



AL DHAFRA INSURANCE COMPANY

INTEGRATED REPORTING 2024

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About the Report

- We are pleased to present our Integrated Report for the year 2024. The report is presented as per the guidelines set out by the Securities and Commodities Authority. Through this report we want to provide you with the overall performance of the company during the year 2024 in respect of the following:
 - a. Management Vision moving forward;
 - b. Corporate Governance;
 - c. Financial Performance;
 - d. Economic, Social and Governance Sustainability;



Reporting Period

- The scope of this report cover our performance from 1 January 2024 to 31 December 2024.



About Us

Al Dhafra Insurance Company P.S.C. is a Public Shareholding Company entirely owned by the U.A.E. nationals. It is incorporated in Abu Dhabi by Emiri Decree No. 8 of 1979 and registered under the provisions of The UAE Insurance Law (Federal Law No. (6) of 2007 enacted in February 2007).

The Company's Head Office is situated in Abu Dhabi and has branch offices in the U.A.E. at Dubai, Sharjah, Al Ain & Bida Zayed and 15 POSs & typing centers and 6 Traffic counters. Company's business operation is fully automated and branches and offices are connected on-line with Head Office for fast and efficient customer service. Company has on-line sales offices in most of the Immigration offices and Traffic offices across the country.

Our Vision:

- To become the preferred insurer choice of the customers in the local and regional insurance market;
- Be an example among service sector industries;

Our Mission:

- Add value to the insurance service provided in the market through continuous research in insurance and customer service area;
- Increase stake holders' value;

Our Values:

- Highest Priority to Customer needs;
- Loyalty and Integrity;
- Constant Improvement;
- High standards of Public Conduct;



Our Business

Al Dhafra is a direct Insurer in the U.A.E. market, underwriting both Life and Non-Life business and is recognized by the Government of the Abu Dhabi for Government insurance purposes. The major classes of business underwritten by the Company are:

- Fire & General Accident;
- Contract Works and Contractor's Plant & Equipment;
- Electronic Equipment & Machinery Breakdown;
- Workmen's Compensation & Employer's Liability;
- Public Liability, Medical Malpractice and other Professional Indemnity risks;
- Marine Cargo, Marine Hull & Pleasure Craft;
- Oil & Gas on and offshore operations;
- Personal Accident, Medical & Life; Visit visa and House maid policies;
- Motor

Al Dhafra has reinsurance association only with the world's top-class Reinsurers in Germany, U.K., Switzerland, Italy and other European countries and also has business relationship with the top-class International Insurance and Reinsurance Brokers all over the world.



Al Dhafra Strategic Focus

Al Dhafra is committed to providing sustainable growth for its shareholders and therefore allocates capital and other resources by assessing each business opportunity in both risk adjusted and cost-adjusted terms.

As a client-driven company, Al Dhafra Insurance focuses both on deepening relationships with Existing customers as well as on attracting new ones.

Al Dhafra Insurance has separated also responsibility for client service, underwriting, reserving, and reporting, allowing market-leading transparency and best in class service, as well as attractive, sustainable returns for shareholders.

Al Dhafra Insurance's Enterprise Risk Management shall facilitate the creation of sustainable competitive advantage, help management improve business performance and optimize the cost of managing risk as per the guided risk appetite.

Al Dhafra will continue to be mainly focused on corporate clients having long standing business in UAE market in various sectors in relation to general line of business.

The management also plans its investment in a very prudent manner and is focusing on diversifying the investment portfolio of the company with systematic diversification without affecting the investment income earned by the company.



**Al Dhafra Insurance Company P.S.C.
Abu Dhabi, United Arab Emirates**

Reports and financial statements

For the year ended 31 December 2024

**Al Dhafra Insurance Company P.S.C.
Abu Dhabi - United Arab Emirates**

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General Information

Chairman: H.E. Sheikh Mohamed Bin Sultan Bin Soroor Al Dhahiry

Deputy Chairman: H.E. Yousef Bin Mohammad Ali Nasser Al Nowais

Directors: H.E. Sh. Ahmed Moh'd Sultan Suroor Al Dhahiri
Mr. Rashid Saeed Ahmad Saeed Ghobash
H.E. Sh. Sultan Bin Saeed Bin Sultan Surour Al Dhahiri
H.E. Saif Mubarak Saif Al Riyami
Mr. Mohamed Saeed Ahmad Omran Al Mazroi
Mr. Mohamed Hussain Jasim Naser Al Nowais
Ms. Rauda Abdullah Al Dhahiri

General Manager: Mr. Kamal Sartawi

Principal office address: Zayed II Street - Al Dhafra Insurance Company Building
P.O. Box: 319
Abu Dhabi
United Arab Emirates

External auditor: Crowe Mak
P.O. Box: 109460
Abu Dhabi
United Arab Emirates



**The Board of Directors 45th Annual Report
for the year ended 31st December 2024**



I. Introduction:

Dear Shareholders,

As we reflect on the financial year that concluded on 31st December 2024, it is with great pleasure and a sense of accomplishment that we present to you the Director's Report for Al Dhafra Insurance Company. This report encapsulates our journey, achievements, challenges faced, and the strategic path ahead.

Gratitude to Our Respected Rulers

We extend our heartfelt thanks to His Highness Sheikh Mohamad Bin Zayed Al Nahyan, the President of United Arab Emirates and His Brothers, the Rulers of other Emirates, whose far-sighted vision and dedication to economic development have created an environment where businesses can thrive. Their commitment to innovation, infrastructure development, and a robust regulatory framework has played a pivotal role in Al Dhafra Insurance Company's ability to navigate challenges and seize opportunities. We express our deepest gratitude to the rulers for their exceptional leadership and the supportive ecosystem they have fostered. We are proud to be part of a community that values progress, innovation, and shared prosperity.

Overview of the Director's Report

In the pages that follow, you will find a comprehensive analysis of our financial performance, key operational highlights, strategic initiatives, and our commitment to corporate governance.

II. Financial Performance:

The financial year 2024, in line with the The Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses issued by the United Arab Emirates ("UAE"), on 09 December 2022, Corporate Tax become applicable for the Company effect from 01.01.2024. The financial results are hence shown before and after Corporate Tax.

Revenue and Profitability:

The fiscal year 31st December 2024 has been marked by robust financial performance, showcasing sustained growth and resilience. Total revenue for the period reached AED 356 million, reflecting an increase of 9% compared to the previous year, a testament to the efficiency of our operations and prudent financial management. We are pleased to report that our profitability has exceeded industry performance, underscoring the effectiveness of our strategic initiatives.

Gross and Net premium:

The gross premium written for the year ended 31 December 2024 amounted to AED 355,530,492 (2023: AED 327,289,671), depicting an increase of 9%.

The net retained premium for the year ended 31 December 2024 amounted to AED 73,043,963 (2023: AED 75,631,629).

Gross and Net claims

The gross claims paid by the Company during the year amounted to AED 349,543,637 (2023: AED 188,448,156). Net claims paid during the year amounted to AED 41,594,631 (2023: AED 43,851,668), depicting a decrease of 5%.



Technical Provisions

The net technical provisions (excluding deferred acquisition costs and unearned commission income) at 31 December 2024 amounted to AED 104,053,630 (2023: AED 101,060,044).

The net technical provision for the current year is hence 142% of the retained premium compared to 134% in 2023.

Figures relating to Different classes of Insurance.

Gross written Premiums	<u>2024</u> <u>(AED)</u>	<u>2023</u> <u>(AED)</u>
Marine	114,324,746	86,866,536
Other classes of business	241,205,746	240,423,135
Total	355,530,492	327,289,671
Gross Paid Claims	<u>2024</u> <u>(AED)</u>	<u>2023</u> <u>(AED)</u>
Marine	117,318,806	10,765,994
Other classes of business	232,224,831	177,682,162
Total	349,543,637	188,448,156
Net Technical Provisions	<u>2024</u> <u>(AED)</u>	<u>2023</u> <u>(AED)</u>
Marine	6,993,721	4,573,504
Other classes of business	97,059,910	96,486,540
Total	104,053,631	101,060,044

Investments:

The total investments including investment properties of the Company stand at AED 513,408,623 as at 31 December 2024 (2023: AED 440,041,802), showing an increase of 17%. It is worth mentioning that most of the investments of company are within the U.A.E. All available cash are deposited in the banks within the U.A.E.

General, administrative and other operating expenses:

The general, administrative and other expenses for the year amounted to AED 43,514,579 (2023: AED 38,193,963).

Profits for the year

The pre-tax profit of the Company from insurance and investment activities for the year under review is AED 48,692,579 (2023(IFRS17): AED 47,495,047) showing an increase of 2.52%.



The Company's branches and offices

The Company has branches and point of sales in most residential areas and service centers in Abu Dhabi, Al Ain, Bida Zayed, Baniyas, Musaffah, and in the Traffic Departments in the emirate of Abu Dhabi in addition to branches in Dubai and Sharjah.

Shareholders' Equity

Shareholder's Equity increased from the amount of AED 464 million in 2023 (IFRS 17) to AED 502 million, an increase of 8%.

The total assets increased from AED 1315 million in 2023 (IFRS 17) to AED 1579 million, with an increase of 20%.

III. Strategic Initiatives & Customer-Centric Initiatives

Digital Transformation

To meet the evolving preferences of our policyholders, we expanded our online service offerings. The introduction of user-friendly digital platforms and mobile applications has facilitated seamless policy management, claims processing, and communication. Recognizing the importance of personalization in the insurance landscape, we implemented initiatives to tailor products and services to individual customer needs. This has not only increased customer satisfaction but also fostered stronger customer loyalty.

Risk Management and Underwriting

Harnessing the power of predictive analytics, we enhanced our risk assessment and underwriting processes. This has resulted in more accurate pricing models, reduced fraud, and improved overall risk management. Given the growing importance of data security, we implemented robust cybersecurity measures to protect sensitive customer information. This strategic initiative is crucial in maintaining customer trust and complying with regulatory requirements.

Regulatory Compliance

Ensuring compliance with evolving regulations is a top priority. Our strategic initiatives included the establishment of a dedicated compliance monitoring team and the implementation of robust systems to adapt to changes in regulatory frameworks promptly. A commitment to ethical business practices has been at the forefront of our strategic initiatives. We conducted regular training programs for employees to reinforce the importance of ethical conduct, integrity, and fair dealings with customers.

At Al Dhafra Insurance Company, we recognize the profound impact of Environmental, Social, and Governance (ESG) factors on our business and stakeholders. Our commitment to ESG principles is an integral part of our corporate strategy.

At Al Dhafra Insurance Company, we recognize the significance of Emiratization as a key national priority in the United Arab Emirates. Our commitment to supporting this initiative is aligned with our dedication to contributing to the socio-economic development of the country. In 2024, we continued our efforts to foster Emirati talent and enhance their representation in our workforce. Our Emiratization objectives are rooted in our belief that a diverse and inclusive workforce, including a strong representation of Emirati nationals, strengthens our organization. We are fully compliant with Emiratization target of 2024 set by authority.

Financial Outlook:

Looking ahead, the financial outlook for the upcoming fiscal year is optimistic. Despite the evolving economic landscape, our strategic initiatives are poised to capitalize on emerging opportunities, ensuring sustained growth and profitability.



Gratitude and Acknowledgments

Before delving into the details,

we express our sincere gratitude to our dedicated employees, whose hard work and commitment have been the bedrock of our success, to our customers, whose loyalty motivates us to continuously innovate and improve, to all our business partners who have been instrumental in our journey throughout the year, to all our reinsurers who have been vital contributors to the success and resilience of Al Dhafra Insurance Company. Your expertise, commitment to excellence, and collaborative approach have significantly strengthened our risk management framework, to our shareholders, your trust is the cornerstone of our journey.

IV. Distribution of profit

The aftertax net profit for the year of AED 45,901,954 achieved by the Company with the retained profit from the previous years amounted to a distributable income of AED 111,612,494. We recommend appropriation of the above profit as follows:

Details of Appropriation	AED
To be distributed as cash dividend	35,000,000
Remuneration to Board of Directors	4,000,000
Staff Bonus	3,521,957
To be carried forwarded to the subsequent year	69,090,537

V. Recommendations of Board of Directors to Shareholders:

The Board of Directors is pleased to present the following recommendations to the Ordinary General Assembly of the Shareholders of the Company for their approval.

1. Listen to and approve the Board of Director's Report on the Company's activity and its financial position for the fiscal year ended 31/12/2024.
2. Listen to and approve the Auditor's Report for the fiscal year ended on 31/12/2024.
3. Discuss and approve the Company's balance sheet and profit and loss account for the fiscal year ended on 31/12/2024.
4. Consider the Board of Director's proposals concerning the distribution of profits by 35% of the nominal value of the share as a cash dividend of AED 35,000,000/- at 0.35 fils per share.
5. Approve a proposal concerning the remuneration of the members of the Board of Director's.
6. Consider the Board of Director's proposals concerning the staff Bonus for the year 2024 for a total amount of AED 3,521,957/-
7. Discharge the members of the Board of Directors for the fiscal year ended on 31/12/2024 or remove them and file a liability action against them, as the case may be.
8. Discharge the auditors for the fiscal year ended 31/12/2024 or remove them and file a liability action against them, as the case may be.
9. To elect the Board of Directors for the next Three years.
10. Appoint the auditors for the year 2025 and determine their fees.



IV. Conclusion:

On behalf of the Board of Directors, I express our gratitude to our shareholders for their trust, our customers for their loyalty, and our employees for their dedication. Together, we look forward to shaping a future that reflects the resilience and vision of Al Dhafra Insurance Company.

On Behalf of the Board of Directors

Chairman of the Board

Ref: UN/AUH-B-375/Feb'2025

Independent auditor's report

To
The Shareholders
Al Dhafra Insurance Company P.S.C.
Abu Dhabi, United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Dhafra Insurance Company P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2024 and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

**Independent Auditor’s Report (continued)
To the Shareholders of Al Dhafra Insurance Company P.S.C.**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of (Re)Insurance Contract Assets and Liabilities</p> <p>Valuation of (Re)Insurance contract assets and liabilities involve significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims.</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 methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> - Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities. - Assessment of the competence, capabilities and objectivity of the management appointed actuary. - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows. - Evaluated and assessed the recoverability of Insurance receivables. - Evaluated appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied. - We independently reperformed the calculation to assess the mathematical accuracy of the (Re)Insurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves.

Independent Auditor's Report (continued)
To the Shareholders of Al Dhafra Insurance Company P.S.C.

Report on the Audit of the Financial Statements (continued)

Other matter

The financial statements for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2024.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 and Federal Law No. 48 of 2023 Regulating Insurance Activities, Central Bank of UAE Board of Directors' Decision No. 25 of 2014 Pertinent to the Financial Regulation for Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)
To the Shareholders of Al Dhafra Insurance Company P.S.C.

Report on the Audit the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the 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 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and Articles of Association of the Company.
- iii) The Company has maintained proper books of account.
- iv) The financial information included in the Board of Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company.



Independent Auditor's Report (continued)
To the Shareholders of Al Dhafra Insurance Company P.S.C.

Report on the Audit the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

- v) Notes 11 and 12 to the financial statements disclose purchase of securities by the Company during the year ended 31 December 2024.
- vi) Note 16 to the financial statements discloses material related party transactions, and the terms under which they were conducted.
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the Federal Law No. 32 of 2021 and in respect of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2024.
- viii) The Company has not made any social contributions during the year ended 31 December 2024.

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

For, Crowe Mak

A handwritten signature in blue ink, appearing to read "Umesh Narayanappa".

Umesh Narayanappa
Partner
Registered Auditor Number: 1234
Abu Dhabi, United Arab Emirates
Date: 12 February 2025

Al Dhafra Insurance Company P.S.C.
Abu Dhabi - United Arab Emirates

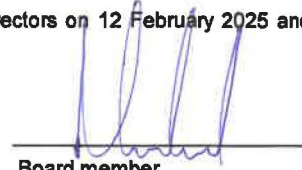
Statement of financial position as at 31 December 2024

	Notes	2024 AED	2023 AED
ASSETS			
Property and equipment	6	1,363,018	796,119
Intangible assets	7	2,684,184	3,356,823
Right-of-use assets	8	4,658,483	5,759,263
Investment properties	9	73,600,000	70,012,225
Statutory deposit	10	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	11	288,156,172	246,026,664
Investments carried at fair value through profit and loss	12	151,652,452	124,002,913
Insurance contract assets	14	37,266,216	53,608,521
Reinsurance contract assets	14	773,881,086	583,999,781
Prepayments and other receivables	13	9,935,295	7,878,849
Deposits	15	171,961,590	183,932,075
Cash and cash equivalents	15	54,094,606	25,226,125
TOTAL ASSETS		1,579,233,102	1,314,579,358
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	100,000,000	100,000,000
Legal reserve	18	50,000,000	50,000,000
General reserve	18	145,000,000	145,000,000
Investment revaluation reserve	18	93,246,517	58,548,665
Reinsurance reserve	18	6,110,954	4,723,303
Retained earnings		107,522,187	105,529,846
TOTAL EQUITY		501,879,658	463,801,814
LIABILITIES			
Provision for employees' end of service benefits	19	7,936,603	7,655,079
Lease liabilities	8	4,918,565	5,939,744
Insurance contract liabilities	14	880,088,015	773,955,713
Reinsurance contract liabilities	14	154,385,772	47,796,208
Deferred tax liability	21	3,887,324	-
Provision for tax	22	2,334,956	-
Other payables	20	23,802,209	15,430,800
TOTAL LIABILITIES		1,077,353,444	850,777,544
TOTAL EQUITY AND LIABILITIES		1,579,233,102	1,314,579,358

These financial statements were approved and authorised by the Board of Directors on 12 February 2025 and signed on their behalf by:


Assistant General Manager - Finance


General Manager


Board member

The accompanying notes from 1 to 36 form an integral part of these financial statements.

The report of the auditor is set out on pages 7 to 11.



Al Dhafra Insurance Company P.S.C.
Abu Dhabi - United Arab Emirates
Statement of profit or loss and other comprehensive income for the year ended 31
December 2024

	Notes	2024 AED	2023 AED
Insurance revenue	14	346,290,305	320,617,883
Insurance service expenses	25	(494,069,535)	(496,221,818)
Insurance service result before reinsurance contracts held		(147,779,230)	(175,603,935)
Allocation of reinsurance premiums	14	(272,357,067)	(247,708,191)
Amounts recoverable from reinsurance for incurred claims	14	424,453,709	423,708,417
Net income from reinsurance contracts held		152,096,642	176,000,226
Insurance service result		4,317,412	396,291
Income from investments – net	24	45,887,835	40,881,350
Insurance finance expense from reinsurance contracts issued	26	(33,546,354)	(16,528,601)
Reinsurance finance income from reinsurance contracts held	26	30,004,046	13,706,705
Net insurance and investment results		46,662,939	38,455,745
Other operating income	27	537,138	8,789,156
Other expenses		(5,600,348)	(5,550,665)
Other finance costs	8	(429,113)	(391,189)
Profit before tax		41,170,616	41,303,047
Income tax expenses			
Current tax expenses	22	(2,334,956)	-
Deferred tax expenses	21	(455,668)	-
Total tax expenses		(2,790,624)	-
Profit for the year after tax		38,379,992	41,303,047
Basic and diluted earnings per share	23	0.38	0.41
Profit for the year		38,379,992	41,303,047
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Change in fair value relating to investments carried at fair value through other comprehensive income- net of tax		34,697,852	8,845,430
Other comprehensive income for the year		34,697,852	8,845,430
Total comprehensive income for the year		73,077,844	50,148,477

The accompanying notes from 1 to 36 form an integral part of these financial statements.
The report of the auditor is set out on pages 7 to 11.

**Al Dhafra Insurance Company P.S.C.
Abu Dhabi - United Arab Emirates**

Statement of changes in equity for the year ended 31 December 2024

	Share capital	Legal reserve	General reserve	Investment revaluation reserve	Reinsurance reserve	Retained earnings	Total
	AED	AED	AED	AED	AED	AED	AED
Balance as at 1 January 2023	100,000,000	50,000,000	145,000,000	49,703,235	3,488,946	95,201,401	443,393,582
Net profit for the year	-	-	-	-	-	41,303,047	41,303,047
Other comprehensive income for the year	-	-	-	8,845,430	-	-	8,845,430
Total comprehensive income for the year	-	-	-	8,845,430	-	41,303,047	50,148,477
Dividends declared and paid (Note 17)	-	-	-	-	-	(30,000,000)	(30,000,000)
Transfer to reinsurance reserve	-	-	-	-	1,234,357	(1,234,357)	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	-	-	259,755	259,755
Balance as at 31 December 2023	100,000,000	50,000,000	145,000,000	58,548,665	4,723,303	105,529,846	463,801,814
Balance as at 1 January 2024	100,000,000	50,000,000	145,000,000	58,548,665	4,723,303	105,529,846	463,801,814
Net profit for the year	-	-	-	-	-	38,379,992	38,379,992
Other comprehensive income for the year	-	-	-	34,697,852	-	-	34,697,852
Total comprehensive income for the year	-	-	-	34,697,852	-	38,379,992	73,077,844
Dividends declared and paid (Note 17)	-	-	-	-	-	(35,000,000)	(35,000,000)
Transfer to reinsurance reserve	-	-	-	-	1,387,651	(1,387,651)	-
Balance as at 31 December 2024	100,000,000	50,000,000	145,000,000	93,246,517	6,110,954	107,522,187	501,879,658

The accompanying notes from 1 to 36 form an integral part of these financial statements.

The report of the auditor is set out on pages 7 to 11.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates Statement of cash flows for the year ended 31 December 2024

	Notes	2024 AED	2023 AED
OPERATING ACTIVITIES			
Profit before tax		41,170,616	41,303,047
Adjustments for:			
Change in fair value of investments carried at fair value through profit or loss	12	(10,566,559)	(17,335,346)
Realised gain on disposal of investments carried at fair value through profit or loss	24	(4,846,844)	(4,130,668)
Change in the fair value of investment properties	9	(3,587,775)	-
Provision for employees' end of service benefits	19	530,226	534,712
Depreciation of property and equipment and right-of-use asset	6,8	1,493,050	1,425,294
Amortisation of intangible assets	7	1,379,116	1,156,127
Gain on disposal of property and equipment		(1,450)	(2,700)
Finance cost	8	429,113	391,189
Dividend income	24	(15,811,018)	(9,966,004)
Interest income	24	(11,817,670)	(8,724,127)
Cash flows from operating activities		(1,629,195)	4,651,524
Working capital changes:			
Changes in prepayments and other receivables	13	(941,612)	(1,300,219)
Changes in insurance and reinsurance contracts assets/liabilities	14	39,182,866	10,753,975
Change in other payables	20	8,371,409	(8,465,670)
Cash generated from operations		44,983,468	5,639,610
Employees' end of service benefits paid	19	(248,702)	(173,381)
Net cash generated from operating activities		44,734,766	5,466,229
INVESTING ACTIVITIES			
Purchase of property and equipment	6	(862,897)	(450,590)
Purchase of intangible assets	7	(824,395)	(1,280,367)
Purchase of investments at FVTPL	12	(55,119,115)	(6,300,996)
Proceeds from disposal of FVTPL investments	12	42,882,979	20,296,418
Purchase of investments designated at FVTOCI	11	(4,000,000)	-
Proceeds from disposal of investments at FVTOCI		-	4,035,116
Proceeds from disposal of property and equipment		1,450	2,700
Movement in Term deposits	15	11,970,485	(6,943,994)
Dividends received	20	15,811,018	9,966,004
Interest received		10,703,138	6,882,340
Net cash generated from investing activities		20,562,663	26,206,631
FINANCING ACTIVITIES			
Dividends paid	17	(35,000,000)	(30,000,000)
Payment of lease liabilities	8	(1,428,948)	(990,390)
Net cash used in financing activities		(36,428,948)	(30,990,390)
Net increase in cash and cash equivalents		28,868,481	682,470
Cash and cash equivalents at the beginning of the year	15	25,226,125	24,543,655
Cash and cash equivalents at the end of the year	15	54,094,606	25,226,125

The accompanying notes from 1 to 36 form an integral part of these financial statements.
The report of the auditor is set out on pages 7 to 11.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

1. Legal status and principal activities

Al Dhafra Insurance Company P.S.C. (the "Company"), is a public shareholding company incorporated in Abu Dhabi by an Amiri Decree No. 8 of 1979. The Company is subject to the regulations of the UAE Federal Law No. 48 of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the UAE under registration number CN-1002080.

The Company is engaged in insurance of all classes of business with the exception of endowments and annuities. The Company is domiciled in the United Arab Emirates and its registered office address is Zayed II Street - Al Dhafra Insurance Company Building, P.O. Box: 319, Abu Dhabi, United Arab Emirates.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The range of products and services offered by the Company includes but is not limited to accidents and civil responsibility insurance, life insurance, health insurance, onshore and offshore oil and gas fields and facilities services, land, marine and air transportation dangers insurance and fire insurance.

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

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

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

Standard number	Title	Effective date
IAS 1	Amendment to IAS 1 - Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
IAS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures-Supplier Finance Arrangements	1 January 2024
IFRS 16	Amendment to IFRS 16 - Leases on sale and leaseback	1 January 2024
IFRS 1	IFRS Sustainability Disclosure	1 January 2024

Management has adopted the new and amended IFRS standards in the current year and believes that these standards do not have material impact on these financial statements unless mentioned above.

2.2. New and revised Standards in issue but not yet effective

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

Standard number	Title	Effective date
AS 21	Amendments to IAS 21 Lack of exchangeability	1 January 2025
IFRS 9 & IFRS 7	Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture	No effective date set

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

3. Basis of preparation

The financial statements are prepared on an accrual basis under the historical cost convention except for investment properties and certain financial instruments that are measured at fair values as at the end of each reporting date.

The financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board and applicable requirements of the Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

The financial statements are presented in Arab Emirates Dirhams (AED) being the functional and presentational currency of the Company.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 29.

4. Material accounting policies

Insurance Contracts

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

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

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

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

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policy holder 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 that are to not be accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

AI Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Level of aggregation

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

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

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

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

The Company 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 Company considers:

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

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

Recognition

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

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

AI Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies(continued)

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

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

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

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

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

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

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies(continued)

Insurance contracts – subsequent measurement

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

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

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

Reinsurance contracts

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

Insurance contracts – modification and derecognition

The Company 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 Company derecognises the initial contract and recognises the modified contract as a new contract.

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

Presentation

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

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

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

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

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies(continued)

Insurance revenue

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

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

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

Loss components

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

Insurance finance income and expense

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

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

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. The impact of all changes are reflected through profit or loss.

Net income or expense from reinsurance contracts held

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies(continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and insurance balances receivable)
- b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through profit or loss

Cash and cash equivalents

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

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Financial assets (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost, lease receivables, insurance receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For insurance receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 240 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial instruments

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- a) There is a currently enforceable legal right to offset the recognised amounts; and
- b) There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value measurement

The Company measures financial instruments, such as investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each reporting date.

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

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

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

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

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Fair value measurement (continued)

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 30.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

Al Dhafra Insurance Company P.S.C.

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Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed payments or a change in the assessment to purchase the underlying asset.

Al Dhafra Insurance Company P.S.C.

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Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Lease liabilities (continued)

Short-term leases and leases of low-value assets

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

Company as a lessor

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

Finance cost

Interest paid is recognised in the statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest rate method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	4 years
Motor vehicles	3 years
Computer equipment and accessories	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes purchase cost, together with any incidental expenses of acquisition. The amortisation charge is calculated so as to write off the cost of the intangible asset on a straight-line basis over the expected useful economic life of 6 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period with the effect of any changes in estimation accounted on prospective basis useful life of the intangible assets.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in operating income in the statement of income. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Company holds investment properties which are disclosed in note 9.

The estimated useful lives of the assets as follows:

Buildings	25 years
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Al Dhafra Insurance Company P.S.C.

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Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Revenue recognition policies

Revenue - non insurance

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease and is stated net of related expenses.

Interest income

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

Dividend income

Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities.

Investment income

Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Realised and unrealised gain

Net gains/losses on financial assets classified at fair value through profit or loss and fair value through other comprehensive income are described under the accounting policy for financial assets and liabilities.

Foreign currency

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to AED at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses have been dealt with in the statement of profit or loss and other comprehensive income.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to liability.

Corporate tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. Material accounting policies (continued)

Corporate tax (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Director of reviewed the investment property portfolios and concluded that none of the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Director has determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the entity has not recognised any deferred taxes on changes in fair value of the investment properties as the entity is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2024

4. Material accounting policies (continued)

Employees' end of service benefits

Defined benefit plan

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

Defined contribution plan

The Company pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with Federal Law No. 7 of 1999 for Pension and Social Security.

Dividend

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

5. Significant accounting judgements and estimates

Judgements

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

Insurance and reinsurance contracts

The Company applies PAA methodology to simplify the measurement of insurance contracts. When measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for all acquisition cashflows except for commission expense which is capitalised.

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 period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

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

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

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Notes to the Financial Statements for the year ended 31 December 2024

5. Significant accounting judgements and estimates (continued)

Liability for incurred claims (continued)

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

Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Discount rates

The Company uses bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates were not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

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

	1 year		3 years		5 years		10 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Insurance issued	6.25%	5%	6.25%	5%	6.25%	5%	6.25%	5%
Reinsurance contracts held	6.25%	5%	6.25%	5%	6.25%	5%	6.25%	5%

Risk adjustment for non-financial risk

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

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of group 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.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Fair value of financial instruments

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

Estimation of fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation consultants based on Investment Method of Valuation. The Investment method analyses potential rental income from the property and deducts the expenses incurred in the operation of the asset. The net rental income is then capitalised at market standards to arrive at fair value.

5. Significant accounting judgements and estimates (continued)

Expected credit losses

Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of insurance and reinsurance receivables. For non-insurance receivables the recoverability is assessed and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

Discounting of lease payments

The lease payments are discounted using the Emirates Interbank Offered Rate ("EIBOR"). The EIBOR applied to lease liabilities recognized in the statement of financial position at the end of every reporting period.

Methodology for Loss Component

The method for calculating the loss component in IFRS 17 involves assessing expected claims payments and expenses, adjusting for volatility through risk adjustment, and factoring in premiums' present value. Previously, until 31 December 2023, the loss component under IFRS 17 included ultimate loss ratios, which considered large losses. However, in 2024, after reviewing the approach with the appointed actuary, management chose to exclude large losses from determining the period-end insurance contract liability and corresponding reinsurance contract asset. This change reduced the gross loss component from AED 80.58 million (as at 31 December 2023) to AED 36.44 million under insurance contract liabilities and from AED 67.76 million (as at 31 December 2023) to AED 29.27 million under reinsurance contract asset as at 31 December 2024. The reversal is accounted for in the statement of profit or loss through 'insurance service expense' and 'allowance recoverable from reinsurance for incurred claims'. The change in approach, coupled with the natural expiration of risk, results in a net positive impact of AED 5.65 million for the year.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

6 Property and equipment

	Furniture and fittings	Motor vehicles	Computer equipment and accessories	Total
	AED	AED	AED	AED
Cost				
At 1 January 2023	2,808,100	1,501,433	3,160,122	7,469,655
Additions during the year	54,284	-	396,306	450,590
Disposals during the year	(83,435)	-	(392,259)	(475,694)
At 31 December 2023	2,778,949	1,501,433	3,164,169	7,444,551
Additions during the year	61,654	585,714	215,529	862,897
Disposals during the year	(50,740)	-	(383,189)	(433,929)
At 31 December 2024	2,789,863	2,087,147	2,996,509	7,873,519
Accumulated depreciation				
At 1 January 2023	2,769,013	1,430,862	2,438,225	6,638,100
Charge for the year	88,072	33,330	364,624	486,026
Disposals during the year	(83,435)	-	(392,259)	(475,694)
At 31 December 2023	2,773,650	1,464,192	2,410,590	6,648,432
Charge for the year	80,407	33,957	299,551	413,915
Disposals during the year	(50,740)	-	(383,189)	(433,929)
Adjustments during the year	(171,571)	2,714	50,940	(117,917)
At 31 December 2024	2,631,746	1,500,863	2,377,892	6,510,501
Carrying amount				
As at 31 December 2024	158,117	586,284	618,617	1,363,018
As at 31 December 2023	5,299	37,241	753,579	796,119

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Notes to the Financial Statements for the year ended 31 December 2024

7 Intangible assets

	Computer software AED
Cost	
Balance at 1 January 2024	8,102,058
Additions during the year	824,395
Disposals during the year	<u>(1,906,021)</u>
As at 31 December 2024	<u>7,020,432</u>
Accumulated amortization	
Balance at 1 January 2024	4,745,235
Amortization for the year	1,379,116
Disposals during the year	<u>(1,906,021)</u>
Transfers	<u>117,918</u>
As at 31 December 2024	<u>4,336,248</u>
Carrying amount	<u><u>2,684,184</u></u>
Cost	
Balance at 1 January 2023	7,832,441
Additions during the year	1,280,367
Disposal during the year	<u>(1,010,750)</u>
As at 31 December 2023	<u>8,102,058</u>
Accumulated amortization	
Balance at 1 January 2023	4,599,858
Amortization for the year	1,156,127
Disposals during the year	<u>(1,010,750)</u>
As at 31 December 2023	<u>4,745,235</u>
Carrying amount	<u><u>3,356,823</u></u>

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Notes to the Financial Statements for the year ended 31 December 2024

8 Leases

The Company leases buildings/land and buildings.

The carrying amounts of the Company's right-of-use assets is as follows:

	2024 AED	2023 AED
Cost		
Balance as at 1 January 2024	11,020,757	11,020,757
Effect of modification during the year	(3,403,500)	-
Derecognition	(81,410)	-
Balance as at 31 December 2024	<u>7,535,847</u>	<u>11,020,757</u>
Accumulated depreciation		
Balance as at 1 January 2024	5,261,494	4,322,226
Related to modification during the year	(3,443,726)	-
Charge for the year	1,079,135	939,268
Derecognition	(19,539)	-
Balance as at 31 December 2024	<u>2,877,364</u>	<u>5,261,494</u>
Carrying amount	<u>4,658,483</u>	<u>5,759,263</u>

The movement in lease liabilities is as follows

As at the beginning of the year	5,939,744	6,538,945
Amortization of interest expense during the year	429,113	391,189
Repayment of lease liabilities during the year	(1,428,948)	(990,390)
Derecognition	(21,344)	-
As at the end of the year	<u>4,918,565</u>	<u>5,939,744</u>

Lease liabilities are as follows:

Within one year	1,383,352	847,420
One to ten years	3,535,213	5,092,324
	<u>4,918,565</u>	<u>5,939,744</u>

9. Investment properties

	Abu Dhabi land and building AED	Al Ain land and building AED	Total AED
As at 1 January 2023	59,289,680	10,722,545	70,012,225
As at 31 December 2023	<u>59,289,680</u>	<u>10,722,545</u>	<u>70,012,225</u>
As at 1 January 2024	59,289,680	10,722,545	70,012,225
Change in fair value (Note 24)	3,210,320	377,455	3,587,775
As at 31 December 2024	<u>62,500,000</u>	<u>11,100,000</u>	<u>73,600,000</u>

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2024

9. Investment Properties (continued)

The plots of land in Abu Dhabi and Al Ain on which investment properties are constructed were awarded to the Company free of cost by the Executive Council of the Government of Abu Dhabi on 21 June 1981 and 27 August 1983, respectively.

The fair value of the Company's investment properties as at 31 December 2024 and 2023 have arrived by management by reference to valuation carried out on the respective dates by an independent valuer not related to the Company. The independent valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value of investment properties is determined using market-based approach and discounted cash flow (DCF) model.

Market based approach considers recent market transactions for similar assets or quotes / bid prices for same or similar assets.

DCF considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy for the year ended 31 December:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2024				
Investment properties	-	-	73,600,000	73,600,000
31 December 2023				
Investment properties	-	-	70,012,225	70,012,225

There were no transfers between Level 1, Level 2 and Level 3 during current and previous year.

Following is the summary of valuation techniques and inputs used in the valuation of investment properties:

Property	Valuation technique	Significant unobservable inputs
Abu Dhabi and Al Ain buildings	Income capitalization	Estimated rental value per annum, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property, as follows: <ul style="list-style-type: none">Abu Dhabi property AED 4,627,751; andAl Ain property AED 707,963. Capitalization yield, taking into consideration the risk premium between prime and sub-prime properties and the capacity to earn rentals, ranges from 7-8%.

The Company earns rental income from its investment properties. The rental income and direct operating expenses arising on the investment properties are as follows:

	2024 AED	2023 AED
Rental income	2,746,564	2,608,330
Direct operating expenses	(635,042)	(692,514)
	2,111,522	1,915,816

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Notes to the Financial Statements for the year ended 31 December 2024

9. Investment Properties (continued)

There are no restrictions on the realisability of investment properties. The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

10 Statutory deposits

In accordance with the requirements of Federal Law No. 48 of 2023, concerning the formation of Insurance Authority of UAE, the Company maintains the below deposit which cannot be utilized without the consent of the Central Bank of the United Arab Emirates.

	2024 AED	2023 AED
Statutory deposit	10,000,000	10,000,000
Expected credit losses	(20,000)	(20,000)
	<u>9,980,000</u>	<u>9,980,000</u>

11. Investments carried at fair value through other comprehensive income

Quoted UAE equity securities	<u>288,156,172</u>	246,026,664
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The movement in the investments at fair value through other comprehensive income is as follows:

Fair value at beginning of the year	246,026,664	240,956,595
Additions	4,000,000	-
Disposals	-	(3,775,361)
Change in fair value	38,129,508	8,845,430
Fair value at end of the year	<u>288,156,172</u>	<u>246,026,664</u>

12. Investments carried at fair value through profit or loss

Managed funds (i)	97,263,500	79,511,873
Quoted UAE equity securities	42,678,988	34,283,128
Quoted debt securities (ii)	3,188,914	3,162,062
Unquoted equity security	8,521,050	7,045,850
	<u>151,652,452</u>	<u>124,002,913</u>

(i) It represents investment in equity and credit funds.

(ii) Quoted debts securities carry interest at a rate ranging from 3.88% to 8.00% (2023: from 4.23% to 7.00%) per annum.

The movement in investments at fair value through profit or loss is as follows:

Fair value at beginning of the year	124,002,913	116,532,321
Additions	55,119,115	6,300,996
Disposals	(38,036,135)	(16,165,750)
Change in fair value (note 24)	10,566,559	17,335,346
Fair value at end of the year	<u>151,652,452</u>	<u>124,002,913</u>

13. Prepayments and other receivables

Prepayments	1,568,245	1,092,263
Interest receivables	5,370,791	4,255,957
Other receivables	2,996,259	2,530,629
	<u>9,935,295</u>	<u>7,878,849</u>

Al Dhafra Insurance Company P.S.C.

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Notes to the Financial Statements for the year ended 31 December 2024

14 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:

	2024			2023		
	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
Insurance contracts issued						
Life and Medical	8,816,477	(32,220,061)	(23,403,584)	11,443,719	(40,541,190)	(29,097,471)
General and Motor	28,449,739	(847,867,954)	(819,418,215)	42,164,802	(733,414,523)	(691,249,721)
Total insurance contracts issued	37,266,216	(880,088,015)	(842,821,799)	53,608,521	(773,955,713)	(720,347,192)
Reinsurance contracts held						
Life and Medical	19,151,376	(1,483,713)	17,667,663	21,325,900	(104,408)	21,221,492
General and Motor	754,729,710	(152,902,059)	601,827,651	562,673,881	(47,691,800)	514,982,081
Total reinsurance contracts held	773,881,086	(154,385,772)	619,495,314	583,999,781	(47,796,208)	536,203,573

Al Dhafra Insurance Company P.S.C.

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Notes to the Financial Statements for the year ended 31 December 2024

14 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

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 below:

2024	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	
Insurance contract liabilities as at 1 January	40,814,016	80,583,626	552,891,644	46,057,906	720,347,192
Insurance revenue	346,290,305	-	-	-	346,290,305
Insurance service expenses	44,198,013	(44,135,086)	499,070,184	(5,063,576)	494,069,535
Incurred claims and other expenses	-	-	387,032,590	-	387,032,590
Losses on onerous contracts and reversals	-	(44,135,086)	-	-	(44,135,086)
Changes to liabilities for incurred claims	-	-	112,037,594	(5,063,576)	106,974,018
Acquisition cashflows amortization	44,198,013	-	-	-	44,198,013
Insurance service result	302,092,292	44,135,086	(499,070,184)	5,063,576	(147,779,230)
Insurance finance expense	-	-	(30,667,736)	(2,878,618)	(33,546,354)
Total changes in the statement of comprehensive income	302,092,292	44,135,086	(529,737,920)	2,184,958	(181,325,584)
Cash flows					
Premiums received	395,483,111	-	-	-	395,483,111
Claims and other expenses paid	-	-	(324,316,418)	-	(324,316,418)
Directly attributable expenses paid	-	-	(37,487,560)	-	(37,487,560)
Insurance acquisition cash flows	(92,530,110)	-	-	-	(92,530,110)
Total cash flows	302,953,001	-	(361,803,978)	-	(58,850,977)
Net insurance contract liabilities as at 31 December	41,674,725	36,448,540	720,825,586	43,872,948	842,821,799

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Notes to the Financial Statements for the year ended 31 December 2024

14 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)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	AED	AED	AED	AED	
2023					
Insurance contract liabilities as at 1 January	29,996,781	39,824,856	368,466,310	31,955,658	470,243,605
Insurance revenue	320,617,883	-	-	-	320,617,883
Insurance service expenses	(45,121,330)	(40,758,770)	(397,837,253)	(12,504,465)	(496,221,818)
Incurred claims and other expenses	-	-	(220,700,655)	-	(220,700,655)
Losses on onerous contracts and reversals	-	(40,758,770)	-	-	(40,758,770)
Changes to liabilities for incurred claims	-	-	(177,136,598)	(12,504,465)	(189,641,063)
Acquisition cashflows amortization	(45,121,330)	-	-	-	(45,121,330)
Insurance service result	275,496,553	(40,758,770)	(397,837,253)	(12,504,465)	(175,603,935)
Insurance finance income	-	-	(14,930,818)	(1,597,783)	(16,528,601)
Total changes in the statement of comprehensive income	275,496,553	(40,758,770)	(412,768,071)	(14,102,248)	(192,132,536)
<i>Cash flows</i>					
Premiums received	321,919,965	-	-	-	321,919,965
Claims and other expenses paid	-	-	(196,090,628)	-	(196,090,628)
Directly attributable expenses paid	-	-	(32,252,109)	-	(32,252,109)
Insurance acquisition cash flows	(35,606,177)	-	-	-	(35,606,177)
Total cash flows	286,313,788	-	(228,342,737)	-	57,971,051
Net insurance contract liabilities as at 31 December	40,814,016	80,583,626	552,891,644	46,057,906	720,347,192

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Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

14 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:

2024	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Reinsurance contract assets as at 1 January	34,961,886	67,558,749	438,641,861	42,837,285	583,999,781
Reinsurance contract liabilities as at 1 January	(46,579,387)	197,462	(1,324,394)	(89,889)	(47,796,208)
Net reinsurance contract assets/(liabilities)	(11,617,501)	67,756,211	437,317,467	42,747,396	536,203,573
Allocation of reinsurance premiums	(272,357,067)	-	-	-	(272,357,067)
Amounts recoverable from reinsurers for incurred claims	41,751,134	(38,488,739)	425,228,923	(4,037,609)	424,453,709
Amounts recoverable for incurred claims and other expenses	-	-	307,950,801	-	307,950,801
Loss-recovery on onerous underlying contracts and adjustments	-	(38,488,739)	-	-	(38,488,739)
Acquisition cashflows amortization	51,067,871	-	-	-	51,067,871
Changes to amounts recoverable for incurred claims	-	-	117,278,122	(4,037,609)	113,240,513
Changes in non-performance risk of reinsurer	(9,316,737)	-	-	-	(9,316,737)
Net income or expense from reinsurance contracts held	(230,605,933)	(38,488,739)	425,228,923	(4,037,609)	152,096,642
Reinsurance finance income	-	-	27,332,341	2,671,705	30,004,046
Total changes in the statement of comprehensive income	(230,605,933)	(38,488,739)	397,896,582	(6,709,314)	122,092,596
Cash flows					
Premiums paid	313,392,942	-	-	-	313,392,942
Amount received	-	-	(307,922,122)	-	(307,922,122)
Insurance acquisition cash flows	(104,279,767)	-	-	-	(104,279,767)
Total cash flows	209,113,175	-	(307,922,122)	-	(98,808,947)
Net reinsurance contract assets/(liabilities) as at 31 December	(33,110,259)	29,267,472	581,956,609	41,381,492	619,495,314
Reinsurance contract assets as at 31 December	26,842,498	29,214,028	672,416,777	45,407,783	773,881,086
Reinsurance contract liabilities as at 31 December	(59,952,757)	53,444	(90,460,168)	(4,026,291)	(154,385,772)
Net reinsurance contract assets/(liabilities) as at 31 December	(33,110,259)	29,267,472	581,956,609	41,381,492	619,495,314

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Notes to the Financial Statements for the year ended 31 December 2024

14 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:
2023**

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January	14,553,408	28,991,300	247,900,478	27,925,314	319,370,500
Reinsurance contract liabilities as at 1 January	(20,824,855)	-	(1,630,023)	(61,660)	(22,516,538)
Net reinsurance contract assets/(liabilities)	(6,271,447)	28,991,300	246,270,455	27,863,654	296,853,962
Allocation of reinsurance premiums	(247,708,191)	-	-	-	(247,708,191)
Amounts recoverable from reinsurers for incurred claims	48,123,054	38,764,911	323,329,893	13,490,559	423,708,417
Amounts recoverable for incurred claims and other expenses	-	-	144,596,404	-	144,596,404
Loss-recovery on onerous underlying contracts and adjustments	-	38,764,911	-	-	38,764,911
Acquisition cashflows amortization	48,217,554	-	-	-	48,217,554
Changes to amounts recoverable for incurred claims	-	-	178,733,489	13,490,559	192,224,048
Changes in non-performance risk of reinsurer	(94,500)	-	-	-	(94,500)
Net income or expense from reinsurance contracts held	(199,585,137)	38,764,911	323,329,893	13,490,559	176,000,226
Reinsurance finance income	-	-	12,313,522	1,393,183	13,706,705
Total changes in the statement of comprehensive income	(199,585,137)	38,764,911	335,643,415	14,883,742	189,706,931
Cash flows					
Premiums paid	259,864,119	-	-	-	259,864,119
Amount received	-	-	(144,596,403)	-	(144,596,403)
Insurance acquisition cash flows	(65,625,036)	-	-	-	(65,625,036)
Total cash flows	194,239,083	-	(144,596,403)	-	49,642,680
Net reinsurance contract assets/(liabilities) as at 31 December	(11,617,501)	67,756,211	437,317,467	42,747,396	536,203,573
Reinsurance contract assets as at 31 December	34,961,886	67,558,749	438,641,861	42,837,285	583,999,781
Reinsurance contract liabilities as at 31 December	(46,579,387)	197,462	(1,324,394)	(89,889)	(47,796,208)
Net reinsurance contract assets/(liabilities) as at 31 December	(11,617,501)	67,756,211	437,317,467	42,747,396	536,203,573

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Notes to the Financial Statements for the year ended 31 December 2024

14 Insurance and reinsurance contracts (continued)

In addition to scenario testing, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of liability for incurred claim for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Company's estimate of total liability for incurred claims for the years up to 2024.

Gross insurance contract liabilities at 31 December 2024

	2019 and earlier	2020	2021	2022	2023	2024	Total
As of the accident year	1,649,811,185	188,395,449	196,501,331	254,258,750	423,538,525	544,123,093	3,256,628,333
One Year Later	1,584,005,685	179,502,568	182,925,612	237,627,366	411,535,774	-	2,595,597,005
Two Year Later	1,631,992,172	172,352,656	164,948,489	236,006,380	-	-	2,205,299,697
Three Year Later	1,589,521,055	164,585,748	181,887,118	-	-	-	1,935,993,921
Four Year Later	1,571,315,399	144,438,437	-	-	-	-	1,715,753,836
Five Year Later	1,536,483,036	-	-	-	-	-	1,536,483,036
Estimate of cumulative claims	1,536,483,036	144,438,437	181,887,118	236,006,380	411,535,774	544,123,093	3,054,473,838
Cumulative Payment to Date	1,518,900,440	129,571,071	158,408,824	185,429,514	242,334,355	151,005,841	2,385,650,045
Unallocated loss adjustment expense reserve	-	-	-	-	-	-	6,754,655
Claim payable – net	-	-	-	-	-	-	124,924,041
Liability recognised in the Statement of Financial Position	17,582,596	14,867,366	23,478,294	50,576,866	169,201,419	393,117,252	668,823,793
Total gross undiscounted liabilities for incurred claims	-	-	-	-	-	-	800,502,489
Attributable expenses	-	-	-	-	-	-	(37,487,560)
Mathematical reserves	-	-	-	-	-	-	4,100,940
Effect of discounting	-	-	-	-	-	-	(46,290,284)
Total discounted net reserves included in the statement of financial position	-	-	-	-	-	-	720,825,585
Net risk adjustments	-	-	-	-	-	-	43,872,949

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Notes to the Financial Statements for the year ended 31 December 2024

14 Insurance and reinsurance contracts (continued)

Net Insurance contract liabilities at 31 December 2024

	2019 and earlier	2020	2021	2022	2023	2024	Total
As of the accident year	951,696,007	39,422,956	40,937,736	51,646,049	53,991,031	48,529,584	1,186,223,363
One Year Later	932,564,595	36,889,551	37,462,878	50,497,308	47,493,233	-	1,104,907,565
Two Year Later	978,557,147	35,704,323	31,431,817	51,661,155	-	-	1,097,354,442
Three Year Later	973,336,184	34,286,907	38,612,413	-	-	-	1,046,235,504
Four Year Later	968,139,516	24,719,479	-	-	-	-	992,858,995
Five Year Later	912,987,492	-	-	-	-	-	912,987,492
Estimate of cumulative claims	912,987,492	24,719,479	38,612,413	51,661,155	47,493,233	48,529,584	1,124,003,356
Cumulative Payment to Date	900,221,377	23,812,994	36,356,834	46,426,987	45,506,482	22,335,100	1,074,659,774
Unallocated loss adjustment expense reserve	-	-	-	-	-	-	6,754,655
Claim payable	-	-	-	-	-	-	124,924,041
Liability recognised in the Statement of Financial Position	12,766,115	906,485	2,255,579	5,234,168	1,986,751	26,194,484	49,343,582
Total gross undiscounted liabilities for incurred claims	-	-	-	-	-	-	181,022,279
Attributable expenses	-	-	-	-	-	-	(37,487,560)
Mathematical reserves	-	-	-	-	-	-	185,121
Effect of discounting	-	-	-	-	-	-	(4,850,864)
Total discounted net reserves included in the statement of financial position	-	-	-	-	-	-	138,868,976
Net risk adjustments	-	-	-	-	-	-	2,491,456

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Notes to the Financial Statements for the year ended 31 December 2024

15 Cash and cash equivalents	2024 AED	2023 AED
Cash on hand	92,494	229,227
Bank balance		
Call account and deposit	43,108,223	14,693,535
Current accounts	10,893,889	10,303,363
Term deposits*	171,961,590	183,932,075
	<hr/>	<hr/>
Bank balances and cash	226,056,196	209,158,200
Less: term deposits with an original maturity of more than three months	(171,961,590)	(183,932,075)
Cash and cash equivalents	<hr/> 54,094,606	<hr/> 25,226,125

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 31 December 2024 (2023: AED 392,227).

Geographical concentration of cash and bank balances is as follows:

Within UAE	<hr/> 226,056,196	<hr/> 209,158,200
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The interest rate on term deposits and current accounts with banks ranges 4.2% - 6.25% (2023: 4.69% - 5.85%) per annum. All bank balances are held in local banks in the United Arab Emirates.

16 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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

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

Al Dhafra Insurance Company P.S.C.

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16. Related party transactions and balances (continued)

The following balances were outstanding at the end of the reporting period:

	Nature of relationship	2024 AED	2023 AED
Due from policy holders – related parties	Affiliates	<u>314,202</u>	290,866

Transactions with related parties during the period are as follows:

	Nature of relationship	2024 AED	2023 AED
Gross premiums written	Affiliates	1,783,567	1,730,400
Claims paid	Affiliates	787,058	731,544

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Remuneration of key management personnel

	2024 AED	2023 AED
Short term benefits	2,349,720	2,349,720
Post-employment benefits	120,366	114,907
Remuneration of the Directors (Note 20)	<u>4,000,000</u>	3,375,000

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

17. Share capital

	2024 AED	2023 AED
Authorised, issued and fully paid:		
100,000,000 (2023: 100,000,000) ordinary shares of AED 1 each	<u>100,000,000</u>	100,000,000

Dividends:

On 26 March 2024, the Board of Directors declared a cash dividend of 0.35 fils per share amounting to AED 35,000,000 (2023: of 0.30 fils per share amounting to AED 30,000,000).

18. Reserves

Legal reserve

In accordance with the UAE Federal Law No. 32 of 2021 and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors as per the authority granted to them in the Company's Articles of Association. This reserve may be used for such purposes as they deem fit.

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Notes to the Financial Statements for the year ended 31 December 2024

18. Reserves (continued)

Investment revaluation reserve

Investments revaluation reserve represents the accumulated unreleased gains or losses that are recognised on investments carried at fair value through other comprehensive income at reporting date.

Reinsurance reserve

The transfer from retained earnings to reinsurance default reserve is made in accordance with the Insurance Authority (IA) (currently Central Bank of the UAE) of UAE's Board of Directors Decision No. 23 of 2019 concerning instructions organizing reinsurance operations. The directive requires to allocate an amount equals to 0.5% of the total reinsurance premiums ceded by the Company in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position.

19. Provision for employees' end of service benefit

	2024 AED	2023 AED
At 1 January	7,655,079	7,293,748
Charge for the year	530,226	534,712
Paid during the year	(248,702)	(173,381)
At 31 December	<u>7,936,603</u>	<u>7,655,079</u>

During the year, the Company paid pension contributions in respect of UAE national employees amounting to AED 300,558 (2023: AED 213,005).

20. Other payables

Dividend payable	2,441	789,107
Insurance Authority (now Central Bank of the UAE) fees reserve	1,401,794	1,258,077
Deferred income	1,345,564	1,388,629
Provision for directors remuneration	4,000,000	3,375,000
Other payables	17,052,410	8,619,987
	<u>23,802,209</u>	<u>15,430,800</u>

21. Deferred tax liability

Deferred tax arising in respect of:

Recognised in other comprehensive income:

Net change in the fair value of equity instruments designated at FVOCI	3,431,656	-
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Recognised in profit and loss:

Net change in the fair value of investment properties designated at FVTPL	455,668	-
	<u>3,887,324</u>	<u>-</u>

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Notes to the Financial Statements for the year ended 31 December 2024

21. Deferred tax liability (continued)

Deferred tax arising from temporary differences and unused tax losses are summarised as below:

	Net balance at 1 January 2024 AED	Recognised in profit or loss AED	Recognised in other comprehensive income AED	Net balance at 31 December 2024 AED
Deferred tax liability	-	455,668	3,431,656	3,887,324

22. Income tax expense

	2024 AED	2023 AED
Current tax		
Current tax on the profit for the year	(2,334,956)	-
Statement of Comprehensive income		
Deferred tax expense	(3,887,324)	-
Total	(6,222,280)	-
Reconciliation of tax expenses and accounting profit		
Profit for the year before taxation	41,170,616	-
Less:		
Exempt Income	(15,438,553)	-
Add:		
Expenses disallowed	5,649,876	-
Fair value through other comprehensive income	38,129,508	-
Accounting profit for tax	69,511,447	-
Basic exemption limit	(375,000)	-
Tax applicable profit	69,136,447	-
Tax rate @9%	6,222,280	-

23. Basic and diluted earnings per share

Basic earnings per share amounts for the year are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

	2024 AED	2023 AED
Profit for the year (AED)	38,379,992	41,303,047
Weighted average number of ordinary shares in issue throughout the year	100,000,000	100,000,000
Basic and diluted earnings per share (AED)	0.38	0.41

Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

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24. Income from investments

	2024 AED	2023 AED
Dividend income	15,811,018	9,966,004
Interest income	11,817,670	8,724,127
Change in fair value of investments carried at fair value through profit or loss (Note 12)	10,566,559	17,335,346
Realised gain on sale of investments carried at fair value through profit or loss	4,846,844	4,130,668
Other investment expenses	(2,853,553)	(1,190,611)
Income from investments	40,188,538	38,965,534
Income from properties	2,111,522	1,915,816
Change in fair value of investment properties (Note 9)	3,587,775	-
Income from investment	45,887,835	40,881,350

25. Insurance service expenses

Incurred claims and other expenses	387,032,590	220,700,655
Amortisation of insurance acquisition cash flows	44,198,013	45,121,330
Losses on onerous contracts and reversals of those losses	(44,135,086)	40,758,771
Changes to liabilities for incurred claims	106,974,018	189,641,062
	494,069,535	496,221,818

26. (Re)Insurance finance income/(expenses)

Insurance finance (expenses)/ income from insurance contracts issued

Interest accreted to insurance contracts using current financial assumptions	(33,546,354)	(16,528,601)
Due to changes in interest rates and other financial assumptions	-	-
Total insurance finance expenses from insurance contracts issued	(33,546,354)	(16,528,601)
Represented by:		
Amount recognised in profit or loss	(33,546,354)	(16,528,601)
Amount recognised in OCI	-	-
Reinsurance finance income from reinsurance contracts held		
Interest accreted to reinsurance contracts using current financial assumptions	30,004,046	13,706,705
Changes in non-performance risk of reinsurer	-	-
Due to changes in interest rates and other financial assumptions	-	-
Reinsurance finance income from reinsurance contracts held	30,004,046	13,706,705
Represented by:		
Amount recognised in profit or loss	30,004,046	13,706,705
Amount recognised in OCI	-	-
Total insurance finance expenses and reinsurance finance income		
Represented by:		
Amount recognised in profit or loss	(3,542,308)	(2,821,896)
Amount recognised in OCI	-	-

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27. Other operating income

	2024	2023
	AED	AED
Other income relating to Underwriting (refer note below)	240,603	8,451,649
Other income	296,535	337,507
	<u>537,138</u>	<u>8,789,156</u>

Note: Other income relating to underwriting is net off of sliding commission payable to reinsurers based on loss ratios.

28. Risk management

Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that could hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

Capital management objectives, policies and approach

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

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

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

Approach to capital management

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

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

The primary source of capital used by the Company is equity funds provided by shareholders.

The Company has had no significant changes in its policies and processes relating to its capital structure during the previous years.

No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023. Capital comprises share capital, legal reserve, general reserve, investment revaluation reserve, reinsurance reserve and retained earnings, and is measured at AED 502 million as of 31 December 2024 (2023: AED 464 million).

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28. Risk management (continued)

Approach to capital management (continued)

On 28 December 2014, the Insurance Authority (currently Central Bank of the UAE) issued Financial Regulations for Insurance Companies and were then subsequently published in the UAE Official Gazette No. 575 on 28 January 2015 and came into force on 29 January 2015. The Company is subject to local insurance solvency regulations. The Company has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations. Central Bank of the UAE allows an alignment period of up to three years for the insurance companies to be in compliance with the regulations.

As per the Federal Law No. 48 of 2023 concerning the Establishment of the Insurance Authority & Organization of Insurance Operations, the minimum capital requirement remains at AED 100 million for Insurance companies.

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

	2024 AED	2023 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	169,609,959	145,125,233
Minimum Guarantee Fund (MGF)	56,536,653	48,375,078
Own Funds		
Basic Own Funds	278,422,011	270,445,136
MCR Solvency Margin surplus	178,422,011	170,445,136
SCR Solvency Margin surplus	108,812,052	125,319,903
MGF Solvency Margin surplus	221,885,358	222,070,058

Regulatory framework

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

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

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

The major highlights of the new regulation is summarized in the below table:

1. Basis of Investing the Rights of the Policy Holders
2. Solvency Margin and Minimum Guarantee Fund
3. Basis of calculating the technical reserves
4. Determining the Company's assets that meet the accrued insurance liabilities
5. Records which the Company shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority
6. Principles of organising accounting books and records of the Company, agents and brokers and determining data to be maintained in these books and records
7. Accounting policies to be adopted and the necessary forms needed to be prepare and present reports and financial statements.

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Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk

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. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

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

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

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

Frequency and severity of claims

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Company's strategy limits the total exposure to any one territory and the exposure to any one industry.

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

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set minimum limit of AED 500,000 for motor and workmen's compensation and third-party liability AED 300,000 in any one event. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable development.

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:

	As at 31 December 2024		
	Gross AED	Reinsurance AED	Net AED
Life and Medical	23,403,584	(17,667,663)	5,735,921
Motor and General	819,418,215	(601,827,651)	217,590,564
	<u>842,821,799</u>	<u>(619,495,314)</u>	<u>223,326,485</u>

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29. Insurance and financial risk (continued)

Frequency and severity of claims (continued)

	As at 31 December 2023		
	Gross AED	Reinsurance AED	Net AED
Life and Medical	29,097,472	(21,221,492)	7,875,980
Motor and General	691,249,720	(514,982,081)	176,267,639
	<u>720,347,192</u>	<u>(536,203,573)</u>	<u>184,143,619</u>

Sources of uncertainty in the estimation of future claim payments

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

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. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Claims requiring court or arbitration decisions are estimated individually by independent loss adjusters along with the Company's internal legal counsel.

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

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

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

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

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Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk (continued)

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

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

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Motor	198%	130%	218%	156%
Fire	543%	139%	144%	59%
Medical	155%	150%	164%	131%
Engineering	148%	65%	163%	38%
Marine	254%	81%	302%	90%
Workmen's compensation and third-party liability	115%	70%	108%	49%
Other line of business	89%	58%	177%	90%

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

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

	For the year ended 31 December	
	2024 AED	2023 AED
Impact of change in loss ratio by +/- 1%		
Motor	54,190,733	10,291,144
Fire	14,496,351	(358,649)
Medial	16,457,084	3,449,432
Engineering	1,730,908	(29,139)
Marine	5,861,215	(356,952)
Workmen's compensation and third-party liability	3,480,790	599
Other line of business	285,243	(16,325)

Process used to decide on assumptions

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

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

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Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk (continued)

Concentration of insurance risk

The Company's underwriting business is based entirely within the UAE and other GCC countries, except for some treaty reinsurance arrangements with companies based in Europe and Asia.

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

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

The concentration of insurance risk before and after reinsurance by territory in relation to the type of insurance risk accepted is summarised below:

	31 December 2024		31 December 2023	
	Gross AED	Net AED	Gross AED	Net AED
Motor				
UAE	1,326,879,049	398,063,715	1,101,313,491	330,334,047
Non-motor				
UAE	229,615,848,830	2,761,055,598	205,426,853,579	2,833,779,075
GCC Countries	14,329,399,076	34,708,875	18,728,371,032	3,164,173,122
	<u>243,945,247,906</u>	<u>2,795,764,473</u>	<u>224,155,224,611</u>	<u>5,997,952,197</u>
Grand Total	<u>245,272,126,955</u>	<u>3,193,828,188</u>	<u>225,256,538,102</u>	<u>6,328,286,244</u>

Sensitivity of underwriting profit and losses

- The Company has an overall risk retention level in the region of 1.3% (2023: 1.4%) and the Company is adequately covered by proportional and non-proportional programs to guard against major financial impact.
- The Company has net commission earnings of AED 7,145,569 during the year against AED 3,115,509 in 2023 from underwriting operations, predominantly from the reinsurance placement which remains as a comfortable source of income.

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29. Insurance and financial risk (continued)

Concentration of insurance risk (continued)

Credit risk

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

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

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- amounts due from banks for its bank balances and fixed deposits and bonds.

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

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

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

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

The Company's five largest customers account for 35% of outstanding accounts receivable at 31 December 2024 (2023: 13.41%).

At 31 December 2024 and 2023, all term deposits were placed with banks within UAE. Management is confident that this concentration of liquid assets at year-end does not result in any credit risk to the Company as the banks are major banks operating in the UAE and are highly regulated by the Central Bank.

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

Market risk

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

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Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk (continued)

Concentration of insurance risk (continued)

Market risk(continued)

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

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned above and all the other variables were held constant:

For investments measured at fair value through profit or loss

Fair value would have increased/decreased by AED 4,692,092 (2023: AED 3,428,312).

For investments measured at fair value through other comprehensive income

Changes in revaluation reserves of shares would increase/decrease by AED 28,815,617 (2023: AED 24,602,666) as a result of the changes in fair value of quoted shares.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is exposed to interest rate risk on its investment in bonds and term deposits that carry fixed interest rates which are detailed in Notes 12 and 15, respectively.

The Company 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 Company generally manages 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 Company is exposed to interest rate risk on:

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

If at the end of the reporting period, the interest rates on the bank borrowings had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 December 2024 would have decreased / increased by AED Nil (31 December 2023: Nil).

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29. Insurance and financial risk (continued)

Concentration of insurance risk (continued)

Interest rate risk (continued)

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

31 December 2024

	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Risk Adjustment				
1% increase	(4,955,426)	3,551,284	(4,955,426)	3,551,284
1% decrease	5,203,198	(3,373,720)	5,203,198	(3,373,720)
Discounting				
1% increase	8,511,298	8,709,815	8,511,298	8,709,815
1% decrease	(8,977,222)	(9,186,607)	(8,977,222)	(9,186,607)

31 December 2023

	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Risk Adjustment				
1% increase	(4,839,086)	4,374,271	(4,839,086)	4,374,271
1% decrease	4,378,221	(3,957,674)	4,378,221	(3,957,674)
Discounting				
1% increase	3,225,078	(2,816,134)	3,225,078	(2,816,134)
1% decrease	(3,401,625)	2,973,226	(3,401,625)	2,973,226

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Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk (continued)

Concentration of insurance risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for interest-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year.

As all the interest-bearing financial assets and liabilities of the Company carry fixed interest rates, the Company is not subject to fluctuation of interest rate at the reporting date.

Currency risk

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Management believes that there is a minimal risk of significant loss due to exchange rate fluctuations and consequently the Company does not hedge its foreign currency exposure.

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with insurance contracts and financial liabilities as they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2024 and 31 December 2023, based on contractual payment dates and current market interest rates.

	Current Up to 1 year AED	Non-current More than 1 year AED	No maturity AED	Total AED
31 December 2024				
Financial assets				
FVTPL investments – debt	3,188,914	-	-	3,188,914
FVTPL investments – equity	-	-	148,463,538	148,463,538
FVTOCI investments – equity	-	-	288,156,172	288,156,172
Statutory deposit	-	-	9,980,000	9,980,000
Other receivables (excluding advances and prepayments)	8,367,050	-	-	8,367,050
Deposits	171,961,590	-	-	171,961,590
Cash and cash equivalents	54,094,606	-	-	54,094,606
	237,612,160	-	446,599,710	684,211,870

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Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk (continued)

Concentration of insurance risk (continued)

Liquidity risk (continued)

	Current Up to 1 year AED	Non-current more than 1 year AED	No maturity AED	Total AED
Financial liabilities				
Lease liabilities	1,383,352	3,535,213		4,918,565
Other payables (excluding deferred income)	22,456,645	-	-	22,456,645
	<u>23,839,997</u>	<u>3,535,213</u>	<u>-</u>	<u>27,375,210</u>
31 December 2023				
Financial assets				
FVTPL investments – debt	3,162,062	-	-	3,162,062
FVTPL investments – equity	-	-	120,840,851	120,840,851
FVTOCI investments – equity	-	-	246,026,664	246,026,664
Statutory deposit	-	-	9,980,000	9,980,000
Other receivables (excluding advances and prepayments)	6,786,586	-	-	6,786,586
Deposits	183,932,075	-	-	183,932,075
Cash and cash equivalents	25,226,125	-	-	25,226,125
	<u>219,106,848</u>	<u>-</u>	<u>376,847,515</u>	<u>595,954,363</u>
Financial liabilities				
Lease liabilities	847,420	5,092,324	-	5,939,744
Other payables (excluding deferred income)	14,042,171	-	-	14,042,171
	<u>14,889,591</u>	<u>5,092,324</u>	<u>-</u>	<u>19,981,915</u>

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

29. Insurance and financial risk (continued)

Concentration of insurance risk (continued)

	Less than 1 year AED	1-5 years AED	More than 5 years AED	Total AED
31 December 2024				
Insurance contract assets	37,266,216	-	-	37,266,216
Reinsurance contract assets	223,803,263	550,077,823	-	773,881,086
	<u>261,069,479</u>	<u>550,077,823</u>		<u>811,147,302</u>
Insurance contract liabilities	114,411,442	765,676,573	-	880,088,015
Reinsurance contract liabilities	154,385,772	-	-	154,385,772
	<u>268,797,214</u>	<u>765,676,573</u>	-	<u>1,034,473,787</u>
	Less than 1 year AED	1-5 years AED	More than 5 years AED	Total AED
31 December 2023				
Insurance contract assets	53,608,521	-	-	53,608,521
Reinsurance contract assets	168,890,362	415,109,419	-	583,999,781
	<u>222,498,883</u>	<u>415,109,419</u>	-	<u>637,608,302</u>
Insurance contract liabilities	100,614,243	673,341,470	-	773,955,713
Reinsurance contract liabilities	47,796,208	-	-	47,796,208
	<u>148,410,451</u>	<u>673,341,470</u>	-	<u>821,751,921</u>

30. Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

The fair values of the financial assets and liabilities of the Company are not materially different from their carrying values at the reporting date.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 December 2024 and 31 December 2023:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2024				
Investments carried at fair value through other comprehensive income	288,156,172	-	-	288,156,172
Investments carried at fair value through profit and loss	42,679,895	100,451,458	8,521,099	151,652,452
	<u>330,836,067</u>	<u>100,451,458</u>	<u>8,521,099</u>	<u>439,808,624</u>
31 December 2023				
Investments carried at fair value through other comprehensive income	246,026,664	-	-	246,026,664
Investments carried at fair value through profit and loss	37,445,190	79,511,873	7,045,850	124,002,913
	<u>283,471,854</u>	<u>79,511,873</u>	<u>7,045,850</u>	<u>370,029,577</u>

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

30. Fair value of financial instruments (continued)

Valuation technique:

Level 1: Quoted bid prices in an active market

Level 2: Valuation based on selected observable market inputs

Level 3: Net assets value based on audited financials

During the reporting year ended 31 December 2024 and 31 December 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

31. Segment reporting

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments - incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

Information regarding the Company's reportable segments is presented below:

	For the year ended 31 December 2024		
	Underwriting AED	Investments AED	Total AED
Insurance revenue	346,290,305	-	346,290,305
Insurance service expenses	(494,069,535)	-	(494,069,535)
Insurance service result before reinsurance contracts held	(147,779,230)	-	(147,779,230)
Allocation of reinsurance premiums	(272,357,067)	-	(272,357,067)
Amounts recoverable from reinsurance	424,453,709	-	424,453,709
Net income from reinsurance contracts held	152,096,642	-	152,096,642
Investment income	-	45,887,835	45,887,835
Finance expenses from insurance contracts issued	(33,546,354)	-	(33,546,354)
Finance income from reinsurance contracts held	30,004,046	-	30,004,046
Net insurance financial result	775,104	45,887,835	46,662,939
Other expenses*	-	-	(5,600,348)
Other operating income	537,138	-	537,138
Other finance cost	(429,113)	-	(429,113)
Profit for the year before tax	883,129	45,887,835	41,170,616
Provision for corporate tax (net)	-	-	(2,790,624)
Profit for the year after tax	883,129	45,887,835	38,379,992

*Since this expense is non-attributable, it is charged directly to the total rather than being allocated to a specific segment.

AI Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

31. Segment reporting (continued)

	For the year ended 31 December 2023		
	Underwriting AED	Investments AED	Total AED
Insurance revenue	320,617,883	-	320,617,883
Insurance service expenses	(496,221,818)	-	(496,221,818)
Insurance service result before reinsurance contracts held	(175,603,935)	-	(175,603,935)
Allocation of reinsurance premiums	(247,708,191)	-	(247,708,191)
Amounts recoverable from reinsurance	423,708,417	-	423,708,417
Net income from reinsurance contracts held	176,000,226	-	176,000,226
Investment income	-	40,881,350	40,881,350
Finance income from insurance contracts issued	(16,528,601)	-	(16,528,601)
Finance expenses from reinsurance contracts held	13,706,705	-	13,706,705
Net insurance financial result	(2,425,605)	40,881,350	38,455,745
Other expenses*	-	-	(5,550,665)
Other operating income	8,786,456	-	8,789,156
Other finance costs	(391,189)	-	(391,189)
Profit for the year	5,969,662	40,881,350	41,303,347

*Since this expense is non-attributable, it is charged directly to the total rather than being allocated to a specific segment.

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

	31 December 2024		
	Underwriting AED	Investments AED	Total AED
Total assets	829,788,282	749,444,820	1,579,233,102
Total liabilities	1,069,477,509	7,594,411	1,077,353,444

	31 December 2023		
	Underwriting AED	Investments AED	Total AED
Total assets	680,625,481	633,953,877	1,314,579,358
Total liabilities	849,327,870	1,449,674	850,777,544

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

31. Segment reporting (continued)

Revenue from underwriting departments

Gross written premium

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 2024	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct written premiums	551,463	-	30,213,696	243,921,929	274,687,088
Assumed Business					
Foreign	-	-	-	12,185,459	12,185,459
Local	74,456	-	-	68,583,489	68,657,945
Total assumed business	74,456	-	-	80,768,948	80,843,404
Gross written premiums	625,919	-	30,213,696	324,690,877	355,530,492
<hr/>					
31 December 2023	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct written premiums	496,356	-	32,770,526	225,340,501	258,607,383
Assumed business					
Foreign	-	-	-	-	-
Local	79,815	-	-	68,602,473	68,682,288
Total assumed business	79,815	-	-	68,602,473	68,682,288
Gross written premiums	576,171	-	32,770,526	293,942,974	327,289,671

32. Commitments and contingent liabilities

Legal claims

The Company, in common with the majority of insurers, is subject to claims and litigation in the normal course of its business. Based on advice from internal claims department and independent legal advice, the management records provision representing best estimate of probable outflow of economic resources.

Guarantees

	2024 AED	2023 AED
Bank guarantees	11,954,421	11,914,421

The above bank guarantees were issued in the normal course of business.

Al Dhafra Insurance Company P.S.C.

Abu Dhabi - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2024

33. Subsequent events

There have been no events subsequent to the statement of financial position that would significantly affects the amount in the financial statements as at and for the year ended 31 December 2024.

34. Approval of the financial statements

The financial statements were approved and authorized for issue by the Board of Directors on 12 February 2025.

35. Significant events

Heavy rainfall in UAE:

During the first quarter of 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country which led to a significant increase in insurance claims. As the Company had adequate coverage against such huge losses through various re-insurance arrangements, this event did not cause significant impact on net insurance service results of the Company.

36. Re-classification

During the current period, management has decided to reclassify the balances related to non-attributable expense from insurance service expense to other expenses within statement of profit or loss, to provide better presentation of the operation.



AL DHAFRA INSURANCE COMPANY P.S.C.

National Company with a Paid - Up Capital of AED. 100,000,000 (AED. One Hundred Million) Established by Law No. 8 of 1979 and subject to Federal Commercial Companies Law No. 8 of 1984 and The U.A.E. Insurance Law (Federal Law No. 6 of 2007)
TAX REG. No: 100014650400003



AL DHAFRA INSURANCE COMPANY P.S.C.

Annual Corporate Governance Report 2024

Abu Dhabi (Head Office)

Company Bldg.
Zayed the 2nd Street
P. O. Box : 319
Tel. : 02-6949444
Fax : 02-6729833
United Arab Emirates

Dubai Branch

P. O. Box : 14006
Tel. : 04-2103777
United Arab Emirates

Al Ain Branch

P. O. Box : 15159
Tel. : 03-7512000
United Arab Emirates

Bida Zayed Branch

P. O. Box : 50094
Tel. : 02-8846048
United Arab Emirates

Sharjah Branch

P. O. Box : 28892
Tel. : 06-5536060
United Arab Emirates



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Company's Corporate Governance:

Al Dhafra Insurance Co. commenced in 2010 a pro-active review of its corporate governance framework and has adopted extensive corporate governance guidelines in line with the New Corporate Governance Regulation and Standards for Insurance Companies set by the Central Bank of UAE under circular no CBUAE/BSD/2022/463 and In the Ministerial Resolution "Based on the decision of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

The company is committed to the highest level of corporate governance, and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working of the company, its management and Board of Directors (hereafter referred to as 'the Board'). Indeed, the company's commitment to good Corporate Governance practices predates the laws and mandates of the Central Bank of UAE and Securities and Commodities Authority (SCA).

This report reflects the Company's Corporate Governance system followed during year 2024. The Company's Annual Corporate Governance Report 2024 shall be made available to the shareholders along with the Company's Annual Report. The report will also be published in Company's Website and will be filed with Security Commission Authority (SCA) and Abu Dhabi Exchange (ADX).

Company Conflict of Interest and Disclosure Policy:

- The company has adopted the following Conflict of interest and disclosure policy, in compliance with Decision no (3/R) of 2000 concerning the regulations as to Disclosure and Transparency and the amendments thereto dated 31st July 2012.
- In practicing their duties, the Board and the employees should be fully aware of, and clearly understand all applicable laws, rules, and regulations in order that they can comply with them at all circumstances. Any advantages that may be presented to the employees' opportunities for monetary and non-monetary benefits in addition to the normal compensation arrangement paid by the Company should be in line with the conflict-of-interest policy. Therefore, the employees should accomplish their tasks with the principles of integrity, fairness, and in conformity with professional standards.
- **Benefits or Gifts:** Employees and Directors are not allowed to receive from third parties, benefits or gifts in addition to those conferred by the Company. This is to prevent any influences on the employees' independence and objectivity.



- Directors are to immediately notify the Company Secretary if a material personal interest relating to the affairs of the Company arises. In this context, a material personal interest would refer to a financial transaction with a related party of the Company exceeding AED 5 million or 5% of the company's capital whichever is less.
- Directors are to absent themselves from attendance at a meeting of directors where a matter in which they have a material personal interest is being discussed, unless the other directors vote otherwise.
- Concerned parties as defined in ministerial resolution 518 of 2009 are required to disclose to the board within 3 days of transaction that has caused, any conflict of interest or benefit, direct or indirect with Company (including its affiliate or allied companies).
- If one of the major shareholders or Board members has a conflict of interest in an issue which can affect the price or volume of trading of the Company's securities, the Board should conduct a meeting and issue a decision in attendance of all its members, excluding the concerned shareholders/ director. In extraordinary cases, such issues can be resolved through a special committee formed for that purpose.
- Each director shall upon commencement of his term disclose to the Company the nature of the positions the same occupies in the companies and the public establishments and other important commitments and specify the time allocated thereto, and any changes on the abovementioned upon occurrence.
- Additionally, each director shall disclose on an annual basis the nature of positions the same occupies in the company's securities, the parent company, and subsidiary or affiliate companies. Based on these disclosures.
- Directors are to monitor compliance with the disclosure policy and to take remedial action where necessary.
- Board members of the company, its manager and staff are not allowed to sell and buy company's shares within a period of 15 days prior to the end of the quarterly, half-yearly and annual financial period and until the disclosure of the financial reports to Financial Market, whereas their trading will be allowed to resume thereafter, provided such transactions followed approval process as required by the prevailing law.



- The company is committed to providing Financial Market with interim (quarterly) reports within 45 days from the end of each fiscal quarter. The reports must be approved as per the International Financial Reporting Standards (IFRS) and reviewed by the external auditor and approved by the company's executive management.

Compliance with the Conflict-of-Interest Policy during the Last Year:

The Board hereby declares that each member of the Board has complied with the disclosure requirements as per the laws and regulations issued by the Ministry of Economy, the Securities and Commodities Authority and the Central Bank of UAE. There is no indication of non-compliance by any of the members of the Board of Directors.

Directors and Employees Dealing in Company's Shares:

The board is responsible for reviewing share dealings by the Board Members, their spouses and children annually, and to decide whether any proposed dealings in the Company's shares at any time by director or their family member or employee requires the prior consent of the Chairman or Security Market.

During the year 2024, share transactions were conducted in either their personal capacity or representing a company by the Board of Directors including their first class relative.

S/N	Names	Position/Relationship	Shares held at 31/12/2024	Total Sale	Total Purchase
1.	H.E Sheikh Mohamed Bin Sultan Al Dhahiry	Chairman Board of Directors	4,587,098	-	-
2.	H.E. Yousef Bin Mohamad Ali Al Nowais	Deputy Chairman	71,099	118,700	-
3.	H.E. Sh. Ahmed Moh'd Sultan Al Dhahiri	Board of Director	3,219,869	-	-
4.	H.E Sh. Sultan Saeed Sultan Al Dhahiri	Board of Director	1,451,939	-	-
5.	H.E. Saif Bin Mubarak Al Riyami	Board of Director	2,988,505	-	-
6.	Ms. Rauda Abdullah Al Dhaheri	Board of Director	-	-	-
7.	Mr. Muhammad Saeed Omran Al Mazrouei	Board of Director	60,727	-	-
8.	Mr. Rashid Saeed Ahmad Ghobash	Board of Director	-	-	-
9.	Mr. Mohamed Hussain Jasim Al Nowais.	Board of Director	2,681,759	-	-



Board of Directors

Board Composition:

Company's Board of Directors comprises of 9 non-executive members from which 4 are independent directors and there is no change in the formation of Board of directors for 2024 Following table is listing down the board members along with their representation on different Board Committees.

Sr. No.	Name	Non-Independent & Non-executive	Experience and Qualifications	The period he spent as a member of the Board of Director's from the date of his Firs Election	Memberships and Positions in any other Joint Stock Companies	Positions in any important Regulatory, Governmental or Commercial Positions
1.	H.E Sheikh Mohamed Bin Sultan Al Dhaheri	Non-Independent & Non-executive	Bachelor's degree in politics, economy & law Master Degree in Business Administration	Since 1993	Chairman Board of Directors Al Dhaheri Group, Bin Suroor Holding , Abu Dhabi Refreshment Co & Al Dhafra Insurance Co.	-
2.	H.E. Yousef Bin Mohamad Ali Al Nowais	Non-Independent & Non-executive	Bachelor of Science Business Administration	Since 2007	Deputy Chairman Al Dhafra Insurance Co. Co-Chairman of Al Nowais Investment LLC, Pharmatrade LLC, Danway Electrical and Mechanical Engineering LLC, Archirodon & National Petroleum Services Board Member in Al Ain Sport Club & Al Ain Club Investment Company	-
3.	H.E. Sh. Ahmed Moh'd Sultan Al Dhahiri	Non-Independent & Non-executive	Bachelor of Science in Civil Engineering	Since 2016	Vice Chairman Abu Dhabi National Hotels, Abu Dhabi Aviation & DNH Catering Board member Al Dhafra Insurance Co, First Abu Dhabi	-



					Bank & Emirates Telecommunication	
4.	Mr. Rashid Saeed Ahmad Ghobash	Non-Independent & non-executive	Bachelor's degree in financial studies	Since 2019	Board member Al Dhafra Insurance Co.	-
5.	H.E Sh. Sultan Saeed Sultan Al Dhahiri	Independent & Non-executive	General Business Administration & Management	Since 2016	Board member Al Dhaheri Group, Bin Suroor Holding, Abu Dhabi Refreshment Co & Al Dhafra Insurance Co.	-
6.	H.E. Saif Bin Mubarak Al Riyami	Non-Independent & Non-executive	Master's degree in military science -the National Defence College	Since 1984	Chairman in Ain Cooperative Society, Al Khor Contraction & Baraem Al Ain School, Al Ain Technical Metal Industries Board Member Al Dhafra Insurance	-
7.	Ms. Rauda Abdullah Al Dhaheri	Independent & non-executive	Bachelor's degree in architectural engineering	Since 2022	Board Member in Al Dhafra Insurance Co & Abu Dhabi National Hotels.	-
8.	Mr. Muhammad Saeed Omran Al Mazrouei	Independent & Non-executive	Bachelor's Degree of Business Administration in Finance & master's degree in finance & Banking	Since 2013	Board Member in Al Dhafra Insurance Co.	-
9.	Mr. Mohamed Hussain Jasim Al Nowais.	Independent & Non-executive	Bachelor's degree in economics and business finance	Since 2019	Board Member in Al Dhafra Insurance Co., Waha Capital & Abu Dhabi National Industrial Projects.	-

Short Curriculum Vitae of the Board Members:

- *H.E Sheikh Mohamed Bin Sultan Al-Dhaheri:*

Leading the Board of Directors since 1993, holds a bachelor's degree in politics, economy & law from University of Buckingham - UK and master's degree in business administration from Brunel University - UK, currently heads Al Dhahiry group. Held several important positions in the country, including Chairman of Al Dhahiry Group, Bin Suroor Holding, Abu Dhabi Refreshment Company and Chairman of Al Dhafra Insurance Company.



- [HE Yousif Bin Mohammed Ali Al Nowais:](#)
Businessman, Board Member since 2007. Holds a university degree from the University of Arizona in 1979. He is the Chairman of the Board of Directors and Managing Director of Arab Development Company, and also the Co-Chairman of Al-Nowais Investment Company LLC. He is also Chairman, Vice Chairman or member of several private institutions including, Emircom, Pharmatrade LLC, Danway Electrical and Mechanical Engineering LLC, Archirodon, National Petroleum Services, and Al Ain sports club. He has previously held several positions in the ADNOC group including Finance Director and Managing Director of ADNOC's subsidiary FERTIL.
- [H.E.Sh. Ahmed Moh'd Sultan Al Dhaheri:](#)
Businessman. He is currently Vice Chairman and Managing Director of Abu Dhabi National Hotels. He is currently a board member of First Abu Dhabi Bank, Etisalat, Al Dhaheri Group, and Abu Dhabi Refreshment Co. LTD. He also serves as chairman of Alfa Gulf Real Estate Management LLC. He was the Vice Chairman of Abu Dhabi Aviation. He hold a bachelor's degree in civil engineering from Al Ain University.
- [Mr. Rashid Saeed Ahmad Ghobash:](#)
He holds a bachelor's degree of Financial Studies from American University of Sharjah. Currently, he is Executive Director of Bayan Investment, and Chief Analyst in the Public Debt Office and responsible for the Investor Relations Department of Finance, Abu Dhabi. He is the Managing Director of Ghobash Group.
- [H.E.Sh. Sultan Saeed Sultan Al Dhahiri:](#)
Businessman. He is currently Board member of Al Dhaheri Group, Bin Suroor Holding and Abu Dhabi Refreshment LTD. He holds a bachelor's degree in business administration from Abu Dhabi University.
- [H.E. Saif Bin Mubarak Al Riami:](#)
Businessman. Brigade retired, a board member since 1984, he served as a board member of Abu Dhabi Commercial Bank, Union Coop, the Municipal Council, Chairman of the Board of Directors in Al-Ain Cooperative Society, Al Khor Contracting Company, baraem Al Ain school, Al Ain technical Metal Industries, Al Dhaheri Colas group (Oman). He holds a master's degree in military science-the National Defense College (India).
- [Ms. Rauda Abdullah Al Dhaheri:](#)
She holds a bachelor's degree in architectural engineering from UAE university, Al Ain. Currently she is a Manager in ALFA Gulf real estate management, Bin Suroor Engineering and development Company and member of BOD's in Abu Dhabi National Hotels.



- [Mr. Mohamed Saeed Omran Al Mazrouei:](#)

A young finance professional. Member since 2013, holds a bachelor's degree of Business Administration in Finance and Management from American University of Sharjah and a master's degree in business law and Banking and Finance from Paris-Sorbonne University Abu Dhabi. Have experience in handling investment portfolios, coupled with experience of managing Al Omran Real Estate and Electro Technical Line (Maintenance Company).

- [Mr. Mohammad Hussain Jasim Al Nowais:](#)

He holds a bachelor's degree in economics and business finance from the Brunel University in London, UK. Currently is the Managing Director of AMEA Power, Director in Al Nowais Investments Company, Board member positions in Abu Dhabi National Industrial projects and holds Chairman and Managing director at Waha Capital PJSC. Previously he was an Investment Associate at Abu Dhabi Investment Authority (ADIA) and worked with J.P. Morgan in USA and completed multiple internships with international financial institutions including HSBC in Abu Dhabi and Citi Bank in London, UK.

Women Members in the Board of Directors:

The nomination process for the Board of Directors is open and available to all qualified shareholders. The shareholders choose a member of the Board of Directors of the women according to the nomination process. It should be noted that to date, one woman is member of the Board of Directors since 2022.

Directors Remuneration:

Remuneration to the board members is determined in pursuant to Article (118) of the Law of Commercial Companies No. (8) Of 1984. I.e. Up to 10% of the profit for the year, after deducting depreciation and reserve, and distributing a minimum of 5% as revenues from the shareholders' capital. Remuneration AED 4,000,000 was paid to the Board for year 2023.

Proposed remuneration for Board of Directors for 2024, which will be submitted to the Annual General Assembly meeting is AED 4,000,000.

No allowances were paid for the Board of Directors for attending the sessions of the Board subcommittees for the Financial Year 2024.

**Audit Committee:**

Name	Number of meetings	Total
H.E. Yousef Bin Mohamed Al Nowais		-
H.E. Saif Bin Mubarak Al Riyami	4	-
Mr. Rashid Saeed Ahmad Ghobash		-

Nomination and Remuneration Committee:

Name	Number of meetings	Total
H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri		-
Mr. Mohamed Hussain Jasim Al Nowais	1	-
Ms. Rauda Abdullah Al Dhaheri		-

Investment Committee:

Name	Number of meetings	Total
Mr. Mohamed Hussain Jasim Al Nowais		-
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	2	-
Mr. Mohamed Said Omran Al Mazrouei		-

Risk Management Committee:

Name	Number of meetings	Total
H.E. Sh. Sultan Saeed Sultan Al Dhahiri.		-
Mr. Mohamed Hussain Jasim Al Nowais	1	-
Ms. Rauda Abdullah Al Dhaheri		-



Board Meetings:

There were 6 Board meetings held during the year 2024. The following table clarifies the dates of the meetings and the attendance of the members:

Name of Directors	Dates of Meetings					
	(06/2024) 13/11/2024 (in our company head office and virtually via Webex Application)	(05/2024) 05/09/2024 Circular	(04/2024) 13/08/2024 (Via Video Conferencing – Webex)	(03/2024) 14/05/2024 (Via Video Conferencing – Webex)	(02/2024) 13/03/2024 Circular	(01/2024) 13/02/2024 (in our company head office and virtually via Webex Application)
H.E. Sheikh Mohamed Bin Sultan Al Dhahiry	✓	✓	✓	✓	✓	✓
H.E. Yousef Bin Mohamed Al Nowais	✓	✓	✓	✓	✓	✓
H.E.Sh. Ahmad Moh'd Sultan Al Dhahiri	✓	✓	✓	✓	✓	✓
H.E.Sh. Sultan Saeed Sultan Al Dhahiri.	x	✓	✓	✓	✓	✓
H.E. Saif Bin Mubarak Al Riamey	✓	✓	✓	✓	✓	✓
Mr. Mohamed Saeed Omarn Al Mazrouei	Proxy	✓	✓	✓	✓	✓
Mr. Rashid Saeed Ahmed Saeed Ghobash	✓	✓	✓	✓	✓	Proxy
Mr. Mohamed Hussain Jasim Naser Al Nowais.	✓	✓	✓	✓	✓	Proxy
Ms. Rauda Abdullah Al Dhaheri	✓	✓	✓	✓	✓	✓

“✓”= Attended

“✓ Proxy”= Proxy

“x” = Apologized

“N/A” = Were not member as of date

“E” = Term Expired



Board Tasks and Responsibilities:

The Boards' role is to represent the shareholders and is accountable to them for creating and delivering value through the effective governance of the business.

The Board will annually publish an Annual Governance Report, which is a statement of the practices and processes the Board has adopted to discharge its responsibilities.

Once appointed, every director shall disclose to the Company the nature of relations he has with other listed companies, including positions, investments and other significant obligations through signing a Declaration of Independence Form.

Additionally, the Board shall have the following Roles and Responsibilities:

- Set and review the strategic direction and approves the Annual Operating Budget and Business Plan.
- Make decisions concerning the Company's capital structure and dividend policy.
- Review, approve and monitor major investments and strategic commitments.
- Review and approve the annual and interim Financial Statements.
- Ensure compliance with applicable laws, regulations and all appropriate accounting standards.
- Ensure that an adequate risk management framework is in place to identify, assess and mitigate risks.
- Ensure appropriate policies and delegations are in place to effectively govern the Company.
- Adopt a Governance Structure that is aligned with the Company's values and strategies, and ensures the following:
 - Enhancing the Company's reputation.
 - Maintaining high standards of behavior.
 - Promoting ethical and responsible decision making.
 - Communicate clear expectations and Delegation of Authority; and
 - Complying with the applicable Governance Regulation (i.e. The Central Bank of UAE & Securities Commodities Authority (SCA) regulations).
- Appointment of the Senior Management and evaluation of his on-going performance and remuneration through the Nomination and Remuneration Committee.
- Ensure that an appropriate succession plan for Senior Management is in place.
- Recognize the legitimate interests of all stakeholders, being the shareholders, customers, staff and the communities in which the Company operates.



- Set written rules for the dealings of the staff in the securities issued by the Company and its associated companies (where applicable).
- Ensure the integrity of external reporting including:
 - Review and monitor controls, processes and procedures in place to maintain the integrity of the Company's financial and accounting records and statements, with the guidance of the Audit Committee upon its formation.
 - Ensure accurate, objective and comprehensive information is conveyed to the shareholders to ensure that they are fully informed of material developments; and
 - Review the reports of the Audit Committee in relation to risk, internal controls and internal and external audit reports.
- Exceptionally issue some of its decisions by passing on a draft thereof for signature in emergency situations, provided the following are taken into considerations:
 - That the cases of issuing decisions by passing on the draft decision for signature may not exceed four (4) cases a year.
 - The agreement of the majority of the members of the Board that the concerned case is a case of emergency.
 - Handing the decision to the members of the Board in writing for the purpose of their consent, provided that the documents and evidence necessary to study the same are accompanied therewith; and
 - The written consent of the majority shall be attained on any decisions of the Board that is issued through passing on written draft for signature, and provided that the same is presented to the subsequent meeting of the Board so as to include the same in the minutes of the meeting.
- Tasks of the Non-Executive Directors shall include without limitation:
 - To participate in meetings of the Board and to provide independent opinions on strategic matters, policy, performance, accountability, resources, appointments and activity criteria.
 - To ensure that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests.
 - To participate in the Company's Audit Committees.
 - To control the Company's performance in realizing its agreed objectives and goals and to monitor its performance reports.
 - To develop procedural rules for the Company's Governance and supervise and monitor their implementation in compliance therewith; and
 - To avail the Board and its different Committees of their skills, experience, diversified specialties and qualifications through regular presence and efficient participation in the General Meetings.

Responsibilities Delegated to Executive Management:

The Executive management, comprising General Manager, as well as Department Heads who are responsible to implement the company strategy and manages the day-to-day affairs of the company according to the business plans and activities approved by the Board, protecting the shareholder interests and adopting best and successful practices. Executive management delegates functions to senior management team subject to board policies and legal requirements.



The power to authorize the signature of the Executive Management for a period of three years from 13/6/2022.

SR	Authorized Person	Authorization power	Authorization period
1	Kamal Sartawi	Management of all the company's affairs	3 Years

Transactions with Related Parties:

Major stakeholders identified are directors including major shareholders of the company and those entities in which they have the ability to control or exercise significant influence in financial and operational decisions, and key management personnel. These transactions are made within the normal course of business. These transactions are based on the insurance services provided to Director's associated companies for the year 2024. If the transaction amount with related party exceeds 5% of share capital of ADIC, Board approval is required for such transactions. Details of the transactions and relationship are as follows for 2024:

Related party Name & Nature of Relationship	Sum of Premiums	Sum of Claims
Chairman's Group	283,351	460,675
Chairman's Group	40,797	4,522
Chairman's Group	886,435	1,260
Chairman's Group	139,893	-
Chairman's Group	26,049	-
Chairman's Group	118,073	-
Chairman's Group	30,492	-
Director	84,570	128,676
Director	15,855	191,925
Director	39,709	-
Director	42,525	-
Director	75,820	-
Total	1,783,569	787,058

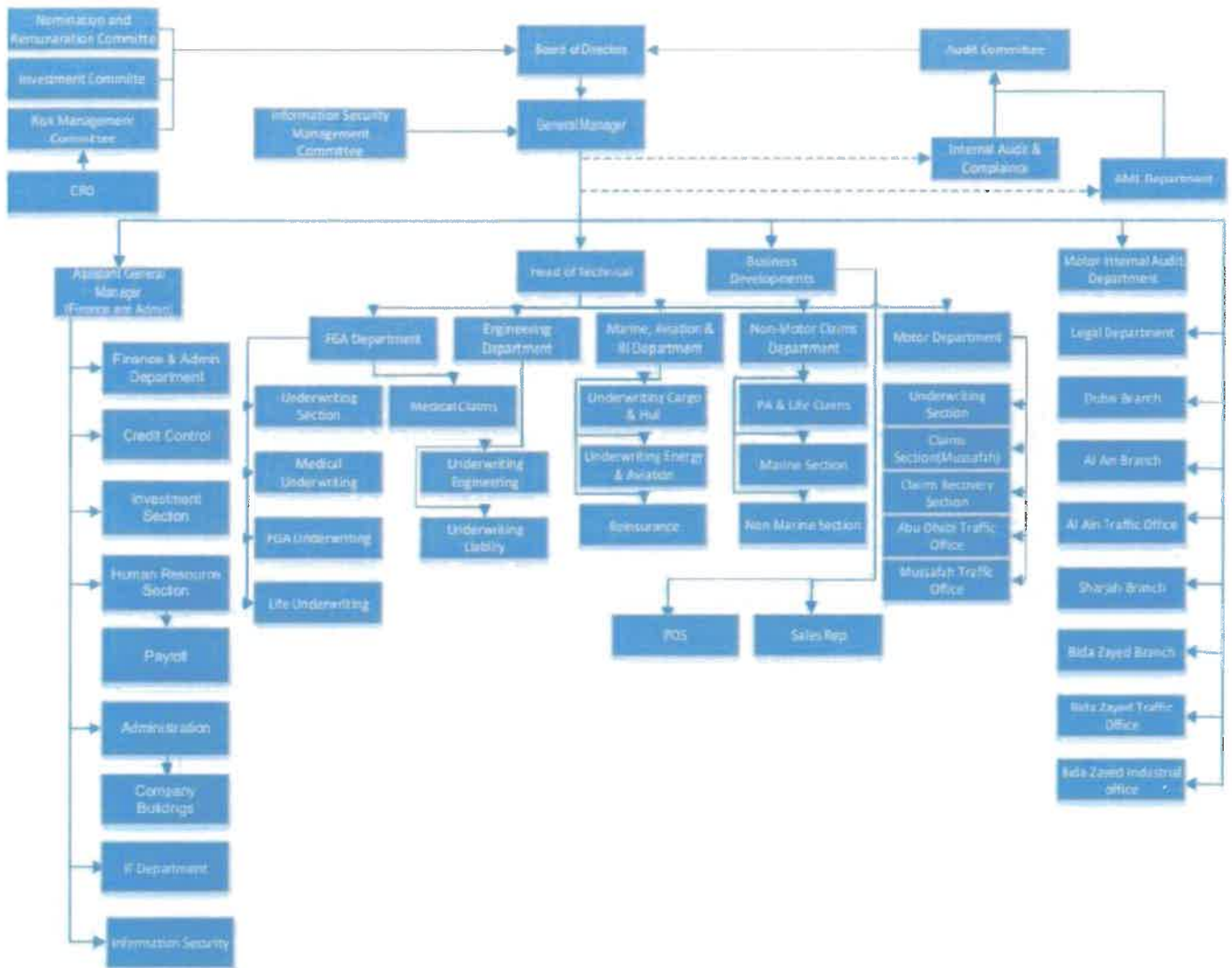
There was no board member whose transactions exceeded 5% of the paid-up capital.

Assessment of the Board of Directors:

In 2024, an independent entity with no affiliation or relationship with Al Dhafra Insurance Company, its board members, or executive management conducted an evaluation of the company's board of directors, its members, and committees. The assessment revealed a high level of satisfaction and concluded that the company's governance practices are effective and in line with corporate governance guidelines.



Company's Organizational Structure:





Company's Executive management:

Total remuneration given in 2024 to General Manager, Assistant General Manager and Head of Technical as per table below:

Sr.	Position	Date of appointment	Total salaries and allowances paid for 2024 (AED)	Total proposed bonuses for 2024	Any other cash/real bonuses of 2023 (or to become payable thereafter)
1	General Manager	Since 1984	1,657,603	Not yet determined	xx
2	Assistant General Manager	Since 1994	649,460	Not yet determined	xx
3	Head of Technical	Since 2013	557,730	Not yet determined	xx

Supervision Committee of Insiders' Transactions

Mr. Ajith Kumar, Chairman of the Supervision Committee acknowledges his responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

1. A committee was set up to monitor and supervise insider transactions on 24/11/2020 from the following:

Name	Member of Supervision Committee
Mr. Ajith Kumar	Chairman of the Committee
Mr. Mohammed Al-Najoumi	Member
Mr. Mahmoud Ezzat	Member

2. The committee is responsible for managing the policy of dealing with the shares of the company and monitoring the circulation of members of the Board of Directors and employees in the shares of the company regularly.
3. The Committee held its meeting on 03/01/2025 and reviewed the updated list of insiders' records. It also reviewed the total trading on the company's shares as at 31/12/2024 and did not notice any irregularities related to insider transactions during that period.



External Auditors:

The External Auditor of Al Dhafra Insurance Company is Crowe Mak, and their address is P.O. Box: 109460 -Abu Dhabi- UAE. The said Auditor is an External Auditing Company and independent from the Company's Board of Directors and its Executive Management.

The Board of Directors recommends to the General Assembly the appointment of the External Auditor, subject to the approval from the Central bank of UAE and upon the recommendation of the Audit Committee which considers the efficiency, reputation and experience. The determination of the External Auditor fees is decided by the General Assembly of the Company. The External Auditor Attends the Company's General Assembly Meeting and presents its report to the shareholders, such report shall be neutral and independent. Also, the External Auditor replies to the enquiries related to its report.

There are no reservations of the company's auditor on the interim and annual financial statements for the year 2024.

The Audit Committee reviews the quality and efficiency of the audit operations performed by the External Auditor and presents the necessary recommendations to the Board of Directors as to the re-appointment or replacement of the External Auditor. The External Auditor has been auditing the Company's accounts from 2024.

The company has not utilized any form of services from appointed external auditor while preparing its annual Financial Statements.

Name of Auditing Firm	Crowe Mak
Audit Engagement Partner	Umesh Narayanappa
Number of years the auditor spent as an external auditor of the Company	Since 2024 (1 year)
Total auditing fees in relation to the financial statements of 2024 (AED)	AED 88,000
The cost of other services rendered by the external auditor for filing of XBRL to Security and Commodities Authority (SCA), E-Form certification and AML report for Central Bank of UAE.	AED 117,000
A statement of other services provided by another external auditor (other than the Company's auditor) during 2024 (if any). If there was no another external auditor, this should be mentioned expressly.	Not Applicable



Board Committee's:

Audit Committee:

Mr. Yousef Bin Mohamed Al Nowais, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

Roles and Responsibilities (Term of Reference):

- Oversight of the preparation of the Financial Statements.
- Review of the annual and quarterly Financial Statements.
- Review any insider, affiliated or related party transactions and ensure that rules for the conduct and approval of these are complied with.
- Reviewing the Company's Internal Control Systems for effectiveness. This may be undertaken by seeking assistance from external consulting firms.
- Ensure Risk Management policies are developed and undertake regular examination of cases of non-compliance with the same.

Composition of the Audit Committee:

S No	Name	Designation
1	H.E. Yousef Bin Mohamed Al Nowais	Chairman
2	H.E. Saif Bin Mubarak Al Riyami	Member
3	Mr. Rashid Saeed Ahmed Ghobash	Member

- Mr. Yousef Bin Mohamed Al Nowais has expertise in finance and accounting. All three members are non-executives.

The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates			
	(04/2024) 13/11/2024 (in our company head office and virtually via Webex Application)	(03/2024) 13/08/202 4 (Via Video Conferenci ng – Webex)	(02/2024) 14/05/2024 (Via Video Conferencin g – Webex)	(01/2024) 13/02/2024 (in our company head office and virtually via Webex Application)
Mr. Mohamed Saeed Omran Al Mazrouei	E	E	E	✓
H.E. Yousef Bin Mohamed Al Nowais	✓	✓	✓	N/A
H.E. Saif Bin Mubarak Al Riyami	✓	✓	✓	✓
Mr. Rashid Saeed Ahmed Ghobash	✓	✓	✓	Proxy

“✓”= Attended

“✓Proxy”= Proxy

“x” = Apologized

“N/A” = Were not member as of date

“E” = Term Expired



Annual Audit Committee Report:

- The Statutory auditor must be approved by the Central Bank to ensure adherence to stringent standards of independence, competence, and integrity.
- The annual appointment, re-appointment or dismissal process involves the audit committee evaluating potential auditors based on their qualifications, performance, and compliance with regulatory standards. The selected auditor is then recommended to the Board of Directors for approval and subsequently confirmed by shareholders at the Annual General Meeting (AGM).
- This rigorous selection and approval process, mandated annually, to ensure that the financial statements are audited by qualified professionals who meet the Central Bank's approval criteria, thereby upholding the accuracy, transparency, and reliability of the company's financial reporting.
- The committee shall assess the auditor's ability to provide objective assessments of the Company's financial statements and internal controls.
- Throughout the appointment process, the committee shall maintain a focus on selecting auditors who can effectively fulfill their responsibilities and contribute to accurate financial reporting.
- The committee holds a responsibility for establishing and overseeing the tendering of audit engagements, ensuring it encompasses stringent requirements for knowledge, competence, objectivity, independence, professional skepticism, and quality control.
- Scrutinize and approve any non-audit services provided by the External Auditor to avoid conflicts of interest and ensure these services do not impair their independence.
- The internal audit reports shared with audit committee on quarterly basis for review and recommendations. The internal audit department develops an internal audit program for the Company to ensure that the internal control and procedures of the Company are in place by undertaking periodical and concurrent review of the business transactions carried out at different departments and offices of the Company. And reporting findings to Audit Committee detailing its observations and suggestions (wherever necessary) to improve systems and procedures of the Company.

Nomination and Remuneration Committee:

Sh. Ahmed Moh'd Sultan Al Dhahiri, Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness.

Roles and Responsibilities (Term of Reference):

Verification of on-going independence of independent board members. If the committee discovers that any of the members do not meet the independence criteria, it shall present this matter to the company's board and the board shall notify the member by a letter to be sent by registered mail to the members' registered address recorded in the company's files and shall address the reasons for the



lack of independence; such member shall provide clarification to the board within fifteen days from the date of the notification.

The board in its earliest meeting after the member's response or after the expiry of the period preferred to above, shall issue a decision confirming whether the member is considered independent or not.

Even when such board member is no longer meeting the independence criteria and such situation does not result a breach to the minimum requirement for the number of independent board members, the same must be taken into account when establishing board committees.

Notwithstanding provisions of Article (102) of the Commercial Companies Law, if the board decision holding that the member is no longer independent is to impact the minimum requirements for the independent board members, the board shall appoint a new member as a replacement and such appointment shall be reviewed at the earliest general assembly of the company in order to give effect to the decision of the board.

Formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to the Board members and senior executives of the Company and the committee will verify that remunerations and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance.

Composition of the Nomination & Remuneration Committee:

The Board has delegated authority to the committee as per the approved term of reference. The role of the Committee is to assist in discharging the board's responsibilities relating to compensation of company's staff and nomination to the membership of the board in line with applicable laws and regulations. The Board decides the need and frequency of the committee to discuss and advise related matter accordingly, the members nominated by the board for committee are as follows:

S No	Name	Designation	Attendance
1	Sh. Ahmed Moh'd Sultan Al Dhahiri	Chairman	✓
2	Mr. Mohamed Hussain Jasim Al Nowais.	Member	✓
3	Ms. Rauda Abdullah Al Dhaheri	Member	✓

The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates
	(01/2024) 12/02/2024 (Via Video Conferencing – Webex)
H.E. Sh. Ahmed Moh'd Sultan Al Dhahiri.	✓
H.E. Saif Bin Mubarak Al Riyami	✓
Ms. Rauda Abdullah Al Dhaheri	✓
Mr. Mohamed Hussain Jasim Al Nowais.	N/A

"✓"= Attended

"✓ Proxy"= Proxy



"x" = Apologized

"N/A" = Were not member as of date

"E" = Term Expired

Investment Committee:

Mr. Mohamed Hussain Jasim Al Nowais., Chairman of the Investment Committee acknowledges his responsibility for the committee system in the company and for his review of its work mechanism and ensuring its effectiveness.

Roles and Responsibilities (Term of Reference):

- Setting the investment guidelines.
- Reviewing / monitoring investments.
- Review the compliance of investment portfolio with the applicable laws.
- Review and monitor the performance of the investment made through outsourcing.
- In conjunction with the Audit Committee, determining the scope of the rigorous audit procedures that include full coverage of the investment activities to ensure timely identification of internal control weaknesses and operating system deficiencies.
- Assisting the Board of Directors in its evaluation of the adequacy and efficiency of the investment policies, procedures, practices and controls applied in the day-to-day management. of its business through an audit report that is to be submitted to the Audit Committee.
- Review and approve the valuation methods used to value the investments.

Composition of the Investment Committee:

S No	Name	Designation
1	Mr. Mohamed Hussain Jasim Al Nowais.	Chairman
2	H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	Member
3	Mr. Mohamed Saeed Omran Al Mazrouei	Member

The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates	
	(02/2024) 07/08/2024 (Via Video Conferencing – Webex)	(01/2024) 07/02/2024 (Via Video Conferencing – Webex)
Mr. Mohamed Hussain Jasim Al Nowais.	✓	Proxy
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	x	✓
Mr. Mohamed Saeed Omran Al Mazrouei	✓	✓

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"✓ Proxy" = Proxy



“x” = Apologized

“N/A” = Were not member as of date

“E” = Term Expired

Risk Management Committee:

H.E. Shiek Sultan Saeed Sultan Suroor Al Dhaheri., Chairman of the Risk Committee acknowledges his responsibility for the committee system in the company and for his review of its work mechanism and ensuring its effectiveness.

Roles and Responsibilities (Term of Reference):

- Identify key risks (financial, operational, strategic, compliance, environmental, etc.) faced by the organization.
- Assess the potential impact and likelihood of identified risks.
- Develop, approve, and periodically review the organization's risk management framework, policies, and procedures.
- Ensure alignment between risk management practices and the organization's strategic goals.
- Monitor the organization's risk exposure and risk tolerance levels.
- Review and assess regular risk reports, including emerging risks and risk trends.
- Ensure timely and accurate reporting of significant risks to the Board of Directors or relevant stakeholders.
- Ensure the organization adheres to applicable laws, regulations, and standards related to risk management.
- Monitor compliance with internal controls and policies.
- Review and approve stress testing and other regulatory reports.

Composition of the Risk Committee:

S.No	Name	Designation
1	H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	Chairman
2	Mr. Mohamed Hussain Jasim Al Nowais.	Member
3	Ms. Rauda Abdullah Al Dhaheri	Member



The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates
	(01/2024) 23/10/2024 (Circular)
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	✓
Mr. Mohamed Hussain Jasim Al Nowais.	✓
Ms. Rauda Abdullah Al Dhaheri	✓

“✓”= Attended

“✓ Proxy”= Proxy

“x” = Apologized

“N/A” = Were not member as of date

“E” = Term Expired

Internal Controls

The Board accepts its responsibility for the application, review and efficiency of the Company's Internal Control Systems. The board conducts an annual review of the following:

- Review of the mechanism of operation of the Company's internal control department.
- Review procedure that the Company has adopted to determine, assess and manage considerable risks.
- Evaluate the procedure that the Company has adopted to handle material internal control aspects of any serious problems that have been disclosed in the annual accounts and reports.

Internal control system in the Company is evaluated by various procedures including:

- Financial functioning is adequately governed through internal control procedures adopted in the Company. Financial manual of the Company details the rules and procedures to be followed in each financial transaction including various levels of financial authorities are defined and exercised by the concerned authorized employees of the Company, either individually or jointly.
- The Company has an Internal Control Department headed by duly qualified and experienced internal audit professional, develops an internal audit program for the Company to ensure that the internal control and procedures of the Company are in place by undertaking periodical and concurrent review of the business transactions carried out at different departments and offices of the Company. And reporting findings to Audit Committee detailing its observations and suggestions (wherever necessary) to improve systems and procedures of the Company.

The Company's Internal Control Department structure has following roles:



- Mr. Hassan Saleem has been appointed as Head of Internal Audit since 2016. (Associate Chartered Certified Accountant-UK, Bachelor of Science (hons) in Applied Accounting from Oxford Brookes University-UK, Certified Accounting Technician-UK, Advanced Diploma in Business and Accounting-UK). A competent professional with more than 12 years of experience in Auditing operations, Risk Management and in Compliance.

Pursuant to Article (51) of the Chairman of Securities and Commodities Authority's Resolution No. (7/R.M) of 2016 concerning the Standards of Corporate Discipline and Governance of Public Shareholding Companies, the Company appointed the head of the internal control department, Mr. Hassan, as an independent compliance officer to verify the Company and its employees compliance with the laws and the regulations in force in the Country. He has the qualifications and experience mentioned in the item above.

- In the event of an emergency, a major problem or such a major problem is mentioned within the reports and annual accounts, the Internal Control Department shall identify such a problem or an emergency or assess its impact on the Company and call the Audit Committee for an urgent meeting to discuss this problem and its causes, methods of treatment, how to mitigate its effects and the measures to prevent the aggravation and recurrence of the problem in the future and make recommendations to the Board of Directors for appropriate decision.
- In this regard "Six" Internal Audit reports are issued to Audit Committee and relevant presentations are given to board members. The Company has not experienced any major problem during 2024.
- Codes of Conduct are in place for staff members and the Board of Directors of the Company to ensure that the level of service the company expects to deliver to its customers and shareholders is achieved and to maintain the highest standards of work culture. And all staff members of the Company are fully aware of all administrative rules within the Company.
- Detailed operating manuals and policies of all underwriting, claims and other functional departments of the Company are followed by every department.
- All activities of the Company are computerized with special focus to update and improve computer system in use as to satisfy Company needs and serve its clients efficiently.

Details of Non-Compliance by the Company/Violations:

Al Dhafra Insurance has not violated nor breached any regulatory rules and regulations for the year 2024.



Corporate Social Responsibility and Environment Sustainability:

1) Ethical Conduct

We strive to conduct business with honesty, integrity and respect for all our clients.

2) Environment Protection

For 2024, the company continuously adheres to protecting the environment by promoting an awareness “greener” business like encouraging staff to restrict printing if it can be kept on screen “Think GREEN before printing this email 🌿”

3) Employee Care

We seek to maintain a healthy work environment by ensuring the safety and wellbeing of our employees and providing fulfilling & rewarding careers for all.

We also strongly support nationalization through secession planning, training and career development.

In recent years, we have continued to refine our employee offering and implement initiatives that meet business needs in the most efficient and effective manner. This includes a new portfolio of globally accredited training courses and an impressive array of employee benefits.

4) Training for UAE Nationals

ADIC believes that ‘On the Job Training’ for Emiratis will make them more competent than outside classroom training and in On Job Training Emirati employees will be directly inducted by Dept. heads having intense experience and knowledge in their respective area of work. Under direct supervisor of Dept. heads employees will get more confidence in their work as well as the trainer being able to guide them towards results with proper feedback. We are also encouraging our Emirati staff to attend Ethraa and other training Programs, workshops conducted by the Central Bank and Emirates Institute for Banking and Financial Studies.

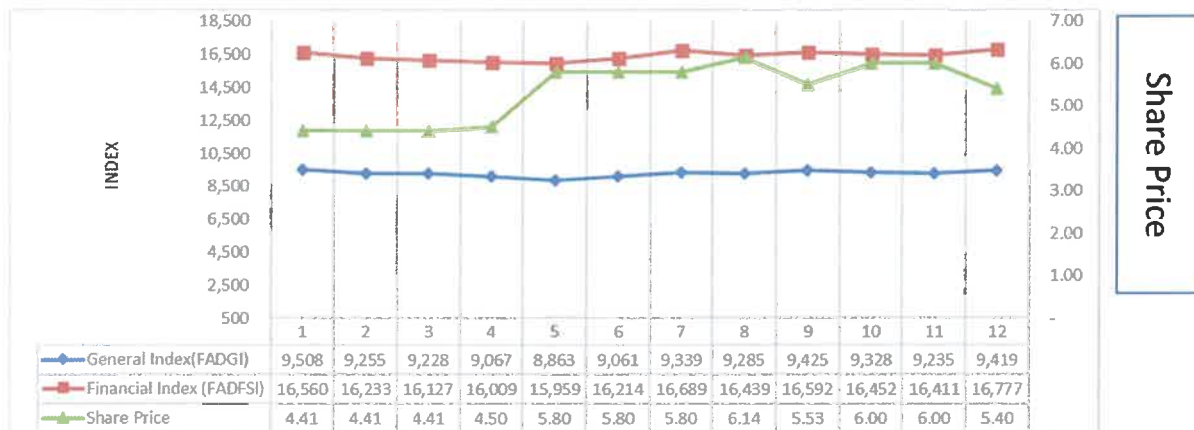


General Information:

- Share price at the market (high/low) at the end of each month of the year 2024:

Month	High	Low	Closing
January	AED 4.41	AED 4.41	AED 4.41
February	AED 4.41	AED 4.41	AED 4.41
March	AED 4.41	AED 4.41	AED 4.41
April	AED 4.50	AED 4.50	AED 4.50
May	AED 5.80	AED 5.80	AED 5.80
June	AED 5.80	AED 5.80	AED 5.80
July	AED 5.80	AED 5.80	AED 5.80
August	AED 6.14	AED 6.14	AED 6.14
September	AED 5.53	AED 5.53	AED 5.53
October	AED 6.00	AED 6.00	AED 6.00
November	AED 6.00	AED 6.00	AED 6.00
December	AED 5.40	AED 5.40	AED 5.40

Comparison of the share volume performance with the general index and financial index:



*(Source ADX Website)

39.55% of shares are being held by 11 corporate shareholders and 60.45% of shares held by individual shareholders as at 31st December 2024; Major shareholders are either UAE Nationals or companies established in UAE.As shown in table (1):

**Table No. (1) :**

S.No	Shareholder Classification	Shareholding (%)			
		Individuals	Corporations	Governments	Total
1	Local	60.28	39.55	-	99.83
2	GCC	0.16	-	-	0.16
3	Foreign	0.01	-	-	0.01
	Total	60.45	39.55	-	100

Al Dhafra shares are held by UAE nationals and companies. Shareholding Pattern (Individuals, Companies, Government) & Major Shareholders who hold more than 5% of Capital.As shown in table No. (2).

Table No. (2):

Name of the Company /Individual	Shareholder type	% Holding
Ghobash Trading	Company	21.85%
H.H Aisha Saeed Muhammad Al Dhahiri	Individual	13.17%
Mr. Saeed Ahmed Omran Al Mazroui	Individual	7.20%
Ataya Masharea (LLC)	Company	6.59%
Masaa Company	Company	5.83%

39.55% of shares are being held by 11 corporate shareholders and 60.45% of shares held by individual shareholders as at 31st December 2024; Major shareholders are either UAE Nationals or companies established in UAE. The chart structure to contribute to the company as in Table (3):

Table No. (3):

Share Holding	No. of Shareholder	No. Shares Held	Holding Percentage
Shares Less than 50,000	91	1,195,818	1.20%
Shares from 50,000 but less than 500,000	36	8,234,102	8.23%
Shares From 500,000 but Less than 5,000,000	22	37,124,988	37.12%
Shares from 5,000,000 and above	5	53,445,092	53.45%
Grand Total	154	100,000,000	100%



Investor Relation Officer:

The company designated an employee as Investor Relation officer and his name and contact details are updated on the company website. The company has opened a page in Arabic format on the company website dealing with matters of interest to investors and updating the information regularly.

Name	Designation	Mobile No.	E-mail	Contact
Mohamed Ahmed El Noujomi	Investor Relation Officer	055 561 61 69	investorsrelation@aldhafrainsurance.ae	Ph.: 02-6949-409 Fax: 02-6729-833

<http://www.aldhafrainsurance.ae/investors-relation/contact-us/>

Board Secretary:

She is responsible for relevant administrative tasks in addition to attending and recording Board Meetings.

Name	Designation	Date of Appointment	Qualification
Ms. Eiman Ahmed Obaid Al-Yammahi	Board Secretary & Committees	13 th November 2024	Bachelor's in law

Responsibilities of the Board Secretary:

- Prepare for Board Meetings
- Prepare the minutes of the Board Meetings.
- Prepare the Meeting of the Committees of the Board of Directors.
- Prepare the minutes of the meetings of the committees of the Board of Directors
- Follow – up for Signatures of the Minutes and provide Members with Signed Copies
- Follow – up the Implementation of Decisions Issued by the Board of Directors.

Major Events the company had during the year 2024:

During the year 2024, Company has formed risk management committee to oversee the risk related matters of the company.

Emiratization:

The Al Dhafra Insurance Company is highly committed to the Emiratization drive and has been recruiting UAE Nationals of the highest caliber and supporting them with a successful professional


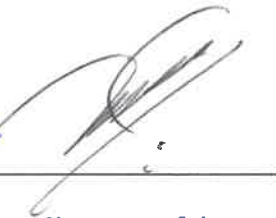




career path plan over the years. The Al Dhafra Insurance Company has a diverse range of career options and training opportunities which identifies local talent, nurtures and rewards them through training, mentorship and professional development to ensure the active promotion of UAE nationals with attractive remuneration packages. The table below shows the number of local staff within our company at the end of 2024.

Emiratization Percentage in 2022	Emiratization Percentage in 2023	Emiratization Percentage in 2024
8.5%	12.6%	17.2%

Statement of innovative projects and initiatives:

The Company will publish the Integrated and ESG Report for the year, 2024

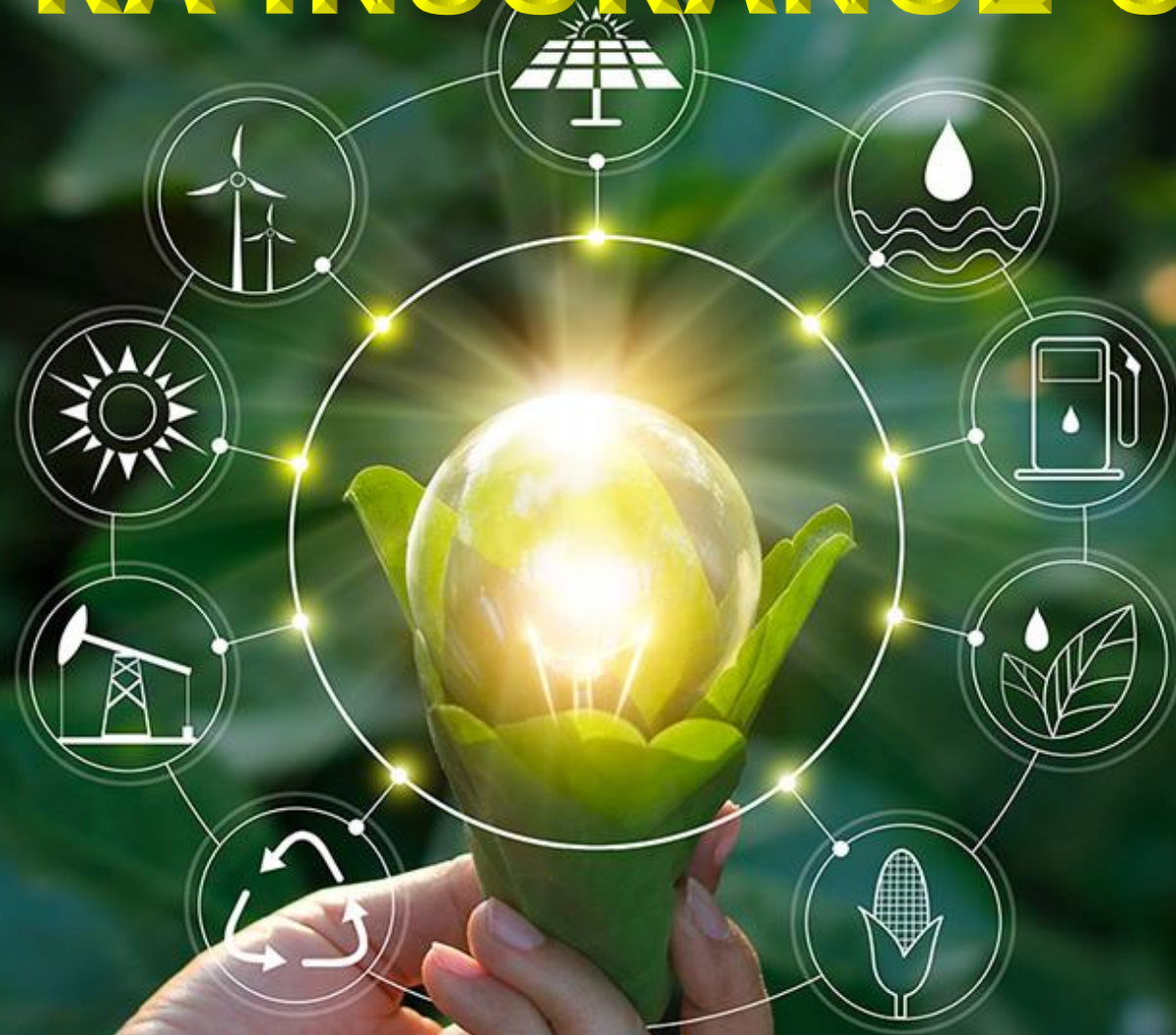
			
Signature of the Chairman of the Board of Directors	Signature of the Chairman of the Audit Committee	Signature of the Chairman of the Nomination and Remuneration Committee	Head of Internal Audit Department
Date: 12/02/2025	Date: 12/02/2025	Date: 12/02/2025	Date: 12/02/2025



Company Official Seal



AL DHAFRA INSURANCE COMPANY



SUSTAINABILITY REPORT - 2024

INTRODUCTION



About Us

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

Founded in 1979, Al Dhafra Insurance company is a reputed insurance company. ADIC is listed on Abu Dhabi Securities Exchange and is headquartered in Abu Dhabi, United Arab Emirates (UAE).

ADIC offers a multiple range of insurance solutions catering to the requirement of Retail customers as well as to Corporates. The product range of ADIC includes both life and non-life solutions. The company has presence across 3 emirates with 5 branches. The company also has on-line sales offices in part of the Immigration offices and Traffic offices across the country.

We strive to achieve business excellence by applying innovations and technology in the way we operate. While being in a competitive position, we continuously try to improve, innovate, and grow while keeping our stakeholder interest at the core of everything we do. ADIC's business operation is fully automated and branches and offices are connected on-line with Head Office for fast and efficient customer service.

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

Our Core Mission and Values:

Mission:

- Add Value to Insurance Service provided
- Increase Stake holder's Value

Values:

- Highest Priority to Customer Needs
- Loyalty and Integrity
- Constant Improvement
- High standard of Public Conduct



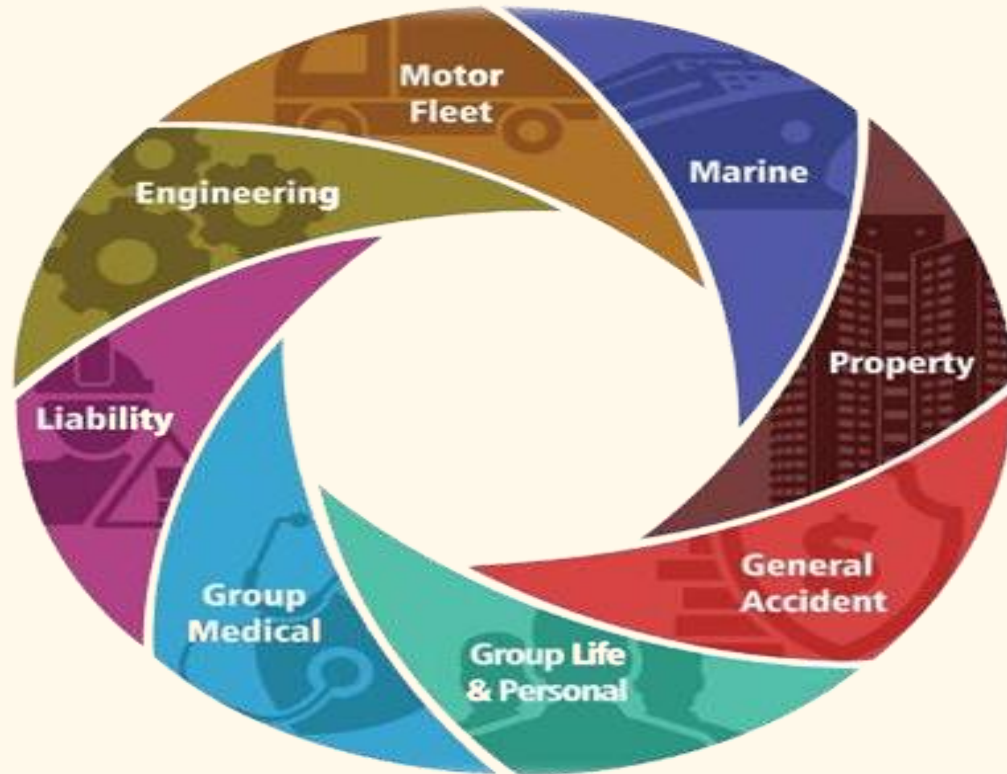
About Us

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

Our Offering:

As a risk manager and taker, our objective is to provide resilience for our clients in times of uncertainty. Our comprehensive range of personalized insurance solutions is designed to cover both our individual and corporate customers' insurance needs.

Our Commercial solutions include:



Memberships:

ADIC is a member in the following associations



Our Credit Rating:

Moody – Baa1 Stable Outlook
A.M Best – B++ Good Stable Outlook



About Us

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

Commitment to Shared Value:

In the age of the Fourth Industrial Revolution the purpose of corporations has clearly shifted from shareholder to stakeholder value creation. It has become evident that the only way corporations can create long-term sustainable value is through stakeholder inclusiveness.

As a leading UAE corporation, ADIC seeks to set an example in stakeholder inclusiveness and as a result has devised a set of commitments through which we aim to achieve sustainable growth and create shared value. These are as follows:

- To be the right place to work for our employees, providing opportunities for learning and development, and assuring a safe and healthy work environment.
- Embrace diversity, inclusion, and gender equality in the workplace.
- Ensure ethical behavior in our business practices through transparency, openness, and accountability.
- Include environmental and social considerations in the development and offering of products and services

In order to continue our path towards sustainable shared value, we look to ensure internal cohesiveness in the way we interact with each other and with our customers and other employees. Accordingly, we have instilled in our workplace a strong stakeholder oriented culture with the following key elements:

- Provide innovative and best value insurance products and services
- Meet the ever-changing insurance needs of our clients
- To be a market-focused and customer-centric organisation
- Service our clients with a qualified and motivated team



About This Report

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56, G8, G9, G10)

Reporting Scope:

This is the 2024 Sustainability Report for Al Dhafra Insurance Company P.S.C. covering the period between January 1 and December 31, 2024, unless stated otherwise.

Through this report, we aim to engage our stakeholders in our operational and sustainability journey and to emphasize our commitment to being a responsible company by managing our business in a way that creates value for customers, shareholders, and employees, and helps protect the environment and promote the welfare of communities where we operate.

As a company, we recognize that sustainability is a journey that requires everyone to participate actively. In addition to our commitment to move forward in sustainability, we are excited to build on this inaugural report and continue to improve sustainable business practices.

Basis of Preparation

This report has been prepared in accordance with the GRI Standards (GRI): Core Option and is aligned with ADX ESG metrics. In addition, the report outlines ADIC's impact on those Sustainable Development Goals that are material to its operation.

External Assurance:

The content of this report has been rigorously reviewed by each corresponding department. In addition, the financial data included in the report has been extracted from our Financial Statements which have been independently audited by recognized audit firms. Our audited financial statements can be found annexed to this report.

Forward-Looking Statement:

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which ADIC operates. ADIC holds no obligation to publicly update or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations. It is therefore not within the scope of our internal audit team to form an opinion on any of these forward-looking statements.

Disclosure References:

References to the GRI Standards as well as the ADX ESG metrics can be found next to each section title. In addition, a content index is included at the end of this report which outlines all the GRI and ADX disclosures on which ADIC has reported.



About This Report

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56, G8, G9, G10)

THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs):

The United Nations Members States adopted the 17 Sustainable Development Goals, with their 169 targets, as a call for action for all stakeholders to contribute to the transition to sustainable development

All efforts must be exerted for the Sustainable Development Goals to be achieved by the set deadline (2030), which covers ending poverty, hunger, and providing access to education and healthcare. We must ensure that future generations will also be able to meet their needs, live in dignity, and achieve their aspirations.

Although initially drafted for governments, the 17 Sustainable Development Goals serve as a compass to all stakeholders, including corporations, civil society, and academia as to where their efforts should lie, and how they can all collaborate for that same objective.

Below are the 17 Global Goals:



An ESG Note From Our General Manager

(GRI 102-14)

Dear Stakeholders,

I extend my warmest greetings to all stakeholders of this ESG report. It is with great pleasure that I present Al Dhafra Insurance Co PSC's 2024 Sustainability Report.

With over four decades of presence in the UAE, we take pride in being a trusted partner to our valued stakeholders. We deeply appreciate the confidence placed in us by our customers, shareholders, and the broader community, and we remain committed to their well-being.

This report highlights our ongoing efforts to strengthen engagement with customers, employees, and partners while fostering sustainable development rooted in trust and transparency. At Al Dhafra, we are dedicated to cultivating a corporate culture that empowers individuals to contribute meaningfully to society's sustainability.

While we have made significant progress toward a sustainable future, we recognize that more work lies ahead. We remain steadfast in our commitment to implementing tangible actions that drive positive change.

Our sustainable development strategy focuses on strengthening governance, fostering an inclusive culture that empowers employees, and adopting sustainable business practices to ensure a secure future. Moving forward, we remain committed to deepening our sustainability efforts, influencing both our operational strategies and investment decisions.

As environmental, social, and governance (ESG) factors continue to shape business landscapes, integrating them into our risk management framework is essential for maintaining up-to-date risk assessments and staying competitive.

With these goals in mind, I extend my sincere gratitude to our stakeholders for their continued trust. We will maintain open engagement with all stakeholders to ensure that Al Dhafra Insurance Company effectively addresses the key interests of everyone involved.

Kamal Sartawi
General Manager

“Greener Business”



Business Overview

Operational Presence

The positive outcomes in insurance achieved by Al Dhafra Insurance Company can be credited to its prudent underwriting strategy and the steadfast management of a stable investment income. This approach, meticulously balancing risk and profitability, has consistently been a cornerstone of our company's strategy. Its primary objective is to promote continuous growth, ultimately optimizing returns for our shareholders.



Year	Insurance Revenue (AED in Millions)	Net Profit Before Tax %	Dividend per Share
2024	346.29	11.89%	0.35
2023	320.61	12.88%	0.35
2022	319.56	7.19%	0.30
2021	314.51	12.29%	0.35

Ratings Received

- Moody – Baa1 Stable Outlook
- AM Best – B++ Good Stable Outlook
- ADNOC – ICV Certified



ESG –Stakeholders Collaboration & Priorities

Investor/ Shareholder:

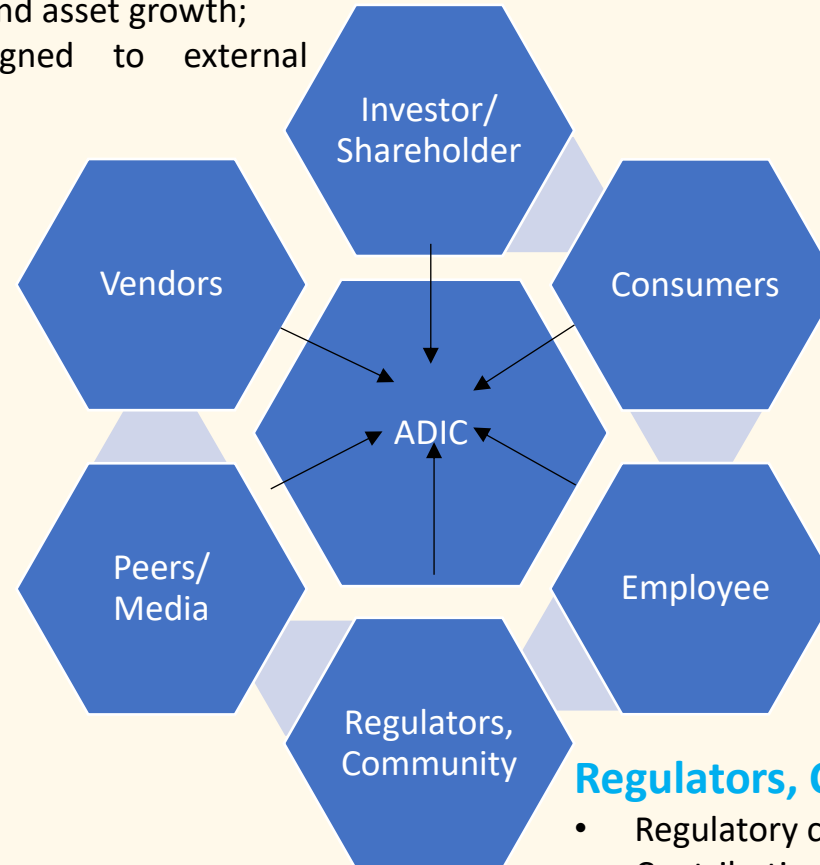
- Early adoption of global best practices;
- Steady net income and asset growth;
- ESG reporting aligned to external frameworks

Vendors:

- Ethical business practices;
- Business growth
- Timely settlement of dues;
- Fair and transparent dealings

Peers/ Media:

- Clear and effective communication Transparency;
- Exchange of information;



Consumer:

- Effective and Friendly Customer Service;
- Enhanced use of technology and improved access to insurance services;
- Protection of Policyholder's right;

Employee:

- Safe and friendly working environment;
- Workforce diversity, including among senior executives, equity, inclusion;
- Training and development, work-life balance;

Regulators, Community:

- Regulatory compliance and transparency;
- Contribution to the national economy;
- Job creation and stability;

Materiality Assessment –Key ESG Risks

Materiality assessment was conducted to apprehend stakeholders’ expectations and identify key ESG risks. We intend to continue our interaction with the key stakeholders to assess the relevancy of these material items. The following table shows whether the materiality topics are of low (●), medium or major/high (●) importance to our different stakeholder groups:(●)

PARTICULARS	WITHIN THE COMPANY		OUTSIDE THE COMPANY			
	MANAGEMENT	EMPLOYEES	CUSTOMERS	GOVERNMENT	PARTNERS/VENDORS	INVESTORS
GOVERNANCE, COMPLIANCE AND ETHICS	●	●	●	●	●	●
REGULATORY MANAGEMENT COMPLIANCE	●	●	●	●	●	●
BUSINESS ETHICS	●	●	●	●	●	●
BUSINESS CONTINUITY AND RISK MANAGEMENT	●	●	●	●	●	●
PRIVACY AND SECURITY	●	●	●	●	●	●
TRANSPARENCY	●	●	●	●	●	●
RESPONSIBLE INVESTMENT	●	●	●	●	●	●
FINANCIAL PERFORMANCE	●	●	●	●	●	●
FINANCIAL INCLUSION	●	●	●	●	●	●
DIGITISATION AND INNOVATION	●	●	●	●	●	●
APPROPRIATE PRICING	●	●	●	●	●	●
CUSTOMER ENGAGEMENT AND SATISFACTION	●	●	●	●	●	●
EMIRATISATION	●	●	●	●	●	●
DIVERSITY AND GENDER EQUALITY	●	●	●	●	●	●
TRAINING AND DEVELOPMENT	●	●	●	●	●	●



ADIC Sustainability Governance

In order to undertake the materiality assessment, we have identified/documentated sustainability factors/framework:

Climate Change

- Supporting green products, reducing paper usage, promoting ecological sustainability
- Efficient use of Water & Energy, waste recycling;

Digitalization

- Implementation of Online portals for Brokers, Service Providers;
- Implementation of Mobile Application;

Data Privacy

- Robust Security Management System;
- Periodic reviews by External IT consultants;

Governance

- Sound governance framework and presence of governance Board Committees/functions;
- Code of Conduct , Whistle blower policy to ensure Ethical business practices;
- Robust compliance framework in place

Customer Satisfaction

- Long lasting relationship with most of customer;
- Review of feedback to measure Customer Happiness;

Social Responsibility

- Organized Covid-19 booster dose for employees, family and friends;
- Apprenticeship programs to provide on job training to new graduates;

Shareholders

- Timely publication of financial information;
- Consistent increase in Shareholder's Equity;

Training & Development

- Inhouse and External training for employees;

Diversity & Inclusion

- Ensuring balanced Ethnic Diversity;
- Pricing of products does not discriminate based on gender or nationalities;
- Equal Opportunity Employer



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Our Approach To Sustainability

(GRI 102-20, GRI 102-44, GRI 102-46, GRI 102-47, E8, E9, E10)

Defining Our ESG Material Topics

Materiality assessment is essential to identifying and prioritizing those economic, and ESG (environmental, social and governance) topics that are most important to an organisation and its stakeholders. This assessment is interlinked with the stakeholder engagement exercise that is usually conducted prior to working on the materiality matrix.

Prioritization

To build a thorough understanding about our economic and ESG impacts, we have conducted an in-depth industry specific research, peer analysis, and followed best practices. This has allowed us to build our comprehensive list of materiality topics.

The topics selected in the above list are further assessed based on our existing methods of internal and external stakeholder engagement. The below materiality matrix illustrates where our material topics would fall within the spectrum of priorities. In subsequent reports, we will look to engage with our stakeholders on economic and ESG specific topics.

Validation

The below table demonstrates the end result and includes ADIC’s material topics with their corresponding GRI disclosures and Abu Dhabi Financial Market (ADX) ESG metrics.

Item	Key Material Topic	GRI Correspondence	Corresponding ADX Metrics
1	Economic Performance	GRI 201 Economic Performance	N/A
2	Customer Privacy & Data Security	GRI 418 Customer Privacy	G6: Data Privacy
3	Ethical Business Conduct	GRI 205 Anti-Corruption GRI 417 Marketing & Labelling	N/A
4	Digitalization	N/A	N/A
5	Employment Practices	GRI 401 Employment	S3: Employee Turnover
6	Equal Opportunity, Diversity & Inclusion	GRI 405 Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity
7	Environmental Impact	GRI 302 Energy GRI 305 Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
8	Emiratization	N/A	S11: Nationalization
9	Community	GRI 413 Local Community	S12: Community Investment



Our Approach To Sustainability

Sustainability matters are increasingly material to ADIC. ESG related risks and opportunities are rising which calls for our company to embed them into our strategy, business model, and ensure that they are managed in a way that maintains ADIC as a competitive entity and generates value for all stakeholders.

We expect transitional climate change risks to become more significant in the UAE in the coming years as a result of the country's Net Zero 2050 pledge. This commitment will likely bring about a rise in legislative decrees that force corporations to reduce their impact on the environment.

As a leading insurance company, we aim to strengthen our efforts to contribute to making the UAE economy more resilient and sustainable, thus helping maintain our competitiveness over the long-term.

Below, we map out our approach to ESG using a double materiality methodology which factors in both how ADIC impacts ESG risks and opportunities and how the latter impacts us.

Sustainable Insurance Provider

**DIGITALIZATION & INNOVATION
DATA SECURITY AFFORDABLE INSURANCE
SUSTAINABLE SOLUTIONS**

Consumer choices are driving the shift to a more sustainable global economy.

It is vital that companies take note of this transition and adapt their strategies and business models accordingly.

In other words, it is important for insurance companies to integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes.

Responsible Employer

**TRAINING & DEVELOPMENT
EQUAL OPPORTUNITY, DIVERSITY & INCLUSION
SUSTAINABLE WORKPLACE COMMUNITY
WELLBEING ENVIRONMENTAL STEWARDSHIP**

A responsible employer is one that puts in place the necessary framework and policies to shape a sustainable workplace. More specifically, employees must feel they can reach their aspirations through the company, by being given training and development opportunities, being fairly appraised, and having a strong sense of belonging. An engaging employment strategy is essential to ensure equal opportunity and inclusiveness.

During the year Company has arranged multiple training sessions on Fraud and AML / CFT / TFS for Staff and Board of Director.

In addition, it is as important to create a workplace that encourages good environmental practices. This can occur through reducing waste, or eliminating it altogether, abandoning single use plastic, decreasing energy consumption, and shifting, whenever possible, to 100% renewable energy.

Responsible Investor

**INTEGRATING ESG IN INVESTMENT
DECISION-MAKING
SUSTAINABLE FINANCE**

As an institutional investor, insurance companies play an important role in financing the transition to sustainable development. As investors consider ESG factors in their investments, they help shape the future by financing sustainable products and solutions.

As for our property investments, it is important that we remain ahead of the curve and provision for legislative changes that will push to decrease the building sector's impact on the environment. Buildings contribute to around 40% of global emissions, 50% of which comes from operating them. This can be done through refurbishment, using sustainable materials, and engaging with our tenants to breed awareness of their energy consumption, among other.

CORPORATE GOVERNANCE



Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

Corporate governance is the main pillar that allows a company to create economic, environmental, and social value. It is the structure through which key frameworks, policies and procedures are put in place to ensure business integrity through transparency and accountability.

A robust corporate governance structure allows a company to achieve its objectives through strategic direction, to control risks, as well as to protect the company's brand. An effective corporate governance structure makes an organisation more resilient, protects the interests of all stakeholders, and as a result ensures shared value is created sustainably.

At ADIC, we believe that by having a high-quality corporate governance framework and complete information transparency, we are better able to promote the long-term sustainable success of ADIC, generate value for all stakeholders and contribute to wider community. Accordingly, we have adopted and implemented a complete corporate governance framework that fulfills

all applicable laws and regulations while also being in line with international best practices. This corporate governance framework is designed to ensure that ADIC has a culture of consistency, responsibility, accountability and transparency of highest standard at all level.

ADIC commenced in 2010 a pro-active review of its corporate governance framework and has adopted extensive corporate governance guidelines in line with the New Corporate Governance Regulation and Standards for Insurance Companies set by the Central Bank of UAE under circular no CBUAE/BS/2022/463 and In the Ministerial Resolution "Based on the decision of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

Company is committed to the highest level of corporate governance and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working of the company, its management and Board of Directors (hereafter referred to as 'the Board'). Indeed, the company's commitment to good Corporate Governance practices predates the laws and mandates of the Central Bank of UAE and Securities and Commodities Authority (SCA).

The Boards' role is to represent the shareholders and is accountable to them for creating and delivering value through the effective governance of the business.

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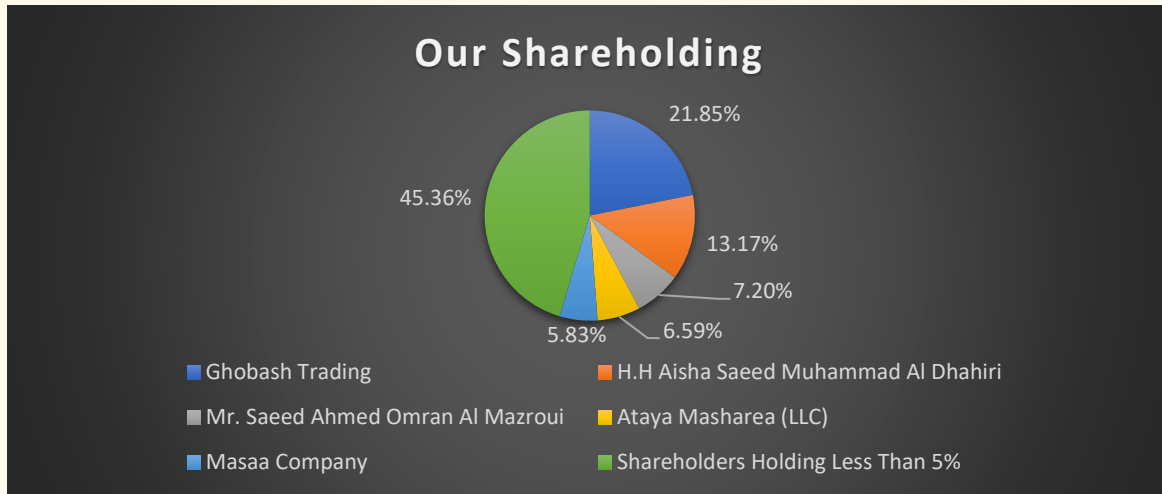


Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

Our Ownership Structure:

As at December 31, 2024, we had 154 shareholders, 100% of which are from the UAE. Below is a graph outlining our ownership structure:



Sr.	Shareholder Classification	Shareholding (%)			
		Individuals	Corporations	Governments	Total
1	Local	60.28	39.55	-	99.83
2	GCC	0.16	-	-	0.16
3	Foreign	0.01	-	-	0.01
	Total	60.45	39.55	-	100

Our Governance Structure:

Our Board of Directors is composed of nine members, out of which 4 are independent. We currently have one female board member. All our board members are prominent and highly reputable local business individuals with track records in establishing and leading successful companies.

ADIC has four different board committees each responsible for key functions to ensure good governance. Below is our governance structure along with a brief outline of each committee's purpose

BOARD OF DIRECTORS

Audit Committee

Provides oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

Investment Committee

Develops the investment policy in line with the level of risk acceptance set by the Board to ensure proper investment of the company's funds.

Nomination & Remuneration Committee

Develops and oversees the criteria for determining qualifications, diversity, and independence of the board. In addition, the committee recommends a policy related to the remuneration of the Directors & key managerial roles.



Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

Risk Management Committee:

The ultimate responsibility lies with the committee to ensure that the necessary frameworks, policies, and procedures are in place to manage and control these risks and are being efficiently implemented by senior management and the company as a whole.

At the heart of a corporation’s risk management practice is its Enterprise Risk Management framework, which is essential for the successful delivery of a business strategy, to maintain operational excellence, and to create shared value for all stakeholders.

ADIC recognizes the importance of having efficient and effective enterprise risk management systems in place. The goal of the Company’s risk management framework is to promote a culture of risk awareness across the business and bring risk-knowledge and decision-useful information to the forefront of decision-making processes. ADIC intends to identify and integrate ESG concerns into risk management and underwriting practices. It is crucial that our key risks are registered, understood, monitored, and controlled by means of mitigating and/or transferring them.

Our Whistle-blower Policy & Procedure:

A clear whistleblowing policy encourages an ethical culture by encouraging people to report instances of misconduct. ADIC’s whistleblower mechanism is in place to receive anonymous tips or complaints pertaining to potential fraud or compliance violations. ADIC has a dedicated email address, monitored by the Compliance Officer, where any fraud or wrong doing witnessed can be reported anonymously by anyone affiliated with the organisation. The information relayed is then handled in a confidential manner by the Compliance Department.

Anti Money Laundering Policy:

We have a thorough AML/CFT policy in place that all employees are made aware of and are trained to implement. In addition, we have an AML officer who works in full independence and has the authority to oversee the proper management and implementation of our AML/CFT policy and ensures that it fully complies with the rules and regulations.

ADIC is committed to the highest standards of Anti-Money Laundering & Countering Finance of Terrorist (AML-CFT) compliance and requires management and employees to adhere to these standards to prevent the use of its products or services for money laundering purposes and to safeguard the interests of its customers/stakeholders.

Internal Control & Compliance:

Our successful track record is built on the trust we have gained throughout the years from our customers and all other key stakeholders. In order to continuously protect this trust and build on it, we have in place the necessary internal control & compliance policies and procedures to ensure business ethics.

Independent internal audits are conducted by third party vendors to undertake critical review of business operations, risk management and overall compliance environment within the organisation. The internal audit findings are directly communicated by the compliance department to the Audit Committee.

Compliance function reviews the regulatory compliances and assesses the Compliance status to achieve complete adherence. Based on the ESG policy and reporting requirements, compliance function will ensure review of ESG compliance requirements.

Procurement Procedures:

As part of our quest for operational excellence, we also have a robust procurement system in place with clear procedures that govern the purchase of all goods and services. The system helps to optimize costs and ensures we only deal with credible suppliers that are looking to establish a long-term working relationship.



Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

Confirmed Incidents of Corruption & Actions Taken (GRI 205-3)

Total number and nature of confirmed incidents of corruption

Number of confirmed incidents of corruption	Nature of Incident	
2022	NIL	NA
2023	NIL	NA
2024	NIL	NA

Total number of confirmed incidents in which employees were dismissed or disciplined for corruption:

Total Number Of Confirmed Incidents	
2022	NIL
2023	NIL
2024	NIL

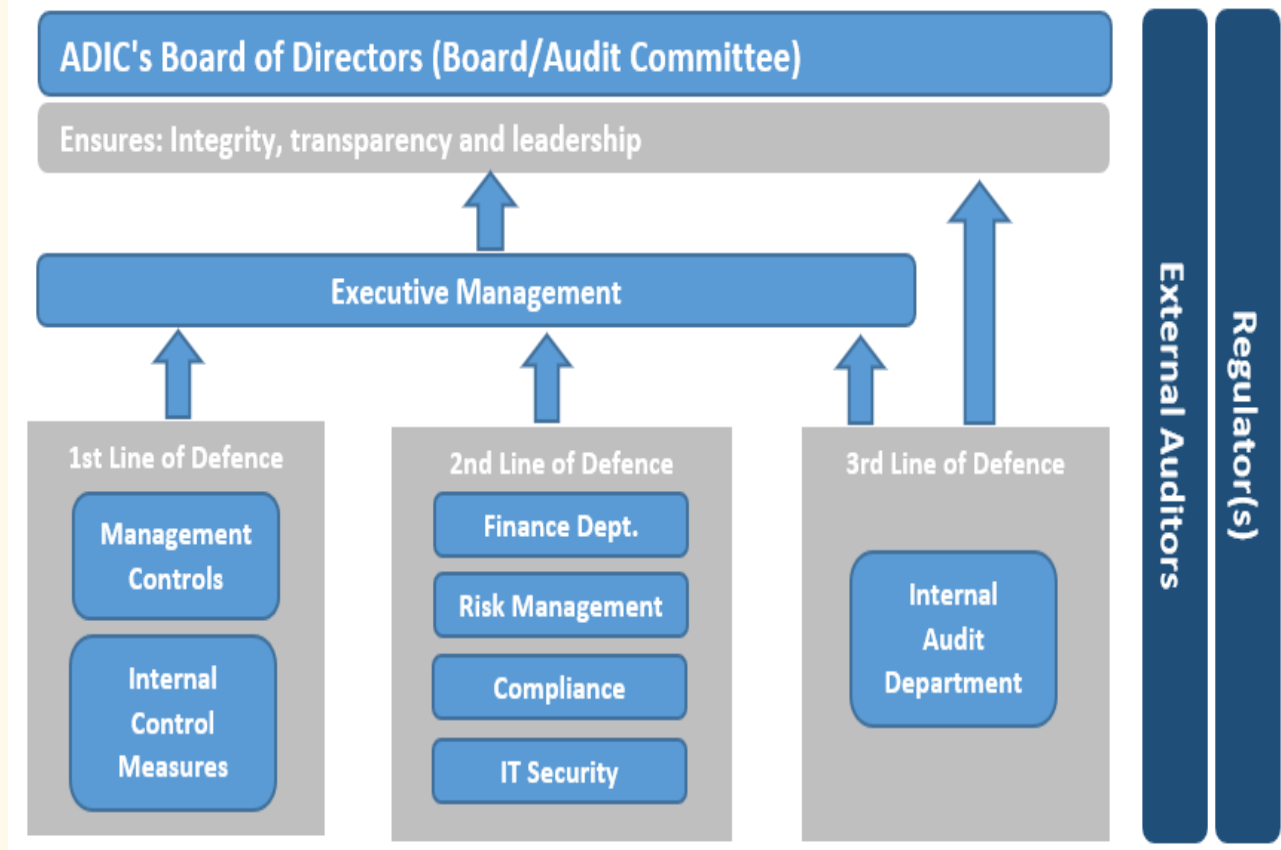
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption:

Total Number Of Confirmed Incidents	
2022	NIL
2023	NIL
2024	NIL

Our Control Environment:

“ADIC follows and believes in “three line of defense” governance model”

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



Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

First Line of Defence:

Relates to the management of risks at the points where they arise. These activities are carried out by persons who take on risks on behalf of the Company. Risk management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set by the Executive Committee with the assistance of the RMF.

Second Line of Defence:

concerns the risk management activities that are carried out by the RMF and the important supporting operations. Specifically, the RMF is responsible for the preparation, maintenance and periodic review of this Policy, as well as for the continuous monitoring of compliance with its policies and procedures.

The Actuarial Function in its advisory capacity provides technical expertise to both the 1st and 2nd Line of Defence.

Third Line of Defence:

concerns the activities of Internal Audit that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems within the Company. The Internal Audit conducts regular internal audits of the procedures applied for managing all types of risks and their effectiveness, the results of these audits are summarized in reports submitted to the BoD, through the Audit Committee, and to the Senior Management.

External Assurance:

assurance from external independent bodies such as the external auditors and other external bodies. External bodies may not have the existing familiarity with the organization that an internal audit function has, but they can bring a new and valuable perspective. Additionally, their outsider status is clearly visible to third parties, so that they can not only be independent but be seen to be independent.

CORPORATE SOCIAL RESPONSIBILITY



Our Responsibility As An Employer

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6)

Our people are at the heart of everything we do and are the main contributor to our success. Their dedication and commitment to our clients is fundamental to our strategy and operations..

Our aim is to ensure that our employees find meaning in their work and that their wellbeing is catered to. This can only be achieved by creating an environment that is conducive to inclusion and creativity. Our employees must feel they can progress at ADIC and that development opportunities will always be offered to them..

To that end, we have taken a strategic decision to reshape our HR department to create a workplace that attracts, develops, and retains talent. Most importantly, we are creating an environment that is flexible and adaptive to the evolving needs of talented people.

In 2025, we will further enhance our HR related policies to ensure a seamless experience for our employees as well as to safeguard their wellbeing. We are committed to creating an environment that empowers our employees and through which they can achieve their aspirations. We have zero tolerance for harassment, unfair treatment, or other similar misconduct. We currently have an employee handbook in place that ensures a unified approach to proper business conduct, and to the protection of employees’ rights, which will be accompanied in 2025 by a dedicated Code of Conduct policy.

While revamping our HR department, we have in mind to cater to the wellbeing of each one of our 186 employees. All our employees are on a full-time basis and most (87%) operate out of our headquarters in Abu Dhabi.

Total New Hires

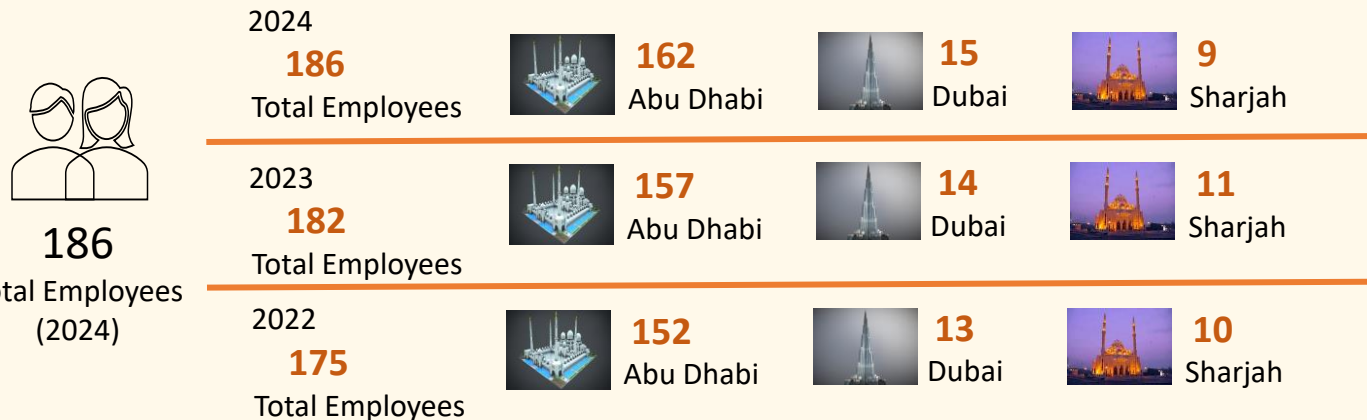


68%
New Female Hires
(2024)



32%
New Male Hires
(2024)

<p>2024 17 New Female Hire</p> <p>68% of Total New Hire</p>	<p>2023 16 New Female Hire</p> <p>67% of Total New Hire</p>	<p>2022 11 New Female Hire</p> <p>50% of Total New Hire</p>
<p>2024 8 New Male Hire</p> <p>32% of Total New Hire</p>	<p>2023 8 New Male Hire</p> <p>33% of Total New Hire</p>	<p>2022 11 New Male Hire</p> <p>50% of Total New Hire</p>



Our Responsibility As An Employer

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6)

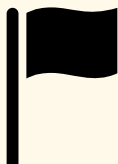
Diversity, Inclusion, and Equality:

Al Dhafra Insurance Company P.S.C. is an equal opportunity employer. We not only endeavour to maintain the high female representation at our company, which currently stands at 31% of the total workforce, but will also look to provide more opportunities for women in leadership roles.

We are proud to have a diverse workforce, currently composed of 19 different nationalities. We believe that our diverse culture and composition makes us more innovative and better equipped to serve the diverse nature of UAE clients. To nurture this working environment, we will foster a fair and inclusive working environment that allows every employee to progress and succeed.

We have used a different computation methodology for this year's report which considers numbers as at 31st of December (we will continue applying this methodology going forward).

Total Number of Nationalities:

	2024 19 Total number of nationalities	2023 19 Total number of nationalities	2022 18 Total number of nationalities
--	--	--	--

Gender Breakdown:

2024 57 Female Staff 31% of all Employees	2023 50 Female Staff 27% of all Employees	2022 39 Female Staff 22% of all Employees
2024 129 Male Staff 69% of all Employees	2023 132 Male Staff 73% of all Employees	2022 136 Male Staff 78% of all Employees

Total Employees by Job Category and by Gender:

Entry-Level	Mid-Level	Senior to Executive Level
2024 30% Female Staff	2024 0% Female Staff	2024 1% Female Staff
49% Male Staff	12% Male Staff	8% Male Staff
2023 27% Female Staff	2023 0% Female Staff	2023 1% Female Staff
53% Male Staff	11% Male Staff	8% Male Staff
2022 22% Female Staff	2022 0% Female Staff	2022 1% Female Staff
57% Male Staff	12% Male Staff	8% Male Staff



Our Responsibility As An Employer

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6)

Total Employees by Age Group:

Below 30 Years	30 – 50 Years	Above 50 Years
2024 22 Of Total Staff	2024 127 Of Total Staff	2024 37 Of Total Staff
2023 26 Of Total Staff	2023 120 Of Total Staff	2023 36 Of Total Staff
2022 32 Of Total Staff	2022 112 Of Total Staff	2022 31 Of Total Staff

Turnover Rate:

2024	2023	2022
11% Turnover Rate	10% Turnover Rate	13% Turnover Rate

Gender Breakdown:

2024 10 Female Staff	2023 3 Female Staff	2022 3 Female Staff
48% of Employees Left	17% of Employees Left	14% of Employees Left
2024 11 Male Staff	2023 15 Male Staff	2022 19 Male Staff
52% of Employees Left	83% of Employees Left	86% of Employees Left



Employees – Our Partners

ADIC’s work environment and practices support employees by making sure that they possess and develop essential skills to serve our stakeholders. The primary goals of ADIC’s Human Resource strategy are to attract and retain best talents, promote diversity and equality. While employee well-being remains our key focus, we encourage and foster sustainable work culture, work-life balance and overall health of staff.



SDG 3

Good Health & Well-Being



SDG 4

Quality Education



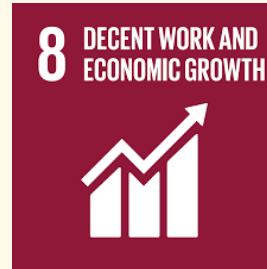
SDG 10

Reduced Inequalities



SDG 5

Gender Equality



SDG 8

Decent Work & Economic Growth

Social- Linking with ADX Guidelines

Good Health & Well-Being:



- ADIC performs regular Sterilization program to ensure the premises are safe for its Customers, Tenants and Employees.
- No serious work-related employee health incidents were reported in 2024.

Quality Education:



- ADIC encourage its employees to take part in conferences arranged by different organizations to enhance the knowledge and keep up to date with the current changes.
- ADIC also encourages its employees to go for higher studies related to their area of work and provides them with paid leaves for examination and reimbursement of fees for the course and study material.

Reduced Inequalities:



- ADIC does not discriminate against any religion, sex, language or ethnicity.
- This is clearly captured in the Human resources manual of the company.
- ADIC will not participate in child or forced labor and will not engage with any vendors/partners who does make use of the vulnerable to obtain economic advantage.
- ADIC also follows a clear salary and wages policy on the basis of competence and experience and does not discriminate based on caste, creed, color, sex.

Gender Equality:



- ADIC believes in gender equality and opportunities are provided solely based on merit and not gender.
- ADIC endeavors to create a working environment where women feel safe, seen and empowered.
- Women currently makes up 31% of the workforce.

Decent Work & Economic Growth:



- In our commitment to provide a healthy work environment, we work to provide a healthy work life balance for our employees and as such employees are encouraged to not work after the working hours are completed.
- The management team is also always easily accessible for all the employees to guide them and help them in work.
- ADIC will not participate in child or forced labour and will not engage with any vendors/partners who does make use of the vulnerable to obtain economic advantage.



Our Customers' Wellbeing

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

Our operational aim is to consistently deliver excellent customer service. We firmly believe that this can only be achieved by staying close to our customers and continuously engaging with them to determine their evolving needs.

The most important element in our relationship with our customers is trust. This can be accomplished by offering them simple and quality products, through which they are able to manage their risks and go about their lives, knowing their insurance provider will deliver on its promises.

In addition, the most efficient way for us to continue being customer centric is to listen to their feedback and monitor their assessment of our services and products.

Product and Service Information & Labelling

In addition to the above measures, it is important that customers are provided with accurate and decision-useful information to allow them to make informed decisions. To that end, we conduct regular reviews of all our marketing material and product information to ensure that they are up-to-date.

Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty (product and service information and labelling)

2022	NIL
2023	NIL
2024	NIL

Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty (marketing communications)

2022	NIL
2023	NIL
2024	NIL

Our Customers:

Our approach to customer stewardship is a transparent and fair treatment of our customers right from enquiring about our services to the selection of suitable insurance products and the fair and timely settlement of their insurance claims.

Our customers have always been at the heart of everything we do, and ensuring their continuous satisfaction and meeting their expectations is pivotal to our growth and success.

Al Dhafra has deployed measures to ensure responsible customer relations.

- Complaint management system: Al Dhafra has a complaint management system that resolves all complaints within 1 business days of receiving notice.

Our Employees:

Our staff members need to access customers' details to be able to cater to their needs, while ensuring that they are able to access information in a continuous way with no risk of interruption.



Our Customers' Wellbeing

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

Data Protection

At ADIC, we firmly believe in protecting our customers' data and ensuring their privacy. Our customers are entrusting us with their data, and we have a responsibility to safeguard it through all our systems and processes.

We have put in place a robust information security system and data management policy..

The kind of information we deal with, data privacy and security is of great importance to us, as such we keep on implementing data security systems that maintain the privacy of the data by providing utmost security.

We have also setup a disaster recovery site with Etisalat Data Center to further enhance our data and its availability.

Periodic independent IT audit is also performed at regular intervals to ensure that no major risk exists or if any risk is identified than remedial actions are implemented.

ADIC is ADHICS Compliant

The Department of Health (DOH) has issued the Abu Dhabi Healthcare Information and Cyber Security (ADHICS) Standards which are designed to ensure that companies align with industry and international norms on information security. This comes as a complementary initiative to the government's Health Information Exchange towards greater security and public trust.

ADIC is SIA Compliant

The Signals Intelligence Agency (SIA), formerly known as the National Electronic Security Authority, is the federal authority for the UAE in charge of strengthening the nation's cybersecurity. SIA has published regulations that all government organizations, semi-government groups, and business entities operating within sectors identified as critical infrastructure must follow.

ADIC became SIA compliant in 2024 and has in place various policies and procedures to protect its data and ensure the robustness of its security measures. The diagram below outlines some of the main items under which all the different policies have been developed.

"Greener Business"

ADIC is ISO 27001 Certified:

ISO 27001 is an information security management system specific standard and ensures that a company's information security framework is robust and follow's best practices.

During 2024 Our Company Recorded No Customer Privacy Breaches

Total number of complaints received from outside parties and substantiated by the organisation:

2022	NIL
2023	NIL
2024	NIL

Total number of complaints from regulatory bodies:

2022	NIL
2023	NIL
2024	NIL

Total number of identified leaks, thefts, or losses of customer data:

2022	NIL
2023	NIL
2024	NIL



Our Commitment to Society

(GRI 102-9, GRI 413, S11, S12)

At ADIC, we take our responsibility towards the community and our society very seriously. As a good corporate citizen, we look to make a measurable impact on society and contribute to its resilience.

We will be looking to enhance our Corporate Citizenship Strategy after completing our comprehensive stakeholder engagement exercise to make it more focused. Our activities will be distributed between providing donations and sponsorships to specific community related non-profit organizations and charities, as well as through volunteering initiatives to help contribute to good societal causes.

Some of our past commitments included the following:

- We have in the past provided donations to charities and social organizations,
- Through the commitment of all our employees, we have participated in relief programs including food contributions,

Local Sourcing:

ADIC sources its procurement needs from local suppliers. Such strategic direction contributes to the community in a number of ways

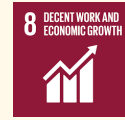
- Environment: Localizing one's supply chain reduces energy usage related to shipping and storage which contributes to the reduction in Greenhouse Gas Emissions,
- Community: Sourcing locally means benefiting local manufactures and service providers which in turn helps create and maintain local jobs and supports the growth of the UAE economy,
- Cost optimization: Procuring from local providers also helps the company optimize its costs by being able to reach a larger number of suppliers, which in turn helps the company search for competitive prices which can also be delivered efficiently,

To that end, and as a testament to ADIC's commitment towards local sourcing, we are ICV certified. The In-Country Value Program (ICV) promotes UAE companies' contribution to the local economy and supports local industries.



Our Commitment to Society

(GRI 102-9, GRI 413, S11, S12)



Commitment to Local Talent:

The UAE Ministry of Human Resources and Emiratisation (MOHRE) is the government entity in charge of increasing the participation of UAE talent in the private sector. These efforts help increase the number of youths with key skills as well as their contribution to the local economy. This reflects positively on the community’s wellbeing.

At ADIC, we are fully committed to developing Emirati talent and placing this initiative at the core of our strategy. We continuously provide our local talent with the necessary personal and professional development opportunities to allow them to advance in their careers.

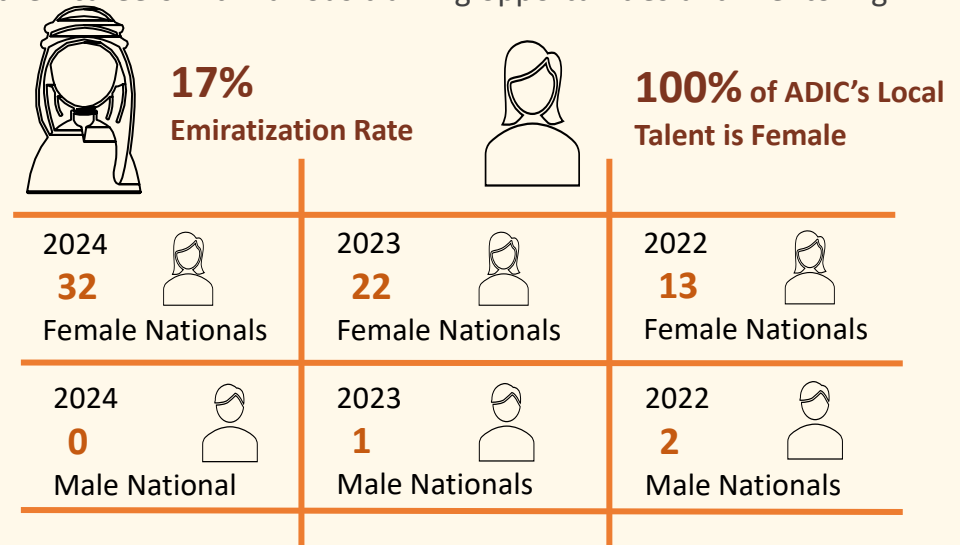
Our efforts have been particularly focused on the following:

- Collaborating with the Ministry of Human Resources and Emiratisation to access the Emirati pool talent that is relevant to our industry,
- Activating our own efforts to attract local talents into our company and the insurance sector by means of offering them development opportunities,
- Ensuring that Emiratis are given the opportunity to excel through various key roles.

Our Emiratisation rate stood at 17% in 2024 with 100% being female. We plan on continuously strengthening our collaboration with MOHRE and increasing our rate year-on-year.

Nationalization:

- The company has made specific reference to promote Emiratisation in its Corporate Governance Report 2024 and website. We commit to Emiratisation and offers nationals opportunities for employment, training and career development.
- The company has 17% UAE nationals working with various departments.
- The company is in close pursuit, putting forth every effort to meet the Emiratisation target set by The Central Bank of the UAE in the upcoming year.
- ADIC is able to train and develop UAE nationals and support them in their careers with various training opportunities and mentoring.



STAKEHOLDER ENGAGEMENT & MATERIALITY

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

For this report, we have opted to make use of our existing engagement methods to extract the material sustainability and ESG-related topics which are relevant to us and on which we have reported.

The process required that we identify our key stakeholders, those that have an impact on our Company, and then to review and analyze existing engagement methods to extract a list of key sustainability material topics.

Below we list both our key stakeholder groups along with current engagement methods:

Customers	<ul style="list-style-type: none"> • Website • Customer Reviews • Marketing Material • Insurance Authority/Central Bank • Social Media (LinkedIn)
Employees	<ul style="list-style-type: none"> • Yearly Performance Reviews • Exit Interviews • Internal Announcements • Company Events
BOD and Senior Executives	<ul style="list-style-type: none"> • Regular Meetings (in-person and via phone) • BOD Meetings and Related Committees
Shareholders (BOD is 70%+ of the shareholders)	<ul style="list-style-type: none"> • Annual General Meeting • Regular meetings with major shareholders, both in-person and via phone • Regular corporate regulatory disclosures
Government (Central Bank, ADX, and SCA)	<ul style="list-style-type: none"> • Direct engagement through emails and meetings • Local forums
Community	<ul style="list-style-type: none"> • Based on CSR Program
Reinsurers, TPAs & Brokers	<ul style="list-style-type: none"> • Code of conduct • Assessment and audits • Regular meetings with select business partners



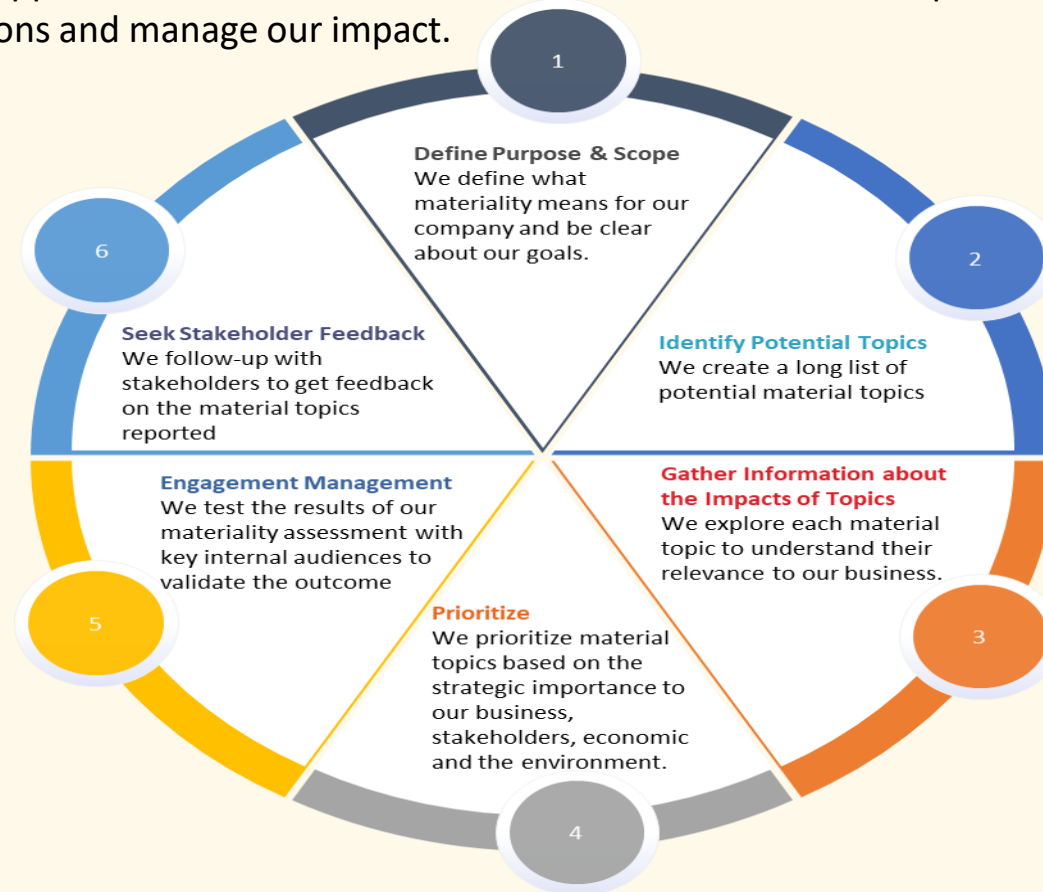
STAKEHOLDER ENGAGEMENT & MATERIALITY

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

OUR MATERIALITY APPROACH

In order to evaluate which sustainability topics are most critical for our Company, we conduct a materiality assessment to identify the importance of various topics based on our stakeholder's input and our Company's impact on economic, environmental and societal issues.

The diagram below portrays the 6-steps approach we take to reach our current list of material topics, making them crucial to tackle, in order to meet our stakeholders' expectations and manage our impact.



“Greener Business”



STAKEHOLDER ENGAGEMENT & MATERIALITY

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

The finalized list is then matched with the corresponding GRI disclosures as well as ADX ESG metrics:

ITEM	KEY MATERIAL TOPIC	CORRESPONDING GRI DISCLOSURE	CORRESPONDING ADX DISCLOSURE	CORRESPONDING SDGs
1	Valuable Employment	GRI 401 - Employment	S3: Employee Turnover	SDG 8: Decent Work & Economic Growth
2	Diversity & Inclusion	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity G1: Board Diversity	SDG 5: Gender Equality
3	Data Protection	GRI 418 – Customer Privacy	G6: Data Privacy	SDG 16: Peace, Justice & Strong Institutions
4	Financial Performance	GRI 201 – Economic Performance	N/A	SDG 8: Decent Work & Economic Growth
5	Business Ethics	GRI 417 – Marketing & Labelling	N/A	SDG 16: Peace, Justice & Strong Institutions
6	Environmental Stewardship	GRI 302 – Energy GRI 305 – Emissions GRI 303 – Water & Effluents	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight	SDG 6: Clean Water & Sanitation SDG 7: Affordable & Clean Energy SDG 12: Responsible Consumption & Production SDG 13: Climate Action
7	Digitalization	N/A	N/A	SDG 9: Industry, Innovation & Infrastructure





Environment

Our Environmental Impact

(GRI 102-20, GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-4, E1, E2, E3, E4, E5, E6, E7, E8, E9, E10)



At ADIC, we take our environmental responsibility very seriously and look to align our efforts with best practices. We are focused on reducing our emissions, cutting back on the amount of waste we produce, and shifting towards a more circular workplace.

We are committed to limit the environmental footprint from our business operations, ensure economical use of resources and focus on processes that support our “Think Green” initiative. These programs are our steps in implementing ecological habits, embedding corporate philosophy in actions we take and impact we create in support to our society. Understanding that “Change is the only thing constant”, we review and revisit our operational goals and collaborate with employees and supply chain partners to operate responsibly and encourage continuous improvements & incentivize environmental stewardship.

As part of this report, we have calculated our Greenhouse Gas (GHG) emissions which are particularly comprehensive in relation to our Scope 1 emissions, related to our direct energy consumption (primarily through corporate owned vehicles), as well as Scope 2 which represents our electricity consumption.

The nature of insurance companies’ operation is different than, for instance, manufacturers, in that their Scope 3 emissions make up an important portion of their GHG emissions while the other companies have a much larger Scope 1 and 2 footprint. For ADIC, this means most of our GHG emissions stem from our investments, including our two owned buildings as well as our investment portfolio.

As mentioned earlier, in 2021 the UAE announced its commitment to becoming a net zero emissions economy by 2050. Currently all ministries as well as regulatory bodies are embedding this commitment into their strategies which will automatically cascade down to the private sector in the form of legislative decrees. It is therefore important for companies to take early action to align their environmental efforts with government targets.

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

- Increased digitalization and process automation to reduce the use of papers, color print outs are minimized, back-to-back print-outs are encouraged.
- Replacing high energy consuming lights with energy efficient LED lights.
- Reduce our carbon footprint, manage the amount of waste produced from our operations.
- Constant monitoring of our CO2 emissions, power utilization and water consumption.



“Greener Business”



Environment Priorities

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

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



SDG 6
Clean Water & Sanitation



SDG 12
Responsible Consumption & Production



SDG 9
Industry, Innovation & Infrastructure



SDG 13
Climate Action



Environment- Linking with ADX Guidelines

Responsible Consumption and Production:

- ADIC aims at replacing the existing lighting with automatic lights, which operate by sensing the movement, in common areas in the office building
- ADIC's business-related emissions decreased due to operations being conducted remotely and given travel restrictions.
- Paper is a large source of waste in the insurance industry, due to the heavy reliance on paper documents such as paper forms and agreements. ADIC is combating this waste generation by digitalizing many of its paper-based activities, and by environmentally friendly shredding.
- We have resorted to intra mails and DMS scanning and archiving mechanism to reduce the printing and thereby reducing the use of paper.



Clean Water & Sanitation:

- ADIC has been monitoring its water consumption over the past year and in its effort to reduce wastage has planned to replace some of the water distribution devices with modern types that work on the principal of reducing water consumption.



Climate Action:

- At ADIC we understand the impact of vehicle emissions on the environment and the climate, and we encourage use of eco-friendly alternatives such as electric vehicles by providing motor insurance for green vehicles at competitive price and terms.
- We have used the GHG Protocol as a guide to compute our GHG emissions and will seek to account for 100% of the GHG emissions from operations over which our Company has control (using the operational approach).
- We favor the integration of environmental factors into insurance activities and we will continue to work with our partners to develop insurance products for customers that promote responsible and sustainable resource management.
- The waste majorly consists of non hazardous waste out which some portions are recycled while other is disposed off as per the guidelines.

Industry Innovation & Infrastructure:

- ADIC work towards achieving sustainable products and services and constantly looks for ways to achieve the same.
- ADIC works on providing online portals for its products and services to its Customers. In its efforts to achieve the same, has moved its motor insurance business to the online portal in its commitment to achieve sustainable products and services.
- ADIC has also launched a mobile application in its effort to provide more sustainable ways of performing business operations.



Future Sustainability Approach

Our Approach:

- The company shall be committed to prepare this report annually.
- Our sustainability approach does not stop evolving, which allows us to continue to reinforce our responsibility, supervise our various capital flows and understand the interlinkages between what is best, in addition to our support in consolidating a comprehensive and integrated approach towards various groups in terms of the decision-making and practices, and keeping our concentration focused on creating value in short, medium and long term.
- This report represents our relentless efforts to open transparent communication with relevant and concerned parties internally and externally, as well as being part of our internal measures to monitor operations and ensure full harmony between our operations and practices on the one hand, and our strategic vision on the other hand.
- The company is committed to comply Abu Dhabi Vision 2030 in the future.



Future Sustainability Approach

To help us in our approach to achieve sustainability ADIC shall consider the following in integrating ESG principles in business decisions. This includes:

- Work together with governments, regulators and other key stakeholders in the industry and community to promote ESG initiatives.
- Embed in decision making ESG issues relevant to insurance business, committed to responsible underwriting.
- Accountability and transparency in regularly disclosing the progress in implementing the principles.
- Work together with clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.
- Drive claims management in line with ESG principles.
- Consider ESG based exclusions in Insurance and corporate policies.



GRI & ADX Content Index

GRI STANDARDS

GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
Organizational profile				
102-1	Name of the organization		3	
102-2	Activities, brands, products, and services		4	
102-3	Location of headquarters		3	
102-4	Location of operations		3	
102-5	Ownership and legal form		3	
102-6	Markets served		4	
102-7	Scale of the organization		3, 5	
102-8	Information on employees and other workers	S4: Gender Diversity	22, 23,24,	
		S5: Temporary Worker Ratio		
102-9	Supply Chain	G5: Supplier Code of Conduct	10	
102-10	Significant changes to the organization and its supply chain		10,17	
102-11	Precautionary Principle or approach		13,14	
102-12	External initiatives		4,6	
102-13	Membership of associations		4	



GRI & ADX Content Index

GRI STANDARDS

GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
Strategy				
102-14	Statement from senior decision-maker		6,8,9	
Ethics & Integrity				
102-16	Describe your organization's values, principles, standards and norms of behavior		3,5,9	
Governance				
102-18	Governance structure	G1: Board Diversity	17	
		G2: Board Independence	17	
102-20	Markets served	E8, E9: Environmental Oversight E10: Climate Risk Mitigation	17,18	
Organizational profile				
102-40	List of stakeholder groups		10,11	
102-41	Collective bargaining agreements	G4: Collective Bargaining	-	Not applicable for companies operating in UAE
102-42	Identifying and selecting stakeholders		10,11	



GRI & ADX Content Index

GRI STANDARDS

GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
Organizational profile				
102-43	Approach to stakeholder engagement		10,11	
102-44	Key topics and concerns raised		10,11	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		3	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting	6,7	
		G9: Disclosure Practices	6,7	
102-47	List of material topics		3	
102-48	Restatements of information		3	
102-49	Changes in reporting		3	
102-50	Reporting period		3	
102-51	Date of the most recent report		3	
102-52	Reporting cycle		3	
102-53	Contact point for questions regarding the report		3	



GRI & ADX Content Index

GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
GRI 200: Economic Standard Series				
GRI 201: Economic Performance 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,9	
103-2	The management approach and its components		8,9	
103-3	Evaluation of the management approach		8,9	
GRI 201 Topic Specific				
201-1	Direct economic value generated and distributed			
GRI 205: Anti-Corruption 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,13	
103-2	The management approach and its components		6,13	
103-3	Evaluation of the management approach		6,13,14	



GRI & ADX Content Index

GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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GRI 205 Topic Specific

205-3	Confirmed incidents of corruption and actions taken	G6: Ethics & Anti-Corruption	19	
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GRI 300: Environmental Standard Series

GRI 302: Energy 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		36	
103-2	The management approach and its components		37	
103-3	Evaluation of the management approach	E7: Environmental Operations	37,38	

GRI 302 Topic Specific

302-1	Confirmed incidents of corruption and actions taken	E3: Energy Usage	37	
		E5: Energy Mix	37	
		E6: Water Usage	37	
302-3	Energy intensity	E4: Energy Intensity	37	



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GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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GRI 305: Emissions 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		37	
103-2	The management approach and its components		37	
103-3	Evaluation of the management approach	E7: Environmental Operations	37	

GRI 305 Topic Specific

305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	37	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	37	
305-3	GHG emissions intensity	E2: Emissions Intensity	37	

GRI 400: Social Standard Series

GRI 401: Employment 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		22	
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GRI & ADX Content Index

GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
103-2	The management approach and its components		22,23,24,25,26	
103-3	Evaluation of the management approach	S7: Injury Rate	26	
		S8: Global Health and Safety	25,26	

GRI 401 Topic Specific

401-1	New employee hires and employee turnover	S3: Employee Turnover	22,23,24	
402-2	Benefits provided to full-time employees that are not provided to part-time employees		25,26	

GRI 405: Diversity and Equal Opportunity 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		22,23	
103-2	The management approach and its components		22,23	
103-3	Evaluation of the management approach		22,23	



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GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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GRI 405 Topic Specific

405-1	New employee hires and employee turnover	S4: Gender Diversity	23,24	
		S6: Non-Discrimination	23,24	
		G1: Board Diversity	17	
402-2	Ratio of basic salary and remuneration of women to men	S2: Gender Pay Ratio	23,24	

GRI 413: Local Community 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		29,30	
103-2	The management approach and its components		29,30	
103-3	Evaluation of the management approach	S12: Community Investment	29,30	Only the management approach has been disclosed as data is not applicable

GRI & ADX Content Index

GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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GRI 417: Marketing and Labeling 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		4,27	
103-2	The management approach and its components		4,27	
103-3	Evaluation of the management approach		4,27	

GRI 417 Topic Specific

417-2	Incidents of non-compliance concerning product and service information and labeling		27	
417-3	Incidents of non-compliance concerning marketing communications		27	

GRI 418: Customer Privacy 2016

GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		21,28	
103-2	The management approach and its components		21,28	

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GRI STANDARDS

MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
103-2	Evaluation of the management approach		27,28	

GRI 418 Topic Specific

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	27,28	
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ADDITIONAL ADX DISCLOSURES

ADX DISCLOSURE	CONTENT	REFERENCE SECTION
Social		
S1	CEO Pay Ratio	
	Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	
	Does your company report this metric in regulatory filings?	
S6	Non-Discrimination	We have Sexual Harassment and Non- Discrimination clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Does your company follow a sexual harassment and/or non-discrimination policy?	
S9	Child & Forced Labor	We are in full support of combating child and/or forced labor and have included related policies in our Code of Business Conduct and Ethics / Not Applicable.
	Does your company follow a child and/or forced labor policy?	
	If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	
S10	Human Rights	We have Human Rights clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Does your company follow a human rights policy?	
	If yes, does your human rights policy also cover suppliers and vendors?	
S10	Nationalization	We have Human Rights clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Percentage of national employees	
	Direct and indirect local job creation	



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ADDITIONAL ADX DISCLOSURES

ADX DISCLOSURE	CONTENT	REFERENCE SECTION
Governance		
G3	Incentivized Pay	This will be considered as part of our Sustainability Strategy
	Are executives formally incentivized to perform on sustainability?	



FEEDBACK.

We appreciate your valuable feedback on this report and any other queries that you may have.
You may write to us at:

Al Dhafra Insurance Co. PSC



www.aldhafrainsurance.ae



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