Insurance House P.J.S.C.

Financial Statements
For the year ended 31 December 2022

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Financial Statements

For the year ended 31 December 2022

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دار التأمين
INSURANCE HOUSE
P.S.C - ش.م.ع

Chairman's Report for the financial year ended 31 December 2022

On behalf of the Board of Directors, I am pleased to present the financial statements of Insurance House PJSC (IH) as at 31 December 2022 and the results of its operations for the twelve months ended 31 December 2022.

The curtains fell on yet another challenging year for the UAE Insurance Industry as a whole, forcing insurance companies to rejig their business strategies and sharpen their service delivery capabilities, in order to stay profitable, improve customer satisfaction and enhance shareholder value. At Insurance House, we are focused on (a) Achieving Cost Leadership (b) Growing business volumes in niche profitable segments (c) Leveraging Technology to achieve operational efficiencies and (d) Expanding distribution network to enhance customer reach. Our intent is to continue staying ahead of the challenges and creating digital solutions that meet our customers' evolving needs.

For the year ended 31 December 2022, IH has registered a Net Profit of AED 4.36 million compared to AED 9.52 million in the previous year. This is a direct result of the extremely competitive business environment we were operating in, that led to a squeeze on our Net Underwriting Income- especially in the Motor business.

Gross Premiums Written during 2022 were significantly higher at AED 281.25 million compared to AED 207.31 million written during the previous year. Net Premiums Earned in 2022 were also higher at AED 139.13 million compared to AED 134.43 million in the previous year. However, Net Claims Incurred during 2022 were significantly higher at AED 89.71 million compared to AED 66.64 million in the previous year. As a combined result of the above, Net Underwriting Income for 2022 was lower at AED 37.61 million compared to AED 46.48 million registered during the previous year.

Investment Income from a carefully managed and well-diversified investment portfolio was higher at AED 6.07 million in 2022 compared to AED 5.05 million in the previous year.
General & administrative expenses were lower at AED 39.32 million compared to AED 42.01 million in the previous year. We continued to maintain a tight leash on expenses throughout the year.

Cash & cash equivalents including fixed deposits with UAE banks as of 31 December 2022 stood at a robust 12.2% of Total Assets, highlighting our conservative approach to investments & liquidity management, as well as the sound liquidity position of the Company.

Total Shareholders' Equity as of 31 December 2022 stood at AED 146.06 million compared to AED 149.03 million as at the end of the previous year. This is after a deduction of AED 4.66 million from Shareholders' Equity on account of 5.3 million Treasury Shares bought back during the year, pursuant to a duly approved Share Buyback Program aimed at enhancing Shareholder value.

دار التأمين ش.م.ع: ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٤٣٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس: ٤٠٠ ٤٩٣٤ (٢) ٩٧١+
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Public Joint Stock Company and the share capital is AED 118, 780,500 شركة مساهمة عامة برأس مال وقدره ١١٨,٧٨٠,٥٠٠ درهم إماراتي

دار التأمين
INSURANCE HOUSE
P.S.C - ش.م.ع

In Feb 2023, the investment grade credit rating of the Company- Long-Term Issuer Credit Rating of "BBB-" and a Financial Strength Rating of "B+" (Good) have been reaffirmed by AM Best, the international credit rating agency. The outlook assigned to these Credit Ratings is "Stable". This independent re-affirmation of our investment grade credit rating by an internationally accredited credit rating agency such as AM Best will not only strengthen our existing business relationships, but will also open doors to many new relationships across the globe.

Our strategy is to compete on the basis of differentiated product offerings, improved digital capabilities and superior service quality. Going forward, profits from core insurance activities will be driven by continuous fine-tuning of our risk underwriting capabilities, increased use of digital channels to extend customer reach and enhanced controls in our claims management processes.

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi
Chairman

Abu Dhabi
13 February 2023

دار التأمين ش.م.ع: ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٤٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس: ٤٠٠ ٤٩٣٤ (٢) ٩٧١+
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Independent Auditor's Report
To the Shareholders of Insurance House P.J.S.C.

Report on the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Valuation of technical reserves

The estimation of liabilities arising from insurance contracts such as unearned premiums reserve, claims under settlement reserve, incurred but not reported claims reserve and unallocated loss adjustment expenses reserve as disclosed in Note 13 to the financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and persistency (including consideration of policyholder behavior). Actuarial computations have been used to determine these reserves. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a reserve requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

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Independent Auditor's Report
To the Shareholders of Insurance House P.J.S.C. (continued)

Report on the Financial Statements (continued)

Key Audit Matters (continued)

i) Valuation of technical reserves (continued)

We assessed management's calculations of the technical reserves by performing the following procedures:

- Understood the governance process in place to determine the insurance contract liabilities;
- Tested the underlying Company data to source documentation on sample basis;
- Evaluated competence, capabilities and objectivity of management's actuarial specialist;
- Using our actuarial specialist team members, we applied our industry knowledge and experience, and compared the methodology, models and assumptions used against recognised actuarial practices; and
- Using our actuarial specialist team members, we checked the mathematical accuracy of the methodology applied on selected classes of business, particularly focusing on the largest and most uncertain reserves.

ii) Revenue recognition

Gross premiums comprise the total premium receivable for the whole period of cover by contracts entered into during the accounting period, and are recognised on the date on which the policy commences. At the end of each year, a proportion of net retained premiums is provided for as an unearned premium reserve to cover portions of risk that have not expired at the reporting date. The reserve is required to be calculated in accordance with the requirements of the UAE Insurance Law relating to insurance companies.

We assessed management's calculation of gross premiums amounting to AED 281,251,947 and net unearned premium reserve amounting to AED 53,752,818 (Note 13) by performing audit procedures, which included among others:

- We assessed whether the Company's revenue recognition policies complied with IFRS and tested the implementation of those policies. Specifically, we considered whether the premium on policies are accounted for on the date of inception of policies, by testing a sample of revenue items to policy contracts.
- We evaluated and tested the operating effectiveness of the internal controls over the recording of revenue in the correct period.
- We compared the unearned premium reserve balance as per the financial statements to the reserve balance computed by the Company's actuary.
- We recalculated the unearned premium reserve based on the earning period of policy contracts existing as of 31 December 2022.
- We tested written policies on a sample basis where revenue was recorded close to year end and subsequent to year end, and evaluated whether these were recorded in the appropriate accounting period.

Independent Auditor's Report
To the Shareholders of Insurance House P.J.S.C. (continued)

Report on the Financial Statements (continued)

Other Information

Management is responsible for the other information contained in the financial statements which comprises the information included in the *Chairman's Report*, but which does not include the financial statements and our auditors' report thereon.

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

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

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

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

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

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, 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.

Independent Auditor's Report
To the Shareholders of Insurance House P.J.S.C. (continued)

Report on the Financial Statements (continued)

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

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

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

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

(iii) the Company has maintained proper books of account;

(iv) the financial information included in the *Chairman's 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
To the Shareholders of Insurance House P.J.S.C. (continued)

Report on the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

(v) as disclosed in note 5 to the financial statements, the Company has purchased and sold certain shares during the year ended 31 December 2022;

(vi) note 18 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the Federal Law No. 6 of 2007 (as amended) on the Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. 32 of 2021, or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2022.

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

GRANT THORNTON

GRANT THORNTON
Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates
Date: 13 February 2023

Statement of financial position
As at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Property and equipment	4	**43,010,347**	43,261,817
Statutory deposit	6	**6,000,000**	6,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	5	**40,502,582**	51,296,714
Investments carried at fair value through profit or loss (FVTPL)	5	**13,948,829**	12,249,031
Premium and insurance balances receivable	7	**149,636,812**	101,172,076
Other receivables and prepayments	8	**48,225,047**	25,542,510
Reinsurance contract assets	13	**102,577,633**	77,279,041
Fixed deposits	9	**14,000,000**	14,000,000
Cash and cash equivalents	9	**41,930,903**	54,857,557
TOTAL ASSETS		**459,832,153**	385,658,746
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	**118,780,500**	118,780,500
Tier 1 capital	10	**15,000,000**	15,000,000
Treasury Shares	10	**(4,660,318)**	-
Retained earnings/(accumulated losses)		**1,017,186**	(7,548,693)
Board of directors' proposed remuneration		**392,248**	856,796
Reinsurance reserve	10	**650,848**	422,793
Investment revaluation reserve		**7,198,968**	14,271,093
Legal reserve	10	**7,679,502**	7,243,671
Total shareholders' equity		**146,058,934**	149,026,160
LIABILITIES			
Provision for employees' end-of-service benefits	11	**3,208,318**	2,883,016
Insurance liability			
Insurance and other payables	12	**106,239,097**	69,390,241
Technical reserves			
Unearned premiums reserve	13	**112,656,717**	81,376,611
Claims under settlement reserve	13	**52,137,577**	51,604,276
Incurred but not reported claims reserve	13	**36,186,621**	28,869,141
Unexpired risk reserve	13	**568,447**	252,338
Unallocated loss adjustment expenses reserve	13	**2,776,442**	2,256,963
Total technical reserves		**204,325,804**	164,359,329
TOTAL LIABILITIES		**313,773,219**	236,632,586
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**459,832,153**	385,658,746

These financial statements were approved by the Board of Directors on 13 February 2022 and signed on their behalf by:

Mr. Mohammed Othman
Chief Executive Officer & Associate Director

Mr. Mohammed Alqubaisi
Chairman

The notes from 1 to 23 form an integral part of these financial statements

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Notes	**2022**	2021
		AED	AED
Gross premiums written	19	**281,251,947**	207,314,824
Reinsurance share of premiums		**(124,576,829)**	(78,751,861)
Reinsurance share of ceded business premiums		**(5,592,676)**	(5,806,642)
Net premiums		**151,082,442**	122,756,321
Net transfer to unearned premium reserve		**(11,956,269)**	11,674,447
Net premiums earned		**139,126,173**	134,430,768
Commission earned		**28,971,888**	16,546,396
Commission paid		**(34,606,460)**	(26,250,798)
Gross underwriting income		**133,491,601**	124,726,366
Gross claims paid		**(205,560,670)**	(147,136,773)
Reinsurance share of claims paid		**118,560,487**	84,914,782
Net claims paid		**(87,000,183)**	(62,221,991)
Increase in claims under settlement reserve		**(533,301)**	(9,405,647)
(Increase)/decrease in reinsurance share of claims under settlement reserve		**(4,075,665)**	8,769,840
Decrease/(increase) in incurred but not reported claims reserve – net		**2,732,940**	(2,818,369)
Increase in unexpired risk reserve		**(316,109)**	(252,338)
Increase in unallocated loss adjustment expenses reserve – net		**(519,481)**	(707,900)
Net claims incurred		**(89,711,799)**	(66,636,405)
Other underwriting income		**6,591,125**	1,997,184
Other underwriting and claim handling expenses		**(12,763,845)**	(13,605,630)
Net underwriting income		**37,607,082**	46,481,515
Income from investments - net	14	**6,074,287**	5,053,325
Gross income		**43,681,369**	51,534,840
General and administrative expenses	15	**(39,323,058)**	(42,014,884)
Profit for the year		**4,358,311**	9,519,956
Earnings per share:			
Basic and diluted earnings per share (AED)	16	**0.04**	0.08

The notes from 1 to 23 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income (continued)
For the year ended 31 December 2022

	Notes	**2022** **AED**	2021 AED
Profit for the year		**4,358,311**	9,519,956
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Realised (loss)/gain on disposal of equity investments carried at FVTOCI		**(202,710)**	212,978
Changes in fair value of equity investments carried at fair value through other comprehensive income	5	**(314,632)**	9,139,786
Items that will be reclassified subsequently to profit or loss			
Changes in fair value of debt investments carried at fair value through other comprehensive income	5	**(76,808)**	885,174
Directors' remuneration		**-**	(883,409)
Total comprehensive income for the year		**3,764,161**	18,874,485

The notes from 1 to 23 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2022

	Share capital AED	Tier 1 capital AED	Treasury shares AED	Retained earnings/(accumulated losses) AED	Board of Directors' remuneration AED	Reinsurance reserve	Investment revaluation reserve AED	Legal reserve AED	Total shareholders' equity AED
Balance as at 1 January 2022	118,780,500	15,000,000	-	(7,548,693)	856,796	422,793	14,271,093	7,243,671	149,026,160
Profit for the year	-	-	-	4,358,311	-	-	-	-	4,358,311
Transfer to statutory reserve	-	-		(435,831)	-	-	-	435,831	-
Treasury shares	-	-	(4,660,318)	-	-	-	-	-	(4,660,318)
Transfer to reinsurance default reserve	-	-	-	(228,055)	-	228,055	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	(594,150)	-	(594,150)
Proposed Board of Director's remuneration	-	-	-	(392,248)	392,248	-	-	-	-
Payment of Board of Directors' remuneration	-	-	-	-	(856,796)	-	-	-	(856,796)
Transfer of realized gain on disposal of equity investments carried at FVTOCI	-	-	-	6,501,201	-	-	(6,501,201)	-	-
Transfer of realized loss on disposal of debt investments carried at FVTOCI	-	-	-	-	-	-	23,226	-	23,226
Tier 1 Capital	-	-	-	(1,237,499)	-	-	-	-	(1,237,499)
Balance as at 31 December 2022	**118,780,500**	**15,000,000**	**(4,660,318)**	**1,017,186**	**392,248**	**650,848**	**7,198,968**	**7,679,502**	**146,058,934**

The notes from 1 to 23 form an integral part of these financial statements.

Statement of changes in equity (continued)
For the year ended 31 December 2022

	Share capital AED	Tier 1 capital AED	Retained earnings/(accumulated losses) AED	Board of Directors' remuneration AED	Reinsurance reserve	Investment revaluation reserve AED	Legal reserve AED	Total shareholders' equity AED
Balance as at 1 January 2021	118,780,500	15,000,000	(5,446,912)	979,729	423,698	20,861	6,291,675	136,049,551
Dividends declared (Note 10)	-	-	(4,751,220)	-	-	-	-	(4,751,220)
Profit for the year	-	-	9,519,956	-	-	-	-	9,519,956
Transfer to statutory reserve	-	-	(951,996)	-	-	-	951,996	-
Transfer from reinsurance default reserve	-	-	905	-	(905)	-	-	-
Other comprehensive income for the year	-	-	-	-	-	10,237,938	-	10,237,938
Proposed Board of Director's remuneration	-	-	(856,796)	856,796	-	-	-	-
Payment of Board of Directors' remuneration	-	-	-	(937,360)	-	-	-	(937,360)
Adjustment to Board of Directors' remuneration	-	-	42,369	(42,369)	-	-	-	-
Loss on disposal of investment carried at FVTOCI	-	-	(3,867,499)	-	-	3,867,499	-	-
Transfer of unrealised loss on disposal of debt investments carried at FVTOCI	-	-	-	-	-	144,795	-	144,795
Tier 1 Capital	-	-	(1,237,500)	-	-	-	-	(1,237,500)
Balance as at 31 December 2021	**118,780,500**	**15,000,000**	**(7,548,693)**	**856,796**	**422,793**	**14,271,093**	**7,243,671**	**149,026,160**

The notes from 1 to 23 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2022

	Note	2022 AED	2021 AED
OPERATING ACTIVITIES			
Profit for the year		**4,358,311**	9,519,956
Adjustments for non-cash items:			
Depreciation of property and equipment	4	**1,364,693**	1,652,709
Changes in fair value of investment carried at FVTPL	14	**(903,959)**	(675,387)
Realised gain on sale of investments carried at FVTPL	14	**(1,369,367)**	(428,993)
Transfer of unrealized loss on disposal of debt investment carried at FVTOCI		**23,225**	-
Interest and dividend income	14	**(3,800,961)**	(3,948,945)
Provision for employees' end-of-service benefits	11	**667,476**	420,674
Expected credit losses	15	**-**	1,124,458
Operating profit before changes in working capital		**339,418**	7,664,472
Changes in working capital			
Premium and insurance balances receivables		**(48,464,736)**	(28,165,225)
Other receivables and prepayments		**(22,682,538)**	(85,214)
Reinsurance contract assets		**(25,298,592)**	(35,055,205)
Insurance and other payables		**36,848,855**	9,403,544
Technical reserves		**39,966,475**	27,795,174
Net cash flow used in operating activities		**(19,291,118)**	(18,442,454)
Employees' end-of-service benefits paid	11	**(342,174)**	(790,600)
Directors' remuneration		**(856,796)**	(937,360)
Net cash flow used in operating activities		**(20,490,088)**	(20,170,414)
INVESTING ACTIVITIES			
Purchase of property and equipment	4	**(1,113,223)**	(1,564,810)
Proceeds from sale of investments carried at FVTOCI	5	**21,530,100**	4,602,071
Purchase of investments carried at FVTOCI	5	**(11,330,115)**	-
Purchase of investments carried at FVTPL	5	**(10,119,102)**	(3,152,212)
Proceeds from sale of investments carried at FVTPL	5	**10,692,630**	2,562,016
Proceed from redemption of short-term investments		**-**	2,000,000
Interest and dividend received	14	**3,800,961**	3,942,802
Net cash generated from investing activities		**13,461,251**	8,389,867
FINANCING ACTIVITIES			
Tier 1 capital interest		**(1,237,499)**	(1,237,500)
Purchase of treasury shares		**(4,660,318)**	-
Dividends paid		**-**	(4,751,220)
Net cash used in financing activities		**(5,897,817)**	(5,988,720)
Net change in cash and cash equivalents		**(12,926,654)**	(17,769,267)
Cash and cash equivalents, beginning of the year		**54,857,557**	72,626,824
Cash and cash equivalents, end of the year	9	**41,930,903**	54,857,557

The notes from 1 to 23 form an integral part of these financial statements.

1 Legal status and activities

Insurance House P.J.S.C. (the "Company") is a Public Joint – Stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing all classes of non-life insurance solutions in accordance with UAE Federal Law No.6 of 2007 (as amended). The Company was established on 8 December 2010 and commenced its operations on 10 April 2011. The Company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai – Sheikh Zayed Road, Dubai – Business Bay, Sharjah, Al Mussafah, Mahawi and Motor World.

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

The registered office of the Company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015, as amended, on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the financial statements of the Company for the year ended 31 December 2022.

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

2 General Information

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. 32 of 2021 relating to commercial companies, and of UAE Federal Law No. 6 of 2007 (as amended) on Establishment of the Insurance Authority and Organisation of the Insurance Operations, concerning insurance companies and agents. These consolidated financial statements are prepared in UAE Dirhams ("AED").

2.2 Basis of preparation

These financial statements are for the year ended 31 December 2022 and are presented in Arab Emirate Dirham (AED), which is the functional and presentation currency of the Company.

The financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit or loss and investments carried at fair value through other comprehensive income which are carried at fair value. They have been prepared under the assumption that the Company operates on a going concern basis.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities have been disclosed in the financial statements.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2022

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

Standard number	Title	Effective date
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3	1 January 2022
IAS 16	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IAS 37	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020	1 January 2022

These standards have been adopted by the Company and did not have a material impact on these financial statements.

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company

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.

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.

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied)

IFRS 17 Insurance Contracts (1 January 2023): Once effective IFRS 17 will replace IFRS 4 the current insurance contracts standard and it is expected to significantly change the way the Company measures and reports its insurance contracts. The overall objective of the new standard is to provide an accounting model for insurance contracts that is more useful and consistent for users. IFRS 17 applies to insurance contracts (including reinsurance contracts) an entity issues, reinsurance contracts an entity holds and investment contracts with discretionary participation features an entity issues provided it also issues insurance contracts.

The scope of IFRS 17 for the Company is materially consistent with that of IFRS 4. Investment contracts will be measured under IFRS 9. IFRS 17 requires that contracts are divided into groups for the purposes of recognition and measurement. Portfolios of contracts are identified by grouping together contracts which have similar risks and are managed together. These groups are then further divided into groups based on their expected profitability.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards (continued)

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company (continued)

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)

Contracts which are onerous at inception cannot be grouped with contracts which are profitable at inception. Contracts which are issued more than one year apart are not permitted to be included within the same group, although there is some relief from this requirement for business in-force at the date of transition under the transitional arrangements.

The standard introduces three measurement approaches, of which two, the general model and the premium allocation approach, are applicable to the Company's business. The main features of these models are the measurement of an insurance contract as the present value of expected future cash flows including acquisition costs, plus an explicit risk adjustment, remeasured at each reporting period using current assumptions, and a contractual service margin ('CSM').

The risk adjustment represents the compensation the Company requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the obligations under the insurance contract are fulfilled.

The CSM represents the unearned profit of a group of insurance contracts and is recognised in profit or loss as the insurance service is provided to the customer using coverage units. Coverage units are a measurement of the quantum of service provided across the life of the contract and are used to measure the service provided in the reporting period and release a corresponding amount of profit to the income statement. If a group of contracts becomes loss-making after inception the loss is recognised immediately in the statement of profit or loss. This treatment of profits and losses in respect of services is broadly consistent with the principles of IFRS 15 and IAS 37 applicable to other industries.

Under the general model the CSM is adjusted for non-economic assumption changes relating to future periods. For certain contracts with participating features the variable fee approach is applied, this allows changes in economic assumptions and experience to adjust the CSM as well as non-economic assumptions, reflecting the variable nature of the entity's earnings driven by investment returns. IFRS 17 requires the standard to be applied retrospectively. Where this is assessed as impracticable the standard allows the application of a simplified retrospective approach or a fair value approach to determine the contractual service margin. The measurement principles set out in IFRS 17 will significantly change the way in which the company measures its insurance contracts and associated reinsurance contracts.

These changes will impact the pattern in which profit emerges when compared to IFRS 4 and add complexity to valuation processes, data requirements and assumption setting. The introduction of IFRS 17 will simplify the presentation of the statement of financial position. It requires the presentation of groups of insurance (or reinsurance) contracts that are in an asset position separately from those in a liability position. The presentation of the statement of comprehensive income will change more significantly with IFRS 17 setting out how components of the profitability of contracts are disaggregated into an insurance service result and insurance finance income/expenses. IFRS 17 also requires extensive disclosures on the amounts recognised from insurance contracts and the nature and extent of risks arising from them.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards (continued)

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company (continued)

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)

Premium allocation approach (PAA): The Premium allocation approach is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Company expects that it will apply the PAA to all contracts because the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the Group is one year or less.

Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Company expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Under IFRS 17 insurance acquisition cash flows are allocated to groups of contracts using systematic and rational methods based on the total premiums for each group.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards (continued)

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company (continued)

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)

Impact assessment – Non-Life Insurance

Although the PAA is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for Non-life contracts.

Changes from IFRS 4	**Impact on equity on transition to IFRS 17**
Under IFRS 17, the Company will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Company does not currently discount such future cash flows.	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non-financial risk. This is not explicitly allowed for currently.	Decrease
The Company's accounting policy under IFRS 17 to expense eligible insurance acquisition cash flows when they are incurred differs from the current practice under which these amounts are recognised separately as deferred acquisition costs.	Decrease

The Company implementation project continued through 2022 with a focus on finalising methodologies and developing the operational capabilities required to implement the standard including data, systems and business processes. The current focus is on embedding the operational capabilities and determining the transition balance sheet and comparatives required for 2023 reporting.

Since the implementation project is currently ongoing, management believes that it is impractical to determine the amount of the effect of IFRS 17 in the current period.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards (continued)

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company (continued)

The new standards and revised IFRSs not yet effective and have not been adopted early by the Company include:

- Amendments to IFRS 3 – References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective.

3 Summary of significant accounting policies

3.1 Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

3.2 Property and equipment

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

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

	Years
Computers and software	3 – 4
Office equipment and decoration	4
Motor vehicles	4
Building	30

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

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in the statement of profit or loss.

3.3 Premiums

Gross premiums written reflect amounts recognised during the year to policyholders or other insurers for insurance contracts, and exclude any fees and other amounts calculated based on premiums. These are recognised when the underwriting process is complete.

3 Summary of significant accounting policies (continued)

3.3 Premiums (continued)

Gross premiums include any adjustments in respect to the business written in prior accounting periods. The earned portion is recognised as income. Gross premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis below.

3.4 Unearned Premiums Reserve (UPR)

Unearned Premiums Reserve (UPR) represents that portion of premiums earned, gross of reinsurance, which relates to the period of insurance subsequent to the statement of financial position date and is mainly computed using a linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary, to cover portions of risks which have not expired on time proportion basis except for marine which is calculated at 25%.

3.5 Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the year, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Claims under settlement reserve represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates. The reinsurers' portion towards the above outstanding claims is classified as reinsurance contract assets and shown as current assets in the statement of financial position.

3.6 Incurred but not reported claims reserve (IBNR)

A provision is made for any claims Incurred but Not Reported (IBNR) at the reporting date based on an actuarial estimate obtained from an independent actuary. The method used to calculate claims incurred but not reported takes into account certain ratios based on historical data, past estimates and details of reinsurance programs to assess the quantum of reinsurance recoveries.

3.7 Unallocated Loss Adjustment Expenses Reserve (ULAE)

A provision for Unallocated Loss Adjustment Expenses (ULAE), which cannot be allocated to specific claims, is made at the reporting date based on actuarial estimates obtained from an independent actuary.

3.8 Unexpired Risk Reserve (URR)

Unexpired risk reserve represents the portion of the premium subsequent to the reporting date and where the premium is expected to be insufficient to cover anticipated claims and expenses.

3.9 Liability adequacy test

All recognised insurance liabilities including reserve for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the statement of profit or loss by establishing a provision for losses arising from the liability adequacy test.

3 Summary of significant accounting policies (continued)

3.10 Reinsurance premium

Ceded reinsurance premiums are accounted for in the same accounting periods in which the premiums for the related direct insurance are recorded and the unearned portion is calculated using a linear basis in accordance with reinsurance arrangements in place.

3.11 Reinsurance assets

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

3.12 Financial instruments

a) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

b) Classification and initial measurement of financial assets

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

i) Financial assets at amortised cost

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

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

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

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, due from related parties and most other receivables.

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

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

b) Classification and subsequent measurement of financial assets (continued)

Fair value measurement

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

Gains or losses on subsequent measurement

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

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

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit or loss. Fair value is determined in the manner described in note 5.

c) Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

d) Impairment

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

- financial assets that are debt instruments;
- financial guarantee contracts issued;
- loan commitments issued; and
- No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

d) Impairment (continued)

Measurement of ECL

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

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

e) Offsetting financial instruments

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

f) Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

3.13 Receivables and payables related to insurance contracts

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

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

3 Summary of significant accounting policies (continued)

3.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end-of-service benefits

A provision for employees' end-of-service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

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

3.15 Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

3 Summary of significant accounting policies (continued)

3.17 Equity, reserves and dividend payments

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

Other details for reserves are mentioned in note 10 to the financial statements.

Accumulated losses include all current and prior period retained profits or losses.

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

3.18 Leases

The Company as a Lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

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

Measurement and recognition of leases as a lessee

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

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

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

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

3 Summary of significant accounting policies (continued)

3.18 Leases (continued)

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

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

3.20 Impairment of non-financial assets

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

3.21 Segment reporting

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

3.22 Insurance Contracts

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the possibility of having to pay benefits on the occurrence of an insured event. The Company may also transfer insurance risk in insurance contracts through its reinsurance agreements to hedge a greater possibility of claims occurring than expected.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or have expired.

3.23 General and administrative expenses

Costs and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

3 Summary of significant accounting policies (continued)

3.24 Critical accounting estimates and judgements in applying accounting policies

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Claims under settlement reserve, IBNR, ULAE, URR and UPR

The estimation of the ultimate liability (claims under settlement reserve, IBNR, ULAE and URR) arising from claims and UPR made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of profit or loss. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

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.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management action.

4 Property and equipment

	Land AED	Building AED	Office equipment and decoration AED	Computers and software AED	Motor vehicles AED	Construction work in progress AED	Total AED
Cost							
At 1 January 2021	10,390,000	28,571,039	6,091,929	3,305,820	302,143	4,986,130	53,647,061
Additions during the year	-	-	19,446	64,841	-	1,480,523	1,564,810
At 31 December 2021	10,390,000	28,571,039	6,111,375	3,370,661	302,143	6,466,653	55,211,871
Additions during the year	-	-	41,077	215,185	403,495	453,466	1,113,223
At 31 December 2022	**10,390,000**	**28,571,039**	**6,152,452**	**3,585,846**	**705,638**	**6,920,119**	**56,325,094**
Accumulated Depreciation							
At 1 January 2021	-	1,746,008	5,320,079	2,942,804	288,454	-	10,297,345
Charge for the year	-	952,368	494,769	192,276	13,296	-	1,652,709
At 31 December 2021	-	2,698,376	5,814,848	3,135,080	301,750	-	11,950,054
Charge for the year	-	952,368	203,051	166,341	42,933	-	1,364,693
At 31 December 2022	**-**	**3,650,744**	**6,017,899**	**3,301,421**	**344,683**	**-**	**13,314,747**
Carrying amount							
As at 31 December 2022	**10,390,000**	**24,920,295**	**134,553**	**284,425**	**360,955**	**6,920,119**	**43,010,347**
As at 31 December 2021	10,390,000	25,872,663	296,527	235,581	393	6,466,653	43,261,817

5 Investments in financial assets

	2022 AED	2021 AED
Investments carried at FVTOCI		
Quoted equity securities	**30,997,354**	41,335,714
Quoted Tier 1 perpetual securities	**2,555,228**	3,011,000
Unquoted Tier 1 perpetual securities	**6,950,000**	6,950,000
	40,502,582	51,296,714
Investments carried at FVTPL		
Quoted equity securities	**6,948,829**	7,249,031
Unquoted debt securities	**7,000,000**	5,000,000
	13,948,829	12,249,031

The movement in the investments in financial assets is as follows:

	2022 AED	2021 AED
Investments carried at FVTOCI		
Fair value at 1 January	**51,296,714**	49,164,336
Disposals	**(21,732,807)**	(7,892,582)
Change in fair value	**(391,440)**	10,024,960
Additions	**11,330,115**	-
Fair value at 31 December	**40,502,582**	51,296,714
Investments carried at FVTPL		
Fair value at 1 January	**12,249,031**	10,554,455
Purchases	**10,119,102**	3,152,212
Disposals	**(9,323,263)**	(2,133,023)
Change in fair value taken to profit or loss	**903,959**	675,387
Fair value at 31 December	**13,948,829**	12,249,031

The geographical distribution of investments is as follows:

	2022 AED	2021 AED
Quoted UAE equity securities	**36,674,355**	46,841,483
Quoted outside UAE Tier 1 Perpetual securities	**2,555,227**	3,011,000
Unquoted UAE debt securities	**7,000,000**	5,000,000
Unquoted UAE Tier 1 Securities	**6,950,000**	6,950,000
Quoted outside UAE equity securities	**1,271,829**	1,743,262
	54,451,411	63,545,745

5 Investments in financial assets (continued)

Management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the financial statements and are classified as level 3 in accordance with the IFRS 13 hierarchy.

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

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

	Note	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
31 December 2022					
Investments at FVTOCI					
Investment in quoted securities	(a)	**30,997,354**	**-**	**-**	**30,997,354**
Quoted Tier 1 perpetual securities		**2,555,228**	**-**	**-**	**2,555,228**
Unquoted Tier 1 perpetual securities		**-**	**-**	**6,950,000**	**6,950,000**
		33,552,582	**-**	**6,950,000**	**40,502,582**
Investments at FVTPL					
Investment in quoted equity securities	(a)	**6,948,829**	**-**	**-**	**6,948,829**
Unquoted Tier 1 perpetual securities		**-**	**-**	**7,000,000**	**7,000,000**
		6,948,829	**-**	**7,000,000**	**13,948,829**
31 December 2021					
Investments at FVTOCI					
Investment in quoted securities	(a)	41,335,714	-	-	41,335,714
Quoted Tier 1 perpetual securities		3,011,000	-	-	3,011,000
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		44,346,714	-	6,950,000	51,296,714
Investments at FVTPL					
Investment in quoted equity securities	(a)	7,249,031	-	-	7,249,031
Unquoted Tier 1 perpetual securities		-	-	5,000,000	5,000,000
		7,249,031	-	5,000,000	12,249,031

(a) Fair values have been determined by reference to the quoted prices at the reporting date.

During the year, there were no transfers between Level 1 and Level 2 fair value measurement and no transfers into or out of Level 3 fair value measurements.

6 Statutory deposit

In accordance with the requirement of Federal Law No. 6 of 2007 (as amended), concerning Insurance Companies and Agents, the Company maintains a bank deposit amounting to AED 6,000,000 as of 31 December 2022 (31 December 2021: AED 6,000,000) and it cannot be utilized without the consent of the Central Bank of UAE.

7 Premium and insurance balances receivable

	2022	2021
	AED	AED
Due from policyholders	**49,374,608**	41,841,082
Due from insurance and reinsurance companies	**91,984,353**	52,914,469
Due from brokers and agencies	**12,931,714**	12,686,644
Due from related parties (Note 18)	**4,271,318**	2,492,527
	158,561,993	109,934,722
Expected credit loss	**(9,110,170)**	(9,110,170)
	149,451,823	100,824,552
Refundable deposits and other advances	**184,989**	347,524
Premium and insurance balances receivables – net	**149,636,812**	101,172,076

Inside UAE:

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the company has categorized the insurance receivables as follows:

	2022	2021
	AED	AED
Due from policyholders	**49,374,608**	41,841,082
Due from brokers and agencies	**12,931,714**	12,686,644
Due from insurance and reinsurance companies	**3,219,928**	2,965,005
Total	**65,526,250**	57,492,731

The ageing for the insurance receivables inside UAE is as follows:

	2022	2021
	AED	AED
0 – 30 Days	**4,514,747**	19,378,861
31 - 90 days	**39,055,760**	19,804,174
91 - 180 days	**6,764,273**	4,125,682
181 - 270 days	**1,887,228**	3,760,822
271 - 360 days	**2,547,093**	1,844,593
More than 360 days	**10,757,149**	8,578,599
Total	**65,526,250**	57,492,731

7 Premium and insurance balances receivables (continued)

Outside UAE:

	2022 AED	2021 AED
Due from insurance and reinsurance companies	**88,764,425**	49,949,464

The ageing for the insurance receivables outside UAE is as follows:

	2022 AED	2021 AED
31-90 days	**88,764,425**	53,998,199

Expected credit losses

	2022 AED	2021 AED
Beginning balance	**(9,110,170)**	(8,025,259)
Charge during the year	**-**	(1,084,911)
Ending balance	**(9,110,170)**	(9,110,170)

8 Other receivables and prepayments

	2022 AED	2021 AED
Deferred acquisition costs	**35,888,339**	15,990,149
Prepayments	**8,487,851**	5,222,571
Rent receivable	**1,613,778**	2,353,778
Accrued interest income	**954,103**	957,400
Guarantee deposits	**931,292**	724,371
Other advances	**349,684**	294,241
	48,225,047	25,542,510

9 Cash and cash equivalents

	2022 AED	2021 AED
Cash on hand	**5,000**	5,000
Cash at banks - current accounts (i)	**16,102,533**	19,018,735
Cash at bank - call account (i)	**15,318,930**	25,588,862
Fixed deposits (ii)	**24,504,440**	24,244,960
Cash and bank balances	**55,930,903**	68,857,557
Less: fixed deposits with an original maturity of more than three months	**(14,000,000)**	(14,000,000)
Cash and cash equivalents	**41,930,903**	54,857,557

9 Cash and cash equivalents (continued)

i. Cash at banks includes current accounts and call account balances amounting to AED 9,113,164 as of 31 December 2022 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2021: AED 17,844,461).

ii. Bank fixed deposits as at 31 December 2022 amounting to AED 24,504,440 (31 December 2021: AED 24,244,960) carry interest rate of 4.75% p.a. to 5.25% p.a. (31 December 2021: 2.15% p.a. to 2.25% p.a.).

10 Capital and reserves

Share capital

	2022	2021
	AED	AED
Authorised, issue and fully paid:		
118,780,500 shares of AED 1 each	**118,780,500**	118,780,500

Tier 1 capital

On 14 January 2019, the Company's Board of Directors approved the issuance of Tier 1 perpetual bonds non-convertible into shares amounting to AED 15,000,000 for the purpose of strengthening the Company's capital adequacy and assets and to support its financial position to achieve the Company's growth strategy and to be compatible with the instructions of the Insurance Authority.

Legal reserve

In accordance with the UAE Federal Law No. 32 of 2021, concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to 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.

Reinsurance reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") (formerly, UAE Insurance Authority ("IA") shall bind in the preparation of its annual financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and many not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of CBUAE. The decision was effective from 1 December 2020. Accordingly, an amount of AED 650,848 (31 December 2021: 422,793) has been recorded in equity as a reinsurance default risk reserve.

11 Capital and reserves (continued)

Dividend declaration

On April 12, 2021, the Board of Directors declared dividends to shareholders at a rate of 4% of the share capital.

Treasury Shares

During the year, the Company has reacquired back a total number of 5.3 million outstanding shares with AED 4,660,318.

11 Provision for employees' end-of-service benefits

	2022	2021
	AED	AED
Balance as at 1 January	**2,883,016**	3,252,942
Charges during the year	**667,476**	420,674
Benefits paid	**(342,174)**	(790,600)
Balance as at 31 December	**3,208,318**	2,883,016

12 Insurance and other payables

	2022	2021
	AED	AED
Payables-inside UAE	**85,108,040**	59,787,553
Payables-outside UAE	**21,131,057**	9,602,688
	106,239,097	69,390,241

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the insurance payables as follows:

Inside UAE:

	2022	2021
	AED	AED
Due to insurance and reinsurance companies	**31,675,000**	24,803,420
Due to brokers and agents	**15,628,083**	7,292,919
Related party payables (Note 18)	**14,047,973**	8,900,000
Claims payable	**13,166,912**	5,806,174
Due to policyholders	**5,981,492**	6,273,082
Unearned commission on premium ceded	**258,887**	3,021,801
Due to reinsurance companies – inside UAE	**242,673**	541,774
VAT output tax payable (Net)	**-**	18,208
Other accrued expenses	**4,107,020**	3,130,175
	85,108,040	59,787,553

Outside UAE:

	2022	2021
	AED	AED
Due to insurance and reinsurance companies	**15,517,180**	3,692,079
Funds held for reinsurers	**5,613,877**	5,910,609
	21,131,057	9,602,688

13 Technical reserves

	2022 **AED**	2021 AED
Insurance liabilities – gross		
Unearned premiums reserve	112,656,717	**81,376,611**
Claims under settlement reserves	52,137,577	**51,604,276**
Incurred but not reported claims reserve	36,186,621	**28,869,141**
Unexpired risk reserve	568,447	**252,338**
Unallocated loss adjustment expenses reserve	2,776,442	**2,256,963**
	204,325,804	**164,359,329**
Reinsurance share of outstanding claims		
Unearned premiums reserve	58,903,899	**39,580,062**
Claims under settlement reserves	26,579,396	**30,655,061**
Incurred but not reported claims reserve	17,094,338	**7,043,918**
	102,577,633	**77,279,041**
Insurance liabilities – net		
Unearned premiums reserve	53,752,818	**41,796,549**
Claims under settlement reserves	25,558,181	**20,949,215**
Incurred but not reported claims reserve	19,092,283	**21,825,223**
Unexpired risk reserve	568,447	**252,338**
Unallocated loss adjustment expenses reserve	2,776,442	**2,256,963**
	101,748,171	**87,080,288**

14 Income from investments

	2022 **AED**	2021 AED
Dividend income on investment in financial assets	**2,000,465**	1,580,592
Interest income on fixed deposits and call account (net)	**996,369**	1,430,018
Interest from fixed income securities	**804,127**	938,335
Net realised gain from sale of investments carried at FVTPL	**1,369,367**	428,993
Change in fair value of investments carried at FVTPL (Note 5)	**903,959**	675,387
	6,074,287	5,053,325

15 General and administrative expenses

	2022	2021
	AED	AED
Salaries and related benefits	**23,306,667**	22,707,021
Management and consultancy fees	**6,647,973**	7,400,000
Government fees	**2,528,675**	1,816,549
Depreciation of property and equipment (Note 4)	**1,364,693**	1,652,709
Telephone and postage	**820,361**	741,804
Bank charges	**72,648**	81,507
Expected credit loss	**-**	1,124,458
Other expenses	**4,582,041**	6,490,836
	39,323,058	42,014,884

16 Earnings per share – Basic and diluted

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

	2022	2021
Earnings (AED):		
Net profit for the year	**4,358,311**	9,519,956
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	**118,780,500**	118,780,500
Earnings per share (AED):		
Basic and diluted earnings per share (AED)	**0.04**	0.08

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

17 Risk management

The Company monitors and manages the financial risks relating to its business and operations. These risks include insurance risk, capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

17 Risk management (continued)

Insurance risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the 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 that 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.

Capital risk

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 (as amended) concerning the formation of Insurance Authority of UAE.
- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in relation to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The Company is subject to local insurance solvency regulations with which it has complied with during the year.

The table below summarizes the minimum regulatory capital of the Company and the total capital held.

	2022 **AED**	2021 AED
Total capital and reserves	**146,058,934**	149,026,160
Minimum regulatory capital	**100,000,000**	100,000,000

17 Risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

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

- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from insurance intermediaries.
- Amounts due from banks for its balances and fixed deposits.

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 counter party limits that are reviewed and approved by the management annually.

Re-insurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

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

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

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

	Notes	**2022** **AED**	2021 AED
Statutory deposits	6	**6,000,000**	6,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	5	**40,502,582**	51,296,714
Investments carried at fair value through profit or loss (FVTPL)	5	**13,948,829**	12,249,031
Premium and insurance balances receivable	7	**149,636,812**	101,172,076
Reinsurance contract assets	13	**102,577,633**	77,279,041
Other receivables		**3,848,857**	4,329,790
Fixed deposits	9	**14,000,000**	14,000,000
Cash and cash equivalents	9	**41,930,903**	54,857,557
Total credit risk exposure		**372,445,616**	321,184,209

17 Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. The Company is exposed to interest rate risk on call account, fixed deposits with bank and financial assets such as bonds. The interest rates are subject to periodic revisions.

Market risk

Market prices risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The Company maintains policies and procedures to manage the exchange rate risk exposure.

17 Risk management (continued)

Liquidity risk

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors.

The table below summarises the maturity of the assets and liabilities of the Company based on remaining contractual settlement dates.

	31 December 2022				31 December 2021			
	Less than one year	**More than one year**	**No maturity date**	**Total**	Less than one year	More than one year	No maturity date	Total
	AED	**AED**	**AED**	**AED**	AED	AED	AED	AED
ASSETS								
Property and equipment	**-**	**-**	**43,010,347**	**43,010,347**	-	-	43,261,817	43,261,817
Statutory deposit	**-**	**6,000,000**	**-**	**6,000,000**	-	6,000,000	-	6,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	**37,947,355**	**2,555,227**	**-**	**40,502,582**	48,285,714	3,011,000	-	51,296,714
Investments carried at fair value through profit or loss (FVTPL)	**6,948,829**	**7,000,000**	**-**	**13,948,829**	7,249,031	5,000,000	-	12,249,031
Premium and insurance balances receivable	**149,636,812**	**-**	**-**	**149,636,812**	101,172,076	-	-	101,172,076
Other receivables and prepayments	**48,225,047**	**-**	**48,225,047**	**48,225,047**	25,542,510	-	-	25,542,510
Reinsurance share of outstanding claims	**102,577,633**	**-**	**-**	**102,577,633**	77,279,041	-	-	77,279,041
Fixed deposits	**14,000,000**	**-**	**-**	**14,000,000**	14,000,000	-	-	14,000,000
Cash and cash equivalents	**41,930,903**	**-**	**-**	**41,930,903**	54,857,557	-	-	54,857,557
TOTAL ASSETS	**401,266,579**	**15,555,227**	**91,235,394**	**459,832,153**	328,385,929	14,011,000	43,261,817	385,658,746

17 Risk management (continued)

Liquidity risk (continuity)

	31 December 2022				31 December 2021			
	Less than one year	**More than one year**	**No maturity date**	**Total**	Less than one year	More than one year	No maturity date	Total
	AED	**AED**	**AED**	**AED**	AED	AED	AED	AED
LIABILITIES								
End of service benefits obligation	**-**	**3,208,318**	**-**	**3,208,318**	-	2,883,016	-	2,883,016
Insurance and other payables	**106,239,097**	**-**	**-**	**106,239,097**	69,390,241	-	-	69,390,241
Unearned premium reserve	**112,656,717**	**-**	**-**	**112,656,717**	81,376,611	-	-	81,376,611
Claims under settlement reserve	**52,137,577**	**-**	**-**	**52,137,577**	51,604,276	-	-	51,604,276
Incurred but not reported claims reserve	**36,186,621**	**-**	**-**	**36,186,621**	28,869,141	-	-	28,869,141
Unexpired risk reserve	**568,447**	**-**	**-**	**568,447**	252,338	-	-	252,338
Unallocated loss adjustment expenses reserve	**2,776,442**	**-**	**-**	**2,776,442**	2,256,963	-	-	2,256,963
Total liabilities	**310,564,901**	**3,208,318**	**-**	**313,773,219**	233,749,570	2,883,016	-	236,632,586

18 Related parties

Related parties comprise the major Shareholders, the Board of Directors and key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The transactions with these related parties are primarily financing in nature as follows:

	2022	2021
	AED	AED
Premium and insurance balances receivables		
Shareholder		
Finance House PJSC	**4,245,137**	2,077,408
Others		
Finance House LLC	**15,933**	253,390
Securities LLC	**10,248**	161,729
	4,271,318	2,492,527
Insurance and other payables		
Shareholder		
Finance House PJSC	**12,000,000**	7,500,000
Others		
FH Capital P.S.C	**2,047,973**	1,400,000
	14,047,973	8,900,000
Investments		
Shareholder		
Finance House PJSC – Sukuks	**6,950,000**	6,950,000
Others		
Finance House Securities LLC – Commercial papers	**7,000,000**	5,000,000
	13,950,000	11,950,000
Cash and cash equivalents		
Shareholder		
Cash at bank - call account	**9,113,164**	17,723,273
Cash at banks - current accounts	**173,177**	1,730
Cash at banks – fixed deposit	**14,000,000**	14,000,000
Others		
Cash at banks - current accounts	**119,353**	119,458
	23,405,694	31,844,461
Tier 1 capital		
Others		
Abdul Hamid Umer Taylor	**2,000,000**	2,000,000
Abdulmajeed Al Fahim	**500,000**	500,000
	2,500,000	2,500,000

Finance House P.J.S.C is one of the major shareholders of the company as of 31 December 2022. FH Capital P.S.C, Finance House Securities L.L.C and Finance House LLC are subsidiaries of Finance House P.J.S.C.

18 Related parties (continued)

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

	2022	2021
	AED	AED
Finance House PJSC		
Management fee	**6,000,000**	6,000,000
Gross premiums written	**4,460,256**	4,213,045
Interest on fixed deposits	**461,676**	651,044
Finance House Securities		
Disposal of shares	**31,019,074**	6,420,016
Purchase of shares	**17,131,776**	3,152,212
Interest on investment in commercial paper	**237,339**	204,308
Gross premiums written	**405,230**	337,049
Finance House LLC		
Interest on investment in sukuks	**423,926**	388,475
Interest on Wakala fixed deposit	**-**	189,514
FH Capital		
Consultancy fees	**703,797**	500,000
Board of directors		
Remuneration	**856,796**	937,360
Gross premiums written		
Finance House LLC	**177,305**	378,209

19 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic business units. The 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 other securities.

Primary segment information - business segment

	31 December 2022 AED			31 December 2021 AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment revenue	**281,251,947**	**6,074,287**	**287,326,234**	207,314,824	5,053,325	212,368,149
Segment result	**37,607,082**	**6,074,287**	**43,681,369**	46,481,515	5,053,325	51,534,840
Unallocated expense, net			**(39,323,058)**			(42,014,884)
Net profit for the year			**4,358,311**			9,519,956

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

	31 December 2022 AED			31 December 2021 AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment assets	**339,600,982**	**88,804,708**	**428,405,690**	242,925,654	98,120,495	341,046,149
Unallocated assets			**31,426,463**			44,612,597
Total assets			**459,832,153**			385,658,746
Segment liabilities and equity	**449,424,866**	**7,198,969**	**456,623,835**	365,504,637	14,271,093	382,775,730
Unallocated liabilities and equity			**3,208,318**			2,883,016
Total liabilities and equity			**459,832,153**			385,658,746

19 Segment information (continued)

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's gross written premiums classified by major underwriting department.

	2022	2021
	AED	AED
Motor	**143,631,445**	103,568,774
Medical	**101,430,622**	101,236,908
Commercial	**36,189,880**	2,509,142
	281,251,947	207,314,824

There were no transactions between the business segments during the year.

20 Commitments and contingencies

The Company's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 6.9 million (31 December 2021: AED 6.6 million).

21 Post-reporting date events

No adjusting or significant non-adjusting events occurred between the reporting date and the date of approval of the financial statements.

22 General

The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.

23 Approval of financial statements

The financial statements were approved and authorized for issue by the Board of Directors on 13 February 2023.