chain), which provides a product or service that is used in the development of the organization's own products or services
28	Supply chain	Range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services
29	Sustainable development/ sustainability	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs
30	Value chain	Range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use
31	Waste	Anything that the holder discards, intends to discard, or is required to discard
32	Water consumption	Sum of all water that has been withdrawn and incorporated into products, used in the production of crops or generated as waste, has evaporated, transpired, or been consumed by humans or livestock, or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party over the course of the reporting period

12.3 Contact information for further inquiries

For further inquiries or to provide feedback on the Sustainability Report 2023 of Al Buhaira National Insurance Company, please do not hesitate to reach out to us via email at care@albhaira.com.

Your insights and questions are invaluable as they help us enhance our sustainability practices and ensure our report accurately reflects our commitments and progress in environmental, social, and governance aspects. We are dedicated to transparent communication and look forward to hearing from you.



THE ONE PERCENT

Developed with the support of our Sustainability Partner
The One Percent
(Supervised by a GRI Certified Sustainability Professional)

