

**Ras Al Khaimah National Insurance Company P.S.C.**

Financial Statements

For the year ended 31 December 2023

**Ras Al Khaimah National Insurance Company P.S.C.**  
**Financial statements**  
**For the year ended 31 December 2023**

|   | <b>Pages</b> |
|---|--------------|
| Directors' report                               | 1            |
| Report on the Audit of the financial statements | 2-6          |
| Statement of financial position                 | 7            |
| Income statement                                | 8            |
| Statement of comprehensive income               | 9            |
| Statement of changes in equity                  | 10           |
| Statement of cash flows                         | 11-12        |
| Notes to the financial statements               | 13-64        |

Ras Al Khaimah National Insurance Company P.S.C.

Directors' report for the year ended 31 December 2023

The Board of Directors has pleasure in submitting their report and the audited financial statements as at 31 December 2023 and for the year (the "Year") ended 31 December 2023.

#### Incorporation and registered office

Ras Al Khaimah National Insurance Company P.S.C. ("RAK Insurance" or the "Company") was incorporated under an Emiri Decree Number 20/76 issued by HH Ruler of Ras Al Khaimah. The address of the registered office is RAK Insurance Head Office, 6th Floor RAK Bank ROC Office, Al Riffa, Ras Al Khaimah, United Arab Emirates.

#### Financial position and results

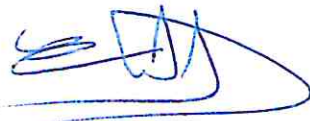
RAK Insurance has once again been one of the first Insurance Company to report under IFRS 17. The teams continuously compare their performance and level of reporting to the wider market to ensure best practices are adopted. As a result of reporting under IFRS 17, all prior year comparatives have been restated resulting in a one-off charge of AED 4.5 million that has been recorded in the Statement of Changes in Equity.

RAK Insurance earned a net profit of AED 14.5 million for the year ended 31 December 2023 as compared to a restated net loss of AED 35.5 million for the year ended 31 December 2022 (the "Previous Year"). This net profit of AED 14.5 million resulted in the Company's equity increasing from AED 140.5 million as at 31 December 2022 (restated) to AED 159.6 million as at 31 December 2023.

Basic earnings per share is AED 0.12 for the year ended 31 December 2023 as compared to a loss per share of AED 0.29 (restated) in the previous year on a capital base of AED 121.3 million.

On behalf of the Board of Directors of RAK Insurance, I would like to thank all who have worked tirelessly to deliver a profitable set of results against a backdrop of challenging market. Our sincere appreciation to the executive management and staff for their dedication, commitment, and constant hard work. The Directors would also like to acknowledge our reinsurance partners, customers and all the stakeholders of the Company.

Yours faithfully,



Sheikh Omar Bin Saqr Bin Khalid Al Qasimi  
Chairman

1 February 2024

## Independent Auditor's Report

To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.

Report on the Audit of the Financial Statements

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 these requirements together with the ethical requirements that are relevant to the audit of the financial statements. 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 the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, 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.

## Independent Auditor's Report

To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.

Report on the Audit of the Financial Statements (continued)

### Key Audit Matters (continued)

| Key Audit Matter   | How our audit addressed the key audit matter   |
|--|--|
| <p data-bbox="245 499 849 533"><i>Valuation of (Re)Insurance Contract Assets and Liabilities</i></p> <p data-bbox="245 533 849 712">Valuation of (Re)Insurance contract assets and liabilities involves significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims.</p> <p data-bbox="245 745 849 869">These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p data-bbox="245 902 849 1115">The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.</p> | <p data-bbox="876 533 1452 589">We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> <li data-bbox="876 629 1452 752">- Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities.</li> <li data-bbox="876 786 1452 842">- Assessment of the competence, capabilities and objectivity of the management appointed actuary.</li> <li data-bbox="876 875 1452 976">- Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows.</li> <li data-bbox="876 1010 1452 1066">- Evaluated and assessed the recoverability of Insurance receivables.</li> <li data-bbox="876 1099 1452 1346">- Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied.</li> <li data-bbox="876 1379 1452 1536">- We independently reperformed the calculation to assess the mathematical accuracy of the (Re)Insurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves.</li> </ul> |

## Independent Auditor's Report

To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.

Report on the Audit of the Financial Statements (continued)

### Key Audit Matters (continued)

| Key Audit Matter  | How our audit addressed the key audit matter   |
|---|--|
| <p>Disclosure of transition impact of adopting IFRS 17</p> <p>We determined the disclosure of the impact of adopting IFRS 17 to be a key audit matter because of the significant changes introduced by the standard, which includes significant estimates and judgements, and because the impacts will be of particular importance to the readers of these financial statements.</p> <p>In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17:</p> <ul style="list-style-type: none"> <li>- The determination of the transition approach adopted for each group of insurance contracts;</li> <li>- The methodology adopted and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17.</li> <li>- Disclosure of the impact of restatement, in accordance with IFRS 17.</li> </ul> | <p>Our audit procedures, among others, include:</p> <ul style="list-style-type: none"> <li>- Assessing whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17;</li> <li>- Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date.</li> <li>- Evaluating the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows;</li> <li>- Evaluation of the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement.</li> <li>- Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.</li> </ul> |

### Other matter

The financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 20 February 2023.

### Other Information

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

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

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

## **Independent Auditor's Report**

**To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.**

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

### **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 IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 and Federal Law No. (48) of 2023 (previously 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such 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.

## Independent Auditor's Report

To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.

Report on the Audit of the Financial Statements (continued)

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
- iii) The Company has maintained proper books of account;
- iv) The financial information included in the Directors' report is consistent with the books of account of the Company;
- v) As disclosed in note 7 to the financial statements, the Company has purchased or invested in shares during the year ended 31 December 2023;
- vi) Note 22 to the financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- viii) Note 20 to the financial statements discloses the social contributions made during the year ended 31 December 2023.

Further, as required by the UAE Federal Law No. (48) of 2023 (previously 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  
Farouk Mohamed  
Registration No: 86  
Dubai, 1 February 2024



Grant Thornton  
P.O. Box: 1620  
DUBAI-U.A.E.  
Public Accountants



# Ras Al Khaimah National Insurance Company P.S.C.

## Statement of financial position As at 31 December 2023

|  | Notes | 2023<br>AED        | Restated<br>2022<br>AED | Restated<br>2021<br>AED |
|--|-------|--------------------|-------------------------|-------------------------|
| <b>Assets</b>  |       |                    |                         |                         |
| Property and equipment                                 | 5     | 484,750            | 1,271,616               | 1,944,478               |
| Intangible assets                                      | 6     | 4,469,392          | 5,641,820               | 6,619,820               |
| Financial assets                                       | 7     | 135,184,071        | 108,410,347             | 112,535,476             |
| Statutory deposit                                      | 8     | 10,000,000         | 10,000,000              | 10,000,000              |
| Reinsurance contract assets                            | 9     | 176,312,486        | 146,864,370             | 198,930,187             |
| Other receivables                                      | 10    | 4,525,555          | 9,338,915               | 25,200,836              |
| Cash and cash equivalents                              | 11    | 28,505,390         | 9,628,747               | 57,392,932              |
| Bank balances and fixed deposits                       | 12    | 243,951,776        | 267,312,379             | 192,385,619             |
| <b>Total assets</b>                                    |       | <b>603,433,420</b> | <b>558,468,194</b>      | <b>605,009,348</b>      |
| <b>Equity and liabilities</b>                          |       |                    |                         |                         |
| <b>Equity</b>  |       |                    |                         |                         |
| Share capital  | 13    | 121,275,000        | 121,275,000             | 121,275,000             |
| Statutory reserve                                      | 14    | 51,210,165         | 49,756,048              | 49,756,048              |
| Voluntary reserve                                      | 14    | 20,000,000         | 20,000,000              | 20,000,000              |
| Reinsurance reserve                                    | 14    | 3,895,720          | 2,802,615               | 1,872,070               |
| Cumulative changes in fair value of FVTOCI investments |       | (9,324,865)        | (13,954,900)            | (909,154)               |
| (Accumulated losses) / retained earnings               |       | (27,503,418)       | (39,395,705)            | 6,701,147               |
| <b>Total equity</b>                                    |       | <b>159,552,602</b> | <b>140,483,058</b>      | <b>198,695,111</b>      |
| <b>Liabilities</b>                                     |       |                    |                         |                         |
| Provision for employees' end of service indemnity      | 15    | 6,345,883          | 6,256,759               | 6,115,257               |
| Insurance contract liabilities                         | 9     | 364,670,292        | 329,883,549             | 332,398,381             |
| Reinsurance contract liabilities                       | 9     | 1,398,256          | 20,975,800              | 7,759,661               |
| Bank borrowings  | 16    | 59,380,752         | 50,000,000              | 33,056,997              |
| Other payables   | 17    | 12,085,635         | 10,869,028              | 26,983,941              |
| <b>Total liabilities</b>                               |       | <b>443,880,818</b> | <b>417,985,136</b>      | <b>406,314,237</b>      |
| <b>Total equity and liabilities</b>                    |       | <b>603,433,420</b> | <b>558,468,194</b>      | <b>605,009,348</b>      |

These financial statements were authorised for issue on and signed on their behalf by:



Sheikh Omar Bin Saqr Bin Khalid Al Qasimi  
Chairman

1 February 2024 by the Board of Directors



Sanjeev Badyal  
Chief Executive Officer

The notes from 1 to 33 form an integral part of these financial statements.

**Ras Al Khaimah National Insurance Company P.S.C.**

**Statement of profit or loss  
For the year ended 31 December 2023**

|   | Notes | 2023<br>AED          | Restated<br>2022<br>AED |
|---|-------|----------------------|-------------------------|
| Insurance revenue   | 9     | 464,373,179          | 458,527,640             |
| Insurance service expenses  | 9     | <u>(419,440,698)</u> | <u>(403,066,248)</u>    |
| <b>Insurance service result before reinsurance contracts held</b>   |       | <u>44,932,481</u>    | <u>55,461,392</u>       |
| Allocation of reinsurance premiums                                  |       | (203,208,109)        | (174,490,739)           |
| Amounts recoverable from reinsurance for incurred claims            |       | <u>158,654,208</u>   | <u>84,461,227</u>       |
| <b>Net expenses from reinsurance contracts held</b>                 |       | <u>(44,553,901)</u>  | <u>(90,029,512)</u>     |
| <b>Insurance service result</b>                                     |       | <u>378,580</u>       | <u>(34,568,120)</u>     |
| Investment income   | 19    | 14,903,382           | 9,816,455               |
| Insurance finance (expense)/income for insurance contracts issued   | 19    | (10,309,987)         | 548,201                 |
| Reinsurance finance income/(expense) for reinsurance contracts held | 19    | <u>20,944,363</u>    | <u>(6,019,230)</u>      |
| <b>Net insurance financial result</b>                               |       | <u>10,634,376</u>    | <u>(5,471,029)</u>      |
| Mathematical reserves   |       | (224,191)            | 1,925,692               |
| Other operating expenses  | 23    | (14,286,553)         | (10,819,798)            |
| Other underwriting income   | 24    | <u>3,135,580</u>     | <u>3,652,493</u>        |
| <b>Profit / (loss) for the year</b>                                 |       | <u>14,541,174</u>    | <u>(35,464,307)</u>     |
| <b>Basic and diluted profit / (loss) per share</b>                  | 21    | <u>0.12</u>          | <u>(0.29)</u>           |

The notes from 1 to 33 form an integral part of these financial statements.

Ras Al Khaimah National Insurance Company P.S.C.

Statement of comprehensive income  
For the year ended 31 December 2023

|  | Notes | 2023<br>AED       | <i>Restated</i><br>2022<br>AED |
|--|-------|-------------------|--------------------------------|
| Profit / (loss) for the year   |       | 14,541,174        | (35,464,307)                   |
| <b>Other comprehensive income:</b>   |       |                   |                                |
| <i>Items that will be reclassified subsequently to profit or loss:</i>     |       |                   |                                |
| Net change in fair value of debt investments designated at FVTOCI          | 7     | 4,166,202         | (12,800,991)                   |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> |       |                   |                                |
| Net change in fair value of equity investments designated at FVTOCI        | 7     | 439,830           | (244,755)                      |
| Capital reduction on equity investments                                    |       | 24,003            | -                              |
| <b>Total other comprehensive income / (loss) for the year</b>              |       | <b>4,630,035</b>  | <b>(13,045,746)</b>            |
| <b>Total comprehensive income /(loss) for the year</b>                     |       | <b>19,171,209</b> | <b>(48,510,053)</b>            |

The notes from 1 to 33 form an integral part of these financial statements.

**Ras Al Khaimah National Insurance Company P.S.C.**

**Statement of changes in equity  
For the year ended 31 December 2023**

|   | Share capital<br>AED | Statutory reserve<br>AED | Voluntary reserve<br>AED | Reinsurance reserve<br>AED | Cumulative changes in fair value of FVTOCI investments<br>AED | Retained earnings / (Accumulated losses)<br>AED | Total equity<br>AED |
|---|----------------------|--------------------------|--------------------------|----------------------------|---|---|---------------------|
| Balance at 1 January 2022, as previously reported | 121,275,000          | 49,756,048               | 20,000,000               | 1,872,070                  | (909,154)   | 10,668,762                                      | 202,662,726         |
| Adjustment on initial application of IFRS 17      | -                    | -                        | -                        | -                          | -   | (3,967,615)                                     | (3,967,615)         |
| Restated balance at 1 January 2022                | 121,275,000          | 49,756,048               | 20,000,000               | 1,872,070                  | (909,154)   | 6,701,147                                       | 198,695,111         |
| Loss for the year (restated)                      | -                    | -                        | -                        | -                          | -   | (35,464,307)                                    | (35,464,307)        |
| Other comprehensive loss for the year             | -                    | -                        | -                        | -                          | (13,045,746)  | -   | (13,045,746)        |
| Total comprehensive loss for the year             | -                    | -                        | -                        | -                          | (13,045,746)  | (35,464,307)                                    | (48,510,053)        |
| Transfer to reinsurance reserve                   | -                    | -                        | -                        | 930,545                    | -   | (930,545)                                       | -                   |
| Dividend paid                                     | -                    | -                        | -                        | -                          | -   | (9,702,000)                                     | (9,702,000)         |
| Balance at 31 December 2022                       | 121,275,000          | 49,756,048               | 20,000,000               | 2,802,615                  | (13,954,900)  | (39,395,705)                                    | 140,483,058         |
| <b>Balance at 1 January 2023</b>                  | <b>121,275,000</b>   | <b>49,756,048</b>        | <b>20,000,000</b>        | <b>2,802,615</b>           | <b>(13,954,900)</b>   | <b>(34,938,262)</b>                             | <b>144,940,501</b>  |
| Adjustment on initial application of IFRS 17      | -                    | -                        | -                        | -                          | -   | (4,457,443)                                     | (4,457,443)         |
| Restated balance as at 1 January 2023             | 121,275,000          | 49,756,048               | 20,000,000               | 2,802,615                  | (13,954,900)  | (39,395,705)                                    | 140,483,058         |
| Profit for the year                               | -                    | -                        | -                        | -                          | -   | 14,541,174                                      | 14,541,174          |
| Other comprehensive income for the year           | -                    | -                        | -                        | -                          | 4,630,035   | -   | 4,630,035           |
| Total comprehensive income for the year           | -                    | -                        | -                        | -                          | 4,630,035   | 14,541,174                                      | 19,171,209          |
| Transfer to reinsurance reserve                   | -                    | -                        | -                        | 1,093,105                  | -   | (1,093,105)                                     | -                   |
| Transfer to statutory reserve                     | -                    | 1,454,117                | -                        | -                          | -   | (1,454,117)                                     | -                   |
| Capital reduction in equity investment            | -                    | -                        | -                        | -                          | -   | (101,665)                                       | (101,665)           |
| <b>Balance at 31 December 2023</b>                | <b>121,275,000</b>   | <b>51,210,165</b>        | <b>20,000,000</b>        | <b>3,895,720</b>           | <b>(9,324,865)</b>  | <b>(27,503,418)</b>                             | <b>159,552,602</b>  |

The notes from 1 to 33 form an integral part of these financial statements.

## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of cash flows

For the year ended 31 December 2023

|  | Notes | 2023<br>AED         | Restated<br>2022<br>AED |
|--|-------|---------------------|-------------------------|
| <b>Cash flows from operating activities</b>  |       |                     |                         |
| Profit / (loss) for the year   |       | 14,541,174          | (35,464,307)            |
| <b>Adjustments for:</b>  |       |                     |                         |
| Depreciation of property and equipment   |       | 709,468             | 862,677                 |
| Amortisation of intangible assets  | 6     | 1,514,318           | 1,516,388               |
| Provision for impairment   |       | 5,392,415           | 354,521                 |
| Provision for employees' end of service indemnity  |       | 1,256,087           | 1,713,835               |
| Realised gain on disposal of financial asset at FVTPL equity investments                   | 7     | (864,540)           | -                       |
| Realised gain on disposal of property and equipment  |       | -                   | (120,830)               |
| Write-off of property and equipment  | 5     | 219,872             | 37,626                  |
| Write-off of intangible assets   | 6     | 304,465             | -                       |
| Amortisation of premium on FVTOCI debt investments   | 7     | (4,172)             | 229,465                 |
| Interest income  |       | (14,269,694)        | (9,620,919)             |
| Dividend income  | 19    | (239,866)           | (65,944)                |
| Interest cost on bank borrowing  |       | -                   | 480,359                 |
| Impairment losses on financial asset at FVTOCI investments                                 |       | 479,118             | -                       |
| Operating cash flows before changes in working capital                                     |       | 9,038,645           | (40,077,129)            |
| <b>Changes in working capital:</b>   |       |                     |                         |
| Reinsurance contract assets and liabilities – net  |       | (51,576,757)        | 65,281,956              |
| Insurance contract liabilities   |       | 33,935,426          | (2,514,832)             |
| Other receivables  |       | (3,899,102)         | 9,281,907               |
| Other payables   |       | 1,216,607           | (15,278,696)            |
| <b>Net cash (used in) / generated from operations</b>                                      |       | <b>(11,285,181)</b> | <b>16,693,206</b>       |
| Directors' remuneration paid   |       | -                   | (812,569)               |
| Employees' end of service indemnity paid   |       | (1,166,963)         | (1,572,333)             |
| Interest paid on bank borrowings   |       | (2,266,303)         | (504,007)               |
| <b>Net cash (used in) / generated from operating activities</b>                            |       | <b>(14,718,447)</b> | <b>13,804,297</b>       |
| <b>Cash flows from investing activities:</b>   |       |                     |                         |
| Purchase of property and equipment   | 5     | (142,475)           | (234,813)               |
| Proceeds from disposal of property and equipment   |       | -                   | 128,197                 |
| Purchase of intangible assets  | 6     | (646,355)           | (538,388)               |
| Purchase of financial assets at FVTOCI   | 7     | (24,637,947)        | (21,358,131)            |
| Purchase of financial assets at FVTPL  | 7     | (2,518,040)         | -                       |
| Proceeds from maturities of financial assets at FVTOCI                                     | 7     | 1,873,230           | 12,253,130              |
| Proceeds from disposal of financial assets at FVTPL  | 7     | 3,382,580           | -                       |
| Interest received  |       | 16,268,645          | 13,181,985              |
| Dividend received  |       | 239,865             | 65,944                  |
| Maturities of fixed deposits with banks with original maturities greater than three months |       | 209,257,876         | 268,917,352             |
| Placements of fixed deposits with banks with original maturities greater than three months |       | (178,863,041)       | (341,224,761)           |
| <b>Net cash generated from/(used in) investing activities</b>                              |       | <b>24,214,338</b>   | <b>(68,809,485)</b>     |

**Ras Al Khaimah National Insurance Company P.S.C.**

**Statement of cash flows (continued)**

**For the year ended 31 December 2023**

|   | Notes | 2023<br>AED              | Restated<br>2022<br>AED |
|---|-------|--------------------------|-------------------------|
| <b>Cash flows from financing activities</b>                 |       |                          |                         |
| Increase in borrowings                                      |       | 9,380,752                | 16,943,003              |
| Dividends paid  | 31    | -                        | (9,702,000)             |
| <b>Net cash generated from financing activities</b>         |       | <u>9,380,752</u>         | <u>7,241,003</u>        |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>18,876,643</b>        | <b>(47,764,185)</b>     |
| Cash and cash equivalents at beginning of the year          |       | <u>9,628,747</u>         | <u>57,392,932</u>       |
| <b>Cash and cash equivalents at end of the year</b>         |       | <u><b>28,505,390</b></u> | <u>9,628,747</u>        |

The notes from 1 to 33 form an integral part of these financial statements.

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### 1 Legal status and activities

Ras Al Khaimah National Insurance Company P.S.C. (the “Company”) is a public joint-stock company, established and incorporated in the Emirate of Ras Al Khaimah by Emiri decree No. 20/76 dated 26 October 1976. The Company is subject to the regulations of the U.A.E. Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 7.

These financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

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

The Company is a subsidiary of National Bank of Ras Al Khaimah P.S.C. (the “Parent company”) which is incorporated in the Emirate of Ras Al Khaimah, United Arab Emirates. The address of the Company’s registered head office is P. O. Box 506, Ras Al Khaimah, United Arab Emirates. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange, United Arab Emirates. The principal activity of the Company is to undertake all classes of insurance business including life assurance, saving and accumulation of funds. The Company operates through its head office in Ras Al Khaimah and branch offices in Ras Al Khaimah, Dubai, and Abu Dhabi.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. For the Company, Corporate Tax will apply from 1 January 2024. A rate of 9% will apply to taxable income exceeding AED 375,000. A rate of 0% will apply to taxable income not exceeding this threshold. The Company engaged a consultant to assist with assessing the impact of Corporate Tax. This engagement is substantially completed and will enable the Company to start accounting for Corporate Tax from Q1 2024.

### 2 Application of new and revised International Financial Reporting Standards (“IFRS”)

#### New and revised IFRSs and interpretations applied on the financial statements

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

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

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

#### Standards issued but not yet effective

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

---

# Ras Al Khaimah National Insurance Company P.S.C.

## Notes to the financial statements

For the year ended 31 December 2023

---

### **2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)**

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

### **3 Statement of compliance with IFRS**

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

#### **Basis of preparation**

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

The Company’s statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, financial assets at fair value through profit and loss, other receivables and other payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, statutory deposit and provision for employees’ end of service indemnity. The following balances are of mixed nature (including both current and non-current portions): financial assets at fair value through other comprehensive income, reinsurance contract assets, insurance contract liabilities, reinsurance contract liabilities, bank balances, fixed deposits and bank borrowings.

### **4 Significant accounting policies**

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

##### **IFRS 17 Insurance Contracts**

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

Under IFRS 17, insurance revenue in each reporting year represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual years on or after 1 January 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:



# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

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

##### **IFRS 17 Insurance Contracts (continued)**

###### *Changes to classification and measurement*

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

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

The Company applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

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

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

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

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

The Company capitalises its insurance acquisition cash flows. No separate asset is recognised for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

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

##### **IFRS 17 Insurance Contracts (continued)**

###### *Changes to presentation and disclosure*

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

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

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

The line item descriptions in the income statement and statement of comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

###### ***Transition***

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

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

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

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

##### **IFRS 17 Insurance Contracts (continued)**

###### *Transition (continued)*

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

###### **Insurance and reinsurance contracts classification**

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

###### **Insurance and reinsurance contracts accounting treatment**

###### *Separating components from insurance and reinsurance contracts*

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

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

###### *Level of aggregation*

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

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

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **4 Significant accounting policies (continued)**

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

##### **IFRS 17 Insurance Contracts (continued)**

##### **Insurance and reinsurance contracts accounting treatment (continued)**

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

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

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

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

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

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

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

##### ***Recognition***

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

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

##### ***Contract boundary***

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

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **4 Significant accounting policies (continued)**

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

##### **IFRS 17 Insurance Contracts (continued)**

##### **Insurance and reinsurance contracts accounting treatment (continued)**

A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

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

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

##### **Measurement - Premium Allocation Approach**

##### ***Insurance contracts – initial measurement***

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

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

Or

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

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

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

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

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

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

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

##### IFRS 17 Insurance Contracts (continued)

##### Insurance and reinsurance contracts accounting treatment (continued)

##### *Insurance contracts – subsequent measurement*

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

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

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

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

##### *Reinsurance contracts*

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

##### Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

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

##### *Presentation*

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

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

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

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

*Presentation (continued)*

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

*Insurance revenue*

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

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

*Loss components*

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

*Insurance finance income and expense*

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

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

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

*Net income or expense from reinsurance contracts held*

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

**Classification of insurance contracts**

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

*Short-term insurance contracts*

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

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **4 Significant accounting policies (continued)**

##### **Classification of insurance contracts (continued)**

###### *Short-term insurance contracts (continued)*

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

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

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

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

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

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

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

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

###### *Long-term insurance contracts*

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

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

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



# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

#### **Revenue recognition**

##### **Interest income and expense**

Interest income and expenses for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the statement of profit or loss.

##### **Dividend income**

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

##### **Rental income**

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

#### **Foreign currencies**

##### ***Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within "Investment income".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### **Employee benefits**

##### ***Defined contribution plan***

UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to UAE labour law no. 7 of 1999 and Federal Law No. (55) of 2023 on Pension and Social Security. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions.

##### ***Provision for employees' end of service indemnity***

Provision is also made for the full amount of end of service indemnity due to non-UAE national employees in accordance with the UAE Labour Law and is calculated in line with the requirements of the UAE Labour law.

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

#### **Dividend distribution**

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

#### **Property and equipment**

Land and buildings are recognised at historical cost, less subsequent depreciation and impairment if any for buildings only. All other property and equipment are carried at historical cost less accumulated depreciation and any identified impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

|                        | <b>Years</b> |
|------------------------|--------------|
| Furniture and fixtures | 4            |
| Office equipment       | 4            |
| Motor vehicles         | 4            |
| Computer equipment     | 4            |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **Intangible assets**

Intangible assets comprise computer software and are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 5 - 10 years.

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

#### **Impairment of non-financial assets**

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

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

#### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting Year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

#### **Leases**

The Company leases various offices. Rental contracts are typically annually renewable with the option of termination during the contract Year subject to serving relevant notice Year.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### 4 Significant accounting policies (continued)

##### Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

All lease contracts of the Company meet above criteria of short-term leases.

##### Financial assets

##### Classification and measurement - Financial assets

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

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

- (i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- (ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### 4 Significant accounting policies (continued)

#### Financial assets (continued)

##### Classification and measurement - Financial assets (continued)

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

#### Equity instruments at FVTOCI

Investments in equity instruments/funds at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value of securities. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments in equity instruments/funds but reclassified to retained earnings. The Company has designated all investments in equity instruments that are not held for trading as FVTOCI.

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

#### Debt instruments at amortised cost or at FVTOCI

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

#### Financial assets at FVTPL

Financial assets at FVTPL are:

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

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

#### Derecognition of financial assets

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

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

#### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the Year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial Year of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

#### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are within the scope of IFRS 9 expected credit loss calculations for the assessment of impairment.

#### **Fixed deposits**

Fixed deposits are deposits held with banks with original maturities of more than three months, which are initially measured at fair value and subsequently measured at amortised cost. Fixed deposits are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above in these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### **4 Significant accounting policies (continued)**

#### **Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### *Measurement of the expected credit loss (“ECL”) allowance*

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

##### *Insurance and reinsurance contracts*

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

##### *Liability for remaining coverage*

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

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

##### *Liability for incurred claims*

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

The main assumption underlying these techniques is that a Company’s past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

# Ras Al Khaimah National Insurance Company P.S.C.

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

---

### 4 Significant accounting policies (continued)

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

##### *Discount rates*

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

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

|                            | 1 year |       | 3 years |       | 5 years |       | 10 years |       | 20 years |       |
|----------------------------|--------|-------|---------|-------|---------|-------|----------|-------|----------|-------|
|                            | 2023   | 2022  | 2023    | 2022  | 2023    | 2022  | 2023     | 2022  | 2023     | 2022  |
| Insurance contracts issued |        |       |         |       |         |       |          |       |          |       |
| AED                        | 5.17%  | 5.56% | 4.42%   | 5.20% | 4.26%   | 5.00% | 4.33%    | 4.24% | 4.35%    | 2.10% |
| Reinsurance contracts held |        |       |         |       |         |       |          |       |          |       |
| AED                        | 5.17%  | 5.56% | 4.42%   | 5.20% | 4.26%   | 5.00% | 4.33%    | 4.24% | 4.35%    | 2.10% |

##### *Risk adjustment for non-financial risk*

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

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 80th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 80th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.



## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 5 Property and equipment

|                                 | Furniture<br>and fixtures<br>AED | Office<br>equipment<br>AED | Motor<br>vehicles<br>AED | Computer<br>equipment<br>AED | Total<br>AED      |
|---------------------------------|----------------------------------|----------------------------|--------------------------|------------------------------|-------------------|
| <b>Cost</b>                     |                                  |                            |                          |                              |                   |
| At 1 January 2022               | 3,353,484                        | 1,176,886                  | 796,055                  | 5,566,153                    | 10,892,578        |
| Additions during the year       | 104,448                          | 32,347                     | -                        | 98,018                       | 234,813           |
| Disposals during the year       | -                                | (6,058)                    | (394,499)                | (19,781)                     | (420,338)         |
| Write offs during the year      | (411,490)                        | -                          | -                        | -                            | (411,490)         |
| <b>At 31 December 2022</b>      | <b>3,046,442</b>                 | <b>1,203,175</b>           | <b>401,556</b>           | <b>5,644,390</b>             | <b>10,295,563</b> |
| Additions during the year       | 56,070                           | 13,711                     | -                        | 72,694                       | 142,475           |
| Disposals during the year       | -                                | -                          | -                        | (2,950)                      | (2,950)           |
| Write offs during the year      | (252,443)                        | (4,505)                    | -                        | (759,442)                    | (1,016,390)       |
| <b>At 31 December 2023</b>      | <b>2,850,069</b>                 | <b>1,212,381</b>           | <b>401,556</b>           | <b>4,954,692</b>             | <b>9,418,698</b>  |
| <b>Accumulated depreciation</b> |                                  |                            |                          |                              |                   |
| At 1 January 2022               | 2,704,915                        | 1,021,103                  | 739,295                  | 4,482,787                    | 8,948,100         |
| Charge for the year             | 294,862                          | 70,733                     | 56,759                   | 440,323                      | 862,677           |
| Disposals during the year       | -                                | (355)                      | (394,498)                | (18,113)                     | (412,966)         |
| Write offs during the year      | (373,864)                        | -                          | -                        | -                            | (373,864)         |
| <b>At 31 December 2022</b>      | <b>2,625,913</b>                 | <b>1,091,481</b>           | <b>401,556</b>           | <b>4,904,997</b>             | <b>9,023,947</b>  |
| Charge for the year             | 255,509                          | 66,467                     | -                        | 387,492                      | 709,468           |
| Disposals during the year       | -                                | -                          | -                        | (2,949)                      | (2,949)           |
| Write offs during the year      | (115,150)                        | (2,440)                    | -                        | (678,928)                    | (796,518)         |
| <b>At 31 December 2023</b>      | <b>2,766,272</b>                 | <b>1,155,508</b>           | <b>401,556</b>           | <b>4,610,612</b>             | <b>8,933,948</b>  |
| <b>Net book value</b>           |                                  |                            |                          |                              |                   |
| At 31 December 2023             | 83,797                           | 56,873                     | -                        | 344,080                      | 484,750           |
| At 31 December 2022             | 420,529                          | 111,694                    | -                        | 739,393                      | 1,271,616         |

#### 6 Intangible assets

|                                 | Computer<br>software<br>AED |
|---------------------------------|-----------------------------|
| <b>Cost</b>                     |                             |
| At 31 December 2021             | 15,056,984                  |
| Additions during the year       | 538,388                     |
| <b>At 31 December 2022</b>      | <b>15,595,372</b>           |
| Additions during the year       | 646,355                     |
| Written offs during the year    | (1,329,490)                 |
| <b>At 31 December 2023</b>      | <b>14,912,237</b>           |
| <b>Accumulated amortisation</b> |                             |
| At 31 December 2021             | 8,437,164                   |
| Charge for the year             | 1,516,388                   |
| <b>At 31 December 2022</b>      | <b>9,953,552</b>            |
| Charge for the year             | 1,514,318                   |
| Written offs during the year    | (1,025,025)                 |
| <b>At 31 December 2023</b>      | <b>1,0442,845</b>           |
| <b>Carrying amount</b>          |                             |
| At 31 December 2023             | 4,469,392                   |
| At 31 December 2022             | 5,641,820                   |

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 7 Financial assets

The Company's financial investments at the end of reporting year are detailed below:

|                              | 2023<br>AED        | 2022<br>AED        |
|------------------------------|--------------------|--------------------|
| <b>Investments at FVTOCI</b> |                    |                    |
| Quoted debt                  | 131,536,348        | 106,559,639        |
| Quoted equity securities     | 3,835,742          | 1,994,312          |
| Allowance for impairment     | (188,019)          | (143,604)          |
|                              | <u>135,184,071</u> | <u>108,410,347</u> |

The composition of financial investment split between inside the UAE and outside the UAE as at 31 December 2023 and 31 December 2022 is as follows:

|                | Inside UAE        |                   | Outside UAE       |                   | Total              |                    |
|----------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
|                | 2023<br>AED       | 2022<br>AED       | 2023<br>AED       | 2022<br>AED       | 2023<br>AED        | 2022<br>AED        |
| <b>FVTOCI:</b> |                   |                   |                   |                   |                    |                    |
| Quoted debt    | 63,981,291        | 47,062,538        | 67,367,038        | 59,353,497        | 131,348,329        | 106,416,035        |
| Quoted equity  | 3,835,742         | 1,994,312         | -                 | -                 | 3,835,742          | 1,994,312          |
|                | <u>67,817,033</u> | <u>49,056,850</u> | <u>67,367,038</u> | <u>59,353,497</u> | <u>135,184,071</u> | <u>108,410,347</u> |

FVTOCI investments comprise of quoted equity and debt instruments within the G.C.C. region except one investment valued at AED 8.7 million as at 31 December 2023 (31 December 2022: AED 8.5 million) which is an investment outside the G.C.C. region. The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI. Debt instruments carry an interest rate ranging from 1.75% to 6.75% per annum (31 December 2022: 1.96% to 6.75%) and they are redeemable at par from 2024 to 2033 (31 December 2022: 2022 to 2033) based on their maturity dates. There are no significant concentration of credit risk for debt instruments and the carrying amount reflected above represents the Company's maximum exposure to credit risk for such assets.

The movement in the financial investments is as follows:

|  | FVTOCI<br>debt<br>AED | FVTOCI<br>equity<br>AED | Total<br>AED       |
|--|-----------------------|-------------------------|--------------------|
| Balance at 31 December 2022  | 106,416,035           | 1,994,312               | 108,410,347        |
| Additions during the year  | 22,679,567            | 1,958,380               | 24,637,947         |
| Matured during the year  | (1,873,230)           | -                       | (1,873,230)        |
| Net change in fair value   | 4,166,202             | 439,830                 | 4,606,032          |
| Capital reduction in equity  | -                     | (77,662)                | (77,662)           |
| Impairment charges   | -                     | (479,118)               | (479,118)          |
| Amortisation of premium on FVTOCI debt investments to profit or loss | 4,170                 | -                       | 4,170              |
| Allowance for impairment   | (44,415)              | -                       | (44,415)           |
| <b>Balance at 31 December 2023</b>                                   | <u>131,348,329</u>    | <u>3,835,742</u>        | <u>135,184,071</u> |

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 7 Financial assets (continued)

|  | FVTOCI<br>debt<br>AED | FVTOCI<br>equity<br>AED | Total<br>AED       |
|--|-----------------------|-------------------------|--------------------|
| Balance at 31 December 2021  | 111,801,771           | 733,705                 | 112,535,476        |
| Additions during the year  | 19,852,768            | 1,505,362               | 21,358,130         |
| Matured during the year  | (12,253,130)          | -                       | (12,253,130)       |
| Net change in fair value   | (12,800,991)          | (244,755)               | (13,045,746)       |
| Amortisation of premium on FVTOCI debt investments to profit or loss | (229,465)             | -                       | (229,465)          |
| Release of impairment  | 45,082                | -                       | 45,082             |
| Balance at 31 December 2022  | <u>106,416,035</u>    | <u>1,994,312</u>        | <u>108,410,347</u> |

#### Equity investments at fair value through profit or loss

**2023**  
**AED**

|   |             |
|---|-------------|
| Balance at 31 December 2022                           | -           |
| Additions during the year                             | 2,518,040   |
| Disposals during the year                             | (3,382,580) |
| Realised gain on disposal of FVTPL equity investments | 864,540     |
| <b>Balance at 31 December 2023</b>                    | <u>-</u>    |

Details of provision for impairment were as follows:

|  | 2023<br>AED    | 2022<br>AED    |
|--|----------------|----------------|
| Balance at the beginning of the year                   | 143,604        | 188,686        |
| Provision for/(reversal of) impairment during the year | 44,415         | (45,082)       |
| <b>Balance at the end of the year</b>                  | <u>188,019</u> | <u>143,604</u> |

There were no reclassifications between financial investment categories during 2023 and 2022.

All the investments in scope of the impairment model are in stage 1.

#### 8 Statutory deposit

A deposit of AED 10 million (31 December 2022: AED 10 million) has been placed with one of the banks, in accordance with Article (42) of the Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended). This deposit has been pledged to the bank as security against a guarantee issued by the Bank in favour of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the CBUAE and bears an interest rate of 5.15% per annum (31 December 2022: 4.5% per annum).

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 9 Insurance and reinsurance contracts

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

|   | 31 December 2023   |                      |                      | 31 December 2022 ( <i>Restated</i> ) |                      |                      |
|---|--------------------|----------------------|----------------------|--------------------------------------|----------------------|----------------------|
|   | Assets<br>AED      | Liabilities<br>AED   | Net<br>AED           | Assets<br>AED                        | Liabilities<br>AED   | Net<br>AED           |
| <b>Insurance contracts issued</b>       |                    |                      |                      |                                      |                      |                      |
| Life and Medical                        | -                  | (148,209,844)        | (148,209,844)        | -                                    | (149,034,922)        | (149,034,922)        |
| General and Motor                       | -                  | (216,460,448)        | (216,460,448)        | -                                    | (180,848,627)        | (180,848,627)        |
| <b>Total insurance contracts issued</b> | <b>-</b>           | <b>(364,670,292)</b> | <b>(364,670,292)</b> | <b>-</b>                             | <b>(329,883,549)</b> | <b>(329,883,549)</b> |
| <b>Reinsurance contracts held</b>       |                    |                      |                      |                                      |                      |                      |
| Life and Medical                        | 75,255,080         | -                    | 75,255,080           | 48,589,531                           | -                    | 48,589,531           |
| General and Motor                       | 101,057,406        | (1,398,256)          | 99,659,150           | 98,274,839                           | (20,975,800)         | 77,299,039           |
| <b>Total reinsurance contracts held</b> | <b>176,312,486</b> | <b>(1,398,256)</b>   | <b>174,914,230</b>   | <b>146,864,370</b>                   | <b>(20,975,800)</b>  | <b>125,888,570</b>   |

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

The Company disaggregates information to provide disclosure in respect of major product lines separately: Life and Medical and General and Motor. This disaggregation has been determined based on how the company is managed.

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

Ras Al Khaimah National Insurance Company P.S.C.

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

**9 Insurance and reinsurance contracts (continued)**

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

|   | Life and Medical                   |                    |   | General and Motor                  |                      |                                 | Total              |                  |                     |
|---|------------------------------------|--------------------|---|------------------------------------|----------------------|---------------------------------|--------------------|------------------|---------------------|
|   | Liabilities for remaining coverage |                    | Liabilities for incurred claims                         | Liabilities for remaining coverage |                      | Liabilities for incurred claims |                    |                  |                     |
|   | Excluding loss component AED       | Loss component AED | Estimates of the present value of future cash flows AED | Excluding loss component AED       | Loss component AED   | Risk adjustment AED             |                    |                  |                     |
| Insurance contract liabilities as at 1 January                | 59,066,072                         | 427,931            | 87,122,767  | 2,418,152                          | 46,581,835           | 5,267,649                       | 121,587,398        | 7,411,745        | 329,883,549         |
| Insurance revenue   | (304,305,933)                      | -                  | -   | -                                  | (160,067,246)        | -                               | -                  | -                | (464,373,179)       |
| Insurance service expenses                                    | 36,078,905                         | 5,933,786          | 243,888,328   | 591,011                            | 38,565,009           | (5,267,649)                     | 97,005,442         | 2,645,866        | 419,440,698         |
| Incurrd claims and other expenses                             | -                                  | -                  | 284,067,660   | 6,877,416                          | -                    | -                               | 136,847,753        | 6,157,724        | 433,950,553         |
| Amortisation of insurance acquisition cash flows              | 36,078,905                         | -                  | -   | -                                  | 38,565,009           | -                               | -                  | -                | 74,643,914          |
| Losses on onerous contracts and reversals of those losses     | -                                  | 5,933,786          | -   | -                                  | -                    | (5,267,649)                     | -                  | -                | 666,137             |
| Changes to liabilities for incurred claims                    | -                                  | -                  | (40,179,332)  | (6,286,405)                        | -                    | -                               | (39,842,311)       | (3,511,858)      | (89,819,906)        |
| Insurance service result                                      | (268,227,028)                      | 5,933,786          | 243,888,328   | 591,011                            | (121,502,237)        | (5,267,649)                     | 97,005,442         | 2,645,866        | (44,932,481)        |
| Insurance finance expenses                                    | -                                  | -                  | 3,344,771   | 163,333                            | -                    | -                               | 6,344,183          | 457,700          | 10,309,987          |
| <b>Total changes in the statement of comprehensive income</b> | <b>(268,227,028)</b>               | <b>5,933,786</b>   | <b>247,233,099</b>                                      | <b>754,344</b>                     | <b>(121,502,237)</b> | <b>(5,267,649)</b>              | <b>103,349,625</b> | <b>3,103,566</b> | <b>(34,622,494)</b> |
| <b>Cash flows</b>   |                                    |                    |   |                                    |                      |                                 |                    |                  |                     |
| Premiums received   | 277,097,657                        | -                  | -   | -                                  | 164,078,365          | -                               | -                  | -                | 441,176,022         |
| Claims and other expenses paid                                | -                                  | -                  | (230,033,433)   | -                                  | -                    | -                               | (66,549,081)       | -                | (296,582,514)       |
| Insurance acquisition cash flows                              | (33,583,503)                       | -                  | -   | -                                  | (41,600,768)         | -                               | -                  | -                | (75,184,271)        |
| Total cash flows  | 243,514,154                        | -                  | (230,033,433)   | -                                  | 122,477,597          | -                               | (66,549,081)       | -                | 69,409,237          |
| Net insurance contract liabilities as at 31 December          | 34,353,198                         | 6,361,717          | 104,322,433   | 3,172,496                          | 47,557,195           | -                               | 158,387,942        | 10,515,311       | 364,670,292         |

Ras Al Khaimah National Insurance Company P.S.C.

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

**9 Insurance and reinsurance contracts (continued)**

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

|  | Life and Medical                   |                                 |   |                                 | General and Motor                  |                                 |   |                                 | Total               |
|--|------------------------------------|---------------------------------|---|---------------------------------|------------------------------------|---------------------------------|---|---------------------------------|---------------------|
|  | Liabilities for remaining coverage | Liabilities for incurred claims | Liabilities for remaining coverage                      | Liabilities for incurred claims | Liabilities for remaining coverage | Liabilities for incurred claims | Liabilities for remaining coverage                      | Liabilities for incurred claims |                     |
|  | Excluding loss component AED       | Loss component AED              | Estimates of the present value of future cash flows AED | Risk adjustment AED             | Excluding loss component AED       | Loss component AED              | Estimates of the present value of future cash flows AED | Risk adjustment AED             | Risk adjustment AED |
| Insurance contract liabilities as at 1 January         | 47,262,845                         | 595,177                         | 103,943,651   | 2,683,388                       | 36,092,619                         | 4,171,878                       | 129,991,608   | 7,657,215                       | 332,398,381         |
| Insurance revenue                                      | (309,238,781)                      | -                               | -   | -                               | (149,288,859)                      | -                               | -   | -                               | (458,527,640)       |
| Insurance service expenses                             | 70,808,628                         | (167,246)                       | 222,961,846   | (309,246)                       | 38,142,892                         | 1,095,771                       | 70,911,168  | (377,565)                       | 403,066,248         |
| Incurrd claims and other expenses                      | -                                  | -                               | 270,295,642   | 5,034,859                       | -                                  | -                               | 105,152,974   | 3,978,283                       | 384,461,758         |
| Amortisation of insurance acquisition cash flows       | 70,808,628                         | -                               | -   | -                               | 38,142,892                         | -                               | -   | -                               | 108,951,520         |
| Losses on onerous contracts and reversals of those     | -                                  | (167,246)                       | -   | -                               | -                                  | 1,095,771                       | -   | -                               | 928,525             |
| Changes to liabilities for incurred claims             | -                                  | -                               | (47,333,796)  | (5,344,105)                     | -                                  | -                               | (34,241,806)  | (4,355,848)                     | (91,275,555)        |
| Insurance service result                               | (238,430,153)                      | (167,246)                       | 222,961,846   | (309,246)                       | (111,145,967)                      | 1,095,771                       | 70,911,168  | (377,565)                       | (55,461,392)        |
| Insurance finance expenses                             | -                                  | -                               | 221,245   | 44,010                          | -                                  | -                               | (945,551)   | 132,095                         | (548,201)           |
| Total changes in the statement of comprehensive income | (238,430,153)                      | (167,246)                       | 223,183,091   | (265,236)                       | (111,145,967)                      | 1,095,771                       | 69,965,617  | (245,470)                       | (56,009,593)        |
| <i>Cash flows</i>                                      |                                    |                                 |   |                                 |                                    |                                 |   |                                 |                     |
| Premiums received                                      | 315,413,929                        | -                               | -   | -                               | 160,642,872                        | -                               | -   | -                               | 476,056,801         |
| Claims and other expenses paid                         | -                                  | -                               | (240,003,975)   | -                               | -                                  | -                               | (78,369,827)  | -                               | (318,373,802)       |
| Insurance acquisition cash flows                       | (65,180,549)                       | -                               | -   | -                               | (39,007,689)                       | -                               | -   | -                               | (104,188,238)       |
| Total cash flows                                       | 250,233,380                        | -                               | (240,003,975)   | -                               | 121,635,183                        | -                               | (78,369,827)  | -                               | 53,494,761          |
| Net insurance contract liabilities as at 31 December   | 59,066,072                         | 427,931                         | 87,122,767  | 2,418,152                       | 46,581,835                         | 5,267,649                       | 121,587,398   | 7,411,745                       | 329,883,549         |

Ras Al Khaimah National Insurance Company P.S.C.

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

**9 Insurance and reinsurance contracts (continued)**

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

|  | Life and Medical              |                  |                                   | General and Motor             |                      |                                   | Total                |                               |                     |
|--|-------------------------------|------------------|-----------------------------------|-------------------------------|----------------------|-----------------------------------|----------------------|-------------------------------|---------------------|
|  | Assets for remaining coverage | Loss component   | Excluding loss recovery component | Assets for remaining coverage | Loss component       | Excluding loss recovery component |                      | Assets for remaining coverage |                     |
|  | AED                           | AED              | AED                               | AED                           | AED                  | AED                               | AED                  |                               |                     |
| Reinsurance contract assets as at 1 January                            | (176,792,989)                 | 346,066          | 223,719,817                       | 1,316,637                     | (57,545,527)         | 1,676,865                         | 149,459,094          | 4,684,407                     | 146,864,370         |
| Reinsurance contract liabilities as at 1 January                       | -                             | -                | -                                 | -                             | (127,655,881)        | 3,532                             | 105,556,224          | 1,120,325                     | (20,975,800)        |
| <b>Net reinsurance contract (liabilities)/assets as at 1 January</b>   | <b>(176,792,989)</b>          | <b>346,066</b>   | <b>223,719,817</b>                | <b>1,316,637</b>              | <b>(185,201,408)</b> | <b>1,680,397</b>                  | <b>255,015,318</b>   | <b>5,804,732</b>              | <b>125,888,570</b>  |
| Allocation of reinsurance premiums                                     | (123,735,434)                 | -                | -                                 | -                             | (79,472,675)         | -                                 | -                    | -                             | (203,208,109)       |
| Amounts recoverable from reinsurers for incurred claims                | -                             | 3,063,958        | 112,290,359                       | 665,695                       | -                    | (1,680,397)                       | 42,264,468           | 2,050,125                     | 158,654,208         |
| Amounts recoverable for incurred claims and other expenses             | -                             | -                | 135,524,871                       | 4,029,971                     | -                    | -                                 | 74,321,790           | 4,030,844                     | 217,907,476         |
| Loss-recovery on onerous underlying contracts and adjustments          | -                             | 3,063,958        | -                                 | -                             | -                    | (1,680,397)                       | -                    | -                             | 1,383,561           |
| Changes to amounts recoverable for incurred claims                     | -                             | -                | (23,234,512)                      | (3,364,276)                   | -                    | -                                 | (32,057,322)         | (1,980,719)                   | (60,636,829)        |
| <b>Net income or expense from reinsurance contracts held</b>           | <b>(123,735,434)</b>          | <b>3,063,958</b> | <b>112,290,359</b>                | <b>665,695</b>                | <b>(79,472,675)</b>  | <b>(1,680,397)</b>                | <b>42,264,468</b>    | <b>2,050,125</b>              | <b>(44,553,901)</b> |
| Reinsurance finance income   | -                             | -                | 12,218,649                        | 101,341                       | -                    | -                                 | 10,141,824           | 359,901                       | 22,821,715          |
| Effect of changes in non-performance risk of reinsurers                | -                             | -                | (4,504,546)                       | -                             | -                    | -                                 | 2,627,194            | -                             | (1,877,352)         |
| <b>Total changes in the statement of comprehensive income</b>          | <b>(123,735,434)</b>          | <b>3,063,958</b> | <b>120,004,462</b>                | <b>767,036</b>                | <b>(79,472,675)</b>  | <b>(1,680,397)</b>                | <b>55,033,486</b>    | <b>2,410,026</b>              | <b>(23,609,538)</b> |
| <b>Cash flows</b>  |                               |                  |                                   |                               |                      |                                   |                      |                               |                     |
| Premiums paid  | 202,794,151                   | -                | -                                 | -                             | 213,910,785          | -                                 | -                    | -                             | 416,704,936         |
| Amounts received   | -                             | -                | (176,228,624)                     | -                             | -                    | -                                 | (167,841,114)        | -                             | (344,069,738)       |
| <b>Total cash flows</b>  | <b>202,794,151</b>            | <b>-</b>         | <b>(176,228,624)</b>              | <b>-</b>                      | <b>213,910,785</b>   | <b>-</b>                          | <b>(167,841,114)</b> | <b>-</b>                      | <b>72,635,198</b>   |
| <b>Net reinsurance contract assets/(liabilities) as at 31 December</b> | <b>(97,734,272)</b>           | <b>3,410,024</b> | <b>167,495,655</b>                | <b>2,083,673</b>              | <b>(50,763,298)</b>  | <b>-</b>                          | <b>142,207,690</b>   | <b>8,214,758</b>              | <b>174,914,230</b>  |
| Reinsurance contract assets as at 31 December                          | (97,734,272)                  | 3,410,024        | 167,495,655                       | 2,083,673                     | (47,922,094)         | -                                 | 140,820,820          | 8,158,680                     | 176,312,486         |
| Reinsurance contract liabilities as at 31 December                     | -                             | -                | -                                 | -                             | (2,841,204)          | -                                 | 1,386,870            | 56,078                        | (1,398,256)         |
| <b>Net reinsurance contract assets/(liabilities) as at 31 December</b> | <b>(97,734,272)</b>           | <b>3,410,024</b> | <b>167,495,655</b>                | <b>2,083,673</b>              | <b>(50,763,298)</b>  | <b>-</b>                          | <b>142,207,690</b>   | <b>8,214,758</b>              | <b>174,914,230</b>  |

Ras Al Khaimah National Insurance Company P.S.C.

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

**9 Insurance and reinsurance contracts (continued)**

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

| 2022  | Life and Medical              |  | General and Motor             |  | Total         |
|---|-------------------------------|--|-------------------------------|--|---------------|
|   | Assets for remaining coverage | Amounts recoverable on incurred claims | Assets for remaining coverage | Amounts recoverable on incurred claims |               |
|   | AED                           | AED                                    | AED                           | AED                                    | AED           |
| Reinsurance contract assets as at 1 January                     | (182,384,303)                 | 489,213                                | (159,030,436)                 | 271,100,898                            | 198,930,187   |
| Reinsurance contract liabilities as at 1 January                | -                             | -                                      | (11,571,787)                  | 3,663,426                              | (7,759,661)   |
| Net reinsurance contract assets/(liabilities) as at 1 January   | (182,384,303)                 | 489,213                                | (170,602,223)                 | 274,764,324                            | 191,170,526   |
| Allocation of reinsurance premiums                              | (91,705,253)                  | -                                      | (82,785,486)                  | -                                      | (174,490,739) |
| Amounts recoverable from reinsurers for incurred claims         | -                             | (143,147)                              | (285,153)                     | 19,093,910                             | 84,461,227    |
| Amounts recoverable for incurred claims and other expenses      | -                             | -                                      | 2,270,108                     | 49,596,008                             | 147,281,884   |
| Loss-recovery on onerous underlying contracts and adjustments   | -                             | (143,147)                              | -                             | 251,979                                | 108,832       |
| Changes to amounts recoverable for incurred claims              | -                             | -                                      | (2,555,261)                   | (30,502,098)                           | (62,929,489)  |
| Net income or expense from reinsurance contracts held           | (91,705,253)                  | (143,147)                              | (82,785,486)                  | 19,093,910                             | (90,029,512)  |
| Reinsurance finance income                                      | -                             | -                                      | 23,967                        | 731,284                                | 3,466,634     |
| Effect of changes in non-performance risk of reinsurers         | -                             | -                                      | -                             | (146,342)                              | (9,485,864)   |
| Total changes in the statement of comprehensive income          | (91,705,253)                  | (143,147)                              | (82,785,486)                  | 19,678,852                             | (96,048,742)  |
| <i>Cash flows</i>   |                               |  |                               |  |               |
| Premiums paid   | 97,296,567                    | -                                      | 68,186,301                    | -                                      | 165,482,868   |
| Amounts received  | -                             | -                                      | -                             | (39,427,858)                           | (134,716,082) |
| Total cash flows  | 97,296,567                    | -                                      | 68,186,301                    | (39,427,858)                           | 30,766,786    |
| Net reinsurance contract assets/(liabilities) as at 31 December | (176,792,989)                 | 346,066                                | (185,201,408)                 | 255,015,318                            | 125,888,570   |
| Reinsurance contract assets as at 31 December                   | (176,792,989)                 | 346,066                                | (57,545,527)                  | 149,459,094                            | 146,864,370   |
| Reinsurance contract liabilities as at 31 December              | -                             | -                                      | (127,655,881)                 | 105,556,224                            | (20,975,800)  |
| Net reinsurance contract assets/(liabilities) as at 31 December | (176,792,989)                 | 346,066                                | (185,201,408)                 | 255,015,318                            | 125,888,570   |



## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 9 Insurance and reinsurance contracts (continued)

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

#### Gross Insurance contract liabilities at 31 December 2023

| <i>Restated</i>  | 2016 and<br>prior<br>AED | 2017<br>AED   | 2018<br>AED   | 2019<br>AED   | 2020<br>AED   | 2021<br>AED   | 2022<br>AED   | 2023<br>AED   | Total<br>AED    |
|--|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| At the end of each reporting year  | 1,063,379,507            | 206,708,854   | 289,482,870   | 513,297,622   | 399,077,423   | 336,940,079   | 305,201,495   | 374,069,629   | 374,069,629     |
| One year later   | 1,049,998,527            | 191,259,704   | 261,270,119   | 482,305,594   | 385,519,890   | 305,803,750   | 274,240,481   | -             | 274,240,481     |
| Two years later  | 1,047,623,817            | 186,630,620   | 255,518,050   | 501,177,149   | 383,412,064   | 298,506,099   | -             | -             | 298,506,099     |
| Three years later  | 1,033,651,330            | 186,389,070   | 254,421,507   | 487,632,634   | 361,017,796   | -             | -             | -             | 361,017,796     |
| Four years later   | 1,031,214,261            | 185,210,124   | 253,471,505   | 390,269,413   | -             | -             | -             | -             | 390,269,413     |
| Five years later   | 1,024,881,234            | 183,898,132   | 250,802,385   | -             | -             | -             | -             | -             | 250,802,385     |
| Six years later  | 1,022,784,257            | 178,989,230   | -             | -             | -             | -             | -             | -             | 178,989,230     |
| Seven years later  | 911,653,578              | -             | -             | -             | -             | -             | -             | -             | 911,653,578     |
| Estimate of<br>cumulative claims   | 911,653,578              | 178,989,230   | 250,802,385   | 390,269,413   | 361,017,796   | 298,506,099   | 274,240,481   | 374,069,629   | 3,039,548,611   |
| Cumulative payments to date  | (911,112,456)            | (178,627,404) | (249,686,460) | (388,024,137) | (355,433,198) | (261,646,429) | (251,936,986) | (224,975,797) | (2,821,442,867) |
| Unallocated loss adjustment expense reserve  | 18,480                   | 12,357        | 38,110        | 76,679        | 190,711       | 1,267,575     | 808,531       | 5,893,290     | 8,305,733       |
| Claims payable   | 78,760                   | 52,663        | 162,422       | 326,797       | 724,113       | 5,122,661     | 2,348,678     | 15,031,597    | 23,847,691      |
| <b>Total gross undiscounted liabilities for incurred<br/>claims</b>                        | 638,362                  | 426,846       | 1,316,457     | 2,648,752     | 6,499,422     | 43,249,906    | 25,460,704    | 170,018,719   | 250,259,168     |
| Attributable expenses  |                          |               |               |               |               |               |               |               | 10,317,396      |
| Mathematical reserves  |                          |               |               |               |               |               |               |               | 8,074,436       |
| Effect of discounting  |                          |               |               |               |               |               |               |               | (5,940,625)     |
| <b>Total discounted gross reserves included in the<br/>statement of financial position</b> | 541,122                  | 361,826       | 1,115,925     | 2,245,276     | 5,584,598     | 36,859,670    | 22,303,495    | 149,093,832   | 262,710,375     |
| <b>Risk Adjustments</b>  |                          |               |               |               |               |               |               |               | 13,687,807      |

Ras Al Khaimah National Insurance Company P.S.C.

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

**9 Insurance and reinsurance contracts (continued)**

Net Insurance contract liabilities at 31 December 2023

| <i>Restated</i>  | 2016 and<br>prior<br>AED | 2017<br>AED  | 2018<br>AED   | 2019<br>AED   | 2020<br>AED   | 2021<br>AED   | 2022<br>AED   | 2023<br>AED   | Total<br>AED     |
|--|--------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| At the end of each reporting year  | 718,231,329              | 113,561,285  | 125,097,160   | 267,264,348   | 229,561,512   | 158,645,424   | 177,133,830   | 171,226,992   | 171,226,992      |
| One year later   | 721,240,889              | 105,199,030  | 112,608,458   | 256,386,377   | 224,471,018   | 153,057,798   | 167,647,611   | -             | 167,647,611      |
| Two years later  | 717,670,445              | 105,136,987  | 107,627,969   | 271,131,930   | 223,476,717   | 153,077,743   | -             | -             | 153,077,743      |
| Three years later  | 713,922,637              | 100,585,664  | 107,566,657   | 259,069,664   | 222,004,134   | -             | -             | -             | 222,004,134      |
| Four years later   | 713,190,105              | 100,051,847  | 107,299,494   | 171,078,744   | -             | -             | -             | -             | 171,078,744      |
| Five years later   | 711,856,838              | 99,535,024   | 106,527,746   | -             | -             | -             | -             | -             | 106,527,746      |
| Six years later  | 711,307,976              | 97,937,921   | -             | -             | -             | -             | -             | -             | 97,937,921       |
| Seven years later  | 676,259,294              | -            | -             | -             | -             | -             | -             | -             | 676,259,294      |
| Estimate of<br>cumulative claims   | 676,259,294              | 97,937,921   | 106,527,746   | 171,078,744   | 222,004,134   | 153,077,743   | 167,647,611   | 171,226,992   | 1,765,760,185    |
| Cumulative payments to date  | (676,197,445)            | (97,864,488) | (106,191,162) | (170,460,784) | (220,514,458) | (148,988,622) | (160,006,090) | (118,651,733) | (1,698,874,782)  |
| Unallocated loss adjustment expense reserve  | 18,480                   | 12,357       | 38,110        | 76,679        | 190,711       | 1,267,575     | 808,531       | 5,893,290     | 8,305,733        |
| Claim receivable – net   | (1,840,686)              | (1,230,793)  | (3,089,191)   | (6,462,791)   | (40,980,157)  | (30,198,630)  | (20,918,605)  | (47,062,103)  | (151,782,956)    |
| <b>Total net undiscounted liabilities for incurred<br/>claims</b>                        | (1,760,357)              | (1,145,003)  | (2,714,497)   | (5,768,152)   | (39,299,770)  | (24,841,934)  | (12,468,553)  | 11,406,446    | (76,591,820)     |
| Attributable expenses  |                          |              |               |               |               |               |               |               | 18,377,590       |
| Mathematical reserves  |                          |              |               |               |               |               |               |               | 8,074,436        |
| Effect of discounting  |                          |              |               |               |               |               |               |               | 3,146,824        |
| <b>Total discounted net reserves included in the<br/>statement of financial position</b> | 61,849                   | 73,433       | 336,584       | 617,960       | 1,489,676     | 4,089,121     | 7,641,521     | 52,575,259    | (46,992,970)     |
| <b>Net risk adjustments</b>  |                          |              |               |               |               |               |               |               | <u>3,389,376</u> |

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 10 Other receivables

|                                      | 2023<br>AED        | <i>Restated</i><br>2022<br>AED |
|--------------------------------------|--------------------|--------------------------------|
| Accrual of interest and other income | 1,063,049          | 795,702                        |
| Advances and prepayments             | 2,765,561          | 6,032,593                      |
| Other receivables                    | 5,641,678          | 5,261,677                      |
|                                      | <u>9,470,288</u>   | <u>12,089,972</u>              |
| Allowance for impairment             | <u>(4,944,733)</u> | <u>(2,751,057)</u>             |
|                                      | <u>4,525,555</u>   | <u>9,338,915</u>               |

Other receivables mainly pertain to an amount of AED 3.9 million (31 December 2022: AED 3.9 million) for the exposure to a Lebanese bank that does not meet the recognition and classification requirements of bank balances and fixed deposits (Note 12).

The Company measures the loss allowance for receivables at an amount equal to lifetime ECL. The expected credit losses on other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Movement in the allowance for impairment was as follows:

|  | 2023<br>AED      | 2022<br>AED      |
|--|------------------|------------------|
| Balance at the beginning of the year     | 2,751,057        | 2,352,382        |
| Provision for impairment during the year | 2,193,676        | 398,675          |
| <b>Balance at the end of the year</b>    | <u>4,944,733</u> | <u>2,751,057</u> |

#### 11 Cash and cash equivalents

|                             | 2023<br>AED       | 2022<br>AED      |
|-----------------------------|-------------------|------------------|
| Cash in hand                | 23,186            | 19,295           |
| Current accounts with banks | 28,482,204        | 9,609,452        |
|                             | <u>28,505,390</u> | <u>9,628,747</u> |

#### 12 Bank balances and fixed deposits

|   | 2023<br>AED        | 2022<br>AED        |
|---|--------------------|--------------------|
| Fixed deposits with original maturities greater than three months | 243,474,313        | 266,850,379        |
| Fixed deposits under lien   | 600,000            | 600,000            |
| Allowance for impairment  | <u>(122,537)</u>   | <u>(138,000)</u>   |
| <b>Total fixed deposits</b>                                       | <u>243,951,776</u> | <u>267,312,379</u> |

Certain fixed deposits with carrying amount of AED 600,000 as at 31 December 2023 (31 December 2022: AED 600,000) are under lien against letters of guarantee amounting to AED 550,000 (31 December 2022: AED 550,000). The interest rates on fixed deposits with banks range between 3.25% to 5.65% per annum (31 December 2022: 1.8% to 5.65% per annum). All fixed deposits are held in local banks in the United Arab Emirates.

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### 12 Bank balances and fixed deposits (continued)

As of 31 December 2023, fixed deposits with original maturities greater than three months disclosed above include deposits amounting to AED 61,989,754 (31 December 2022: AED 50,102,945) which are pledged against bank borrowings.

As at 31 December 2022, the exposure to a Lebanese bank was transferred to other receivables as it no longer meets the recognition and classification requirement of cash at bank (Note 10).

Details of allowance for impairment as per IFRS 9 were as follows:

|   | 2023<br>AED    | 2022<br>AED    |
|---|----------------|----------------|
| Balance at the beginning of the year                  | 138,000        | 1,532,788      |
| (Reversal) / provision for impairment during the year | (15,463)       | 928            |
| Transfer of provision for asset in Lebanon            | -              | (1,395,716)    |
| Balance at the end of the year                        | <u>122,537</u> | <u>138,000</u> |

All the bank balances and fixed deposits in scope of the impairment model are in stage 1 and there have been no movements between the stages during the year.

#### 13 Share capital

|   | 2023<br>AED        | 2022<br>AED        |
|---|--------------------|--------------------|
| Authorised, issued and fully paid:<br>121.275 million ordinary shares of AED 1 each | <u>121,275,000</u> | <u>121,275,000</u> |

(31 December 2022: 121.275 million ordinary shares of AED 1 each)

#### 14 Reserves

##### Statutory reserve

In accordance with the Companies Law, and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. Accordingly, during the year ended 31 December 2023, the Company transferred AED 1,454,118 from accumulated losses to statutory reserves (no transfer was made during the year ended 31 December 2022 as the Company incurred a loss).

##### Voluntary reserve

As per the Company's Articles of Association, voluntary reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilised for any other purpose unless approved by the Shareholders' General Assembly. No transfer to voluntary reserve was made during the years ended 31 December 2023 and 31 December 2022.

##### Reinsurance reserve

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company has transferred AED 1,093,105 from 'Accumulated losses / retained earnings' to the 'Reinsurance Reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2023 (year ended 31 December 2022: AED 930,545). The Company shall accumulate such provision year on year and shall not dispose of the reserve without the written approval of the assistant governor of the banking and insurance supervision department within CBUAE.

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### 15 Provision for employees' end of service indemnity

|                              | 2023<br>AED      | 2022<br>AED      |
|------------------------------|------------------|------------------|
| Balance at the 1 January     | 6,256,759        | 6,115,257        |
| Charge for the year          | 1,256,087        | 1,713,835        |
| Amounts paid during the year | (1,166,963)      | (1,572,333)      |
| Balance at 31 December       | <u>6,345,883</u> | <u>6,256,759</u> |

#### 16 Bank borrowings

|                 | 2023<br>AED       | 2022<br>AED       |
|-----------------|-------------------|-------------------|
| Bank overdrafts | <u>59,380,752</u> | <u>50,000,000</u> |

Overdraft facilities are secured against fixed deposit with carrying value of AED 61,989,754 (31 December 2022: AED 50,102,945). The overdraft carries an interest rate of 0.5% above the interest rate earned on the fixed deposits secured against the overdraft facilities and are repayable on demand.

#### 17 Other payables

|                        | 2023<br>AED       | <i>Restated</i><br>2022<br>AED |
|------------------------|-------------------|--------------------------------|
| Accrued expenses       | 6,443,127         | 6,328,369                      |
| Due to related parties | 4,113,408         | 1,513,044                      |
| Other payable balances | 973,161           | 732,576                        |
| Payables to suppliers  | 555,939           | 369,667                        |
| Dividends payable      | -                 | 1,925,372                      |
|                        | <u>12,085,635</u> | <u>10,869,028</u>              |

Accrued expenses relate to amounts incurred in the normal course of business such as fees payable to regulators and other professionals.

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 18 Insurance service expenses

|   | Life and<br>medical<br>AED | General<br>and motor<br>AED | Total<br>AED        |
|---|----------------------------|-----------------------------|---------------------|
| <b>For the year ended 31 December 2023</b>                |                            |                             |                     |
| Incurring claims and other expenses                       | 290,945,076                | 143,005,477                 | 433,950,553         |
| Amortisation of insurance acquisition cash flows          | 36,078,905                 | 38,565,009                  | 74,643,914          |
| Losses on onerous contracts and reversals of those losses | 5,933,786                  | (5,267,649)                 | 666,137             |
| Changes to liabilities for incurred claims                | <u>(46,465,737)</u>        | <u>(43,354,169)</u>         | <u>(89,819,906)</u> |
|   | <u>286,492,030</u>         | <u>132,948,668</u>          | <u>419,440,698</u>  |
| <i>Restated</i>   |                            |                             |                     |
| <b>For the year ended 31 December 2022</b>                |                            |                             |                     |
| Incurring claims and other expenses                       | 275,330,501                | 109,131,257                 | 384,461,758         |
| Amortisation of insurance acquisition cash flows          | 70,808,628                 | 38,142,892                  | 108,951,520         |
| Losses on onerous contracts and reversals of those losses | (167,246)                  | 1,095,771                   | 928,525             |
| Changes to liabilities for incurred claims                | <u>(52,677,901)</u>        | <u>(38,597,654)</u>         | <u>(91,275,555)</u> |
|   | <u>293,293,982</u>         | <u>109,772,266</u>          | <u>403,066,248</u>  |

**Ras Al Khaimah National Insurance Company P.S.C.**

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

**19 Total investment income and net insurance financial result**

The table below presents an analysis of total investment income and insurance financial result recognised in profit or loss and OCI in the year:

| For the year ended 31 December 2023  | Life and<br>Medical | General and<br>Motor | Total               |
|--|---------------------|----------------------|---------------------|
|  | AED                 | AED                  | AED                 |
| <b>Investment income</b>   |                     |                      |                     |
| <b>Amounts recognised in the profit or loss</b>                                |                     |                      |                     |
| Interest income  | 4,792,379           | 9,477,315            | 14,269,694          |
| Dividend income from financial investments                                     | -                   | 239,866              | 239,866             |
| Realised gain on disposal of financial investments at FVTPL                    | -                   | 864,540              | 864,540             |
| Impairment charge on financial investments at FVTOCI                           | -                   | (479,118)            | (479,118)           |
| Other income   | -                   | 8,400                | 8,400               |
|  | <u>4,792,379</u>    | <u>10,111,003</u>    | <u>14,903,382</u>   |
| <b>Insurance finance income/(expenses) from insurance contracts issued</b>     |                     |                      |                     |
| Interest accreted to insurance contracts using current financial assumptions   | (3,562,616)         | (6,768,598)          | (10,331,214)        |
| Due to changes in interest rates and other financial assumptions               | 54,512              | (33,285)             | 21,227              |
| <b>Total insurance finance expenses from insurance contracts issued</b>        | <u>(3,508,104)</u>  | <u>(6,801,883)</u>   | <u>(10,309,987)</u> |
| <b>Reinsurance finance income/(expenses) from reinsurance contracts held</b>   |                     |                      |                     |
| Interest accreted to reinsurance contracts using current financial assumptions | 12,774,167          | 10,818,922           | 23,593,089          |
| Changes in non-performance risk of reinsurer                                   | 998,400             | (2,875,752)          | (1,877,352)         |
| Due to changes in interest rates and other financial assumptions               | (454,177)           | (317,197)            | (771,374)           |
| <b>Reinsurance finance income from reinsurance contracts held</b>              | <u>13,318,390</u>   | <u>7,625,973</u>     | <u>20,944,363</u>   |
| <b>Total insurance finance expenses and reinsurance finance income</b>         | <u>9,810,286</u>    | <u>824,090</u>       | <u>10,634,376</u>   |

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 19 Total investment income and net insurance financial result (continued)

The table below presents an analysis of total investment income and insurance financial result recognised in profit or loss and OCI in the year:

| For the year ended 31 December 2022 <i>(restated)</i>                          | Life and<br>Medical<br>AED | General and<br>Motor<br>AED | Total<br>AED |
|--|----------------------------|-----------------------------|--------------|
| <b>Investment income</b>   |                            |                             |              |
| Amounts recognised in the profit or loss                                       |                            |                             |              |
| Interest income  | 1,806,010                  | 7,814,909                   | 9,620,919    |
| Dividend income from financial investments                                     | -                          | 65,944                      | 65,944       |
| Other income   | -                          | 129,592                     | 129,592      |
|  | 1,806,010                  | 8,010,445                   | 9,816,455    |
| <br>   |                            |                             |              |
| <i>Insurance finance income/ (expenses) from insurance contracts issued</i>    |                            |                             |              |
| Interest accreted to insurance contracts using current financial assumptions   | (1,030,071)                | (1,917,969)                 | (2,948,040)  |
| Due to changes in interest rates and other financial assumptions               | 764,816                    | 2,731,425                   | 3,496,241    |
| Total insurance finance income from insurance contracts issued                 | (265,255)                  | 813,456                     | 548,201      |
| <br>   |                            |                             |              |
| <i>Reinsurance finance income/ (expenses) from reinsurance contracts held</i>  |                            |                             |              |
| Interest accreted to reinsurance contracts using current financial assumptions | 3,827,204                  | 4,004,058                   | 7,831,262    |
| Changes in non-performance risk of reinsurer                                   | (9,339,522)                | (146,342)                   | (9,485,864)  |
| Due to changes in interest rates and other financial assumptions               | (1,195,673)                | (3,168,955)                 | (4,364,628)  |
| Reinsurance finance expenses from reinsurance contracts held                   | (6,707,991)                | 688,761                     | (6,019,230)  |
| Total insurance finance expenses and reinsurance finance income                | (6,973,246)                | 1,502,217                   | (5,471,029)  |

#### 20 Social contributions

Social contributions during the year ended 31 December 2023 amounted to AED 15,281 (31 December 2022: AED 31,980).



## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 21 Basic and diluted profit / (loss) per share

|  | 2023               | <i>Restated</i><br>2022 |
|--|--------------------|-------------------------|
| Profit/(loss) for the year (in AED)                | <u>14,541,174</u>  | <u>(35,464,307)</u>     |
| Number of shares                                   | <u>121,275,000</u> | <u>121,275,000</u>      |
| Basic and diluted profit/(loss) per share (in AED) | <u>0.12</u>        | <u>(0.29)</u>           |

Basic profit / (loss) per share is calculated by dividing the profit / (loss) for the year by the number of weighted average shares outstanding during the reporting year. Diluted profit / (loss) per share is equivalent to basic profit / (loss) per share as the Company did not issue any new instrument that would impact profit / (loss) per share when executed.

#### 22 Related party balances and transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party. Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

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

|  | 2023<br>AED        | 2022<br>AED         |
|--|--------------------|---------------------|
| Due from Parent Company (insurance contract liabilities)                             | 18,640,376         | -                   |
| Due from Directors (insurance contract liabilities)                                  | 1,093              | 44,648              |
| Due from other related parties under common control (insurance contract liabilities) | <u>10,160,171</u>  | <u>10,853,196</u>   |
| Total due from related parties   | <u>28,801,640</u>  | <u>10,897,844</u>   |
| Due to Parent company (insurance contract liabilities)                               | -                  | (12,185,455)        |
| Due to Parent company (other payables)   | <u>(4,113,407)</u> | <u>(1,513,044)</u>  |
| Total due to related parties   | <u>(4,113,407)</u> | <u>(13,698,499)</u> |
|  | 2023<br>AED        | 2022<br>AED         |
| Fixed deposits placed with Parent company  | <u>119,797,824</u> | <u>124,017,267</u>  |
| Bank balances placed with Parent company   | <u>17,505,602</u>  | <u>8,634,651</u>    |

Balances receivables from related parties are interest free and repayable on demand.

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 22 Related party balances and transactions (continued)

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

|  | 2023         | <i>Restated</i><br>2022 |
|--|--------------|-------------------------|
|  | AED          | AED                     |
| Insurance revenue (Parent company)                 | 121,284,186  | 117,405,402             |
| Insurance revenue (Directors)                      | 82,150       | 56,428                  |
| Insurance revenue (other related parties)          | 16,366,368   | 9,846,647               |
| Insurance service expenses (Parent company)        | (63,570,845) | (94,486,973)            |
| Insurance service expenses (Directors)             | (384,294)    | (101,160)               |
| Insurance service expenses (other related parties) | (44,090,114) | (4,850,199)             |
| Other expenses (Parent company)                    | (3,929,816)  | (209,000)               |
| Investment income (Parent company)                 | 6,130,498    | 1,520,506               |
| Dividends (Parent company)                         | -            | (7,687,069)             |
| Dividends (Directors)                              | -            | (1,538,560)             |

During the year ended 31 December 2023, the Company has sold financial assets at AED 1.9 million (31 December 2022: AED 19.9 million) and purchased financial assets at FVTOCI amounting to AED 22.7 million (31 December 2022: nil) through the Parent company.

#### Key management personnel compensation

|                                  | 2023             | 2022             |
|----------------------------------|------------------|------------------|
|                                  | AED              | AED              |
| Board of Directors' remuneration | 1,402,269        | -                |
| Short-term benefits              | 6,794,571        | 7,680,255        |
| Long-term benefits               | 313,694          | 467,931          |
|                                  | <u>8,510,534</u> | <u>8,148,186</u> |

#### 23 Operating expenses

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | AED               | AED               |
| Professional fees                                  | 3,817,777         | 2,652,382         |
| Staff cost   | 3,523,656         | 3,773,602         |
| Provision for bad debt                             | 1,989,994         | 610,633           |
| Information technology                             | 1,594,942         | 1,042,734         |
| Board of Directors' remuneration                   | 1,402,269         | -                 |
| Amortisation of intangible assets                  | 651,157           | 652,047           |
| Rental costs – operating leases                    | 403,282           | 430,404           |
| Depreciation of property and equipment & write off | 371,032           | 387,130           |
| Communication expenses                             | 263,050           | 352,579           |
| Utilities and maintenance                          | 79,740            | 104,589           |
| Administration                                     | 74,328            | 66,574            |
| Travel and entertainment expenses                  | 43,567            | 47,574            |
| Bank charges                                       | 38,679            | 371,904           |
| License expenses and membership fees               | 28,544            | 32,963            |
| Marketing expenses                                 | 4,536             | 17,453            |
| Other expenses                                     | -                 | 277,230           |
|  | <u>14,286,553</u> | <u>10,819,798</u> |

Other operating expenses relate to items that do not form part of insurance service result.

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### 24 Other underwriting income

Other underwriting income includes admin fee earned for Credit Islamic Business on fronting arrangements with other insurance companies in the UAE.

#### 25 Contingent liabilities

|                      | 2023              | 2022              |
|----------------------|-------------------|-------------------|
|                      | AED               | AED               |
| Letters of guarantee | <u>10,567,410</u> | <u>10,567,341</u> |

Letters of guarantee includes AED 10 million (31 December 2022: AED 10 million) issued in favour of the CBUAE. The above guarantees were issued in the normal course of business. The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

#### 26 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 very nature of an insurance contract, this risk is random and therefore unpredictable. The Company writes the general, medical and life insurance contracts. General insurance contracts of the Company include Liability, Property, Motor, Fire, Marine and Engineering insurance contracts. Medical insurance contracts include both individual and group medical insurance contracts. Life insurance contracts include group, retail and credit life insurance contracts.

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

#### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **26 Insurance risk (continued)**

##### *Risk management framework (continued)*

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

The Company's Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit and Risk Committee is assisted in its oversight role by Internal Audit and Risk functions.

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

##### *Underwriting strategy*

The Company's underwriting strategy is to build balanced portfolios based on a large number of similar risks. This reduces the variability of the portfolio's outcome.

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio.

##### *Reinsurance strategy*

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Company has a Reinsurance department that is responsible for setting the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy.

The Company enters into a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

##### *Frequency and severity of claims*

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

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

The reinsurance arrangements include excess of loss and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set limit of AED 700,000 per vehicle/Event for motor insurance and AED 100,000 per member for medical insurance class of business in any policy (2022: AED 245,000 for motor insurance and AED 100,000 for medical insurance). Similarly, net loss retained for general lines of business will not exceed AED 2,250,000 and for event loss AED 4,500,000 (2022: net loss retained for business will not exceed 1,500,000 and for event loss AED 4,500,000). In addition to the overall Company reinsurance program, business units are permitted to purchase additional facultative reinsurance protection, if needed.

---

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 26 Insurance risk (continued)

##### *Frequency and severity of claims (continued)*

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

|                   | As at 31 December 2023 |                      |                    |
|-------------------|------------------------|----------------------|--------------------|
|                   | Gross<br>AED           | Reinsurance<br>AED   | Net<br>AED         |
| Life and Medical  | 148,209,844            | (75,255,080)         | 72,954,764         |
| Motor and General | 216,460,448            | (99,659,150)         | 116,801,298        |
|                   | <u>364,670,292</u>     | <u>(174,914,230)</u> | <u>189,756,062</u> |
|                   | As at 31 December 2022 |                      |                    |
|                   | Gross<br>AED           | Reinsurance<br>AED   | Net<br>AED         |
| Life and Medical  | 149,034,922            | (48,589,531)         | 100,445,391        |
| Motor and General | 180,848,627            | (77,299,039)         | 103,549,588        |
|                   | <u>329,883,549</u>     | <u>(125,888,570)</u> | <u>203,994,979</u> |

##### *Sources of uncertainty in the estimation of future claim payments*

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until several months, quarters & sometimes years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. The Company involved an independent external actuary as well if deemed necessary. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

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

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 26 Insurance risk (continued)

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

The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the end of the reporting period.

The amount of insurance claims is in some cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are based on Actuarial calculation which can be based purely on historical development of claims or Expected Loss Ratios or a combination of both. The method and weightage are based on the merit of the line of business. The Expected Loss-Ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

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

|  | For the year ended<br>31 December 2023 |                   | For the year ended<br>31 December 2022 |                   |
|--|--|-------------------|--|-------------------|
|  | Gross loss<br>ratio                    | Net loss<br>ratio | Gross loss<br>ratio                    | Net loss<br>ratio |
| Motor  | 67%                                    | 67%               | 99%                                    | 110%              |
| Marine and aviation                                | 7%                                     | 3%                | 17%                                    | 18%               |
| Medical  | 104%                                   | 88%               | 90%                                    | 89%               |
| Life   | 18%                                    | 2%                | 4%                                     | -1%               |
| Engineering, fire, general<br>accidents and others | 59%                                    | 40%               | 19%                                    | 16%               |

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

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

|   | For the year ended 31 December |                  |
|---|--------------------------------|------------------|
|   | 2023<br>AED                    | 2022<br>AED      |
| <b>Impact of change in loss ratio by +/- 1%</b> |                                |                  |
| Medical   | 1,147,102                      | 1,420,496        |
| Motor   | 327,895                        | 439,919          |
| Engineering, fire, general accidents and others | 96,696                         | 35,645           |
| Life  | 11,722                         | (4,124)          |
| Marine and aviation                             | 412                            | 2,613            |
|   | <b>1,583,827</b>               | <b>1,894,549</b> |

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **26 Insurance risk (continued)**

##### *Process used to decide on assumptions*

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

The Company uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year. Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that a weighted average of different techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary and independent external actuaries are also involved in the valuation of technical reserves of the Company and has used historical data for the past 9 years.

The Company did not change its assumptions for the valuation of the insurance contract liabilities during the year other than those disclosed.

##### *Concentration of insurance risk*

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

To minimise its exposure to significant losses from reinsurer insolvencies, the Company primarily deals with reputed counter parties and monitors the receivable position from these parties on a regular basis.

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 27 Capital risk management

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

- to comply with the insurance capital requirements required by UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations;
- to protect its policyholders' interests;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

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

|                            | As at 31 December  |                    |
|----------------------------|--------------------|--------------------|
|                            | 2023               | 2022               |
|                            | AED                | AED                |
| Total capital held         | <u>121,275,000</u> | <u>121,275,000</u> |
| Minimum regulatory capital | <u>100,000,000</u> | <u>100,000,000</u> |

The CBUAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid up capital of AED 100 million for establishing insurance companies and AED 250 million for reinsurance companies. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Company is in compliance with these rules.

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the year. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table on the next page summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | AED               | AED               |
| Minimum Capital Requirement (MCR)                          | 100,000,000       | 100,000,000       |
| Solvency Capital Requirement (SCR)                         | 68,817,200        | 56,600,411        |
| Minimum Guarantee Fund (MGF)                               | 69,303,442        | 71,909,398        |
| Basic Own Funds  | 139,201,083       | 115,146,083       |
| MCR Solvency Margin - Minimum Capital Requirement surplus  | 39,201,083        | 15,146,083        |
| SCR Solvency Margin - Solvency Capital Requirement surplus | 70,383,882        | 58,545,672        |
| MGF Solvency Margin - Minimum Guarantee Fund surplus       | <u>69,897,640</u> | <u>43,236,685</u> |



## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 28 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- Level 2 the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in Level 2.
- Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

The fair values of financial assets and financial liabilities are determined using the same valuation techniques and assumptions as those used for the year ended 31 December 2022.

#### *Fair value of the Company's financial assets that are measured at fair value on recurring basis*

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

| Financial assets         | Fair value as at |                  | Fair value hierarchy | Valuation techniques and key inputs   | Significant unobservable input | Relationship of unobservable inputs to fair value |
|--------------------------|------------------|------------------|----------------------|---------------------------------------|--------------------------------|---|
|                          | 31 December 2023 | 31 December 2022 |                      |                                       |                                |   |
|                          | AED              | AED              |                      |                                       |                                |   |
| <b>FVTOCI:</b>           |                  |                  |                      |                                       |                                |   |
| Debt securities          | 131,348,329      | 106,416,035      | Level 1              | Quoted bid prices in an active market | None                           | N/A   |
| Quoted equity securities | 3,835,742        | 1,994,312        | Level 1              | Quoted bid prices in an active market | None                           | N/A   |

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

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **29 Financial risk**

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

##### ***Market risk***

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks may arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis.

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

##### ***Foreign currency risk***

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

Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Company has not hedged its foreign currency exposure.

##### ***Equity and debt price risk***

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

At the end of the reporting period, if the equity and debt prices are 10% higher / lower as per the assumptions mentioned below and all the other variables were held constant, the Company's other comprehensive income for the year ended 31 December 2023 would have increased / (decreased) by AED 13,518,407 (year ended 31 December 2022: AED 10,841,035).

Method and assumptions for sensitivity analysis:

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

##### ***Interest rate risk***

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is not significantly exposed to interest rate risk on its financial investments in debt instruments and term deposits since they carry fixed interest rates. As such, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

## Ras Al Khaimah National Insurance Company P.S.C.

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

### 29 Financial risk (continued)

#### Interest rate risk (continued)

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

The Company is exposed to interest rate risk on:

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

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

#### 31 December 2023

|                        | <u>Impact on<br/>profit gross<br/>of<br/>reinsurance</u> | <u>Impact on profit<br/>net of reinsurance</u> | <u>Impact on<br/>equity gross<br/>of reinsurance</u> | <u>Impact on equity<br/>net of<br/>reinsurance</u> |
|------------------------|--|--|--|--|
| <b>Risk Adjustment</b> |  |  |  |  |
| 1% increase            | (2,581,383)  | (908,511)                                      | (2,581,383)  | (908,511)  |
| 1% decrease            | 2,581,383  | 908,511  | 2,581,383  | 908,511  |
| <b>Discounting</b>     |  |  |  |  |
| 1% increase            | 1,182,864  | (43,898)                                       | 1,182,864  | (43,898)   |
| 1% decrease            | (1,195,762)  | 41,362   | (1,195,762)  | 41,362   |

#### 31 December 2022

|                        | <u>Impact on profit<br/>gross of<br/>reinsurance</u> | <u>Impact on profit<br/>net of<br/>reinsurance</u> | <u>Impact on<br/>equity gross of<br/>reinsurance</u> | <u>Impact on equity<br/>net of reinsurance</u> |
|------------------------|--|--|--|--|
| <b>Risk adjustment</b> |  |  |  |  |
| 1% increase            | (2,019,670)  | (952,918)  | (2,019,670)  | (952,918)                                      |
| 1% decrease            | 2,019,670  | 952,918  | 2,019,670  | 952,918  |
| <b>Discounting</b>     |  |  |  |  |
| 1% increase            | 1,915,373  | (666,821)  | 1,915,373  | (666,821)                                      |
| 1% decrease            | (2,064,303)  | 569,416  | (2,064,303)  | 569,416  |

## Ras Al Khaimah National Insurance Company P.S.C.

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

---

#### **29 Financial risk (continued)**

##### *Credit risk*

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

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

- reinsurance contract assets;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due from other insurance companies;
- investments in debt instruments;
- cash and cash equivalents excluding cash in hand; and
- fixed deposits

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by Management annually. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

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

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

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

For insurance and other receivables, the Company applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for insurance and other receivables. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions.

Of the bank balances and fixed deposits balance at the end of year, AED 137 million (2022: AED 133 million) is placed with one bank. The credit risk on liquid funds is limited because the single largest counterparty is a UAE sovereign bank.

The table on the next page presents an analysis of bank balances and fixed deposits by rating agency designation at the end of the reporting period based on Moody's rating or its equivalent for the main banking relationships:

## Ras Al Khaimah National Insurance Company P.S.C.

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

### 29 Financial risk (continued)

#### *Credit risk (continued)*

|      | As at 31 December  |                    |
|------|--------------------|--------------------|
|      | 2023<br>AED        | 2022<br>AED        |
| Aa3  | 282,937            | 869,508            |
| A1   | 1,189              | 189                |
| A3   | 6,239              | 8,235              |
| Baa1 | 255,526,226        | 286,063,194        |
| Ba1  | 26,640,575         | -                  |
|      | <u>282,457,166</u> | <u>286,941,126</u> |

The Company's financial assets at FVTOCI are held across various countries. The table below presents an analysis of financial assets at FVTOCI by rating agency designation at the end of the reporting period based on Moody's rating or its equivalent:

|           | As at 31 December  |                    |
|-----------|--------------------|--------------------|
|           | 2023<br>AED        | 2022<br>AED        |
| Aa2       | 20,476,972         | 13,203,552         |
| Aa3       | 5,491,499          | 5,433,573          |
| A1        | 10,897,732         | 12,971,124         |
| A2        | 9,674,938          | 6,431,626          |
| A3        | 15,508,942         | 8,594,724          |
| Baa1      | 15,588,575         | 11,962,576         |
| Baa2      | -                  | 1,961,285          |
| Baa3      | 138,632            | 8,548,433          |
| Ba1       | 31,647,883         | 4,843,013          |
| Ba2       | 6,723,490          | 17,112,292         |
| Ba3       | -                  | 5,307,952          |
| B1        | 12,286,112         | 7,248,595          |
| Not rated | 6,749,296          | 4,791,602          |
|           | <u>135,184,071</u> | <u>108,410,347</u> |

All the Company's debt investments measured at fair value through other comprehensive income are considered to have low credit risk, and the impairment charge recognised during the year was therefore limited to 12 months' expected losses. A 10% increase / (decrease) in the probability of default and loss given default estimates as at 31 December 2023 would result in an increase / (decrease) of AED 68,302 (2022: increase / (decrease) of AED 61,554) in total expected credit loss allowances on FVTOCI investments, bank balances and fixed deposits.

#### **Liquidity risk**

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities to ensure that funds are available to meet its commitments for liabilities as they fall due.

## Ras Al Khaimah National Insurance Company P.S.C.

### Notes to the financial statements

For the year ended 31 December 2023

#### 29 Financial risk (continued)

##### Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial assets, financial liabilities, insurance contract liabilities and reinsurance contracts assets held. The maturity analysis has been presented on a contractual undiscounted cash flow basis except for insurance contract liabilities and reinsurance contract assets held which have been presented on their expected cash flows.

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

|   | Less than 1<br>year<br>AED | 1-5 years<br>AED   | 5+ years<br>AED   | No maturity<br>AED | Total<br>AED       |
|---|----------------------------|--------------------|-------------------|--------------------|--------------------|
| <b>31 December 2023</b>                                   |                            |                    |                   |                    |                    |
| <b>Financial assets</b>                                   |                            |                    |                   |                    |                    |
| FVTOCI investments – debt                                 | 58,643,868                 | 10,380,090         | 62,324,371        | -                  | 131,348,329        |
| FVTOCI investments – equity                               | -                          | -                  | -                 | 3,835,742          | 3,835,742          |
| Statutory deposit   | -                          | -                  | -                 | 10,000,000         | 10,000,000         |
| Other receivables (excluding<br>advances and prepayments) | 1,759,994                  | -                  | -                 | -                  | 1,759,994          |
| Bank balances and fixed deposits                          | 194,497,309                | 49,454,467         | -                 | -                  | 243,951,776        |
| Cash and cash equivalents                                 | 28,505,390                 | -                  | -                 | -                  | 28,505,390         |
|   | <u>283,406,561</u>         | <u>59,834,557</u>  | <u>62,324,371</u> | <u>13,835,742</u>  | <u>419,401,231</u> |
| <b>Financial liabilities</b>                              |                            |                    |                   |                    |                    |
| Bank borrowings   | 59,380,752                 | -                  | -                 | -                  | 59,380,752         |
| Other payables (excluding<br>accrued expenses)            | 5,642,508                  | -                  | -                 | -                  | 5,642,508          |
|   | <u>65,023,260</u>          | <u>-</u>           | <u>-</u>          | <u>-</u>           | <u>65,023,260</u>  |
| <b>31 December 2022</b>                                   |                            |                    |                   |                    |                    |
| <b>Financial assets</b>                                   |                            |                    |                   |                    |                    |
| FVTOCI investments – debt                                 | 1,868,018                  | 37,821,836         | 66,726,181        | -                  | 106,416,035        |
| FVTOCI investments – equity                               | -                          | -                  | -                 | 1,994,312          | 1,994,312          |
| Statutory deposit   | -                          | -                  | -                 | 10,000,000         | 10,000,000         |
| Other receivables (excluding<br>advances and prepayments) | 3,306,322                  | -                  | -                 | -                  | 3,306,322          |
| Bank balances and fixed deposits                          | 153,578,256                | 113,734,123        | -                 | -                  | 267,312,379        |
| Cash and cash equivalents                                 | 9,628,747                  | -                  | -                 | -                  | 9,628,747          |
|   | <u>168,381,343</u>         | <u>151,555,959</u> | <u>66,726,181</u> | <u>11,994,312</u>  | <u>398,657,795</u> |
| <b>Financial liabilities</b>                              |                            |                    |                   |                    |                    |
| Bank borrowings   | 50,000,000                 | -                  | -                 | -                  | 50,000,000         |
| Other payables (excluding<br>accrued expenses)            | 4,540,659                  | -                  | -                 | -                  | 4,540,659          |
|   | <u>54,540,659</u>          | <u>-</u>           | <u>-</u>          | <u>-</u>           | <u>54,540,659</u>  |

## Ras Al Khaimah National Insurance Company P.S.C.

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

### 29 Financial risk (continued)

#### Liquidity risk (continued)

|                                    | Less than 1<br>year<br>AED | 1-5<br>years<br>AED | 5+<br>years<br>AED | Total<br>AED       |
|------------------------------------|----------------------------|---------------------|--------------------|--------------------|
| <b>31 December 2023</b>            |                            |                     |                    |                    |
| Reinsurance contract assets        | 106,089,739                | 68,132,049          | 2,090,698          | 176,312,486        |
| Insurance contract liabilities     | 260,403,343                | 101,462,579         | 2,804,370          | 364,670,292        |
| Reinsurance contract liabilities   | 1,398,256                  | -                   | -                  | 1,398,256          |
|                                    | <b>261,801,599</b>         | <b>101,462,579</b>  | <b>2,804,370</b>   | <b>366,068,548</b> |
| <b>31 December 2022 (restated)</b> |                            |                     |                    |                    |
| Reinsurance contract assets        | 115,975,251                | 30,863,903          | 25,216             | 146,864,370        |
| Insurance contract liabilities     | 275,222,048                | 54,613,577          | 47,924             | 329,883,549        |
| Reinsurance contract liabilities   | 20,975,800                 | -                   | -                  | 20,975,800         |
|                                    | <b>296,197,848</b>         | <b>54,613,577</b>   | <b>47,924</b>      | <b>350,859,349</b> |

#### Operational risk

Operational risk is the risk of loss arising from system failures, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation, and reconciliation procedures, staff education and assessment processes.

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 30 Segment information

The Company is organised into two segments: Life and Medical as one segment and Motor and General as the other segment.

These segments are the basis on which the Company reports its primary segment information to the Chief Executive Officer. Insurance revenue represent the total income arising from insurance contracts. The Company does not conduct any business outside the UAE. There are no transactions between the business segments.

The following is an analysis of the Company's income statement classified by major segments:

|   | For the year ended 31 December 2023 |                             |                     |
|---|-------------------------------------|-----------------------------|---------------------|
|   | Life and<br>Medical<br>AED          | Motor and<br>General<br>AED | Total<br>AED        |
| Insurance revenue   | 304,305,933                         | 160,067,246                 | 464,373,179         |
| Insurance service expenses  | (286,492,025)                       | (132,948,673)               | (419,440,698)       |
| <b>Insurance service result before reinsurance contracts held</b> | <b>17,813,908</b>                   | <b>27,118,573</b>           | <b>44,932,481</b>   |
| Allocation of reinsurance premiums                                | (123,735,434)                       | (79,472,675)                | (203,208,109)       |
| Amounts recoverable from reinsurance                              | 116,020,006                         | 42,634,202                  | 158,654,208         |
| <b>Net expenses from reinsurance contracts held</b>               | <b>(7,715,428)</b>                  | <b>(36,838,473)</b>         | <b>(44,553,901)</b> |
| Investment income   | 4,792,379                           | 10,111,003                  | 14,903,382          |
| Finance expenses from insurance contracts issued                  | (3,508,104)                         | (6,801,883)                 | (10,309,987)        |
| Finance income from reinsurance contracts held                    | 13,318,390                          | 7,625,973                   | 20,944,363          |
| <b>Net insurance financial result</b>                             | <b>9,810,286</b>                    | <b>824,090</b>              | <b>10,634,376</b>   |
| Mathematical reserves   | (224,191)                           | -                           | (224,191)           |
| Other operating expenses  | (6,734,426)                         | (7,552,127)                 | (14,286,553)        |
| Other underwriting income   | 3,135,580                           | -                           | 3,135,580           |
| <b>Profit / (loss) for the year</b>                               | <b>20,878,108</b>                   | <b>(6,336,934)</b>          | <b>14,541,174</b>   |



## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 30 Segment information (continued)

|  | For the year ended 31 December 2022 <i>(restated)</i> |                             |               |
|--|---|-----------------------------|---------------|
|  | Life and<br>Medical<br>AED                            | Motor and<br>General<br>AED | Total<br>AED  |
| Insurance revenue  | 309,238,781   | 149,288,859                 | 458,527,640   |
| Insurance service expenses                                 | (293,293,982)   | (109,772,266)               | (403,066,248) |
| Insurance service result before reinsurance contracts held | 15,944,799  | 39,516,593                  | 55,461,392    |
| Allocation of reinsurance premiums                         | (91,705,253)  | (82,785,486)                | (174,490,739) |
| Amounts recoverable from reinsurance                       | 65,514,076  | 18,947,151                  | 84,461,227    |
| Net expenses from reinsurance contracts held               | (26,191,177)  | (63,838,335)                | (90,029,512)  |
| Investment income  | 1,806,010   | 8,010,445                   | 9,816,455     |
| Finance income from insurance contracts issued             | (265,254)   | 813,455                     | 548,201       |
| Finance expenses from reinsurance contracts held           | (6,707,991)   | 688,761                     | (6,019,230)   |
| Net insurance financial result                             | (6,973,245)   | 1,502,216                   | (5,471,029)   |
| Mathematical reserves                                      | 1,925,692   | -                           | 1,925,692     |
| Other operating expenses                                   | (5,196,139)   | (5,623,659)                 | (10,819,798)  |
| Other underwriting income                                  | 3,652,493   | -                           | 3,652,493     |
| Loss for the year  | (15,031,567)  | (20,432,740)                | (35,464,307)  |

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

|                   | As at 31 December 2023     |                             |              |
|-------------------|----------------------------|-----------------------------|--------------|
|                   | Life and<br>Medical<br>AED | Motor and<br>General<br>AED | Total<br>AED |
| Total assets      | 194,977,156                | 408,456,264                 | 603,433,420  |
| Total equity      | (1,936,594)                | 161,489,196                 | 159,552,602  |
| Total liabilities | 196,913,750                | 246,967,068                 | 443,880,818  |

|                   | As at 31 December 2022 <i>(restated)</i> |                             |              |
|-------------------|--|-----------------------------|--------------|
|                   | Life and<br>Medical<br>AED               | Motor and<br>General<br>AED | Total<br>AED |
| Total assets      | 182,144,238                              | 376,323,956                 | 558,468,194  |
| Total equity      | (9,877,294)                              | 150,360,352                 | 140,483,058  |
| Total liabilities | 192,021,532                              | 225,963,604                 | 417,985,136  |

## Ras Al Khaimah National Insurance Company P.S.C.

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

#### 30 Segment information (continued)

##### Gross written premium

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

| 31 December 2023              | Life<br>Insurance<br>AED | Fund<br>Accumulation<br>AED | Medical<br>Insurance<br>AED | Property &<br>Liability<br>AED | All types of<br>Business<br>Combined<br>AED |
|-------------------------------|--------------------------|-----------------------------|-----------------------------|--------------------------------|---|
| Direct Written Premiums       | 91,804,827               | -                           | 197,457,096                 | 182,448,375                    | 471,710,298                                 |
| Assumed Business              |                          |                             |                             |                                |   |
| Foreign                       | -                        | -                           | -                           | -                              | -   |
| Local                         | -                        | -                           | -                           | 72,369                         | 72,369                                      |
| Total Assumed Business        | -                        | -                           | -                           | 72,369                         | 72,369                                      |
| <b>Gross Written Premiums</b> | <b>91,804,827</b>        | <b>-</b>                    | <b>197,457,096</b>          | <b>182,520,744</b>             | <b>471,782,667</b>                          |

| 31 December 2022              | Life<br>Insurance<br>AED | Fund<br>Accumulation<br>AED | Medical<br>Insurance<br>AED | Property &<br>Liability<br>AED | All types of<br>Business<br>Combined<br>AED |
|-------------------------------|--------------------------|-----------------------------|-----------------------------|--------------------------------|---|
| Direct Written Premiums       | 88,835,519               | -                           | 187,903,796                 | 155,872,698                    | 432,612,013                                 |
| Assumed Business              |                          |                             |                             |                                |   |
| Foreign                       | -                        | -                           | -                           | -                              | -   |
| Local                         | -                        | -                           | -                           | 372,603                        | 372,603                                     |
| Total Assumed Business        | -                        | -                           | -                           | 372,603                        | 372,603                                     |
| <b>Gross Written Premiums</b> | <b>88,835,519</b>        | <b>-</b>                    | <b>187,903,796</b>          | <b>156,245,301</b>             | <b>432,984,616</b>                          |

#### 31 Dividend and Directors' remuneration

At the Annual General Meeting held on 12 April 2023, the shareholders approved not paying a dividend or Board of Directors' remuneration for the year ended 31 December 2022. (At the Annual General Meeting held on 14 April 2022, the shareholders approved a dividend distribution of AED 8 fils per share resulting in a total dividend payable of AED 9,702,000 for the year ended 31 December 2021 and Board of Directors' remuneration of AED 835,780).

#### 32 Subsequent events

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

#### 33 Approval of the financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 1 February 2024.