Integrated Report

HAYAH Insurance P.J.S.C

HAYAH

2023

Table of contents

1.

Report of the Board of Directors

HAYAH

HAYAH

HAYAH Insurance Company P.J.S.C

Directors' report
For the period ended 31st December 2023

The Board of Directors are pleased to submit the report of the Company's activities accompanied by the financial statements for the year ended 31st December 2023.

The Company registered a loss of AED 5.7 million for the year ended 31st December 2023, compared to a profit of AED 7.4 million (restated) during last year.

Total Insurance Revenue amounted to AED 89 million for the year ended 31st December 2023 compared to AED 72 million (restated) for last year, representing retention of clients and securing new business with an increase of 24% from last year.

During the year, the Company has maintained volumes of life insurance, despite tough competition in the market. For the year ended 31st December 2023, the Company incurred net insurance service result of AED (7.5m), as compared to total net insurance service result of AED 6.7 million in last year.

For the year ended 31st December 2023, the Company achieved an investment income of AED 4.3 million, as compared to AED 2.9 million in last year, representing an increase of AED 1.4 million.

The Company has been strengthening and expanding its capabilities to support the focus on the largely untapped life insurance market. The other non-attributable operating costs increased by 12% due to the transformation cost.

Transaction with related Parties

These financial statements include related party transactions and balances which are disclosed in the notes and are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

2024 Outlook

The UAE's economy is projected to grow by 4.3% in 2024, with non-oil economy growth expected at 4.6% and oil GDP growth at 3.5%. This follows a significant growth of 7.6% in the previous year, driven by sectors such as property, construction, manufacturing.

HAYAH Insurance Company P.J.S.C.
Floor 16, Sheikh Sultan Bin Hamdan Building, Corniche Road
P.O. Box 63323, Abu Dhabi, United Arab Emirates
Telephone number: 00971 2 408 4700, Fax number: 00971 2 445 8717

Public Joint Stock Company funded by a paid-up capital of AED 200 million,
registered at the Central Bank of the UAE with registration Nr.83 dated 16/09/2008

شركة حياه للتأمين ش.م.ع
الطابق 16، بناية الشيخ سلطان بن حمدان، شارع الكورنيش
ص.ب 63323، أبوظبي، الإمارات العربية المتحدة
هاتف رقم: 0097124084700، فاكس رقم: 0097124458717

شركة مساهمة عامة برأسمال مدفوع قدره 200 مليون درهم ومسجلة لدى مصرف الامارات المركزي
بموجب القيد رقم 83 بتاريخ 2008/09/16

The UAE and the GCC region are poised for significant growth and transformation in 2024, driven by robust economic performance, technological advancements, and strategic investments in key sectors. The region's focus on diversification, technological innovation, and sustainability is expected to further strengthen its economic resilience and global standing.

Member of the Board

HAYAH Insurance Company P.J.S.C.
Floor 16, Sheikh Sultan Bin Hamdan Building, Corniche Road
P.O. Box 63323, Abu Dhabi, United Arab Emirates
Telephone number: 00971 2 408 4700, Fax number: 00971 2 445 6717

Public Joint Stock Company funded by a paid-up capital of AED 200 million,
registered at the Central Bank of the UAE with registration Nr 83 dated 16/09/2008

شركة حياة للتأمين ش.م.ع
الطابق 16، بناية الشيخ سلطان بن حمدان، شارع الكورنيش
ص.ب 63323، أبوظبي، الإمارات العربية المتحدة
هاتف رقم: 0097124084700، فاكس رقم: 0097124456717

شركة مساهمة عامة برأسمال مدفوع قدره 200 مليون درهم ومسجلة لدى مصرف الإمارات المركزي
بموجب القيد رقم 83 بتاريخ 2008/09/16

2.

2023 Independent Auditor's Report

HAYAH

KPMG

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of HAYAH Insurance Company PJSC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HAYAH Insurance Company PJSC ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Measurement of Insurance contract Liabilities</th></tr>
<tr><td colspan="2">See note 2(d)(i), 3 and 9 to the financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Measurement of gross insurance contract liabilities is a key audit matter due to the financial significance to the financial statements, and the inherent complexity involved within the estimation process. The gross insurance contract liabilities comprise premium provisions (liability for remaining coverage – LRC) and claims provisions (liability for incurred claims – LIC).

The Company has applied the Premium Allocation Approach ("PAA") for all groups of insurance contracts, except for the long-term life business which is measured under the General Measurement Model ("GMM") approach.

The measurement process involves a number of actuarial estimation techniques. These techniques are reliant on historical data and a number of assumptions which are subjective in nature. Further, significant judgement is required in determining the appropriate measurement approach for distinct portfolios.

Changes to estimation techniques and assumptions can lead to a material impact on the measurement of insurance contract liabilities and a corresponding effect on the statement of profit or loss.

Insurance contract liabilities measured using the PAA remain susceptible to a risk that an inappropriate amount of LIC is estimated due the following elements:

• Methods to determine ultimate expected claims are inappropriately determined.</td><td>Our audit procedures, supported by our actuarial and accounting specialists, included:

• Performing walkthroughs to understand and assess the design effectiveness and implementation of the controls over the underwriting, claims payments and reserving (estimation of LIC and LRC) processes.

• Testing operating effectiveness of key controls over underwriting, claims payments and reserving process.

• Holding discussions with finance and actuarial staff and management's actuarial specialists to obtain an understanding of the following:

- LIC, LRC and CSM estimation methodology;

- Key assumptions used and changes thereof; and

- Transition approach and the process followed.

• Assessing the appropriateness of management's assessment to determine the classification of groups of insurance contracts; and the selection of the appropriate measurement approaches.

• Evaluating methods and assumptions to determine the appropriateness of ultimate expected claims including ultimate claim ratios, frequency and severity of claims, and claims payment patterns. This included evaluating management's methodology against market practice.

• Performing an independent calculation of LIC for a sample of insurance contract groups to challenge management's assumptions used within the LIC calculation.</td></tr>
</table>

Key Audit Matters (continued)

Measurement of Insurance contract Liabilities

See note 2(d)(i), 3 and 9 to the financial statements.

The key audit matter

- Assumptions used in estimating ultimate expected claims are inappropriately developed.
- The methods, assumptions and data are inappropriately applied.

Insurance contracts liabilities measured using the GMM remain susceptible to a risk that the LRC, the contractual service margin ("CSM") and LIC is inappropriately estimated due to the following elements:

- Methods and assumptions to determine future cash flows, CSM, discount rate and ultimate expected claims are inappropriately determined.
- The methods, assumptions and data are inappropriately applied.

The measurement of these liabilities depends on complete and accurate data. If the data used in calculating the above insurance contract liabilities is not complete and accurate, then material impacts on financial statements may arise.

Specific audit and actuarial expertise is required to evaluate complex actuarial methodologies and assumptions.

<u>Transition to IFRS 17</u>

Transition to IFRS 17 Insurance Contracts ("IFRS 17") represents a material change to the recognition, measurement and presentation of insurance contracts. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), the Company has recognized the impact upon transition to the new standard within equity and has restated the comparative financial information.

IFRS 17 also introduced disclosure requirements which require considerable management effort and interpretation in the preparation of the financial statements.

How the matter was addressed in our audit

- Evaluating methods and assumptions used by management to estimate amount, timing, uncertainty of future cash flows and estimate discount rate and the CSM. This involved:
  - evaluating management's methodology to estimate the discount rate and its re-calculation;
  - performing a re-projection of the cash flows and CSM;
  - performing a roll forward of CSM for a sample of contracts.
- Checking the mathematical accuracy of the methods, assumptions and data to measure the insurance contract liabilities.
- Evaluating management's method for determining expected premium receipts, including the methodology for allocation of expected premium receipts to the relevant accounting period.
- Assessing the competence, qualification, independence and integrity of the Company's external actuarial experts.
- Considering the terms of engagement between management specialists and the Company to understand the scope of work to be performed by management specialists, and evaluating whether the scope addresses the specific requirements of IFRS 17 implementation.
- Testing the completeness, accuracy and relevance of data used to determine LIC, LRC and the CSM balance.
- Evaluating the new accounting policies adopted by the Company upon transition to IFRS 17. This involved challenging management on areas of judgement and methodology choices considering the IFRS 17 principles and market practice.
- Assessing the completeness and accuracy of disclosures within the financial statements in respect of the transition, LIC, LRC and the CSM considering the disclosure requirements of IFRS 17.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditors' report, and the remaining sections of the Company's Annual Report which are expected to be made available to us after that date.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, UAE Federal Law No. (48) of 2023 and the Financial Regulations for Insurance Companies issued on 28 December 2014, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:

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

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

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;

Report on Other Legal and Regulatory Requirements (continued)

v) as disclosed in note 7 and 8 to the financial statements, the Company has purchased shares during the year ended 31 December 2023;

vi) note 18 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 UAE Federal Decree Law No. (32) of 2021 or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023; and

viii) note 25 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 and the Financial Regulations for Insurance Companies issued on 28 December 2014, we report that we have obtained all the information and explanations we considered necessary for the purposes of our audit.

KPMG Lower Gulf Limited

Maher AlKatout
Registration No.: 5453
Abu Dhabi, United Arab Emirates

Date 25 MAR 2024

3.

2023 Annual Financial Statements

HAYAH

HAYAH Insurance Company P.J.S.C.

Statement of financial position
As at

	Note	31 December 2023 AED'000	31 December 2022 AED'000 *(Restated*)*	01 January 2022 AED'000 *(Restated*)*
Assets				
Property and equipment	5	**2,146**	2,198	144
Intangible assets	6	**11,650**	5,765	1,469
Financial assets at fair value through other comprehensive income	7	**86,386**	77,233	86,324
Financial assets at fair value through profit or loss	8	**16,522**	14,391	12,249
Insurance contract assets	9	**706**	460	-
Reinsurance contract assets	9	**34,833**	16,756	5,522
Other receivables and prepayments	10	**21,622**	14,344	4,919
Statutory deposits	11	**4,000**	4,000	4,000
Time deposits	12	**10,000**	37,028	43,450
Cash and cash equivalents	12	**6,154**	11,977	20,905
Total assets		**194,019**	184,152	178,982
Equity and Liabilities				
Equity				
Share capital	14	**200,000**	200,000	200,000
Legal reserve	15	**690**	690	362
Other reserve	15	**1,372**	1,372	1,372
Reinsurance risk reserve	15	**340**	238	155
Accumulated losses		**(82,740)**	(76,940)	(83,956)
Fair value reserve		**(345)**	(3,967)	463
Net equity		**119,317**	121,393	118,396
Liabilities				
Insurance contract liabilities	9	**45,504**	44,203	54,668
Reinsurance contract liabilities	9	**-**	39	169
Provision for employees' end of service benefits	16	**2,429**	1,743	1,210
Other payables and accruals	13	**26,769**	16,774	4,539
Total liabilities		**74,702**	62,759	60,586
Total equity and liabilities		**194,019**	184,152	178,982

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of, and for, the year ended 31 December 2023.

Chairman of the Board ***Chief Executive Officer***

The notes set out on pages 15 to 82 form an integral part of these financial statements.
The independent auditors' report on audit of the financial statements is set out on pages 3 to 8.

*Comparative information has been restated on account of first-time adoption of IFRS17 Insurance Contracts (refer note 3).

HAYAH Insurance Company P.J.S.C.

Statement of profit or loss
for the year ended 31 December

	Note	2023 AED'000	(Restated) 2022 AED'000
Insurance revenue	9	**88,944**	71,739
Insurance service expenses	9	**(103,107)**	(70,123)
Insurance service result before reinsurance contracts held	9	**(14,163)**	1,616
Net income for reinsurance contracts held	9	**6,665**	5,096
Net insurance service result		**(7,498)**	6,712
Investment and other income – net**	8(i)	**4,822**	2,421
Insurance finance income and expenses	9	**(631)**	595
Reinsurance finance income and expenses	9	**125**	(98)
Net investment and insurance service result		**4,316**	2,918
Total (loss) / income		**(3,182)**	9,630
Other operating expenses		**(2,516)**	(2,203)
(Loss) / profit for the period	17	**(5,698)**	7,427
(Loss) / earning per share for the period - basic and diluted (AED)	17	**(0.028)**	0.037

The notes set out on pages 15 to 82 form an integral part of these statements.

The independent auditors' report on audit of the financial statements is set out on pages 3 to 8.

*Comparative information has been restated on account of first-time adoption of IFRS17 Insurance Contracts (refer note 3).

**This includes interest income calculated using effective interest rate.

HAYAH Insurance Company P.J.S.C.

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

	2023 AED'000	*(Restated)* 2022 AED'000
(Loss) / profit for the period	**(5,698)**	7,427
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss:		
Equity investment at FVOCI - net change in fair value	**1,558**	63
Items that are or may be reclassified subsequently to statement of profit or loss:		
Debt investment at FVOCI - net change in fair value	**2,064**	(4,493)
Other comprehensive (loss) / income for the period	**3,622**	(4,430)
Total comprehensive (loss) / income for the period	**(2,076)**	2,997

The notes set out on pages 15 to 82 form an integral part of these financial statements.

The independent auditors' report on audit of the financial statements is set out on pages 3 to 8.

*Comparative information has been restated on account of first-time adoption of IFRS17 Insurance Contracts (refer note 3).

HAYAH Insurance Company P.J.S.C.

Statement of changes in shareholders' equity
for the year ended 31 December

	Share capital AED'000	*Legal reserve AED'000*	*Other reserve AED'000*	*Reinsurance risk reserve AED'000*	*Accumulated losses AED'000*	*Fair value reserve AED'000*	*Total AED'000*
At 31 December 2021 as previously reported	200,000	362	1,372	155	(78,049)	463	124,303
Impact of initial application of IFRS 17	-	-	-	-	(5,907)	-	(5,907)
At 1 January 2022 *(Restated*)*	200,000	362	1,372	155	(83,956)	463	118,396
Total comprehensive income:							
Profit for the period	-	-	-	-	7,427	-	7,427
Other comprehensive loss for the period	-	-	-	-	-	(4,430)	(4,430)
Total comprehensive income / (loss) for the period	-	-	-	-	7,427	(4,430)	2,997
Transfer from profit of the year to legal reserve	-	328	-	-	(328)	-	-
Transfer from retained earnings to reinsurance risk reserve	-	-	-	83	(83)	-	-
Restated balance at 31 December 2022 *(Restated*)*	200,000	690	1,372	238	(76,940)	(3,967)	121,393
At 31 December 2022 as previously reported	**200,000**	**690**	**1,372**	**238**	**(75,185)**	**(3,967)**	**123,148**
Impact of initial application of IFRS 17	-	-	-	-	**(1,755)**	-	**(1,755)**
At 1 January 2023	**200,000**	**690**	**1,372**	**238**	**(76,940)**	**(3,967)**	**121,393**
Total comprehensive income:							
Loss for the period	-	-	-	-	**(5,698)**	-	**(5,698)**
Other comprehensive income for the period	-	-	-	-	-	**3,622**	**3,622**
Total comprehensive (loss) / income for the period	-	-	-	-	**(5,698)**	**3,622**	**(2,076)**
Transfer from retained earnings to reinsurance risk reserve	-	-	-	**102**	**(102)**	-	-
At 31 December 2023	**200,000**	**690**	**1,372**	**340**	**(82,740)**	**(345)**	**119,317**

The notes set out on pages 15 to 82 form an integral part of these financial statements.

*Comparative information has been restated on account of first-time adoption of IFRS17 Insurance Contracts (refer note 3).

HAYAH Insurance Company P.J.S.C.

Statement of cash flows
for the year ended 31 December

	Note	2023 AED'000	2022 AED'000 *(Restated*)*
Cash flows from operating activities			
(Loss) / profit for the period		**(5,698)**	7,427
Adjustments for:			
Depreciation		**885**	462
Amortisation		**281**	42
Bonds premium amoritsation	7	**(613)**	322
Fair value gain / (loss) on financial assets at fair value through profit or loss	8	**(753)**	479
Charge of allowance of impairment loss on financial assets at FVOCI	7	**19**	4
Loss on sale of financial assets		**580**	1,140
Provision for employees' end of service benefits	16	**1,271**	578
Finance cost on lease liability		**36**	43
Interest income	8(i)	**(3,694)**	(3,701)
Dividend income	8(i)	**(361)**	(382)
Cash (used in) / generated from operation		**(8,047)**	6,414
Changes in:			
Insurance contract assets		**(246)**	(460)
Reinsurance contract assets		**(18,077)**	(11,234)
Other receivables and prepayments		**(7,372)**	(9,362)
Insurance contract liabilities		**1,301**	(10,465)
Reinsurance contract liabilities		**(39)**	(130)
Other payable and accruals		**10,317**	10,716
Cash (used in) operating activities		**(14,116)**	(20,935)
Employees' end of service benefits paid	16	**(585)**	(45)
Net cash (used in) operating activities		**(22,748)**	(14,566)

(continued)

HAYAH Insurance Company P.J.S.C.

Statement of cash flows *(continued)*
for the year ended 31 December

	Note	2023 AED'000	2022 AED'000 *(Restated*)*
Cash flows from investing activities			
Additions to property and equipment	*5*	**(833)**	(809)
Additions to intangible assets	*6*	**(6,166)**	(4,338)
Withdrawal of time deposits		**27,028**	6,422
Purchase of financial assets at fair value through other comprehensive income	*7*	**(20,845)**	(31,701)
Proceeds from sale of financial assets at fair value through other comprehensive income		**14,961**	34,896
Purchase of financial assets at fair value through profit or loss	*8*	**(1,866)**	(3,737)
Proceeds from sale of financial assets at fair value through profit or loss		**855**	1,116
Dividends received		**361**	382
Interest received		**3,788**	3,638
Net cash generated from investing activities		**17,285**	5,869
Cash flows from financing activities			
Payment for lease liability		**(358)**	(231)
Net decrease in cash and cash equivalents		**(5,823)**	(8,928)
Cash and cash equivalents at 1 January	*12*	**11,977**	20,905
Cash and cash equivalents at 31 December	*12*	**6,154**	11,977

Non-cash transactions

The principal non-cash transactions were as follows:

(i) Fair value gain on financial assets at fair value through OCI credited to fair value reserve of AED 3,622 thousand *(31 December 2022: Fair value loss of AED 4,430 thousand).*

The notes set out on pages 15 to 82 form an integral part of these financial statements.

The independent auditors' report on audit of the financial statements is set out on pages 3 to 8.

*Comparative information has been restated on account of first-time adoption of IFRS17 Insurance Contracts (refer note 3).

1 (a) Legal status and activities

HAYAH Insurance Company P.J.S.C. (the "Company") is a public joint stock company, registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates on 26 July 2008. The Company is registered in accordance with UAE Federal Law No. (48) of 2023 concerning Insurance Companies and Agents and is governed by the provisions of the Federal Law No. (32) of 2021 concerning the commercial companies, Central Bank of UAE Board decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning Instructions Organizing Reinsurance Operations, and is registered in the Insurance Companies Register under registration No. (83). The Company's principal activity is providing health and life insurance solutions.

The registered office of the Company is located at Floor 16, Sheikh Sultan Bin Hamdan Building, Corniche Road, P.O. Box 63323, Abu Dhabi, United Arab Emirates.

1 (b) Going concern

As at 31 December 2023, the Company had accumulated losses of AED 82,740 thousand *(31 December 2022 (Restated): AED 76,940 thousand)*. The validity of going concern assumptions is dependent upon future operations and the ability of the Company to generate sufficient cash flows to meet its future obligations. The Company has sufficient cash balances as at 31 December 2023 and future plans indicate that the Company will be profitable and will generate sufficient cash flows. The Company's directors are, therefore, confident that the Company will be able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. Accordingly, these financial statements has been prepared on a going concern basis.

1 (c) Accumulated losses

As at 31 December 2023, the Company's accumulated losses represents 41% of the share capital of the Company *(31 December 2022: 38%)*. The history of these accumulated losses is analysed below:

- Carried-forward accumulated losses as at 31 December 2014 related to Green Crescent Insurance Company amounting to AED 28,438 thousand, which is prior to the formation of AXA Green Crescent Insurance Company P.J.S.C. in 2015;
- Net loss of AED 15,444 thousand incurred during the year ended 31 December 2015, was mainly attributable to a large expense base amounting to AED 20,852 thousand, offset by underwriting surplus and investments income of AED 4,632 thousand and AED 776 thousand respectively. Furthermore, accumulated losses were adjusted with an amount of AED 68 thousand as charges incurred on conversion of bonds into share capital of the Company;
- Net loss of AED 13,910 thousand incurred during the year ended 31 December 2016, was mainly attributable to the large expense base amounting to AED 21,220 thousand, offset by underwriting surplus and investment income of AED 3,613 thousand and AED 3,697 thousand respectively;
- Net loss of AED 18,904 thousand incurred during the year ended 31 December 2017, was mainly attributable to losses on termination of life and savings contract amounting to AED 15,352 thousand;
- Net loss of AED 2,205 thousand incurred during the year ended 31 December 2018, was mainly attributable to the large expense base amounting to AED 15,434 thousand, offset by underwriting surplus and investment income of AED 7,857 thousand and AED 5,372 thousand respectively.
- Furthermore, the balance of the accumulated losses for the year ended 31 December 2018 was re-stated with a downward adjustment amounting to AED 2,150 thousand related to the adoption of IFRS 9 "Financial Instruments";

1 (c) Accumulated losses *(continued)*

- Net profit of AED 162 thousand for the year ended 31 December 2019, was mainly attributable to prudent underwriting measures taken during the year;
- Net profit of AED 2,246 thousand for the year ended 31 December 2020, predominantly attributable to favorable underwriting margin and better loss ratios for most of its business.
- Net profit of AED 3,962 thousand (restated) for the year ended 31 December 2021, was attributable to better investment returns as compared to previous year.
- Net profit of AED 7,426 thousand (restated) for the year ended 31 December 2022, was attributable to positive underwriting results arising from Group Life business.
- Net loss of AED 5,698 thousand for the year ended 31 December 2023, is mainly attributable to negative underwriting results specifically arising from Medical business.

The Company has taken the following corrective actions to reduce its accumulated losses:

- The Company appointed a new Chief Executive Officer during 2018 and thereafter entirely reviewed its strategic direction;
- Steps have been taken to control and reduce general and administrative expenses, which are significantly lower than the previous years and lower than the budgeted expenses;
- Various pricing and monitoring tools and checks have been deployed by the management, by virtue of which, the business is closely monitored on a monthly basis, with corrective actions taken immediately, if required;
- Change in the team structure with technical resources and creation of a strategy manager position to generate more revenues;
- New underwriting approach has been applied by management to improve the quality of underwritten business;
- Accelerated growth on group life; as it is a profitable line of business with a potential for growth;
- Recently, the Company launched individual protection product, this line of business has good potential to grow; and
- Since the life insurance market penetration is low in the country, the Company will continue exploring other lines of business to diversify sources of revenues.

2 Basis of preparation

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with applicable requirements of the Federal Law No. (48) of 2023 concerning the Establishment of the Insurance Authority & Organisation of the Insurance Operations, the Federal Law No. (32) of 2021 concerning the Commercial Companies, Insurance Authority Board of Directors' Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 Concerning Instructions Organizing Reinsurance Operations.

(b) *Basis of measurement*

This financial statements has been prepared under the historical cost convention except for revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and insurance and reinsurance contracts which are measured at the estimated fulfillment cashflows that are expected to arise as the Company fulfills its contractual obligations.

2 Basis of preparation *(continued)*

(c) ***Functional and reporting currency***

This financial statements is presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

(d) ***Use of estimates and judgement***

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) ***Estimation uncertainty***

Insurance and reinsurance contracts

With the introduction of IFRS 17, insurance and reinsurance contracts require several estimates and judgments to be made for recognition and measurement which are described in note 3.

Impairment of financial instruments

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL") requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 30 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

2 Basis of preparation *(continued)*

(d) ***Use of estimates and judgment*** *(continued)*

(ii) ***Judgments***

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

Classification of investments

Management decides on acquisition of an investment whether it should be classified as investments carried at fair value or amortised cost on the basis of both:

(a) its business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

For equity investments carried at fair value, management decides whether it should be classified as investments carried at fair value through other comprehensive income or fair value through profit or loss.

Investments in equity instruments are classified and measured at fair value through profit or loss ("FVTPL") except if the equity investment is not held for trading and is designated by the Company at fair value through other comprehensive income ("FVOCI").

Further, even if the asset meets the amortised cost criteria the Company may choose at initial recognition to designate the financial asset as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For debt securities acquired to match its business model of development of the line of business, the Company classified these investments as financial assets at fair value through other comprehensive income.

3 Changes in material accounting policies

Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The Company has initially applied IFRS 17 from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the company has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements. The nature and effects of the key changes in the company's accounting policies resulting from its adoption of IFRS 17 are summarized below.

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023)

The Company has initially adopted IFRS 17 from 1 January 2023. This Standard has brought significant changes to the accounting for insurance contracts issued and reinsurance contracts held by the Company. As a result, the Company has restated certain comparative amounts for the year ended 31 December 2022.

Except for the changes below, the accounting policies applied in the financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2022.

IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

Insurance contracts

The Company issues contracts that transfer significant insurance risk from the insured to the Company. Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Insurance contracts *(continued)*

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in the financial statements apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

The Company does not write any investment contracts with discretionary participation features or insurance contracts with direct participation features.

Changes to classification and measurement

For the Company, IFRS 17 has not resulted in a material change in the classification of insurance contracts relative to IFRS 4.

Previously, the Company measured contracts at the line of business level under IFRS 4. IFRS 17 has introduced a new unit of account at which insurance and reinsurance contracts are measured. Contracts are grouped into a unit of account based on the portfolio, cohort and profitability group to which the contract belongs.

Measurement models

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

General measurement model

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

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the income statement. At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfilment cash flows related to past services.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Measurement models *(continued)*

General measurement model

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

The Company has measured the following lines of business under the GMM model: Credit Life, Term Life.

Variable fee approach

The variable fee approach ("VFA") is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The contracts issued by the Company does not fall under the measurement requirements of Variable fee approach.

Premium allocation approach

The Company applies the premium allocation approach (PAA) to simplify the measurement of the groups of insurance contracts that it issues and the groups of reinsurance contracts it holds where the coverage period is 12 months or less.

When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Measurement models *(continued)*

Premium allocation approach *(continued)*

Insurance revenue and insurance service expenses are recognised in the income statement based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions;
- Initial stages of a new business acquired where the underlying contracts are onerous; and
- Any other strategic decisions the management considers appropriate.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts. The Company has measured the following lines of business under the PAA model: Medical, Group life and Short term individual life.

Insurance revenue and insurance service expenses

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

For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time. IFRS 17 requires losses to be recognised immediately on contracts that are expected to be onerous.

Insurance service expenses include incurred claims and benefits, other incurred directly attributable expenses, insurance acquisition cash flows amortisation, changes that relate to past service i.e., changes in the Fulfilment cash flows (“FCF”) relating to the liability for incurred claims (“LIC”), changes that relate to future service (i.e., changes in the FCF that result in onerous contract losses or reversals of those losses).

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is further disaggregated into group of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

For reinsurance contracts, the risks that must be similar and managed together to those transferred from the underlying contract to the issuer of the reinsurance contract is required to be considered. When deciding whether these risks are similar, reference must be made to the risk profile of underlying contracts as well as the nature of the risks that are transferred.

If risks covered are not similar enough between different treaties, they will not be classified into the same portfolios. It is possible for a portfolio to consist of a single reinsurance treaty if there are no other reinsurance treaties that are deemed to have a similar risks and are managed together.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Accounting policy choices

The following table sets out the accounting policy choices that the Company intends to adopt:

	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortising them over the contract's coverage period.	The Company has adopted the policy choice of amortising the insurance acquisition cash flows over the contract's period regardless of the total coverage period of the contracts.
Liability for remaining coverage ("LRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Company has adopted to disregard interest accretion on the LRC for PAA eligible contracts.
Liability for incurred claims ("LIC") adjusted for financial risk and time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company has adopted to discount and adjust the LIC for the time value of money except where the claim run off period is expected to be less than one year.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the statement of profit or loss or other comprehensive income option) is applied on a portfolio basis.	The Company has adopted to include changes in discount rates and other financial changes within the statement of profit or loss.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Accounting policy choices *(continued)*

	IFRS 17 options	Adopted approach
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Company does not plan to disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and plans to include the entire change within the insurance service result.
Recovery of insurance acquisition cash flows	It is an accounting policy choice whether or not to consider the time value of money in allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.	The Company has adopted to consider the time value of money when allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.

Areas of significant judgements and estimates

The following are key judgements and estimates which the Company applied as a result of IFRS 17.

Discount rates

The Company has used the bottom-up approach to derive the discount rates for all groups of contracts. Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for country risk premium and 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 significant area of judgement is deriving the illiquidity premium which is required to adjust the risk-free yield curve. The risk-free curve itself will either be derived by the Company from risk free assets in the market, or the Company may choose to apply a published risk-free curve.

Where the Company is exposed to FCFs that vary with inflation (e.g. claims and expense cash flows), the Company has explicitly allowed for inflation in the FCFs measurement and has discounted these using nominal discount rates set using the bottom-up approach.

The yield curves that were used to discount the estimates of future cash flows are as follows:

Financial year	1 Year	5 Year	10 Year	20 year	30 Year
31 December 2023	**5.95%**	**4.98%**	**5.03%**	**5.46%**	**5.15%**
31 December 2022	5.25%	4.69%	4.42%	4.33%	4.77%

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Risk adjustment

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach which is under management assessment.

The methodology proposed is based on a mix of results of Company's own experience variability and the Value at Risk ("VaR") approach in line with Solvency II. The Appointed Actuary will calibrate the parameters of the distribution based on the experience and credibility of the historical data. The level of percentile has been decided by the Company and can be amended at a later stage if required. The diversification benefit has been allowed for in the estimation of RA driven by the mix of business and the expected correlations between them.

Onerous contracts – loss component

Hayah assumes that no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. Hayah assesses whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, Hayah shall calculate the difference between:

(a) the carrying amount of the liability for remaining coverage; and
(b) the fulfilment cash flows that related to the remaining coverage of the group

A contract is onerous if the fulfilment cash flows exceed the Liability for remaining coverage. Hayah will therefore use a combined ratio as a proxy for fulfilment cashflows, determined on the following basis (to ensure consistency with fulfilment cash flows):

- Based on expected claims and expenses rather than incurred amounts
- Includes the impact of the time value of money at locked-in rates
- Includes an allowance for the risk adjustment
- Includes an allowance for directly attributable expenses (which includes a portion of overheads) as required by IFRS 17
- Calculated at the most granular segmentation for which such assessments are available, which is currently at Actuarial Reserving class level

The key indicator Hayah will use for the purpose of this assessment is the forward looking combined ratio derived as per the above points. Should this ratio exceed 100% for a given segment, this group shall be classified as onerous.

Modification and derecognition

An insurance contract may be modified, either by agreement between the parties or as result of regulation. If the terms are modified, an entity must derecognise the original insurance contract and recognise the modified contract as a new contract, if and only if certain conditions as prescribed in IFRS 17 are satisfied. The exercise of a right included in the terms of a contract is not a modification. Any contract modification that changes the accounting model or the applicable standard for measuring the components of the insurance contract, is likely to result in derecognition. If a contract modification meets none of the conditions for derecognition, any changes in cash flows caused by the modification are treated as changes in the estimates of the fulfilment cash flow.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Contractual Service Margin and Coverage units

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

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in a group. The period covered by the premiums within the contract boundary is the "coverage period', which is relevant when applying IFRS 17 requirements.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Company can compel the policyholder to pay premium or has a substantive obligation to provide services. For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Judgement might be required to assess the Company's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

Measurement of expenses

The Company has defined acquisition expenses as the costs of selling, underwriting and starting issuing a group of insurance contracts as per IFRS 17 requirements. The Company has defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or group of contracts (as opposed to new business in general).

Insurance acquisition cash flows (commissions and premium taxes) allocated to a group are deferred and recognised over the coverage period of contracts.

Under IFRS 17, attributable costs refer to costs that are either fully or partially related to insurance operations. These costs are allocated to the group of insurance contracts level, while non-allocable expenses are recognised directly in the profit and loss account. The allocation of expenses must be done systematically and rationally, reflecting the transfer of services provided by the insurer over the coverage period. An assumption ratio of 90:10 is considered to allocate the expenses between attributable and not attributable expenses under IFRS 17.

Both acquisition and attributable costs fall under the insurance service expense, while the non-attributable costs are reported under other operating expenses.

3 Changes in material accounting policies *(continued)*

IFRS 17, 'Insurance contracts' (Effective for annual periods beginning on or after 1 January 2023) *(continued)*

Impact on presentation and disclosures on transition to IFRS 17

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

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

The impact on the Company's financial information on adoption of IFRS 17 is summarised as below:

	AED '000	
Equity	**1 January 2023**	**1 January 2022**
Balance under IFRS 4	123,148	124,303
Restated balance under IFRS 17	121,393	118,396
Transition Impact	(1,755)	(5,907)
- Change in prudence	9,959	4,970
- New risk adjustment	(1,270)	(1,904)
- CSM Adjustment	(10,444)	(8,973)
Transition impact (Percentage)	(1%)	(5%)

4 Material accounting policies

(a) *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of assets to their estimated residual values over their expected useful lives for current and prior years and are charged as follows:

	Years
Leasehold improvements	5
Furniture and fixtures	3
Office and computer equipment	3
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss.

(b) *Intangible assets*

Intangible assets are stated at historical costs less accumulated amortisation and any impairment losses. Amortisation for computer software is provided over the estimated useful life of three years using the straight-line method. Intangible assets classified under development costs relate to the Company's life platform development, software and website.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product's development so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

4 Material accounting policies *(continued)*

(b) ***Intangible assets*** *(continued)*

Directly attributable costs that are capitalised as part of the life products and related software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The expected useful life of the Company's intangible assets for current and prior years is 3 years.

(c) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(d) Non derivative financial assets and liabilities

(i) Recognition

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

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

(ii) Classification

Financial assets at amortised cost

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

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

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

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

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

4 Material accounting policies *(continued)*

(d) Non derivative financial assets and liabilities (continued)

(ii) Classification (continued)

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

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

Financial assets at fair value through profit or loss

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Company has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial assets at fair value through other comprehensive income

At initial recognition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in certain equity instruments as at FVOCI. Designation to FVOCI is not permitted if the equity instrument is held for trading.

Gains and losses on such equity instruments are never reclassified to income statement and no impairment is recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except when the Company changes its business model for managing financial assets.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amoritised cost using the effective interest method.

Loans and receivables comprise mainly insurance and other receivables.

4 Material accounting policies *(continued)*

(d) Non derivative financial assets and liabilities *(continued)*

(ii) Classification *(continued)*

Equity securities

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

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

(e) Impairment

The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The financial assets at amortised cost consist of premiums and insurance receivables, other receivables (excluding prepayments), cash and cash equivalents and due from related parties.

Measurement of ECLs

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

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

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

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

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

Credit loss allowances are measured using a three-stage approach based on the extent of credit deterioration since origination:

- *Stage 1* – Where there has not been a significant increase in credit risk ("SICR") since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- *Stage 2* – When a financial instrument experiences an increase in SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

4 Material accounting policies *(continued)*

(e) *Impairment (continued)*

***Measurement of ECLs** (continued)*

- *Stage 3* – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

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

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

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

Details of these statistical parameters/inputs are as follows:

- *PD* – The probability of default is an estimate of the likelihood of default over a given time horizon.
- *LGD* – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.
- *EAD* – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

Forward-looking information

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

Macroeconomic factors

In its models, the Company relies on a broad range of forward-looking information as economic inputs, such as: GDP, GDP annual growth rate, inflation rates, interest rates, etc.

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

Presentation of allowance for ECL in the statement of financial position

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

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

4 Material accounting policies *(continued)*

(e) Impairment *(continued)*

Definition of default

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

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

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

(f) Derecognition of financial assets and liabilities

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

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

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

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

The Company derecognises a financial liability when its contractual obligation is discharged or cancelled or expire.

4 Material accounting policies *(continued)*

(g) Fair value measurement principles

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(h) Employees benefits

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

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

4 Material accounting policies *(continued)*

(i) Investment income

Investment income mainly comprises of interest, dividend income, realised gains and losses on sale of investments at fair value through profit or loss and debt securities through other comprehensive income. Investment income is stated net of investment expenses and charges.

Interest income is recognised in the statement of profit or loss on an accrual basis. Interest includes interest earned on bank deposits and debt securities. Dividend receivables are included separately in dividend income when a dividend is declared. Realised gains and losses on investments are calculated as the difference between net sales proceeds and the carrying value of investments.

(j) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

(k) Offsetting financial instruments

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

(l) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

(n) Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Leases

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

4 Material accounting policies *(continued)*

(o) *Leases (continued)*

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequently, the right of use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

4 Material accounting policies *(continued)*

(o) *Leases (continued)*

(b) As a lessor *(continued)*

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Insurance and reinsurance contracts

Insurance and reinsurance contracts The company offers insurance contract services and reduces its liability for remaining coverage while recognizing insurance revenue. The amount of insurance revenue recognized reflects the exchange of services for an amount that the company expects to be entitled to. For detailed information on the recognition and measurement of income under insurance and reinsurance contracts, please refer to Note 3.

(p) *New and amended standards and interpretations*

New currently effective requirements

IFRS 17 Insurance Contracts

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

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The application of the principles set out under IFRS 17 is covered in note 4.

Other new standards or amendments

The following are other new standards or amendments which do not have a significant impact on the Company's financial statements, when effective:

Other new standards or amendments	***Effective date***
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 - International Tax Reform – Pillar Two Models Rules	23 May 2023

4 Material accounting policies *(continued)*

(p) New and amended standards and interpretations (continued)

New currently effective requirements *(continued)*

IFRS 17 Insurance Contracts *(contined)*

Forthcoming requirements

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these financial statements.

New standards or amendments	*Effective date*
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 16 – Supplier Finance Agreement	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2024
Amendments to IFRS 10 and IAS 28 – Sale or Construction of Assets between an Investor and its Associate or Joint Venture	N/A*

*Available for optional adoption / effective date deferred indefinitely.

5 Property and equipment

	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office and computer equipment AED'000	Motor vehicles AED'000	Right-of-use of leased assets AED'000	Total AED'000
Cost						
At 1 January 2022	1,485	510	4,620	76	1,019	7,710
Additions	48	9	260	492	1,707	2,516
Disposals	-	-	-	-	-	-
At 31 December 2022	1,533	519	4,880	568	2,726	10,226
At 1 January 2023	**1,533**	**519**	**4,880**	**568**	**2,726**	**10,226**
Additions	**684**	**12**	**136**	**-**	**-**	**832**
Disposals	**-**	**-**	**(2)**	**-**	**-**	**(2)**
At 31 December 2023	**2,220**	**531**	**5,014**	**568**	**2,726**	**11,059**
Accumulated depreciation						
At 1 January 2022	1,485	510	4,533	76	962	7,566
Charge for the year	9	2	77	150	224	462
At 31 December 2022	1,494	512	4,610	226	1,186	8,028
At 1 January 2023	**1,494**	**512**	**4,610**	**226**	**1,186**	**8,028**
Charge for the year	**130**	**7**	**152**	**164**	**432**	**885**
At 31 December 2023	**1,624**	**519**	**4,762**	**390**	**1,618**	**8,913**
Net book value						
31 December 2022	39	7	270	342	1,540	2,198
31 December 2023	**596**	**12**	**252**	**178**	**1,108**	**2,146**

6 Intangible assets

	Development costs AED'000	Computer software AED'000	Capital work in progress AED'000	Total AED'000
Cost				
At 1 January 2022	9,960	2,549	1,457	13,966
Additions	-	16	4,322	4,338
Write-off	-	318	(318)	-
At 31 December 2022	9,960	2,883	5,461	18,304
At 1 January 2023	**9,960**	**2,883**	**5,461**	**18,304**
Additions	**-**	**1,259**	**4,907**	**6,166**
At 31 December 2023	**9,960**	**4,142**	**10,368**	**24,470**
Accumulated amortisation				
At 1 January 2022	9,960	2,537	-	12,497
Amortisation	-	42	-	42
At 31 December 2022	9,960	2,579	-	12,539
At 1 January 2023	**9,960**	**2,579**	**-**	**12,539**
Amortisation	**-**	**281**	**-**	**281**
At 31 December 2023	**9,960**	**2,860**	**-**	**12,820**
Net book value				
At 31 December 2022	-	304	5,461	5,765
At 31 December 2023	**-**	**1,282**	**10,368**	**11,650**

7 Financial assets at fair value through other comprehensive income

	31 December 2023 AED'000	31 December 2022 AED'000
Quoted bonds:		
UAE-based corporate	**31,331**	22,732
UAE-based government	**26,886**	22,737
	58,217	45,469
Quoted sukuk:		
UAE-based corporate	**6,664**	11,917
UAE-based government	**10,240**	10,165
	16,904	22,082
Quoted equity instruments:		
UAE-based quoted equities	**1,070**	886
UAE-based mutual funds	**9,047**	7,648
	10,117	8,534
Non-UAE private debt fund:	**1,148**	1,148
	86,386	77,233

The movement in the financial assets at fair value through other comprehensive income is as follows:

	2023 AED'000	2022 AED'000
At the beginning of the year	**77,233**	86,324
Purchased during the year	**20,845**	31,701
Maturity and disposals of investments	**(15,908)**	(36,036)
Charge of impairment loss during the year	**(19)**	(4)
Bonds premium / discount amortization	**613**	(322)
Net change in fair value	**3,622**	(4,430)
At the end of the year	**86,386**	77,233

8 Financial assets at fair value through profit or loss

	31 December 2023 AED'000	31 December 2022 AED'000
UAE-based quoted equities	**9,087**	7,038
UAE-based quoted corporate debt instruments	**7,435**	7,353
	16,522	14,391

The movement in the financial assets at fair value through profit or loss is as follows:

	2023 AED'000	2022 AED'000
At the beginning of the year	**14,391**	12,249
Purchased during the year	**1,866**	3,737
Maturity and disposals of investments	**(488)**	(1,116)
Change in fair value	**753**	(479)
At the end of the year	**16,522**	14,391

(i) Investment and other income, *net*

	2023 AED'000	2022 AED'000
Financial assets carried at fair value		
Dividend income	**361**	382
Interest income	**3,034**	3,035
Bonds premium / discount amortisation	**613**	(322)
Loss on sale of investments	**(580)**	(1,140)
Net change in fair value of financial assets at fair value through profit or loss (FVTPL)	**753**	(479)
Charge for impairment loss on debt instruments at fair value through other comprehensive income (FVOCI)	**(19)**	(4)
Term deposits		
Interest income	**660**	666
Other income	**-**	283
	4,822	2,421

9 Insurance and reinsurance contract assets and liabilities *(continued)*

The following reconciliations that are required by IFRS 17 are included below, for contracts issued and reinsurance contracts held.

Reconciliation of the gross liability for remaining coverage and the liability for incurred claims – Applicable to contracts measured under the PAA and GMM as at:

31 December 2023

	LRC		LIC			
Insurance contracts issued	***Excluding loss component***	***Loss component***	***BBA***	***Present value of future cash flows***	***Risk adjustment for non-financial risk***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***	***AED'000***	***AED'000***
Opening insurance contract liabilities	25,172	2,209	1,953	14,091	778	44,203
Opening insurance contract assets	(460)	-	-	-	-	(460)
Opening balance as at 1 January	24,712	2,209	1,953	14,091	778	43,743
Insurance revenue	(88,944)	-	-	-	-	(88,944)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	(137)	1,868	78,948	407	81,086
Insurance acquisition cash flows amortisation	6,280	-	-	-	-	6,280
Increase in existing incurred claims reserves	-	-	2,200	8,143	70	10,413
Claims accrual	-	-	931	-	-	931
Losses on onerous contracts and reversals of losses	-	4,397	-	-	-	4,397
Total insurance service expenses	6,280	4,260	4,999	87,091	477	103,107
Investment components	-	-	-	-	-	-
Insurance service result	(82,664)	4,260	4,999	87,091	477	14,163
Insurance finance (income) and expenses	508	41	(2)	84	-	631
Total amounts recognised in comprehensive income	(82,156)	4,301	4,997	87,175	477	14,794
Premiums received	80,668	-	-	-	-	80,668
Claims and other expenses paid	-	-	(4,228)	(84,377)	1	(88,604)
Acquisition cash flows paid	(219)	-	-	-	-	(219)
Total cash flows	80,449	-	(4,228)	(84,377)	1	(8,155)
Total additional items	(5,584)	-	-	-	-	(5,584)
Closing balance as at 31 December						
Closing insurance contract liabilities	19,127	6,510	2,722	15,969	1,176	45,504
Closing insurance contract assets	1,706	-	-	(920)	(80)	706

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured under the GMM only as at:

31 December 2023

Insurance contracts issued	*Present value of future cash flows AED'000*	*Risk adjustment for non-financial risk AED'000*	*CSM AED'000*	*Total AED'000*
Opening insurance contract liabilities	13,094	1,620	11,970	26,684
Opening insurance contract assets	(1,806)	251	1,095	(460)
Net balance as at 01 January	11,288	1,871	13,065	26,224
CSM recognised in profit or loss for the services provided	-	-	(2,405)	(2,405)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(381)	-	(381)
Experience adjustments	(830)	-	-	(830)
Changes that relate to current service	(830)	(381)	(2,405)	(3,616)
Contracts initially recognised in the period	(3,178)	673	3,083	578
Experience adjustments	2,877	(448)	(772)	1,657
Changes in estimates that adjust the CSM	-	143	(143)	-
Changes in estimates that do not adjust the CSM	-	40	-	40
Changes that relate to future services	(301)	408	2,168	2,275
Adjustment to liabilities for incurred claims	772	-	-	772
Changes that relate to past service	772	-	-	772
Insurance service result	(359)	27	(237)	(569)
Total insurance finance expenses	(132)	120	559	547
Total amounts recognised in comprehensive income	(491)	147	322	(22)
Cash flows				
Premiums received	299	-	-	299
Claims and expenses paid	(4,228)	-	-	(4,228)
Insurance acquisition cash flows paid	(219)	-	-	(219)
Total cash flows	(4,148)	-	-	(4,148)
Net balance as at 31 December				
Closing insurance contract liabilities	6,649	2,018	13,387	22,054
Closing insurance contract assets	-	-	-	-

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Reconciliation of the reinsurance contract liabilities and assets – Applicable to contracts measured under the PAA and GMM as at:

31 December 2023

	ARC		AIC			
Reinsurance contracts held	***Excluding loss component AED'000***	***Loss component AED'000***	***BBA AED'000***	***Present value of future cash flows AED'000***	***Risk adjustment for non-financial risk AED'000***	***Total AED'000***
Opening reinsurance contract liabilities	(39)	-	-	-	-	(39)
Opening reinsurance contract assets	3,532	423	-	12,433	368	16,756
Opening balance as at 1 January	3,493	423	-	12,433	368	16,717
Allocation of reinsurance premiums paid	(19,883)	-	-	-	-	(19,883)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other directly attributable expenses	-	(188)	-	23,254	145	23,211
Insurance acquisition cash flows amortisation	723	-	-	-	-	723
Adjustment to asset for incurred claims	-	-	-	669	30	699
Claims accrual	-	1,915	-	-	-	1,915
Recoveries and reversal of recoveries of losses on onerous underlying contracts	-	-	-	-	-	-
Total	723	1,727	-	23,923	175	26,548
Investment components	-	-	-	-	-	-
Net income from reinsurance contracts held	(19,160)	1,727	-	23,923	175	6,665
Reinsurance finance (income) and expenses	(36)	113	-	48	-	125
Total amounts recognised in comprehensive income	(19,196)	1,840	-	23,971	175	6,790
Premiums paid	20,498	-	-	-	-	20,498
Amounts received	-	-	-	(8,576)	-	(8,576)
Total cash flows	20,498	-	-	(8,576)	-	11,922
Total additional items	(596)	-	-	-	-	(596)
Closing balance as at 31 December						
Closing reinsurance contract liabilities	-	-	-	-	-	-
Closing reinsurance contract assets	4,199	2,263	-	27,828	543	34,833

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts measured under the GMM only as at:

31 December 2023

Reinsurance contracts held	***Present value of future cash flows AED'000***	***Risk adjustment for non-financial risk AED'000***	***CSM AED'000***	***Total AED'000***
Opening reinsurance contract liabilities	17	5	(61)	(39)
Opening reinsurance contract assets	212	351	1,526	2,089
Net balance as at 01 January	195	346	1,587	2,128
CSM recognised in profit or loss for the services provided	-	-	(203)	(203)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(68)	-	(68)
Experience adjustments	(1,133)	-	-	(1,133)
Changes that relate to current service	(1,133)	(68)	(203)	(1,404)
Contracts initially recognised in the period	(1,594)	343	1,705	454
Experience adjustments	663	(55)	(69)	539
Changes in estimates that adjust the CSM	(1)	108	(107)	-
Changes in estimates that do not adjust the CSM	(2)	151	-	149
Changes that relate to future services	(934)	547	1,529	1,142
Adjustment to assets for incurred claims	-	-	-	-
Changes that relate to past service	-	-	-	-
Insurance service result	(2,067)	474	1,387	(262)
Total insurance finance income	(145)	36	186	77
Total amounts recognised in comprehensive income	(2,212)	515	1,512	(185)
Cash flows				
Premiums paid	1,618	(1)	-	1,617
Amounts received	-	-	-	-
Total cash flows	1,618	(1)	-	1,617
Net balance as at 31 December				
Closing reinsurance contract liabilities	-	-	-	-
Closing reinsurance contract assets	(399)	860	3,099	3,560

9 Insurance and reinsurance contract assets and liabilities *(continued)*

The following reconciliations that are required by IFRS 17 are included below, for contracts issued and reinsurance contracts held.

Reconciliation of the gross liability for remaining coverage and the liability for incurred claims – Applicable to contracts measured under the PAA and GMM as at:

31 December 2022 (Restated)

	LRC		*LIC*			
Insurance contracts issued	***Excluding loss component AED'000***	***Loss component AED'000***	***BBA AED'000***	***Present value of future cash flows AED'000***	***Risk adjustment for non-financial risk AED'000***	***Total AED'000***
Opening insurance contract liabilities	38,892	3,355	2,262	9,462	697	54,668
Opening insurance contract assets	-	-	-	-	-	-
Opening balance as at 1 January	38,892	3,355	2,262	9,462	697	54,668
Insurance revenue	(71,739)	-	-	-	-	(71,739)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	(341)	5,971	68,343	98	74,071
Insurance acquisition cash flows amortisation	5,484	-	-	-	-	5,484
Increase in existing incurred claims reserves	-	-	-	(8,264)	(17)	(8,281)
Claims accrual	-	-	(309)	-	-	(309)
Losses on onerous contracts and reversals of losses	-	(842)	-	-	-	(842)
Total insurance service expenses	5,484	(1,183)	5,662	60,079	81	70,123
Investment components	-	-	-	-	-	-
Insurance service result	(66,255)	(1,183)	5,662	60,079	81	(1,616)
Insurance finance (income) and expenses	(679)	37	-	47	-	(595)
Total amounts recognised in comprehensive income	(66,934)	(1,146)	5,662	60,126	81	(2,211)
Premiums received	58,561	-	-	-	-	58,561
Claims and other expenses paid	-	-	(5,971))	(55,497)	-	(61,468)
Acquisition Cash Flows Paid	(552)	-	-	-	-	(552)
Total cash flows	58,009	-	(5,971)	(55,497)	-	(3,459)
Total additional items	(5,255)	-	-	-	-	(5,255)
Closing balance as at 31 December						
Closing insurance contract liabilities	25,172	2,209	1,953	14,091	778	44,203
Closing insurance contract assets	460	-	-	-	-	460

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured under the GMM only as at:

31 December 2022

Insurance contracts issued	Present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM AED'000	Total AED'000
Opening insurance contract liabilities	26,006	2,134	9,243	37,383
Opening insurance contract assets	-	-	-	-
Net balance as at 01 January	26,006	2,134	9,243	37,383
CSM recognised in profit or loss for the services provided	-	-	(3,404)	(3,404)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(414)	-	(414)
Experience adjustments	428	-	-	428
Changes that relate to current service	428	(414)	(3,404)	(3,390)
Contracts initially recognised in the period	(2,694)	528	2,639	473
Experience adjustments	(7,359)	(407)	4,294	(3,472)
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that do not adjust the CSM	-	-	-	-
Changes that relate to future services	(10,053)	121	6,933	(2,999)
Adjustment to liabilities for incurred claims	(309)	-	-	(309)
Changes that relate to past service	(309)	-	-	(309)
Insurance service result	(9,934)	(293)	3,529	(6,698)
Total insurance finance expenses	(966)	30	293	(643)
Total amounts recognised in comprehensive income	(10,900)	(263)	3,822	(7,341)
Cash flows				
Premiums received	(3,818)	-	-	(3,818)
Claims and expenses paid	-	-	-	-
Insurance acquisition cash flows paid	-	-	-	-
Total cash flows	(3,818)	-	-	(3,818)
Net balance as at 31 December				
Closing insurance contract liabilities	13,094	1,620	11,970	26,684
Closing insurance contract assets	(1,806)	251	1,095	(460)

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Reconciliation of the reinsurance contract liabilities and assets – Applicable to contracts measured under the PAA and GMM as at:

31 December 2022 (Restated)

	ARC		AIC			
Reinsurance contracts held	*Excluding loss component AED'000*	*Loss component AED'000*	*BBA AED'000*	*Present value of future cash flows AED'000*	*Risk adjustment for non-financial risk AED'000*	*Total AED'000*
Opening reinsurance contract liabilities	(169)	-	-	-	-	(169)
Opening reinsurance contract assets	881	178	-	4,139	324	5,522
Opening balance as at 1 January	712	178	-	4,139	324	5,353
Allocation of reinsurance premiums paid	(15,520)	-	-	-	-	(15,520)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other directly attributable expenses	-	(55)	242	23,484	52	23,723
Insurance acquisition cash flows amortisation	866	-	-	-	-	866
Adjustment to asset for incurred claims	-	-	-	(3,736)	(8)	(3,744)
Claims accrual	-	-	-	-	-	-
Recoveries and reversal of recoveries of losses on onerous underlying contracts	(523)	294	-	-	-	(229)
Total	343	239	242	19,748	44	20,616
Investment components	-	-	-	-	-	-
Net income from reinsurance contracts held	(15,177)	239	242	19,748	44	5,096
Reinsurance finance (income) and expenses	(122)	6	-	18	-	(98)
Total amounts recognised in comprehensive income	(15,299)	245	242	19,766	44	4,998
Premiums paid	18,901	-	-	-	-	18,901
Amounts received	-	-	(242)	(11,472)	-	(11,714)
Total cash flows	18,901	-	(242)	(11,472)	-	7,187
Total additional items	(821)	-	-	-	-	(821)
Closing balance as at 31 December						
Closing reinsurance contract liabilities	(39)	-	-	-	-	(39)
Closing reinsurance contract assets	3,532	423	-	12,433	368	16,756

*The entity has applied full retrospective approach (FRA) for contracts under insurance revenue.

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts measured under the GMM only as at:

31 December 2022

Reinsurance contracts held	*Present value of future cash flows AED'000*	*Risk adjustment for non-financial risk AED'000*	*CSM AED'000*	*Total AED'000*
Opening reinsurance contract liabilities	24	7	(57)	(26)
Opening reinsurance contract assets	513	223	327	1,063
Net balance as at 01 January	537	230	270	1,037
CSM recognised in profit or loss for the services provided	-	-	(101)	(101)
Change in the risk adjustment for nonfinancial risk for the risk expired	-	(38)	-	(38)
Experience adjustments	(496)	-	-	(496)
Changes that relate to current service	(496)	(38)	(101)	(635)
Contracts initially recognised in the period	(502)	232	602	332
Experience adjustments	(1,183)	(73)	655	(601)
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that do not adjust the CSM	-	-	-	-
Changes that relate to future services	(1,685)	159	1,257	(269)
Adjustment to assets for incurred claims	-	-	-	-
Changes that relate to past service	-	-	-	-
Insurance service result	(2,181)	121	1,156	(904)
Total insurance finance income	(160)	5	39	(116)
Total amounts recognised in comprehensive income	(2,341)	126	1,195	(1,020)
Cash flows				
Premiums paid	2,275	-	-	2,275
Amounts received	(242)	-	-	(242)
Total cash flows	2,033	-	-	2,033
Net balance as at 31 December				
Closing reinsurance contract liabilities	17	5	(61)	(39)
Closing insurance contract assets	212	351	1,526	2,089

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Impact of contracts initially recognised in the year ended

31 December 2023

	Non-onerous contracts originated AED'000	Onerous contracts originated AED'000	Total AED'000
Insurance contracts issued			
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	**647**	**157**	**804**
Claims and other directly attributable expenses	**9,411**	**3,238**	**12,649**
Total estimates of the present value of future cash outflows	**10,058**	**3,395**	**13,453**
Estimates of the present value of future cash inflows	**13,643**	**2,987**	**16,630**
Risk adjustment for non-financial risk	**502**	**171**	**673**
CSM	**3,083**	**-**	**3,083**
Increase in insurance contract liabilities from contracts recognised during the year	**-**	**(579)**	**(579)**

31 December 2022

	Non-onerous contracts originated AED'000	Onerous contracts originated AED'000	Total AED'000
Insurance contracts issued			
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	433	128	561
Claims and other directly attributable expenses	6,897	3,102	9,999
Total estimates of the present value of future cash outflows	7,330	3,230	10,560
Estimates of the present value of future cash inflows	10,335	2,918	13,253
Risk adjustment for non-financial risk	366	161	527
CSM	2,639	-	2,639
Increase in insurance contract liabilities from contracts recognised during the year	-	(473)	(473)

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Impact of contracts initially recognised in the year ended

31 December 2023

	Contracts originated not in a net gain	**Contracts originated in a net gain**	**Total**
	AED'000	**AED'000**	**AED'000**
Reinsurance contracts held			
Estimates of the present value of future cash inflows	**5,324**	**3,042**	**8,366**
Estimates of the present value of future cash outflows	**(3,492)**	**(3,262)**	**(6,754)**
Risk adjustment for non-financial risk	**(175)**	**(163)**	**(338)**
CSM	**(1,657)**	**383**	**(1,274)**
Increase in reinsurance contract assets from contracts recognised in the year	**-**	**-**	**-**

31 December 2022 *(Restated)*

	Contracts originated not in a net gain	Contracts originated in a net gain	Total
	AED'000	AED'000	AED'000
Reinsurance contracts held			
Estimates of the present value of future cash inflows	1,486	3,649	5,135
Estimates of the present value of future cash outflows	(842)	(3,790)	(4,632)
Risk adjustment for non-financial risk	(42)	(190)	(232)
CSM	(602)	331	(271)
Increase in reinsurance contract assets from contracts recognised in the year	-	-	-

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Expected recognition of the contractual service margin - An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table (number of years until expected to be recognised)

	1 AED'000	2 AED'000	3 AED'000	4 AED'000	5 AED'000	>6 AED'000
31 December 2023						
Total CSM (net of reinsurance contracts held)	**1,798**	**1,432**	**1,155**	**956**	**793**	**4,154**
31 December 2022 *(Restated)*						
Total CSM (net of reinsurance contracts held)	1,979	1,552	1,213	975	804	5,077

Management engaged an independent actuary for assessment of the average claim run-off period through construction of loss development triangles, which suggested that the claims run-off period is not more than 24 months. Further, as per past experience, management is of the view that uncertainty about the amount and timing of claims payments is typically resolved within one year of claims occurrence. Accordingly, the Company has not presented the claim development table in these financial statements.

9 Insurance and reinsurance contract assets and liabilities *(continued)*

Breakup of insurance and reinsurance contract balances measured under both PAA and GMM as at:

31 December 2023
AED'000

	PAA	*GMM*	*Total*
Insurance contract assets	**706**	**-**	**706**
Insurance contract liabilities	**(23,450)**	**(22,054)**	**(45,504)**
Reinsurance contract assets	**31,273**	**3,560**	**34,833**
Reinsurance contract liabilities	**-**	**-**	**-**
	8,529	**(18,494)**	**(9,965)**

31 December 2022
AED'000

	PAA	*GMM*	*Total (Restated)*
Insurance contract assets	-	460	460
Insurance contract liabilities	(17,519)	(26,684)	(44,203)
Reinsurance contract assets	14,668	2,089	16,756
Reinsurance contract liabilities	-	(39)	(39)
	(2,851)	(24,175)	(27,026)

10 Other receivables and prepayments

	2023 AED'000	*(Restated)* 2022 AED'000
Prepayments	**1,462**	923
Interest receivable	**991**	1,085
Advances to brokers and suppliers	**-**	445
Staff receivables	**269**	379
Contributions ceded to reinsurer for employee secure saver product *(refer note 13.1)*	**18,900**	11,469
Other receivables	**-**	43
	21,622	14,344

11 Statutory deposits

In accordance with the requirements of Federal Law No. (48) of 2023, concerning Insurance Companies and Agencies, the Company maintains bank deposits of AED 4,000 thousand *(31 December 2022: AED 4,000 thousand)*, as a guarantee against its Insurance of Persons and Fund Accumulation Operations License (medical and life). These deposits cannot be utilized without the consent of Central Bank of UAE.

The statutory deposits are held with local commercial banks and carry interest at the rate of 0.25% to 4.37% per annum *(31 December 2022: 0.25% to 4.75% per annum)*.

12 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

	31 December 2023 AED'000	31 December 2022 AED'000
Statutory deposits *(11)*	**4,000**	4,000
Time deposits	**10,000**	37,028
Demand deposits and cash	**6,154**	11,977
Bank balances and cash	**20,154**	53,005
Less: statutory deposits	**(4,000)**	(4,000)
Less: deposits with original maturities of three months or more	**(10,000)**	(37,028)
Cash and cash equivalents	**6,154**	11,977

At 31 December 2023, bank deposits carry an effective interest rate of 0.25% to 4.37% per annum *(31 December 2022: 3.90% to 4.75% per annum)*. All bank balances and deposits are held with local banks in United Arab Emirates.

13 Insurance payables and other accruals

	31 December 2023 AED'000	*(Restated)* 31 December 2022 AED'000
VAT payable	**22**	2
Investment contract liability for employee saver product *(refer to note 13.1)*	**18,900**	11,469
Other payables	**7,847**	5,303
	26,769	16,774

13 Insurance payables and other accruals *(continued)*

(13.1) In last year, the Company initiated a new savings product "Employee Secure Saver", whereby the Company receives contributions from third party companies ("policyholders") relating to the end of service benefits of its employees ("participants"). The product ensures a guaranteed fund to its participants and does not transfer a significant insurance risk to the Company. Therefore, this product has been classified as an investment contract and accordingly, a financial liability has been created against the contributions received from its participants. This liability does not have a contractual maturity, and these funds can be withdrawn anytime upon the participants' death, retirement or resignation from the policyholder companies. Further, the Company has a contract with its reinsurer who is the ultimate guarantor of this fund and therefore all the contributions received are transferred to its reinsurer. Accordingly, an equivalent amount has been booked as a financial asset representing the funds transferred and receivable from its reinsurer with respect to this product. The company will be charging a nominal commission for their services and to receive commissions starting from 2024.

14 Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and fully paid up capital		
200,000,000 shares of AED 1 each	**200,000**	200,000

15 Reserves

(a) Legal reserve

In accordance with Articles of Association of the Company and in line with the provisions of Article 241 of the UAE Federal Law No. (32) of 2021 ("Companies Law"), the Company is required to transfer annually to the legal reserve account an amount equal to 10% of its net profit until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution. The Company has transferred AED nil *(31 December 2022: AED 328 thousand)* to the legal reserve from its net profit during the year.

(b) Other reserve

Subscription issuance fee of AED 0.025 per share was paid on subscription to cover the incorporation expenses of the Company amounting to AED 650 thousand. The Company received a refund relating to incorporation expenses amounting to AED 1,372 thousand which has been recognised directly in equity under other reserve.

(c) Reinsurance risk reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Insurance Authority shall bind in the preparation of its annual financial statements and its final accounts to allocate an amount equal to 0.5% (five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed off without the written approval of the Director General. The decision is effective from 1 December 2020. Accordingly, an amount of AED 340 thousand *(31 December 2022: AED 238 thousand)* has been recorded in equity as a reinsurance risk reserve.

16 Provision for employees' end of service benefits

The Company provides for end of service benefits for its expatriate employees in accordance with the employees' contracts of employment. The movement in the provision during the year is as follows:

	2023 AED'000	2022 AED'000
Balance as at 1 January	**1,743**	1,210
Charged during the year	**1,271**	578
Paid during the year	**(585)**	(45)
Balance as at 31 December	**2,429**	1,743

17 Earning per share

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

Diluted earnings per share amounts are calculated by dividing the earning for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the earnings and shares data used in the earnings per share computations:

	31 December 2023 AED'000	*(Restated)* 31 December 2022 AED'000
(Loss) / profit for the year (AED'000)	**(5,698)**	7,427
Weighted average number of ordinary shares (shares in '000)	**200,000**	200,000
(Loss) / earning per share for the year – basic and diluted (AED)	**(0.028)**	0.037

18 Related party transactions and balances

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

The Company maintains balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows:

	31 December 2023 AED'000	31 December 2022 AED'000
Due from KANOO Group LLC *(major shareholder)*		
Medical Premium	**3,633**	3,632
(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)		
Total due from related parties	**3,633**	3,632

Transactions with related parties during the period are as follows:

	31 December 2023 AED'000	31 December 2022 AED'000
Medical business with KANOO Group LLC *(major shareholder)*		
- Gross written premiums	**14,294**	10,590
- Claims paid	**(6,453)**	(5,827)

Compensation of key management personnel:

The remuneration of key management personnel during the period is as follows:

Short term benefits	**1,745**	1,615
Employees' end of service benefits	**72**	64

19 Contingencies and commitments

Contingencies

As at 31 December 2023, the Company had contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 2,000 thousand *(31 December 2022: AED 2,000 thousand)*.

Commitments

Estimated capital call contracted for at the statement of financial position date but not provided for amounted to 105 thousand *(31 December 2022: AED 144 thousand)*.

20 Risk management framework

The Company issues contracts that transfer insurance risk. This section summarises the insurance risks and the way the Company manages them.

a. *Introduction and overview*

Governance framework

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

Regulatory framework

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

(b) Underwriting risk

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.

The above risk exposure is mitigated by diversification across a portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk management mitigation programme. Reinsurance ceded is placed mainly on a proportional basis. The majority of reinsurance is quota-share and surplus reinsurance arrangements which is taken out to reduce the overall exposure of the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims reserve and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

Life insurance contracts

Life insurance contracts offered by the Company consist of term assurance.

Term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits.

20 Risk management framework *(continued)*

(b) ***Underwriting risk*** *(continued)*

This is largely achieved through diversification across industry sectors, the use of medical screening in order to ensure that pricing takes accounts of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

For contracts when death or disability is the issued risk, the significant factors that should increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

Medical insurance contracts

The frequency and amounts of claims can be affected by several factors. The Company underwrites primarily insurance contracts for medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one to two years of the insured event taking place. This helps to mitigate insurance risk.

Medical insurance is designed to compensate contract holders for hospitalisation and medication expenses arising through illness and any other health issues.

For medical insurance the main risks are illnesses that require long-term hospitalisation and expensive medications. These contracts are underwritten by reference to the age and health status of the contract holder. Effective 1 January 2017, the Company is fully retaining the medical business.

The loss ratios determined by assessing net incurred claims in relation to net earned premium are analysed below by class of business for the current and previous year:

	31 December 2023		31 December 2022	
Type of risk	**Gross loss ratio**	**Net loss ratio**	Gross loss ratio	Net loss ratio
Group Life	**78%**	**57%**	77%	45%
Medical	**101%**	**101%**	82%	82%
Individual Medical	**46%**	**46%**	0%	0%
Individual Life	**25%**	**33%**	36%	31%

20 Risk management framework *(continued)*

(c) Financial risk management

The Company's financial assets comprise investments, insurance and reinsurance receivables, bank deposits, cash on hand and at bank and certain other receivables. Financial liabilities of the Company comprise of liabilities against due to related parties, trade and certain other payables.

The Company has exposure to the following primary risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 AED'000	*(Restated)* 2022 AED'000
Time deposits	**10,000**	37,028
Demand deposits (excluding cash on hand)	**6,154**	11,977
Statutory deposits	**4,000**	4,000
Other receivables	**20,160**	12,976
Financial assets at fair value through OCI	**86,386**	77,233
Financial assets at fair value through profit or loss	**16,522**	14,391
Reinsurance contract assets	**34,833**	16,756
	178,055	174,361

The assets above are analysed in the table below using ratings of Standard & Poors (S&P), Moody's and Fitch. The concentration of credit risk is substantially unchanged compared to the prior year.

At 31 December 2023	**Cash and cash equivalents AED'000**	**Reinsurance contract asset AED'000**	**Financial assets at FVOCI AED'000**	**Financial assets at FVTPL AED'000**	**Other receivables AED'000**	**Total AED'000**
AAA to A	**20,154**	**34,833**	**26,750**	**3,370**	**-**	**85,107**
BBB to B	**-**	**-**	**41,524**	**1,188**	**-**	**42,712**
Not rated	**-**	**-**	**18,112**	**11,964**	**20,160**	**50,236**
Total	**20,154**	**34,833**	**86,386**	**16,522**	**20,160**	**178,055**

20 Risk management framework *(continued)*

(c) *Financial risk management (continued)*

(i) *Credit risk (continued)*

	At 31 December 2022 *(Restated)*					
	Cash and cash equivalents AED'000	Reinsurance contract assets AED'000	Financial assets at FVOCI AED'000	Financial assets at FVTPL AED'000	Other receivables AED'000	Total AED'000
AAA to A	53,005	-	18,759	3,092	-	74,856
BBB to B	-	-	42,992	8,232	-	51,224
Not rated	-	16,756	15,482	3,067	12,976	48,281
Total	53,005	16,756	77,233	14,391	12,976	174,361

Management of credit risk

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

- The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

- The Company's investment portfolio is managed in accordance with the investment policy established by the Investment Committee.

- The Company's bank balances are maintained with a range of international and local banks in accordance with limits set by the Investment Committee.

(ii) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with insurance contracts and financial liabilities as they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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

The Company manages liquidity risk by maintaining adequate liquid reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Details of the Company's financial liabilities are summarised in the table below by the maturity profile of the Company's assets and liabilities based on the contractual repayment arrangements.

20 Risk management framework *(continued)*

(c) Financial risk management (continued)

(ii) Liquidity risk (continued)

The contractual maturities of liabilities 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.

	Contractual cash outflows		
	Carrying amount AED'000	**Up to 180 days AED'000**	**181 to 365 days AED'000**
Financial liabilities at 31 December 2023			
Other payables	**26,769**	**26,769**	**-**
Total	**26,769**	**26,769**	**-**
Financial liabilities at 31 December 2022			
Other payables	16,774	16,774	-
Total	16,774	16,774	-

The expected maturity profile of the assets at 31 December 2023 and 2022 is as follows:

	Current AED '000	**Non-current AED '000**	**Total AED '000**
31 December 2023			
Cash and bank balances	**6,154**	**-**	**6,154**
Investments	**16,522**	**86,386**	**102,908**
	22,676	**86,386**	**109,062**
31 December 2022			
Cash and bank balances	11,977	-	11,977
Investments	14,391	77,233	91,624
	26,368	77,233	103,601

20 Risk management framework *(continued)*

(c) *Financial risk management* (continued)

(iii) Market risk

Market risk arises from fluctuations in currency rates, equity prices and interest rates. Management monitors the market risk on an ongoing basis and on any significant transaction. Market risk is further analysed into currency risk, equity price risk and interest rate risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has limited transactional exposure to exchange rate risk as it generally enters into contracts in UAE Dirham, being the functional currency of the Company and US Dollar. The AED is pegged to the US Dollar.

Price risk

Price risk is the risk that the fair values of equities and other quoted instruments decrease as the result of changes in the levels of indices and the value of individual instruments. The price risk exposure arises from the Company's equity and debt instruments portfolio carried at fair value. The effect on 'total equity' and 'statement of profit or loss' (as a result of a change in the value of investments held at fair value at 31 December 2023 due to a reasonably possible change in indices, with all other variables held constant, is as follows. The effect of decreases in prices is expected to be equal and opposite to the effect of the increases shown.

31 December 2023	**Change in index %**	**Effect on equity AED'000**	**Effect on statement of income AED'000**
Indicator			
Quoted equities and mutual funds	10	1,920	909
Debt instruments classified at FVTPL	10	743	743
Debt instruments classified at FVOCI	10	7,512	-

31 December 2022	Change in index %	Effect on equity AED'000	Effect on statement of income AED'000
Indicator			
Quoted equities and mutual funds	10	1,557	704
Debt instruments classified at FVTPL	10	735	735
Debt instruments classified at FVOCI	10	6,755	-

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its interest-bearing assets (debt securities, statutory deposits and bank deposits). The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest-bearing investments are denominated.

20 Risk management framework *(continued)*

(c) *Financial risk management (continued)*

(iii) Market risk (continued)

Interest rate risk (continued)

Details of maturities of the major classes of financial assets are as follows:

	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2023					
Financial assets at fair value – equities	-	-	-	20,352	20,352
Financial assets at fair value - debt instruments	19,514	34,493	28,549	-	82,556
Statutory deposits	4,000	-	-	-	4,000
Time deposits	10,000	-	-	-	10,000
Other receivables *(excluding prepayments, advances and VAT receivable)*	20,160	-	-	-	20,160
Demand deposits and cash *(excluding cash on hand)*	-	-	-	6,154	6,154
	53,674	34,493	28,549	26,506	143,222

	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2022 *(Restated)*					
Financial assets at fair value – equities	-	-	-	16,720	16,720
Financial assets at fair value - debt instruments	-	48,336	26,568	-	74,904
Statutory deposits	4,000	-	-	-	4,000
Time deposits	37,028	-	-	-	37,028
Other receivables *(excluding prepayments, advances and VAT receivable)*	12,976	-	-	-	12,976
Demand deposits and cash *(excluding cash on hand)*	-	-	-	11,972	11,972
	54,003	48,336	26,568	28,692	157,599

20 Risk management framework *(continued)*

(c) Financial risk management (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's statement of profit or loss based on the interest-bearing financial assets and financial liabilities held at 31 December 2023.

Effect on statement of profit or loss due to change in base points is as follows:

	2023 **AED'000**	2022 AED'000
+ 50% change in base points	**185**	645
- 50% change in base points	**(185)**	(645)

(iv) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, human error, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

20 Risk management *(continued)*

(d) *Insurance risk (continued)*

Sensitivity of underwriting profit and losses

The underlying risk of any agreed insurance contract is the possibility that the insured event occurs and the level of certainty the insurer can project on any resulting claim. By the nature of an insurance contract, this risk is often random and the amount of payable claim even more unpredictable. Therefore, the Company applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the insurance liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated. Whilst the Company applies the portfolio approach to understand its projected claims, events leading to actual claims vary and therefore profitability is impacted, either positively or negatively on an annual basis.

The Company has an overall risk retention level of 48% *(31 December 2022: 34%)* and this is mainly due to overall low retention levels in commercial lines. Despite these low retention levels on commercial lines, due to the unpredictability in events and their extreme volatility, large events stress the performance of the Company despite transferring risks to other parties. For all lines of business, the Company is adequately covered by excess of loss reinsurance programs to guard against any major financial impact.

The following tables present information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

20 Risk management *(continued)*

Insurance risk *(continued)*

Sensitivity of underwriting profit and losses *(continued)*

Sensitivities for contracts measured under the GMM at 31 December 2023

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase / (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities	8,666	13,388	22,054					
Reinsurance contract assets	(461)	(3,099)	(3,560)					
Net insurance contract liabilities	8,205	10,289	18,494					
Discount rate +1%								
Insurance contract liabilities				(761)	68	(693)	13,455	1,177
Reinsurance contract assets				297	(25)	272	(3,124)	(419)
Net insurance contract liabilities				(464)	43	(421)	10,331	758
Discount rate -1%								
Insurance contract liabilities				900	(77)	823	13,310	(339)
Reinsurance contract assets				(367)	29	(338)	(3,070)	(191)
Net insurance contract liabilities				533	(48)	485	10,240	(530)
Mortality rate+15%								
Insurance contract liabilities				3,539	(1,940)	1,600	11,448	(1,116)
Reinsurance contract assets				(1,909)	740	(1,169)	(2,359)	1,022
Net insurance contract liabilities				1,630	(1,200)	431	9,089	(94)
Mortality rate-20%								
Insurance contract liabilities				(4,746)	3,096	(1,650)	16,484	2,133
Reinsurance contract assets				2,558	(992)	1,566	(4,091)	(1,713)
Net insurance contract liabilities				(2,188)	2,104	(84)	12,393	422

20 Risk management *(continued)*

Insurance risk *(continued)*

Sensitivity of underwriting profit and losses *(continued)*

Sensitivities for contracts measured under the GMM at 31 December 2023

	FCF as at 31 December AED'000	CSM as at 31 December AED'000	Total AED'000	Impact on FCF AED'000	Impact on CSM AED'000	Total increase / (decrease) in insurance contract liabilities AED'000	Remaining CSM AED'000	Impact on profit before income tax AED'000
Surrender rate+50%								
Insurance contract liabilities				(125)	(482)	(606)	12,906	1,090
Reinsurance contract assets				411	18	429	(3,081)	(576)
Net insurance contract liabilities				286	(464)	(177)	9,825	514
Surrender rate-50%								
Insurance contract liabilities				389	628	1,017	14,016	(534)
Reinsurance contract assets				(715)	118	(597)	(2,981)	451
Net insurance contract liabilities				(326)	746	420	11,035	(83)

20 Risk management *(continued)*

Insurance risk *(continued)*

Sensitivity of underwriting profit and losses *(continued)*

Sensitivities for contracts measured under the GMM at 31 December 2022

	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase / (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities	14,714	11,971	26,684					
Reinsurance contract assets	(564)	(1,526)	(2,089)					
Net insurance contract liabilities	14,150	10,445	24,595					
Discount rate +1%								
Insurance contract liabilities				(1,291)	60	(1,231)	12,031	5,935
Reinsurance contract assets				362	(12)	350	(1,538)	(1,142)
Net insurance contract liabilities				(929)	48	(881)	10,493	4,793
Discount rate -1%								
Insurance contract liabilities				1,528	(69)	1,459	11,901	4,904
Reinsurance contract assets				(448)	14	(434)	(1,512)	959
Net insurance contract liabilities				1,080	(55)	1,025	10,390	5,863
Mortality rate+15%								
Insurance contract liabilities				6,009	(1,734)	4,275	10,236	4,945
Reinsurance contract assets				(2,331)	364	(1,966)	(1,161)	(296)
Net insurance contract liabilities				3,678	(1,370)	2,309	9,075	4,649
Mortality rate-20%								
Insurance contract liabilities				(8,057)	2,768	(5,289)	14,739	7,086
Reinsurance contract assets				3,123	(489)	2,634	(2,014)	(1,517)
Net insurance contract liabilities				(4,934)	2,279	(2,655)	12,725	5,569

20 Risk management *(continued)*

Insurance risk *(continued)*

Sensitivity of underwriting profit and losses *(continued)*

Sensitivities for contracts measured under the GMM at 31 December 2022

	FCF as at 31 December AED'000	CSM as at 31 December AED'000	Total AED'000	Impact on FCF AED'000	Impact on CSM AED'000	Total increase / (decrease) in insurance contract liabilities AED'000	Remaining CSM AED'000	Impact on profit before income tax AED'000
Surrender rate+50%								
Insurance contract liabilities				(211)	(431)	(642)	11,540	7,195
Reinsurance contract assets				502	9	511	(1,517)	(1,704)
Net insurance contract liabilities				291	(422)	(131)	10,023	5,491
Surrender rate-50%								
Insurance contract liabilities				660	562	1,222	12,533	5,979
Reinsurance contract assets				(873)	58	(815)	(1,468)	(1,475)
Net insurance contract liabilities				(213)	620	407	11,065	4,504

20 Risk management *(continued)*

Insurance risk *(continued)*

Sensitivity of underwriting profit and losses *(continued)*

Sensitivities for contracts measured under the PAA

	2023			2022		
	LIC as at 31 December	**Impact on LIC**	**Impact on Liabilities**	LIC as at 31 December	Impact on LIC	Impact on Liabilities
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Insurance contract liabilities	18,145			14,870		
Reinsurance contract assets	(28,373)			(12,801)		
Net insurance contract liabilities	(10,228)			2,068		
Discount rate +0.5%						
Insurance contract liabilities		(72)	(72)		(17)	(17)
Reinsurance contract assets		186	186		13	13
Net insurance contract liabilities		114	114		(4)	(4)
Discount rate -0.5%						
Insurance contract liabilities		72	72		17	17
Reinsurance contract assets		(186)	(186)		(13)	(13)
Net insurance contract liabilities		(114)	(114)		4	4
Risk adjustment+5%						
Insurance contract liabilities		63	101		39	124
Reinsurance contract assets		(27)	(27)		(18)	(18)
Net insurance contract liabilities		36	74		21	106
Risk adjustment-5%						
Insurance contract liabilities		(63)	(101)		(39)	(124)
Reinsurance contract assets		27	27		18	18
Net insurance contract liabilities		(36)	(74)		(21)	(106)

20 Risk management *(continued)*

***Insurance risk** (continued)*

***Sensitivity of underwriting profit and losses** (continued)*

Sensitivities for contracts measured under the PAA

	2023			2022		
	LIC as at 31 December	**Impact on LIC**	**Impact on Liabilities**	LIC as at 31 December	Impact on LIC	Impact on Liabilities
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Loss reserves+5%						
Insurance contract liabilities		907	907		709	709
Reinsurance contract assets		(1,419)	(1,419)		(625)	(625)
Net insurance contract liabilities		(512)	(512)		84	84
Loss reserves-5%						
Insurance contract liabilities		(907)	(907)		(709)	(709)
Reinsurance contract assets		1,419	1,419		625	625
Net insurance contract liabilities		512	512		(84)	(84)

20 Risk management *(continued)*

Financial risk management *(continued)*

A maturity analysis for portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities is presented below.

The analysis is presented by estimated timing, of the estimates of the present value of the future cash flows, for each of the first five years after the reporting date and in aggregate beyond the first five years.

As per IFRS-17 (132b), an entity is not required to include in these analyses liabilities for remaining coverage measured under the PAA approach, and accordingly, these balances have been excluded.

31 December 2023

	1 year AED'000	**2 year AED'000**	**3 year AED'000**	**4 year AED'000**	**5 year AED'000**	**>6 year AED'000**	**Total AED'000**
Insurance contract liabilities	**1,166**	**510**	**428**	**111**	**4,434**	**-**	**6,649**
Reinsurance contract liabilities	**1,316**	**355**	**237**	**131**	**(1,640)**	**-**	**399**
Total	**2,482**	**865**	**665**	**242**	**2,794**	**-**	**7,048**

31 December 2022

	1 year AED'000	2 year AED'000	3 year AED'000	4 year AED'000	5 year AED'000	>6 year AED'000	Total AED'000
Insurance contract liabilities	3,823	1,231	1,024	803	4,407	-	11,288
Reinsurance contract liabilities	577	163	101	58	(1,128)	-	(229)
Total	4,400	1,394	1,125	861	3,279	-	11,059

20 Risk management *(continued)*

Capital risk management

The solvency regulations identify the required solvency margins to be held in addition to insurance liabilities. The solvency margins (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 period. The Company has incorporated in its policies and procedures, the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins as defined in the regulations. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current period solvency position is not finalised.

	Unaudited **30 September 2023** **AED'000**	*Unaudited* 31 December 2022 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	18,302	19,720
Minimum Guarantee Fund (MGF)	74,696	74,382
Basic Own Funds	113,526	114,952
MCR Solvency Margin – Surplus	13,526	14,952
SCR Solvency Margin – Surplus	95,224	95,232
MGF Solvency Margin – Surplus	38,830	40,570

21 Fair value of financial instruments

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

21 Fair value of financial instruments *(continued)*

Financial assets measured at fair value

At 31 December 2023	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
At fair value through profit or loss				
Quoted equities	**9,087**	**-**	**-**	**9,087**
Quoted debt instruments	**3,655**	**3,780**	**-**	**7,435**
	12,742	**3,780**	**-**	**16,522**
At fair value through other comprehensive income				
Quoted equities	**1,070**	**-**	**-**	**1,070**
Mutual funds	**-**	**9,047**	**-**	**9,047**
Quoted debt instruments	**50,382**	**24,739**	**-**	**75,121**
Private debt fund	**-**	**-**	**1,148**	**1,148**
	51,452	**33,786**	**1,148**	**86,386**
	64,194	**37,566**	**1,148**	**102,908**

At 31 December 2022	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
At fair value through profit or loss				
Quoted equities	7,038	-	-	7,038
Quoted debt instruments	7,353	-	-	7,353
	14,391	-	-	14,391
At fair value through other comprehensive income				
Quoted equities	886	-	-	886
Mutual funds	-	7,648	-	7,648
Quoted debt instruments	55,957	11,594	-	67,551
Private debt fund	-	-	1,148	1,148
	56,843	19,242	1,148	77,233
	71,234	19,242	1,148	91,624

For investment in private fund, the fair values are based on Net Asset Values (NAV) calculated by the respective fund managers. The valuation of this debt fund qualifies as Level 3 fair value measurement. There were no transfers between Level 1 and Level 2 fair value measurements except for investment in one security at fair value through profit or loss reclassified to level 2 and investment in three securities at fair value through other comprehensive income reclassified to level 2, and no transfers into or out of Level 3 fair value measurements during the period. Except for the above, management considers that the carrying amounts of financial assets recognised in the financial statements approximate their fair values.

22 Segment information

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

- The medical insurance segment that provides medical cover to policyholders; and
- The life insurance segment offers term life assurance products.

No inter-segment transactions occurred in 2023 and 2022.

Segment statement of income for the period ended 31 December 2023 is presented below:

AED'000	*Medical*	*Life*	*Total*
Insurance revenue	**14,933**	**74,011**	**88,944**
Insurance service expenses	**(19,797)**	**(83,310)**	**(103,107)**
Insurance service result before reinsurance contracts held	**(4,864)**	**(9,299)**	**(14,163)**
Net income from reinsurance contracts held	-	**6,665**	**6,665**
Total insurance service result	**(4,864)**	**(2,634)**	**(7,498)**
Insurance finance expense	**(30)**	**(601)**	**(631)**
Reinsurance investment result	-	**125**	**125**
Investment and other income - net			**4,822**
Other expenses			**(2,516)**
Net loss			**(5,698)**

For the period ended 31 December 2022 *(Restated)* is presented below:

AED'000	*Medical*	*Life*	*Total*
Insurance revenue	10,240	61,499	71,739
Insurance service expenses	(14,659)	(55,464)	(70,123)
Insurance service result before reinsurance contracts held	(4,419)	6,035	1,616
Net income from reinsurance contracts held	-	5,096	5,096
Total insurance service result	(4,419)	11,131	6,712
Insurance finance expense	(2)	599	595
Reinsurance investment result	-	(98)	(98)
Investment and other income - net			2,421
Other expenses			(2,203)
Net Profit			7,427

22 Segment information *(continued)*

Below is the breakup of insurance revenue as per PAA and GMM:

AED' 000	**31 December 2023**	31 December 2022
Expected claims and expenses excluding investment component over the period excluding loss component	**4,929**	5,225
Expected release of risk adjustment over the period excluding loss component	**373**	390
CSM Release	**2,405**	3,404
Acquisition Expenses recovered from premiums	**203**	144
Insurance revenue from contracts not measured under the PAA	**7,910**	9,163
Insurance revenue from contracts measured under the PAA	**81,034**	62,576
Total Insurance Revenue	**88,944**	71,739

Insurance and reinsurance assets and liabilities - Applicable to all measurement models as at

31 December 2023

AED'000	***Medical***	***Life***	***Total***
Total assets			
Insurance contract assets	-	**706**	**706**
Reinsurance contract assets	-	**34,833**	**34,833**
Unallocated	-	-	**158,480**
Total			**194,019**
Total liabilities			
Insurance contract liabilities	**6,118**	**39,386**	**45,504**
Reinsurance contract liabilities	-	-	-
Unallocated	-	-	**29,198**
Total			**74,702**

31 December 2022 (Restated)

AED'000	***Medical***	***Life***	***Total***
Total assets			
Insurance contract assets	-	460	460
Reinsurance contract assets	-	16,756	16,756
Unallocated	-	-	166,936
Total			184,152
Total liabilities			
Insurance contract liabilities	2,637	41,566	44,203
Reinsurance contract liabilities	-	39	39
Unallocated	-	-	18,517
Total			62,759

23 Corporate tax

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

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

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial period ended 31 December 2023.

Since the corporate tax was introduced only recently, this may create tax risks in UAE that are more significant than in other countries. The Company has assessed the deferred tax implications for the period ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material. The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

24 Gross written premiums

In reference to notice CBUAE/BIS/2023/6163 by Central Bank of UAE on reporting requirements, the insurance companies are required to include a disclosure on the details of gross written premium as per INFO-7 of the eForms.

Description	**Medical Insurance AED'000**	**Life Insurance AED'000**	**Total AED'000**
Direct written premiums	17,115	70,194	**87,309**
Assumed business			
- Foreign		(1,416)	**(1,416)**
- Local	-	-	**-**
Total assumed business		(1,416)	**(1,416)**
Gross written premiums	17,115	68,778	**85,893**

25 Social contributions

The social contribution made during the year amount to AED Nil (31 December 2022: AED Nil).

26 Audit fees

The audit fees charged during the year amount to AED 462 thousand (31 December 2022: AED 120 thousand).

The audit related fees charged during the year amount to AED 310 thousand (31 December 2022: AED 255 thousand).

27 General

These financial statements of the Company was approved for issuance by the Board of Directors on 2 5 MAR 2024.

4.

Corporate Governance Report 2023

HAYAH

HAYAH Insurance Company P.J.S.C.

Corporate Governance Report 2023

HAYAH

TABLE OF CONTENTS

HAYAH

Company Introduction

HAYAH Insurance Company P.J.S.C "HAYAH" is a public joint-stock company with a paid capital of 200 million dirhams and registered with the Central Bank of the UAE under registration number 83. The Company was established in August 2008 and is listed on Abu Dhabi Securities Market. It is subject to compliance with regulations issued by the Securities and Commodities Authority and the Central Bank of the UAE.

The Company's headquarters is located in the capital, Abu Dhabi, and has a branch in the Emirate of Dubai.

The Company provides insurance and support solutions to individuals and institutions to help them manage unexpected risks by providing insurance products, where it provides a wide range of life and health insurance services.

Overview of Corporate Governance

Statement of Commitment

The Board of Directors ensures that the governance structure actively identifies, responds to, and communicates all material governance matters that have an impact on the Company's ability to create value. The Board acknowledges its responsibility to ensure the integrity of the annual governance reporting process and believes that this report addresses all material governance matters appropriately and fairly.

The Board is committed to implementing the Governance Code and Principles in alignment with the Corporate Governance Regulation, embedding these principles into our corporate culture, internal controls, policies, and procedures. We remain dedicated to further strengthening these principles in our ongoing efforts, ensuring their continued application and relevance in our corporate governance practices.

Implementation of Corporate Governance rules

HAYAH is fully committed to having a corporate governance framework that is fully compliant with corporate governance requirements that are applicable to public joint stock companies in the UAE and consistent with the Corporate Governance Regulation & Standards for Insurance Companies issued by the Central Bank of the UAE (Circular No. 24/2022) and with the Securities and Commodities Authority's Resolution No. (3/RM) of 2020 Concerning the Joint Stock Companies Governance Guide (as amended), as well as all other relevant resolutions issued from time to time by the competent authorities and the international best practices in this regard.

HAYAH has implemented an internal governance structure with defined roles and responsibilities for every constituent of the system. The Company's shareholders appoint the Board of Directors, who in turn govern the Company. The Board has established committees for specific purposes to discharge its responsibilities in an effective manner, however the overall accountability for the responsibilities assigned to and discharged by the Committees lies with the Board. The Chairman and Chief Executive Offcer provides overall direction and guidance to the Board.

The Board was assisted by various Board Committees, namely the:

- Audit Committee
- Risk Management Committee
- Nomination & Remuneration Committee
- Investment Committee
- Insiders' Trading Follow-Up and Supervision Committee

Apart from the Board Committees, the Company also has management committees each responsible for a critical function. The internal control functions consist of Compliance, Risk Management, Actuarial and Internal Audit. These functions are an important part of the overall governance structure. The role and responsibilities of the Board, its committees, the management committees, and each of the internal control functions are set out subsequently in this report.

HAYAH took all steps required for application of the governance procedures from the date of implementation, It has also been committed to continuously following up on all necessary steps to develop and update governance procedures in line with the latest decisions issued by regulators as well as a commitment to local and global best practices, in particular , the company has taken the following steps during 2023:

a. The Board has been made aware of the new corporate governance regulations, and they have reviewed and signed off on the company's plan to demonstrate full compliance.
b. Review and updated the governance polices in accordance with governance manual and the action plan for effectiveness of those polices.
c. During 2023, elected a female board member in line with the Securities and Commodities Authority (SCA) mandate.
d. The company was keen on exercising its works with the required transparency in relation to the times and methods of disclosure of financial statements and compliance with the rules and decisions of the regulatory and statutory bodies.
e. The Company is committed to make the Corporate Governance Report available to all shareholders and publish it through the usual means of publication prior to the announcement of the General Assembly's invitation by enough time, for the shareholders to review it.
f. The company has whistle blowing policy in place that enables the employees to report potential violations in financial reports, internal controls or other matters while their rights are fully protected.
g. The company is committed to complying with the laws and regulations issued by the Securities and Commodities Authority, Abu Dhabi Securities Exchange, Central Bank of the UAE, previously the Insurance Authority, Health Authority, Labour Law, and other laws and regulations in the UAE due to the company's status as a public joint stock company listed in Abu Dhabi Security's Market and carries out its insurance business operations.

A statement of ownership and transactions of the members of the Board of Directors and their spouses and their sons in the company securities during 2023

Name	Position / Kinship	Owned shares as of 31/12/2023	Total Sale	Total Purchase
H.H Sheikh Saeed Bin Hamdan Alnehayan	Board Member	None		
Mr. Mohamed Abdullatif Kanoo	Chairman of the Board	None		
H.E Dr. Tariq Abdulqader Bin Hendi	Vice Chairman of the Board	None		
Mr. Mishal Hamad Kanoo	Board Member	None		
Mr. Bader Jeiroudi	Board Member	None		
Mr. Omar Mohamed Al Katheeri	Board Member	None		
Mr. Sami Ibrahim Moh Idbies	Board Member	None		
Dr. Mohamed Taleb almenhali	Board Member	None		
Mrs.Salama Amer Saleh	Board Member	18,133,665	0	18,133,665
Mr. Patrick Claude Franklin Choffel	Board Member	None		
Mr.Khalifa Yousif Khoori	Board Member	None		
Noura Mohamed Aqeel Al Khoori	Wife of Mr.Khalifa Yousif Khoori (Board Member)	0	16,170,000	16,170,000

HAYAH

■ Composition of the current Board of Directors 2021-2023

Name	Category	Year of Appointment	Their memberships and positions in any other joint-stock companies	Their positions in any other important supervisory, governmental, or business entities
H.H Sheikh Saeed Bin Hamdan Alnehayan* Board Member	Non-Executive Independent	Since 2008	None	• General Command of the Armed Forces Command of the United Arab Emirates Navy
Mr. Mishal Hamad Kanoo* Board Member	Non-Executive Non-Independent	Since 2014	Gulf Capital	• Chairman of the Kanoo Group
Mr. Mohamed Abdullatif Kanoo Chairman of the Board	Non-Executive Independent	Since 2018	None	• Deputy Chairman of the Kanoo Group
Mr. Omar Mohamed Al Katheeri Board Member	Non-Executive Independent	Since 2011	None	• Owner of Al Sundus Employment Services
H.E Dr. Tariq Abdulqader Bin Hendi Vice Chairman of the Board	Non-Executive Independent	Since 2018	None	• Member of Emirates Post Group Council • Board member of Dubai Gold & Commodities Exchange
Mr. Bader Jeiroudi Board Member	Non-Executive Independent	Since 2010	None	• Gate Gourmet Catering Arabia LLC-Board Member • Gulf National Management Servies LLC-Board Member • JCDecaux Out of Home FZ LLC-Board Member • Saint Gobian Gyproc Emirates Industries LLC-Board Member
Mr. Sami Ibrahim Moh Idbies* Board Member	Non-Executive Independent	Since 2023	None	• Group Chief Exective Officer Al Amry Group
Mrs.Salama Amer Saleh* Board Member	Non-Executive Non-Independent	Since 2023	None	• CEO Group of Companies
Dr. Mohamed Taleb Almenhanli* Board Member	Non-Executive Independent	Since 2023	None	• None
Mr. Patrick Claude Franklin Choffel* Board Member	Non-Executive Independent	Since 2023	None	• Managing Dircetor of ISAVIE Management Consultancy, DMCC.
Mr.Khalifa Yousif Abdulla Khouri* Board Member	Non-Executive Independent	Since 2023	None	• Chairman of Apes Natioanl Investment • Board Member Abu Dhabi Natiinal Industrial Projects Company (ADNIP)

* H.H. Sheikh Saeed Bin Hamdan Al Nahyan resigned on 12th April 2023.
* Mr. Mishal Hamad Kanoo resigned on 26th July 2023.
* Mr. Sami Ibrahim Moh Idbies was elected on 20th April 2023 at the General Assembly meeting.
* Dr. Mohamed Taleb Almenhali was elected on 20th April 2023 at the General Assembly meeting.
* Mrs. Salam Amer Saleh was elected on 20th April 2023 at the General Assembly meeting.
* Mr. Khalifa Yousif Abdulla Al Khouri was appointed on 20th July 2023 by the Board of Directors Resolution to complete the term of the current Board.
* Mr. Patrick Claude Franklin Choffel was appointed on 29th August 2023 by the Board of Directors Resolution to complete the term of the current Board.

HAYAH

Brief about the Board Members, their experiences, and qualifications

H.H. Sheikh Saeed Bin Hamdan Al Nehayan
Member of the Board

H.H. Sheikh Saeed Bin Hamdan Al Nehyan graduated from the Britannia Royal Naval College, Dartmouth in the United Kingdom. He completed his advanced training at the United States Naval Training Command in San Diego, California. He then completed the Staff Course and most recently the Command Course at the United States Naval War College in Newport, Rhode Island. He is presently a Commander of the UAE Navy.

Mr. Mohamed Abdul Latif Kanoo
Chairman of the Board

Mohamed Abdullatif Kanoo studied Economics and Political Science at the University of Texas at Austin and Monetary Economics at the American University in Washington, D.C. He is based in Abu Dhabi, where he oversees the business operations and the interests of the Kanoo family.
In 2016, he took over the role of Deputy Chairman of the Kanoo Group. He holds senior executive positions in several other companies and directorships in several GCC-based companies. He is also the Chairman of the Charity Fund of Bahrain-based Abdul Rahman Kanoo Co. WLL.

H.E Dr. Tariq Abdulqader Bin Hendi
Vice Chairman of the Board

Tariq Bin Hendi is Edelman's Middle East Chairman as of September 2022. He was most recently Chief Investment Officer of Group 42 (G42), the UAE-based artificial intelligence (AI) and cloud computing company that has supported the development of AI Industries across the healthcare, finance, oil and gas, aviation, and hospitality sectors.
Previously, Bin Hendi was the Director General of the Abu Dhabi Investment Office (ADIO), where he led major initiatives to drive foreign direct investment into the Emirate and oversaw the launch of several international offices to expand ADIO's global presence.
Bin Hendi began his career in professional finance at Citibank before joining the sovereign wealth fund Mubadala Investment Company. Prior to joining ADIO, Bin Hendi also held leadership roles at Emirates NBD and Dubai Holding. He also sits on a number of boards, including HAYAH and Emirates Post Group.
Bin Hendi holds a PhD in Economics from Imperial College, London, and a joint MBA from London Business School and Columbia Business School.

Mr. Mishal Hamad Kanoo
Member of the Board

Mr.Mishal Kanoo started his professional experience with Arthur Anderson in Dubai as an auditor before taking up his current position in 1997. He is Chairman of the Kanoo Group, one of the largest independent, family owned, group of companies in the Gulf region. He is a columnist in the weekly Gulf Business Magazin for Arabian Business, He is a visiting lecturer at the American University of Sharjah. Mishal Kanoo completed his early education in Dubai Modern International School, and holds both a BA in Economics & Business Administration and an MBA in finance from the University of St Thomas in Texas. He also has an EMBA from the American University of Sharjah.

Mr. Omar Mohamed Al Katheeri
Member of the Board

Mr. Omar Al Katheeri has over 30 years' experience in wide ranging sectors such as Oil and Gas, Banking, and Government. He was fortunate in getting involved in some of the Abu Dhabi's most significant start-ups such as Abu Dhabi Islamic Bank, Dolphin

Energy, and the Department of Civil Service. Currently he owns and manages Al Sundus Employment Services. Mr. Omar holds a Master's of Business Administration from University of Oxford, United Kingdom.

Mr. Bader Jeiroudi
Member of the Board

Mr. Bader Jeiroudi graduated from Long Beach State University, California with a Bachelor of Science in Finance & Financial Management. He attained his Brokerage license in 1988 and has since held a number of senior positions in the US and UAE. Mr. Jeiroudi is currently the Managing Director of Sultan International Holding LLC, during which time he has incorporated and managed several other companies. In addition, he is on the Board of Directors for a number of other UAE and international companies.

Mr. Patrick Claude Choffel
Member of the Board

Mr.Patrick served as the Chief Executive Officer of Oman Insurance Company (OIC), the largestInsurance Company in the UAE and the fourth largest in the Middle East, from September 2011 to May 2015. He led the company's strategy to revamp and retain its market leadership.

Prior to joining OIC, Patrick served as AIG Regional President MEASA for ALICO based in Dubai. He had a long career with AIG in different key executive management positions across Europe, Africa, the Middle East, and Australia. He developed new markets, turned around ailing businesses, and managed risks. He has a master's degree in science from the University of Wyoming in the US and a diploma in business administration and finance from the Ecole Superieure de Commerce in France.

Mr. Sami Ibrahim Idbies
Member of the Board

Mr.Sami has the professional profile and achievements of an experienced C-suite executive in the investment industry. With over two decades of cross-functional expertise spanning Investments, Construction, Real Estate Development, Engineering, Strategy, and Solutions, the individual possesses a proven track record of leadership and management across diverse industries. Key strengths include strategic vision, business acumen, operational proficiency, and a background in both vendor and customer roles within Telco operators. Noteworthy accomplishments include managing multimillion-dollar budgets and projects, pioneering new technologies, and demonstrating exemplary decision-making and negotiation skills. In their current role as Group Chief Executive Officer at AlAmry Group, Abu Dhabi, UAE, they oversee multiple companies, drive strategic growth initiatives, ensure regulatory compliance, and foster strong stakeholder relationships.

Dr. Mohamed Taleb Almenhali
Member of the Board

Mr.Mohamed is a UAE national scholar and Learning & Development specialist in the Oil & Gas sector spanning over 30 years. With a Doctorate of Business Administration and Certified Manager credentials, the candidate has led numerous program accreditation and training initiatives. Noteworthy achievements include overseeing organizational development at a national oil company vocational education Institute and managing Learning & Development at Adnoc Gas Company. Their expertise extends to project management, strategic planning, and stakeholder engagement, demonstrating a commitment to driving growth and compliance within the industry. Overall, their career exemplifies a dedication to talent development and operational excellence in the UAE's Oil & Gas sector.

Mrs. Salamah Amer Saleh
Member of the Board

An entrepreneurial management professional with 20+ years of diversified experience within the hospitality and aviation industry and investments with expertise in strategy and planning, support services, project management, Emiratization, business intelligence and analytics, revenue optimization, and business process reengineering. Possessing a consistent track record of delivering revenue profitability and developing successful business strategies. Top scorer of the Graduate Management Development Program in the first batch of the program in Etihad.

Mr. Khalifa Yousif Alkhori
Member of the Board

Mr.Khalifa is a seasoned 49-year-old proud Emirati entrepreneur born and raised in Abu Dhabi. From a well-known family, he is accomplished in trade and commerce, with sound leadership skills.
An active business initiator in many sectors and accredited investor for the past 20 years with board representation in public and private joint stock companies, Khalifa is the founder, partner, and chairman of the following companies: Arte Casa, Viola Communications, Purple Group.
Khalifa is also a nominated representative for a range of private family wealth management committees and has extensive experience in leading and managing organizations in various fields, including general investments, media, trading, services, manufacturing, real estate, building materials, oil and gas, and many others. He has a Certified MBA (Master of Business Administration) from Grand Canyon University, Phoenix, Arizona.

- **Female representation on the Board of Directors in 2023 is 11%.**

- **The Total Remuneration paid to the members of Board Directors in 2023:**

In accordance with the provision of article (60) of HAYAH's Articles of Association, remuneration of the members of the Board of Directors shall be a percentage of the net profit, and the Company may pay additional expenses, fees or remuneration or monthly salary as prescribed by the Board of Directors to any member if such member had worked in any committee or made special efforts.

An amount shall be provided for distribution among the shareholders as the first share of the profits determined by the ordinary general assembly upon a proposal of the General Assembly, provided that such amount shall not be more than (5%) five percent of the value of the paid-up share value. However, if the net profits do not permit the distribution of such shares, such amounts shall not be claimed from the profits of the following years.

A percent, not more than (10%), ten percent shall be provided from the balance for remuneration of members of the board of directors, and the general assembly shall determine the value thereof each year.

Based on that, the Company did not distribute any bonuses to the members of the Board of Directors for 2022, and there will be no bonuses distributed to the members of the Board of Directors for 2023.

The following are the details of the attendance allowances of the Board of Directors and the Committees emanating from the Board of Directors for the financial year 2023

Name	Committee name	Allowance Value (AED)	Numbers of meetings
Mr. Omar Mohamed Al Katheeri	• Audit Committee • Nomination & Remuneration Committee	15,000	5
H.E Dr. Tariq Abdulqader Bin Hendi	• Audit Committee	12,000	4
Mr. Bader Jeiroudi	• Investment Committee • Nomination & Remuneration Committee • Risk Committee	24,000	8
Mr.Patrick Claude Choffel	• Nomination & Remuneration Committee • Audit Committee	18,000	6
Mr. Mustafa Boulhabel	• Risk Committee • Investment Committee	18,000	6

The following are the details of the allowances, salaries, or additional fees that a member of the Board of Directors charged other than the attendance allowances of the committees and their reasons:

- No additional allowances, salaries, or fees were disbursed to any member of the Board of Directors other than the attendance fees of the committees.

HAYAH Insurance Company P.J.S.C. | Floor 16, Sheikh Sultan Bin Hamdan Building, Corniche Road. P.O. Box 63323, Abu Dhabi, United Arab Emirates. Public Joint Stock Company funded by a paid-up capital of AED 200 million, registered at the Central Bank of the UAE with registration no. 83 dated 16/09/2008.

HAYAH

Board Meetings

During 2023, the Board of Directors held seven meetings where one of the meeting via circulation in which the financial statements for the six month period that ended August 14th,2023, were approved.

The following are the dates of the Board meetings and the number of personal attendance times for all Board members:

Meeting Number	Meeting Date
2023/01	14 March
2023/02	15 June
2023/03	20 July
2023/04	14 August (Via circulation)
2023/05	09 October
2023/06	13 November
2023/07	19 December

Name	Meeting 2023/01	Meeting 2023/02	Meeting 2023/03	Meeting 2023/04	Meeting 2023/05	Meeting 2023/06	Meeting 2023/07	Number of personal attendance	Number of attendees proxy by
H.H. Sheikh Saeed Bin Hamdan Al Nahyan	N							0	None
Mr. Mishal Kanoo	Y	N						1	
Mr. Omar Al Katheeri	Y	Y	N		Y	Y	Y	5	
Mr. Mohamed Kanoo	Y	Y	Y		Y	Y	Y	6	
H.E Dr. Tariq Abdulqader Bin Hendi	Y	Y	Y		Y	Y	Y	6	
Mr. Bader Jeiroudi	Y	Y	Y		Y	Y	Y	6	
Mr. Patrick Claude Franklin Choffel	Y				Y	Y	N	3	
Mr. Mustafa Boulhabel	Y							1	
Mr.Sami Ibrahim Idbies		Y	Y		Y	Y	Y	5	
Mrs.Salam Amer Saleh		Y	Y		Y	Y	Y	5	
Dr.Mohamed Taleb Almenhali		Y	Y		Y	Y	Y	5	
Mr.Khalifa Yousif Alkhoori					Y	Y	N	2	

- Members of the Board of Directors who did not attend the aforementioned meetings provided acceptable excuses to the Board in accordance with the established procedures.

Y- Attended
N- Not Attended

Via circulation | Was not a member on this date | Resigned Member on this date

Board Resolution By circulation

The Board did not issue any resolution by circulation during 2023.

Executive Management, Tasks and Functions

The shareholders of HAYAH delegated their authority to the Board of Directors in accordance with the Company's Articles of Association and its founding contract. In turn, the Board of Directors delegated some of its authority to the Executive Committee, Audit Committee, Nomination, Remuneration & Compensation Committee, Investment Committee, and the Chief Executive Officer.

According to that, the Board delegated the Chief Executive Officer, Mr. Mohamed Seghir, the authority and power to manage the day-to-day business affairs of the Company in accordance with the specific delegations and restrictions set by the Board, subject to continuous review by the Board. The power of Attorney shall remain in force unless it is canceled or reduced by the Board of Directors.

The powers granted are as follows:

a) Represent the Company and act on its behalf before all federal and local governmental authorities regarding its business and affairs, including to sign on behalf of the Company before Ministry of Labour & Social Affairs, General Directorate of Residency & Foreigners Affairs, Departments of Traffics and any other governmental departments.

b) Appoint and recruit employees and labours, specify and change their duties and their service conditions, dismiss them from work and specify their salaries, wages, dues and remunerations.

c) Lease any necessary buildings or villas or flats or offices for the Company business as he has to fulfil this purpose to conclude contracts, perform generally all necessary actions and things to confirm the Company right to lease and/or rent such buildings or villas or flats or offices.

d) Lease, rent and buy required materials, equipment, goods, for the Company work that comply with its purpose.

e) Represent the Company before courts, all type and degrees of arbitration panels, and before all governmental and administrative authorities. Appoint legal consultants and advocates in order to work on behalf of the Company.

f) To deal with banks and other financial institutions on behalf of the Company, including opening and operating any banks accounts required for the Company and any of its subsidiaries but excluding the creation of any encumbrances over the assets of the Company or the borrowing of any money other than with the prior approval of the Board.

g) To execute any financial investment approved by the Board of the Directors.

h) To delegate these powers or any of them to such of the Company's employees as the Chief Executive Officer sees fit.

i) Generally, to do all work, thing and matters either regarding the legal matters or others that considered necessary and appropriate for management, supervision and instruction works of the Company and its business.

j) To sign all contracts and agreements whatever kind entered into on behalf of the Company as well as to sign all papers and documents related to the Company, contracts of employment and the power to provide premium quotations for insurance contracts with Company, to sign and issue insurance policies, to receive, negotiate and settle claims, to take all necessary steps to ensure the proper and efficient running of the company's offices.

The Company's 'Delegation of Authorities' is intended to be an integral part of the Company's system of internal controls and therefore its implementation is monitored by the internal and statutory auditors, as part of their audit procedures. at appropriate levels and decisions that have financial implications or impacting the interests of the Company.

Transactions with Related Parties

Related parties are associates, major shareholders, directors, and key management personnel of the Company and the companies in which they are key owners. Pricing policies and terms of these transactions are approved by the Company's management.

HAYAH

The following table shows transactions with related parties during 2023:

Transactions with related parties	Transaction Value (AED'000)
Medical business with Kanoo Group LLC	
Gross written premium	14,571
Claims paid	(64,53)

The transactions equal to 5% or more of the capital with the related parties or others during in 2023

Related Party	Transactions	Amount (AED)	% Of Share Capital
Kanoo Group LLC	Health Insurance	14,571,000	7.28%

Organizational Structure:

Defining the tasks of the Chairman of the Board of Directors and Chief Executive Officer helps to ensure their independence, as well as ensures regular communication between them. The role of the Chairman and Chief Executive Officer is complementary to each other.

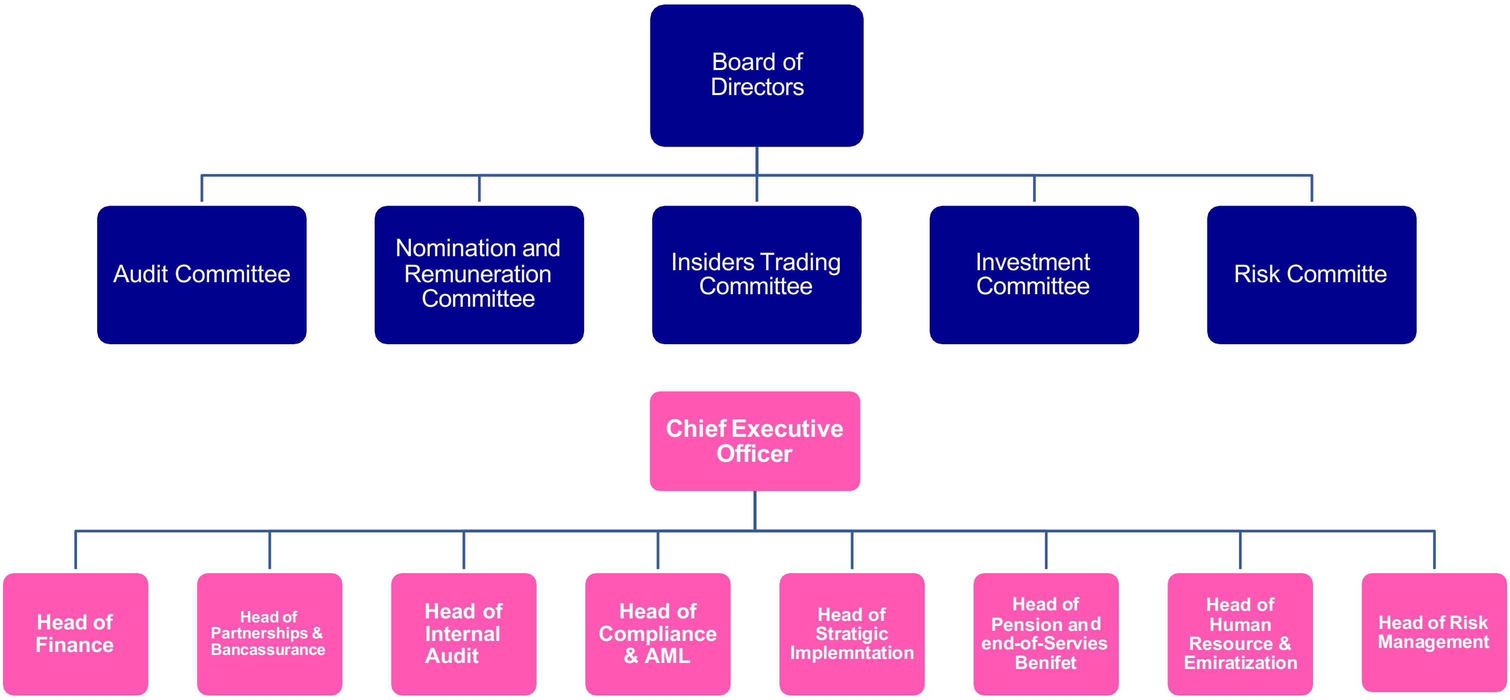
The Board delegated some of its powers to the Chief Executive Officer and members of the Management Team, which is governed by the delegation of authority. This has been periodically reviewed to take business requirements into account.

Following are the names of the executive staff, their jobs, and appointment dates indicating the total salaries and bonuses paid to them:

Position	Date of Appointment	Total salaries and allowances paid in 2023 (AED)	Total bonuses paid for 2023 (AED)	Any other cash / in-kind bonuses for 2023 or due in the future
Chief Executive Officer	15 April 2018	1,116,332	None	None
Head of Finance	12 June 2016	445,290	None	None
Head of offering	10 June 2012	694,920	None	None
Head of Internal Audit	28 May 2017	330,574	None	None
Head of Compliance and Anti Money Laundering	01 August 2017	526,430	None	None
Head of Strategy	13 October 2019	409,374	None	None
Head of Claims	01 April 2016	380,376	None	None
Head of IT	01 April 2022	270,298	None	None
Head of Risk Management	17 October 2022	240,000	None	None

- Total salaries and allowances for executive officers during the year 2023 is AED 4,413,594.00
- The company has not adopted financial rewards that were approved during FY 2023, and there are no other cash / in-kind rewards for the year 2023 or due in the future.

A Statement of the Company Organizational Structure



HAYAH

External Auditor

The External Auditor is appointed to perform quarterly reviews and annual statutory audits of the Company's financial aspects. The auditor is paid on a fixed annual fee basis. The shareholders approve the auditor's fee, which is recommended by the Board of Directors at the Meeting of the General Assembly. Should there be additional work required that is not within the scope of the annual review, it will be reviewed and approved by the Audit Committee on a case-to-case basis. The terms of the Audit Committee include the scope of the External Auditor's work.

In the year 2018, KPMG Lower Gulf Limited was appointed as an External Auditor of the company, which is one of the leading professional firms in the region and was established in 1973, providing business consultancy, auditing, and tax services. KPMG Lower Gulf Limited now consists of more than 950 professional employees, including more than 42 partners and managers.

Statement of the fees and costs of the External Auditor

Name of Auditing Firm	KPMG Lower Gulf Limited
Number of years served as an external auditor for HAYAH	Six Years
The name of the Audit Partner	Mr.Maher Alkatout
Number of years served as a partner auditor for HAYAH	One Year
Total audit fees for 2023 in (AED)	640,000/- including VAT
Fees and costs for special services other than audit of the financial statements for the year 2023 (AED)	None
Details and nature of other services provided	None
A statement of the other services performed by an external auditor other than the auditor of the company to provide them during the year 2023.	None

There are no reservations that have been included in the Company's financial statements by the External Auditor for 2023.

Audit Committee

The Board of Directors has formed the Audit Committee from the members of the Board of Directors, which aims to support the Board of Directors in carrying out its responsibilities through the oversight of the financial reporting process and the integrity of the publicly reported results, adequacy and effectiveness of internal control and risk management systems and supervision of effectiveness, performance, and independence of the internal and external auditors.

The Committee consists of Three members, namely, H.E Dr.Tariq Abdulqader Bin Hendi as the Chairman, Mr. Omar Al Katheeri and Mr.Patrick Claude Choffel being the members have sufficient knowledge, educational qualification, and experience in finance, investment, accounting, and human resource management.

The key responsibilities of the Committee are:

The responsibility for the selection, appointing, remuneration, oversight, and termination, where appropriate, of the external auditor, subject to ratification by the Board and shareholders. The external auditor shall report directly to the Committee. Make a determination at least once each year of the external auditor's independence, including;

- Determining whether the performance of any non-audit services compromised its independence.
- Obtaining from the external auditor a written report listing any relationships between the external auditor and the Company or with any other person or entity that may compromise the auditor's independence.
- Review and discuss with the external auditor the scope and results of its audit, any difficulties the auditor encountered, including any restrictions on its access to requested information, and any disagreements or difficulties encountered with management.

- Review and discuss each annual and quarterly financial statement of the Company with management and the external auditor, including judgments made in connection with the financial statements.
- Review, discuss, and make recommendations regarding the selection, appointment, and termination, where appropriate, of the Head of Audit and the budget allocated to the internal audit and compliance function, and monitor the responsiveness of management to the committee's recommendations and findings.
- Review and discuss the adequacy of the Company's internal auditing personnel and procedures, its internal controls and compliance procedures, any risk management systems, and any changes in those.
- Oversee the Company's risk management procedures.
- Oversee the Company's compliance with legal and regulatory requirements.
- Develop and recommend to the Board corporate governance guidelines and review those guidelines at least once a year.
- Review and discuss possible improprieties in financial reporting or other matters and ensure that arrangements are in place for independent investigation and follow-up regarding such matters.

The Audit Committee is required to meet at least four times every year. During the year, the Audit Committee held four meetings, and the members of the Committee were reappointed in April 2021 for a term of three years coinciding with the term of the Board.

The following are the dates of the Audit Committee meetings and the statement of personal attendance for all members.

Meeting Number	Date
2023/01	07 March
2023/02	11 May
2023/03	11 August
2023/04	09 November

Name	Meeting 2023/01	Meeting 2023/02	Meeting 2023/03	Meeting 2023/04	Number of personal attendance
H.E Dr. Tariq Bin Hendi	Y	Y	Y	Y	4
Mr. Omar Al Katheeri	Y	Y	N	Y	3
Mr. Patrick Claude Choffel	Y	Y	Y	Y	4

Y- Attended
N- Not Attended

Via circulation | Was not a member on this date | Resigned Member on this date

Declaration of the Audit Committee Chairman:

I Mr. Tariq Abdulqader Bin Hendi in the capacity as Audit Committee's Chairman, acknowledge the responsibilities of the Committee, review its work mechanisms and ensure the application of the provisions of Article No. (60) and Article No. (61) of the Authority's Board Chairman's Resolution No. (3 / R.M) of 2020, regarding the Standards of Institutional Discipline and Governance of Public Shareholding Companies. I verify the commitment of the Company and its employees to the provisions of applicable laws, regulations, and decisions that regulate its work, policies and internal procedures.

HAYAH

Nomination and Remuneration Committee

The Board of Directors has formed the Nomination and Remuneration Committee, which aims to support the Board of Directors in performing its oversight responsibilities in the nomination and independence of the Board members and the integrity of the Company strategy related to the rewards, benefits, incentives, and salaries.

The Committee consists of three members: Mr.Omar Al Katheeri as the Chairman, Mr. Bader Jeiroudi and Mr.Patrick Choffel as members.

The key responsibilities of the Committee are:

- Whenever a vacancy arises (including a vacancy resulting from an increase in Board size), the Committee recommend to the Board a person to fill the vacancy either through appointment by the Board or through shareholder election.
- In performing the above responsibilities, the Committee consider any criteria approved by the Board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other Board members, and other factors.
- The Committee also consider all candidates for Board membership recommended by the shareholders and any candidates proposed by management.
- The Committee identify suitable personnel qualified to fill the vacancies on any committee of the Board and recommends his/her appointment in the Board or any of its committees, to the Board.
- Assuring that plans are in place for orderly succession of senior management.
- Make recommendations to the Board from in the structure and job descriptions of the officers including the CEO, and prepare terms of reference for each vacancy stating the job responsibilities, qualifications needed and other relevant matters.
- Recommend persons to fill specific officer vacancies including CEO considering criteria such as those referred to above.
- Design a plan for succession and replacement of officers including replacement in the event of an emergency or other unforeseeable vacancy.
- Consider, and make specific recommendations to the Board on, both remuneration policy and individual remuneration packages for the CEO and other senior officers.

The following are the dates of the Nomination and Remuneration Committee meetings and the statement of personal attendance for all members:

Meeting Number	Meeting Date
2023/01	16 March
2023/02	14 December

Name	Meeting 2023/01	Meeting 2023/02	Number of personal attendance
Mr. Omar Mohamed Al Katheeri	Y	Y	2
Mr. Bader Jeiroudi	Y	Y	2
Mr.Patrick Claude Choffel	Y	Y	2

Y- Attended
N- Not Attended

Via circulation
Was not a member on this date
Resigned Member on this date

HAYAH

Declaration of the Nomination and Remuneration Committee Chairman

I Mr. Omar Mohamed Al Katheeri in the capacity as Nomination and Remuneration Committee's Chairman, acknowledge the responsibilities of the Committee, review its work mechanisms and ensure the application of the provisions of Articles No. (9), (10), (22) and (59) of the Authority's Board Chairman's Resolution No. (3 / R.M) of 2020, regarding the Standards of Institutional Discipline and Governance of Public Shareholding Companies. I verify the commitment of the Company and its employees to the provisions of applicable laws, regulations, and decisions that regulate its work, policies and internal procedures.

Risk Committee

The Board of Directors has formed the Risk Committee, which aims to support the Board in supervising the company's risk management framework and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the Company.

The Committee consists of Two members: Mr. Bader Jeiroudi as the Chairman and Mr. Mustafa Boulhabel.

- The key responsibilities of the Committee are:
- Supervise the risk management framework of the Company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the Company to identify areas of inadequacy and adequacy.
- Approve and review the Risk Appetite Framework (RAF) in order to ensure an acceptable level of risks that the Company is willing to accept with respect to conducting the business.
- Report key risks and results of risk management to the Board of Directors regularly and promptly alert all concerned any significant events related to risk management to the Board of Directors.
- Approve the risk management policies.
- Prepare detailed reports on the level of risk exposure and recommended procedures for managing such risks, along with submitting them to the Board of Directors.
- Review any matters raised by the Audit Committee that may affect the Company's risk management.
- Provide a second opinion on the strategic topics and projects of the Company.

The following are the dates of the Risk Committee meetings and the statement of personal attendance for all members:

Meeting Number	Meeting Date
2023/01	10 April
2023/02	19 September

Name	Meeting 2023/01	Meeting 2023/02	Personal Number of attendance
Mr. Bader Jeirodi	Y	Y	2
Mr. Mustafa Boulhabel	Y	Y	2

Y- Attended
N- Not Attended

Via circulation   Was not a member on this date   Resigned Member on this date

HAYAH

Declaration of the Risk Committee Chairman

I Mr. Bader Jeiroudi in the capacity as Risk Committee's Chairman, acknowledge the responsibilities of the Committee, review its work mechanisms and ensure the application of the provisions of Articles No. (9), (10), (22) and (59) of the Authority's Board Chairman's Resolution No. (3 / R.M) of 2020, regarding the Standards of Institutional Discipline and Governance of Public Shareholding Companies. I verify the commitment of the Company and its employees to the provisions of applicable laws, regulations, and decisions that regulate its work, policies and internal procedures.

Insider Trading Follow-Up and Supervision Committee

HAYAH Insurance Company is fully aware of the governance requirements of Public Shareholding Companies and is working hard to comply with these rules and regulations. The Company is committed to forming a specialized committee on the dealings of Insiders from the Board of Directors, Executive Management and Employees of the Company.

The key responsibilities of the Committee are:

- Follow-up and supervision of insiders' trading and their holdings, maintain the registers, and submit periodic statements and reports to the Market.
- Prepare a special and comprehensive register for all insiders, including persons who could be considered as insiders on a temporary basis and who are entitled to or have access to inside information about the Company prior to publication. The record shall also include prior and subsequent disclosures of the insiders.
- Informing the concerned persons on their status as soon as he considered an insiders and require them to sign the formal declarations which prepared for that purpose.
- Informing the Insiders about the insider trading prohibition period determined by the regulator.

Summary of the Committee's work during 2023:

The committee held a meeting on 28th December 2023, where the members of the committee reviewed the updated register of the insiders, review the Shareholders list and followed up on the blackout period determined by the Abu Dhabi Securities Market.
The following are the dates of Insider Committee meetings and the statement of personal attendance for all members:

Meeting Number	Meeting Date
2023/01	28 December

Name	Meeting 2023/01	Number of personal attendance
Mr. Mohamed Seghir	Y	1
Ms. Hana Alnuaimi	Y	1

Y- Attended
N- Not Attended

Via circulation   Was not a member on this date   Resigned Member on this date

HAYAH

■ Investment Committee

The Board of Directors has formed the Investment Committee, which aims to support the Board in carrying out its responsibility by reviewing and adopting the investment policy, checking its compatibility with the investment strategy of the company and verifying its suitability with the current market conditions.

Name	Meeting 2023/01	Meeting 2023/02	Meeting 2023/03	Number of Personal attendance
Mr. Bader Jeiroudi	Y	Y	Y	3
Mr.James Burke	Y	Y	Y	3
Mr.Moustafa Boulhabel	Y	Y	Y	3

The committee consists of Three members: Mr. Bader Jeiroudi as the Chairman, Mrs. James Burke, and Mr.Mustafa Boulhabel as the members.

The key responsibilities of the Committee are:

To review and approve, in consultation with senior management, a written investment policy including risk limits and delegated authorities.

- To submit the Policy for approval to the Board and to recommend any changes for approval to the Board of Directors.
- To review all risk limits and exposures in the investment activities on a regular basis in order to verify their suitability for current market conditions and the Company's overall risk tolerance.
- To review the implementation of the Policy on a quarterly basis. These activities include, but are not limited to:
    - Reviewing the performance of each asset class.
    - Monitoring the overall risks of the policy.
    - Submitting a performance review report to the Board of Directors.
- To review the Policy at least once a year in the light of new developments in Local Regulations, changes in business profile of the Company, its overall risk tolerance and long-term risk-return requirements, the Company's solvency position, as well as the evolutions of market conditions and to make recommendations to the Board for any appropriate updates of the Policy.
- To ensure that a periodic review of the adequacy of the resources, procedures and systems dedicated by the Company to the management of investments is carried out by the Company's senior management and to report to the Board on any identified vulnerability or dependency.
- To review and approve the Company's strategic asset allocation (SAA) suggested by the Asset and Liability management (ALM) study, on a quarterly basis conducted within the Company's guidelines.
- To review and approve Investment budgets and forecasts twice a year before submitting to the Board for approval.
- To review and approve counterparty limits in accordance with the Company's guidelines and local regulations.

The following are the dates of the Investment Committee meetings and the statement of personal attendance for all members.

Meeting Number	Meeting Date
2023/01	16 March
2023/02	12 July
2023/03	21 November

Y- Attended
N- Not Attended

Via circulation | Was not a member on this date | Resigned Member on this date

Declaration of the Investment Committee Chairman

I Mr. Bader Jeiroudi in the capacity as Investment Committee's Chairman, acknowledge the responsibilities of the Committee, review its work mechanisms and ensure the application of the Authority's Board Chairman's Resolution No. (3 / R.M) of 2020, regarding the Standards of Institutional Discipline and Governance of Public Shareholding Companies. I verify the commitment of the Company and its employees to the provisions of applicable laws, regulations, and decisions that regulate its work, policies, and internal procedures.

Internal control

The objective of the internal control system is to assist the Board and the Executive Management in protecting the assets, reputation, and sustainability of the Company by providing independent and objective assurance activities designed to add value and improve the Company's operations.
Also, it helps the Company meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, control, and governance processes.

The Internal Control Department deals with the potential problems faced by the Company through the following:

- The Internal Audit Manager has a direct line with the Audit Committee Chairman. He puts in place an annual audit plan for internal control based on the assessment of internal risks and adequacy of controls, and its performance is officially monitored, and a report is submitted to the Audit Committee.
- In 2023, The Internal Control Department issued one report, and the Company did not face any major problems.
- The Board of Directors acknowledges their responsibility for the Company's internal control system, its functioning and ascertaining its effectiveness by establishing the assessment of risk management procedures and applying the rules of governance therein properly, and verifying the commitment of the Company and its employees with laws, regulations, and decisions in force that regulate its work, internal policies and procedures, and review of financial statements that are presented by the Company's senior management and used in preparing the financial statements.

Mr. Usama Zulfiqar
Position: Head of Audit
Nationality: Pakistani

Mr. Usama Zulfiqar holds more than 13 years of professional experience, which includes 7 years of dedicated internal audit experience in insurance sector within the Gulf region. He started his career with HAYAH Insurance Company "HAYAH" in 2017.

Before joining HAYAH, he was leading the internal audit department of one of the largest assurance firms in Bahrain. Majority of his experience includes performing internal audits of conventional and takaful insurance companies, reinsurance, brokers and third-party administrators.
Mr. Usama Zulfiqar is a Chartered Certified Accountant (FCCA), a Certified Internal Auditor (CIA) and a Certified Information System Auditor (CISA)

HAYAH

Compliance

The Company is firmly committed to compliance with regulations and the fight against money laundering. The primary duty of the Money Laundering Reporting Officer is to implement the guidelines, as well as to prevent, detect and put a stop to any money laundering that comes to their attention, conduct further investigations and report to the regulators where necessary.

The Company has implemented a compliance monitoring tool and has in place a reporting process to Internal Audit to be submitted to the Audit Committee and senior management, detailing the status of compliance, and providing information of regulatory changes.

Mrs. Hana Alnuaimi, an Emirati national, was appointed in 2017 as the Head of Compliance, and AML holds a BA in International Business Administration from Skyline University College in Sharjah and a Master in Law with a concentration in Financial Crimes and Money Laundering from the University of Dubai. She has more than ten years of experience in the banking sector and has held various positions at HSBC, Abu Dhabi Commercial Bank, and First Abu Dhabi Bank.

Regulatory Fines and Penalties

The company has not committed any violations in 2023.

The company's cash and in-kind contributions during 2023 in community development and environmental conservation.

The company did not make any contributions.

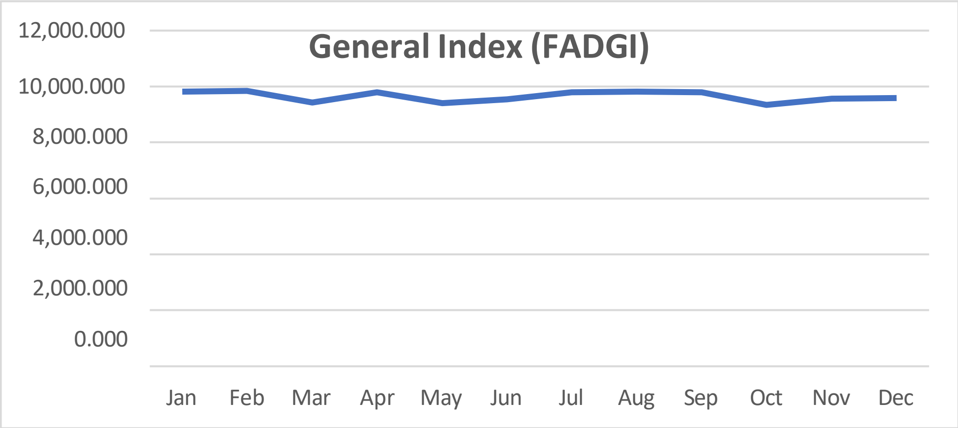
General Information

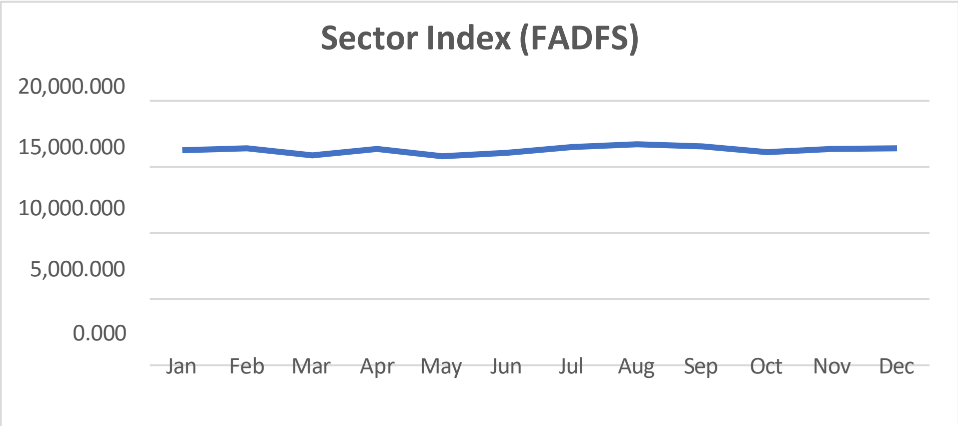
A statement of the Company share price in the Market (closing price, highest price, lowest price) at the end of each month during the year 2023.

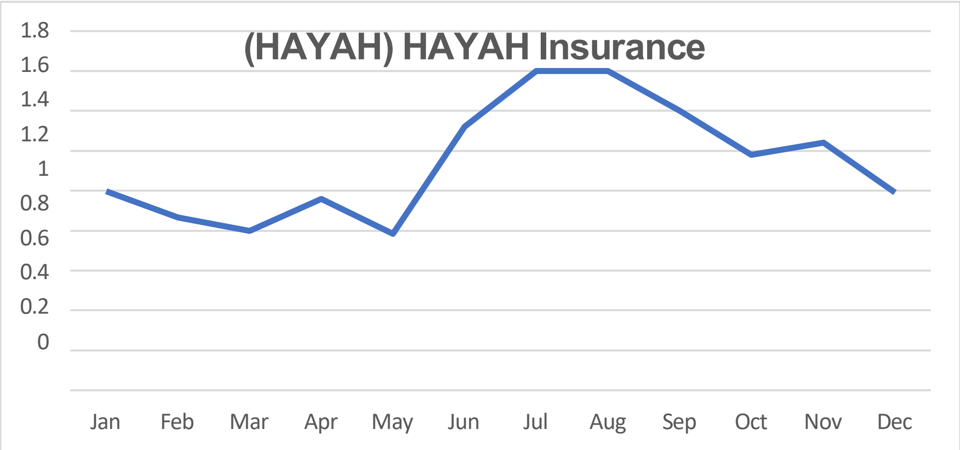
Month	Closing Price (AED)	Highest Price (AED)	Lowest Price (AED)
January	0.998	1.040	0.840
February	0.867	0.997	0.801
March	0.800	0.934	0.710
April	0.959	1.000	0.750
May	0.784	0.949	0.771
June	1.320	1.480	0.734
July	1.600	1.700	1.250
August	1.600	1.730	1.450
September	1.400	1.670	1.310
October	1.180	1.510	1.070
November	1.240	1.450	1.110
December	0.990	1.340	0.990

*Source: Abu Dhabi Securities Exchange

- **A statement of the comparative performance of the company's shares with the general market index and the sector index to which the Company belongs during 2023**







*Source: Abu Dhabi Securities Exchange

Shareholders distribution according to ownership as of 31 December 2023

Shareholder Category		Shareholders	Shares	Percentage %
United Arab Emirates	Individuals	3457	67,993,917	34%
	Companies	40	106,794,650	53.39%
	Governments	0.00	0.00	0.00%
GCC Countries	Individuals	1	1	0.005%
	Companies	3	4,274	0.002%
	Governments	0.00	0.00	0.00%
Arab Countries	Individuals	66	14,379,018	7.19%
	Companies	2	225,001	0.011%
	Governments	0.00	0.00	0.00%
Foreign	Individuals	108	4,599,712	2.30%
	Companies	3	6,003,477	3.00%
	Governments	0.00	0.00	0.00%

Shareholders holding 5% or more of the Company's capital as of 31 December 2023 as follows:

Shareholder	Number of Shares	Percentage of shares owned by the company's capital
Kanoo Group	56,100,000	28.05%
Alramz Corporation PJSC	39,762,215	19.88%
Salama Amer Omar Saleh	18,133,665	9.06%

Shareholder’s distribution by the size of equity as of 31 December 2023

Share(s) Owned	Number of Shareholders	Number of shares owned	Percentage of shares owned by the capital
Less than 50,000	3538	2,625,501.00	1.31%
From 50,000 to less than 500,000	98	15,909,317.00	7.9%
From 500,000 to less than 5,000,000	38	61,401,302.00	30.70%
More than 5,000,000	4	119,995,880.00	59.99%

HAYAH

A statement of the procedures taken with respect to the controls of investors' relations:

HAYAH Insurance appointed the Investor Relations Manager who will assist in all of the Investor Relations enquiries.

The investor relations page link on the Company website:
https://hayah.com/investor-relations/

Name and contact details of the Investor Relations Manager:

- Mrs. Hana Alnuaimi
- Office Number: +971 2 4084713
- Mobile Number: +9171 56 995 3908
- Fax Number: +971 2 4084717
- Email ID: investors@hayah.com

Special resolutions were presented to the General Assembly held in 2023, and the procedures were followed with respect thereto.

- During General Assembly meeting held on April 20th, 2023, the following (3) members were elected to fill the vacant seats for the remaining period of the board of directors:
    a. Dr.Mohamed Taleb Nahais Almenhanli.
    b. Mr.Sami Ibrahim Mohd Idbies.
    c. Mrs.Salam Amer Omar Saleh.

The significant events that took place in the Company in 2023 Changes to the Board structure

1. The following Board member resigned due to personal reasons:
    a. H.H Sheikh Saeed Bin Hamdan Alnehayan (Chairman)
    b. Mr. Mishal Hamad Kanoo (Vice Chairman)

2. Appointment of a new board member to replace the independent member for the remaining term of the predecessor :
    a. Mr.Patrick Claude Choffel.
    b. Mr.Khalifa Yousif Alkhoori.

3. Appointment of the new Chairman and Vice Chairman :
    a. Mr.Mohamed Abdullatif Kanoo.
    b. Dr.Tariq Abdulqader Bin Hendi.

Board Secretary

Name	Date of Appointmern	Designation	Qalification
Mrs.Khadeeja Abdullsalam Binishaq	19 December 2022	Board Secretarty	Bachelor's Degree

HAYAH

The parties listed below have undertaken sales and purchase of shares:

Shareholder Name	Before Shareholder Transfer	Shares being (Transferred)/Acquired	Shareholding after transfer
Al Ramz Group	0	24.25% 48,470,000	10%
Siham Al-Taibi Abdel-Salam Najjar	%8.10 16,200,000	%8.10- 16,200,000-	0
Noura Muhammad Aqil Al-Khoury	8.09% 16,170,000	8.09%- 16,170,000-	0
Jassim Saeed Saif Bin Najma Al Suwaidi	8.05% 16,100,000	8.05%- 16,100,000-	0

Emiratization Percentage in the Last Three Years Company

Year	Percentage
2021	11%
2022	11%
2023	13%

HAYAH

The innovative projects and initiatives implemented by the Company or which were under development during 2023.

Project Name: Financial Empowerment Savings Initiative

Introduction:

The Financial Empowerment Savings Initiative is a collaborative effort by HAYAH Insurance aimed at promoting financial inclusion and innovation in the United Arab Emirates (UAE) capital markets sector. The project leverages the Tribe by HAYAH app and Simple Saver financial product to address pressing challenges in the financial markets while fostering sustainability and societal impact.

Project Overview:
The initiative focuses on empowering individuals from all socio-economic backgrounds to build a secure financial future through accessible and innovative savings solutions. By harnessing the digital capabilities of Tribe by HAYAH and the simplicity of Simple Saver, we aim to democratise financial planning and savings, ensuring that everyone, regardless of their financial literacy or resources, can participate in the capital markets.

Challenge Addressed:
The UAE faces challenges in promoting financial literacy and inclusion, especially among underserved communities. Many individuals lack access to traditional banking services and struggle to save for their future due to complex financial products and limited resources.

Solution:
The Empowerment Savings Initiative addresses this challenge by providing user-friendly digital platforms and tailored financial products that empower individuals to save and invest in a sustainable manner. Tribe by HAYAH offers a seamless and intuitive interface for users to track their expenses, set budgets, and monitor their savings progress, while Simple Saver provides a straightforward and accessible investment option for long-term wealth accumulation.

Target Groups and Beneficiaries:
The initiative targets individuals of all ages and income levels across the UAE who seek to improve their financial well-being and plan for their future. By offering user-centric solutions, we aim to empower everyone, from young professionals to retirees, to take control of their finances and achieve their life goals.

Return on Investment:
The implementation of the Empowerment Savings Initiative is expected to yield both tangible and intangible returns. Financially, participants can expect to see growth in their savings and investments over time, leading to greater financial security and resilience. Moreover, the societal impact of promoting financial inclusion and literacy contributes to the overall well-being and stability of the UAE economy. This initiative will help us establish as the most valuable life insurer in the UAE thereby helping us generate more premium income.

Impact on the National Economy:
By promoting savings and investment among a broader segment of the population, the initiative stimulates economic growth and stability in the UAE. Increased participation in the capital markets fosters liquidity, facilitates investment in key sectors, and supports sustainable development initiatives.

Mechanism for Implementation:
The initiative will be implemented through a multi-faceted approach, including targeted marketing campaigns, educational outreach programs, and strategic partnerships with community organizations and financial institutions. Key requirements for application include user-friendly interfaces, accessible language, and transparent pricing structures.

Uniqueness and Innovation:
The Empowerment Savings Initiative stands out for its innovative blend of digital technology and financial products tailored to the needs of UAE residents. By leveraging the Tribe by HAYAH app and Simple Saver, we offer a unique and accessible solution that complements existing offerings in the market.

Measurement of Impact:
The impact of the Empowerment Savings Initiative will be measured through key performance indicators, including user adoption rates, savings growth, investment returns, and participant feedback. Regular assessments and evaluations will ensure that the initiative remains aligned with its goals and delivers meaningful outcomes for participants and the wider community.

Through the Financial Empowerment Savings Initiative, HAYAH Insurance is committed to driving positive change in the UAE financial markets, promoting financial inclusion, and empowering individuals to secure their financial future.

HAYAH

Mr.Mohamed Kanoo **Mr.Mohamed Abdullatif Kanoo** **Chairman of the Board**
Dr.Tariq Abdulqader Bin Hendi **Vice Chairman of the Board** **Chairman of the Audit Committee**
Mr. Omar Mohamed Al Khatheri **Chairman of the Nomination and Remuneration Committee**
Mr. Bader Jeiroudi **Chairman of the Investment Committee &** **Risk Committee**
Mr. Usama Zulfiqar **Head of Audit**

5.

HAYAH

2023 Sustainability Report

HAYAH

Making the world a better place

Sustainability report 2023

Contents of the Report

About HAYAH

HAYAH was formed in 2008 as Green Crescent Insurance Company with an aim to offer life protection and savings plans to individuals and corporates and businesses in the UAE and the GCC, became AXA Green Crescent in 2014, and then HAYAH in 2022 following AXA's exit from the Middle East

01 Hayah is the UAE's digital insurance company, specialising in life, medical and savings. We aim to provide truly affordable solutions to the UAE using cutting edge technology.

02 We support over 300 companies and 150,000 employees in the UAE with their insurance needs. HAYAH has a workforce of 30 employees, two offices and a wide range of customers.

03 HAYAH Insurance Company P.J.S.C. is regulated by the Central Bank of the United Arab Emirates and listed on the Abu Dhabi Securities Exchange.

Working for society with a focus on sustainability, transparency and ethics.

HAYAH

Message from our CEO

Mohamed Seghir
CEO

I am pleased to introduce HAYAH's Sustainability Report, a reflection of our commitment to creating a sustainable future for all. Sustainability is not just a buzzword for us at HAYAH; it's a guiding principle that influences every facet of our operations.

In a world facing unprecedented challenges, from climate change to social inequalities, businesses must step up and be part of the solution. At HAYAH, we believe that sustainability is not merely an obligation; it's an opportunity to make a positive impact on the communities we serve and the planet we call home.

Our sustainability journey encompasses several key pillars:
Environmental Responsibility: We recognize the urgency of environmental conservation. By implementing eco-friendly practices, reducing our carbon footprint, and investing in renewable energy, we are striving to be a responsible steward of our planet.

- Financial Inclusion: True financial security can only be achieved when it is accessible to all, regardless of background or income. We are dedicated to promoting financial literacy and providing inclusive insurance and savings solutions that empower individuals to secure their financial futures.

- Ethical Governance: Integrity is the foundation of our business. We maintain the highest ethical standards in all our operations, from data privacy to corporate governance, ensuring that our stakeholders' trust is well-placed.

- Community Engagement: We understand that our success is intertwined with the well-being of the communities we operate in. Through community outreach programs, educational initiatives, and partnerships, we aim to uplift and empower those around us.

As we navigate the complex landscape of sustainability, we recognize that we cannot achieve these goals alone. Collaboration is key, and we are committed to working with our partners, customers, and employees to create a more sustainable future.

I want to express my gratitude to the HAYAH team, whose dedication and innovation drive our sustainability efforts. Together, we are pioneering a path toward a more resilient and sustainable society.

In closing, I invite you to explore this report to learn more about our sustainability initiatives and their impact. Together, we can build a future where financial security, environmental responsibility, and social progress go hand in hand.

Mohamed Seghir
CEO

Key performance highlights 2023

HAYAH registered a net Loss of AED 4.3 million in 2023, compared to a net Profit of AED 3.3 million in 2022.

HAYAH uplifted the game by gearing up in terms of writing new business, which is evident from an extraordinary increase in business volume, despite tough competition in the market. We registered a net underwriting income of AED 18.3 million in 2023 as compared to a total net underwriting income of AED 20.9 million in 2022, representing an unfavorable decrease of 13%.

The total operating costs also increased by 32% with controlled expenditures on administration and related costs. The operating costs were optimally managed.

-13%

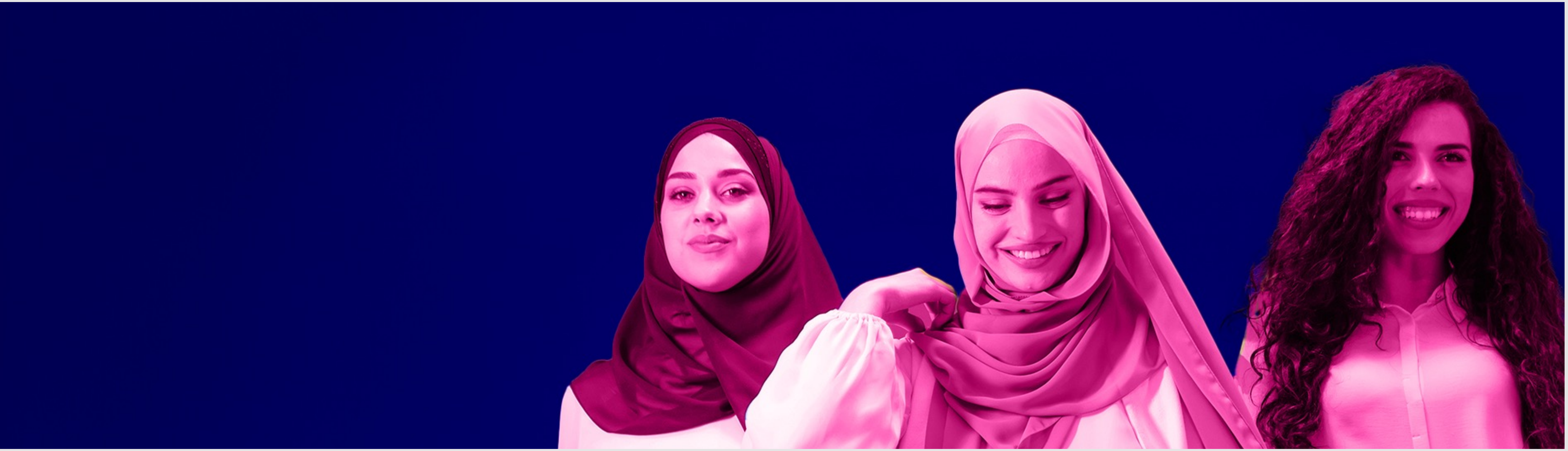
Decrease in Underwriting Income

4.3 m

Net loss

32%

Increase in operating cost



About the report

We are pleased to present our sustainability report that gives an overview of the timeline from 1 January 2023 to 31 December 2023. While we issue this report we demonstrate our commitment towards ADX initiative to drive sustainability in alignment with UAE national vision 2021, Abu Dhabi Economic Vision 2030 and national & global efforts on adopting sustainable development goals (SDG)

through all the activities in business value chain.

HAYAH aims to integrate with ADX strategy and listed companies alike to reinforce economic growth, providing a sustainable trading atmosphere and motivating the business community to adopt socially sustainable practices.

This report is prepared in reference to ADX ESG Disclosure Guidance and Global Reporting Initiative (GRI). Based on such references, this report includes the areas which are material to HAYAH's business model.


Sustainability

Stakeholder engagement

This section presents stakeholders that HAYAH views as pivotal and aims to engage with them on a more regular basis.

Our deeper understanding of the internal & external stakeholders is a result of our close coordination and consultations with them. Building on their perspectives and opinions is our strength in materiality assessment.

HAYAH focus on continuous improvement of the stakeholder engagement process and understand that it is critical for success. This close coordination and engagement enables us to operate sustainably and meet all our stakeholders' expectations & concerns.

Stakeholder engagement

`How we engage with them

1 Shareholders

- Corporate notice
- Investor contact
- General assembly
- Market disclosure

2 Customers

- Customer service
- Market surveys

3 Suppliers

- Training
- Events
- Personal contacts

4 Employees

- Intranet
- Newsletter
- CEO contact
- Team building

5 Industries

- Seminars
- Collaboration
- Personal contacts

6 Regulatory authorities

- Voluntary contact
- Publishing
- Connect with the regulator

Materiality assessment

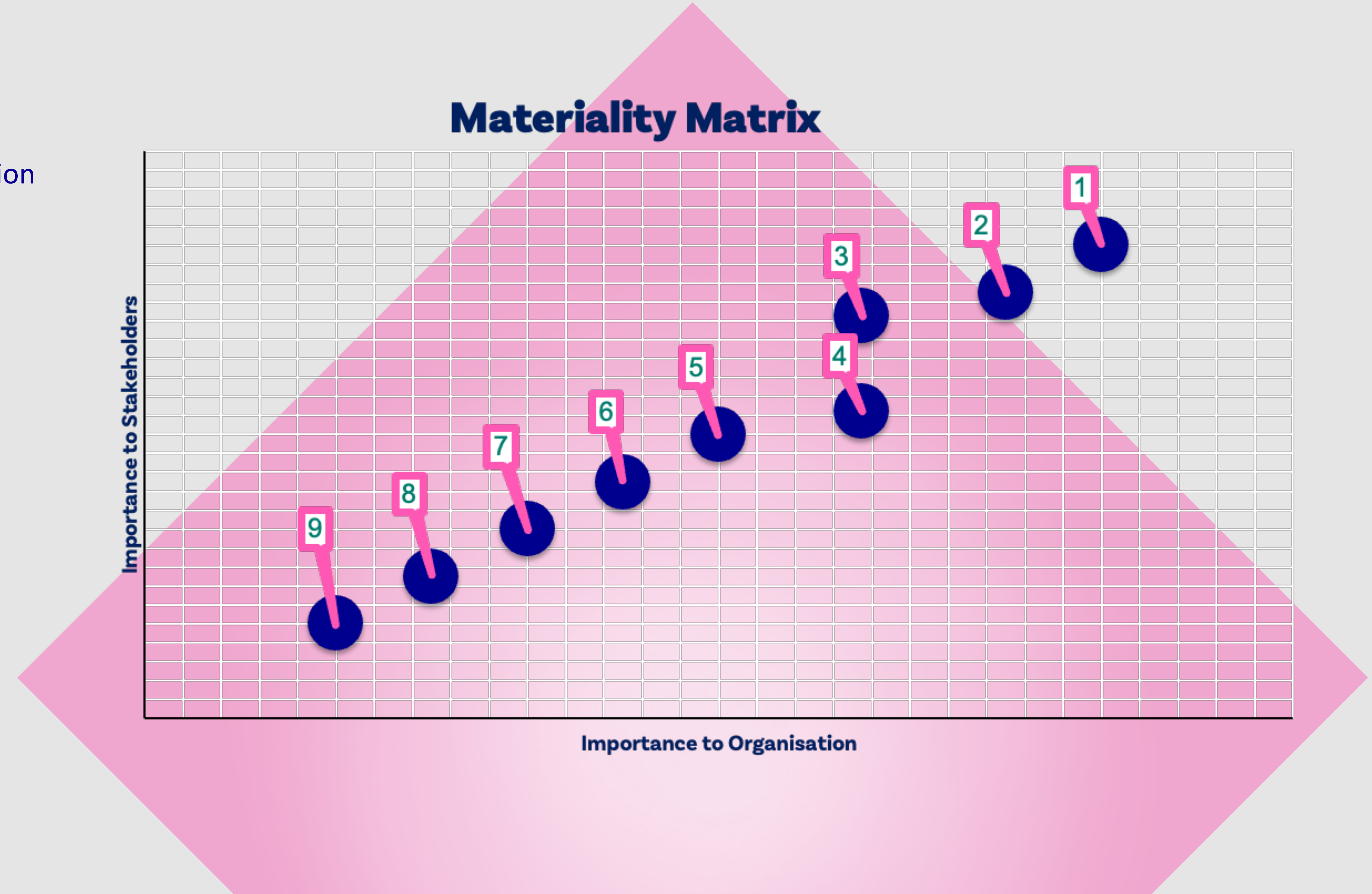
Based on our ongoing stakeholder engagement, we have concluded our materiality assessment with the identification of material topics which remained consistent with prior years.

We believe this consistency would enable us to put our contribution to sustainable development goals. We also referenced Global Reporting Initiative to align with best practices. Our approach to materiality assessment was primarily aimed at the identification of material topics which are more relevant to us in terms of our business impact and at the same time hold sufficient importance to our stakeholders.

1. Governance, Transparency & Anti Corruption
2. Data Privacy and Security
3. Climate Risk and Energy Management
4. Digitalization Initiatives
5. Emiratization
6. Occupational Health and Safety
7. Diversity and Equal Opportunity
8. Social Impact and CSR
9. Sustainable Procurement Practices

Materiality assessment

- Governance, Transparency & Anti Corruption
- Data Privacy and Security
- Climate Risk and Energy Management
- Digitalization Initiatives
- Emiratization
- Occupational Health and Safety
- Diversity and Equal Opportunity
- Social Impact and CSR
- Sustainable Procurement Practices



Alignment with Sustainable Development Goals

Our sustainability efforts are in alignment with universal priorities and the United Nations Sustainable Development Goals (SDGs). This would position us to contribute to sustainable development of our economy.

We recognize our role to deliver meaningful contributions to national and international efforts on sustainability priorities and we have aligned our sustainability plans and efforts to support these goals


Governance & Risk
Management

Governance, Transparency & Anti-corruption

As our business is to protect people, we use effective governance criteria that allow our operations to run smoothly with an integrated system of policies and mechanisms.

HAYAH is committed to:

- conducting its business in accordance with the highest ethical standards;
- ensuring transparency, integrity, and accountability across all business operations;
- maintaining a high level of corporate governance;
- respecting applicable laws and regulations;
- serving stakeholders in an ethical and responsible manner, and;
- implementing responsible business practices to earn and maintain stakeholder's trust.

The Committees

Bridging a link between the Board of Directors, executive management, shareholders, and other stakeholders HAYAH's Corporate Governance Report serves as the main tool for transparency and interaction with the public; bringing governance to the attention of the public at large.

HAYAH ensures independence of its Board of Directors by segregating roles of CEO and BoD Chairman. Nine members make up the Board of Directors. All board members, including the Chairman, are non-executive and 6 board members, including the Chairman,

are independent which comprise 88% of overall Board composition.

Four committees assist the Board of Directors to effectively manage company affairs and ensure a more robust management approach. Each committee is governed by its own operating procedures with reference to governing meetings, meeting quorum and decision making.

Risk

The Risk Committee consists of two non-executive Board members. The committee aims to support the Board of Directors in supervising the company's risk management framework and evaluating the effectiveness of the framework and mechanisms for identifying and monitoring risks that threaten the company.

Audit

The Audit Committee consists of three members; all of them are Board Members. All the Audit Committee members are well-versed in finance, investment, accounting and human resource management.

Nomination & Remuneration

The Nomination and Remuneration Committee consists of three non-executive members; all of them are Board Members. The Committee aims to support the Board of Directors in ensuring the integrity of the Company strategy related to the rewards, benefits, incentives, and salaries.

Investment

The Investment Committee consists of three members. The Committee aims to support the Board in reviewing and adopting the investment policy as well as ensuring its compatibility with the investment strategy.

Audit Committee

The Audit Committee’s responsibilities include:

- Review the effectiveness of the Company’s internal control and risk management frameworks.
- Review developments that may significantly affect the risk profile or operations of the Company.
- Selection, appointing, remuneration, oversight and termination where appropriate of the external auditor, subject to ratification by the Board and shareholders.
- Ensuring external auditor's independence.
- Review and discuss with the external auditor the scope and results of its audit.
- Review the soundness and integrity of the financial statements.
- Selection, appointment and termination where appropriate of the Head of Internal Audit and monitor management's responsiveness to the committee's recommendations.
- Oversee the Company’s compliance with legal and regulatory requirements.

All the Audit Committee members are well-versed in finance, investment, accounting and human resource management.

Aims to support the Board of Directors in ensuring the integrity of the Company strategy related to the rewards, benefits, incentives, and salaries.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's responsibilities include:

- Develop a policy to apply for Board and Executive administration membership, aiming to consider gender diversity within the formation and encourage women through incentive and training programs and benefits.
- Organize and follow up the procedures for applying for membership of the Board; the Committee shall ensure that no person previously convicted of any offence affecting honour or honesty is nominated for such membership.
- Ensure the independence of independent members on an ongoing basis.
- Review the structure of the Board and make recommendations regarding possible changes.
- Prepare and review the policy on granting rewards, benefits, incentives, and salaries to the Board members and the staff therein on an annual basis. The Committee shall ensure that the rewards and benefits granted to senior executive administration are reasonable and commensurate with the performance of the Company.

Investment Committee

The Investment Committee's responsibilities include:

- Review and submit for Board approval a written investment policy.
- Review all risk limits and exposures in the investment activities on a regular basis.
- Review the implementation of the Policy on a quarterly basis.
- Review the Policy at least once a year.

Reviewing and adopting the investment policy as well as ensuring its compatibility with the investment strategy.

aims to support the Board in supervising the company's risk management framework and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the Company.

Risk Committee

The Risk Committee consists of Two members.

The Risk Committee's responsibilities include:

- Approve and review the Risk Appetite Framework (RAF) in order to ensure an acceptable level of risks that the Company is willing to accept with respect to conducting the business.
- Report key risks and results of risk management to the Board of Directors regularly and promptly alter all concerned significant events related to risk management to the Board of Directors.
- Approve the risk management policies.
- Prepare detailed reports on the level of risk exposure and recommended procedures for managing such risks, along with submitting them to the Board of Directors.
- Review any matters raised by the Audit Committee that may affect the Company's risk management.
- Provide a second opinion on the company's strategic topic and project.

Customer focus

Data privacy and security

HAYAH is committed to maintaining the privacy and retention of data obtained during its business activities and complying with applicable laws and regulations regarding the processing of Personal and Sensitive Personal Data and data retention.

The Data Privacy control framework follows HAYAH’s model of the “three lines of defence”:

- The management (the first line of defence) is responsible for ensuring the data handling procedures meet local requirements and are consistent with this Policy.
- The Data Privacy Officer (the second line of defence) supports the management in developing and implementing adequate procedures, safeguards, and controls to ensure local requirements and the requirements of this Policy are met.
- Internal Audit (the third line of defence) provides independent assurance of the effectiveness of the Data Privacy Framework.

Data privacy and security

The policy objectives are to ensure that HAYAH adequately protects the personal and sensitive data of clients and other persons obtained during their business activities, to minimize the risk of HAYAH breaching applicable data privacy and protection laws and minimize the potential for penalties and damage to HAYAH's reputation.

HAYAH maintains complete transaction records for all local and international operations for as long as they are deemed relevant for the purposes for which they were made. Records of completed transactions may be retained in either hard copy and/or electronic format but must be kept in their original form.

HAYAH maintain backups for all records which are generally maintained in a location separate from the original records.

Storage

The data is stored in accordance with controls that provide adequate physical and information security arrangements for the protection of the data. These controls persist for the entirety of the retention period until the completion of the archiving and/or the destruction process.

Retention period

The retention period for records and backup copies and all other related documents and data is a minimum of ten (10) years for all lines of business except health insurance data, as of the end date of the activity or the working relation with the insured. The retention period of Health Insurance is twenty-five (25) years.

Exception

The Company maintain records beyond the normal statute of limitation periods when the records are subject to ongoing investigations or prosecution in court. In such cases, the retention period is two (2) years from the date of the final verdict or the resolution issuance.

Digitalization initiatives

HAYAH launched a fully digitalized life insurance solution. The primary aim is to digitalize the operational setup not only as a value addition with customer focus but at the same time it goes well in line with our part of the contributions for environmental sustainability.

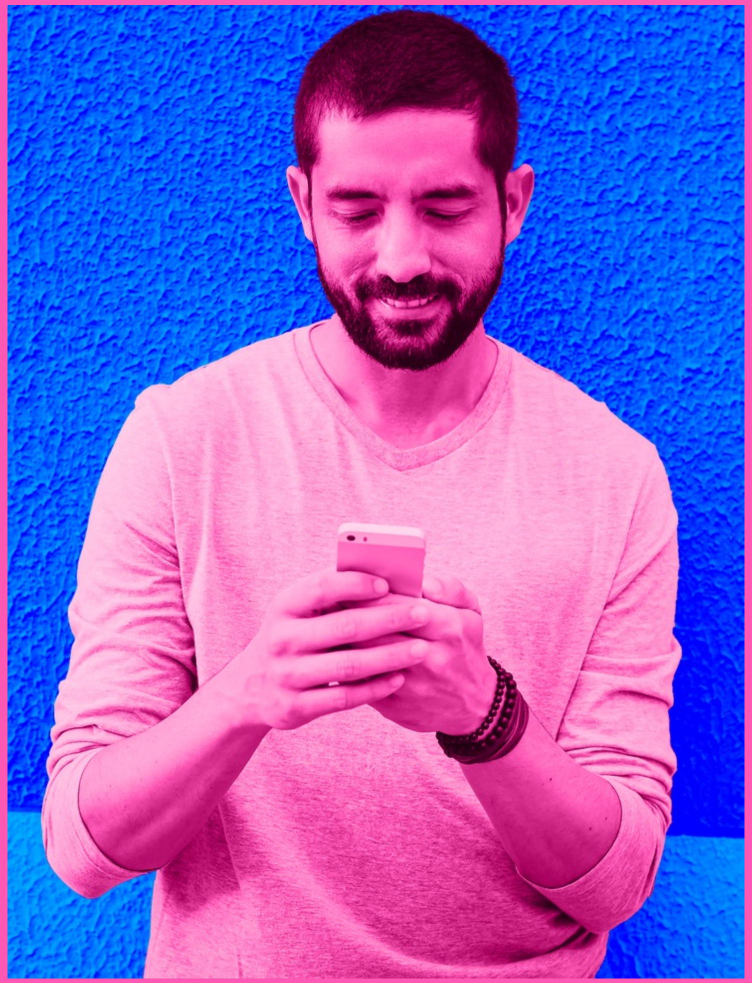
Life Protect aims to encourage customers to protect themselves and their loved ones from financial hardships that they might face in the event of death or illness. With a fully automated and API-capable platform, customers can now get a life protection cover in under two minutes, from the comfort of their home.
In continuation to its efforts towards digitalization, HAYAH also formed a partnership with Policybazaar, one of the Middle East's leading insurance comparison platforms, to enable UAE customers to buy a comprehensive term life insurance plan directly via Policybazaar's aggregator portal.

AED 1.3M

Digitalization CAPEX

AED 2.4M

Digitalization OPEX



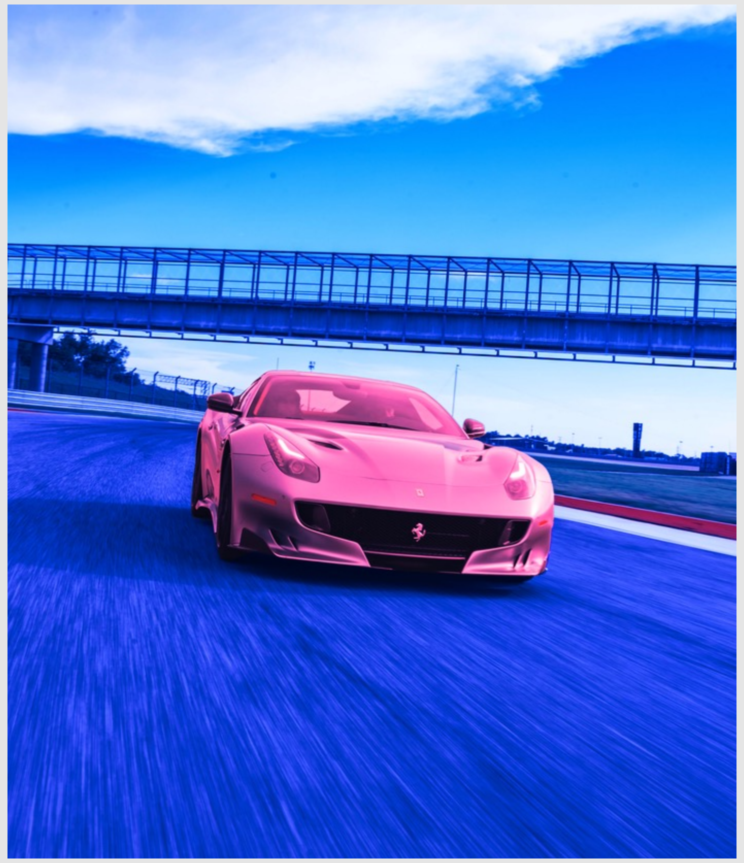
HAYAH incurred capital expenditure of AED 1.3m in addition to operational expenditure of AED 2.4 million in achieving these digitalization objectives and aims to further continue its efforts in developing its digitalization platform.

Community focus

Occupational health and safety

HAYAH pays close attention to the security, health, and safety conditions of its personnel in all aspects of their work. We strive to create working conditions that promote work-life balance and employee well-being.

HAYAH is committed to the highest standards of health and safety in the workplace because we value and care for our workforce. Adherence to safe labour practices and laws regarding working hours is vital to ensure we protect the well-being of our people.



HAYAH takes pride in taking up and delivering on the following responsibilities:

- Work and behave safely at all times.
- Keep the work area clean, healthy, and free from hazards that may cause accidents, emergencies, health problems, or safety hazards.
- Promptly addressing and reporting any safety or health problems, hazards, or risks.
- Support employees by being aware of its surroundings and all relevant procedures for managing incidents and emergencies, and alerting others to potential risks.

Social Impact and CSR

HAYAH is committed to promoting social improvements in our communities, including human rights throughout the value chain.

Social Impact and CSR not only impact the society we live in and create a healthier community, but it has also become a part of HAYAH's business for success. HAYAH look to build a crucial ethical standard, in which we are passionate about fulfilling our public duty. Our actions must benefit the whole of society. In this way, HAYAH looks to create the right balance between economic growth and the well-being of society and the environment.

HAYAH is committed to nurturing and maintaining the health and wellness of the communities in which it operates. HAYAH looks to promote healthier, happier living, through its community investment initiatives.

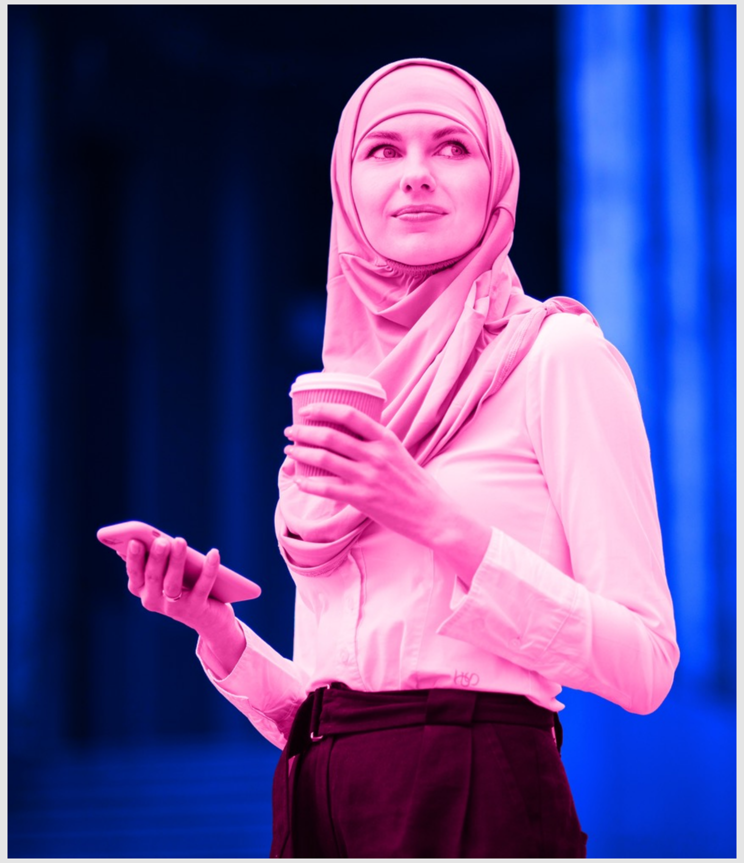
Our employees initiate activities for causes that fall under our five focus areas: Environment, Health, Disability, Social Welfare, and Education.

We encourage our employees to give back to society through HAYAH Hearts in Action


Our
employees

Diversity and equal opportunities

HAYAH believe that our employees' satisfaction is equally important as keeping our customers happy. We, therefore, promote a positive work environment and work towards employees' financial well-being & security, and continuous learning. Considering that we are operating in the insurance sector which is relatively more dynamic in nature, we understand that we require a much higher level of skill and learning aptitude in our people while choosing



and retaining them. We work towards a merit-based attractive work environment which serves as the foundation for building a solid corporate culture.

HAYAH is committed to equal opportunity in all aspects of employment and to fostering an environment where there are no “glass ceilings”.

HAYAH opposes all forms of unfair or unlawful discrimination and does not tolerate discrimination based on age, race, nationality, ethnic origin, gender, sexual orientation, gender identity or expression, religion, marital status, or disability. HAYAH's satisfied workforce is a reflection of its strict adherence to a formal non-discrimination policy.

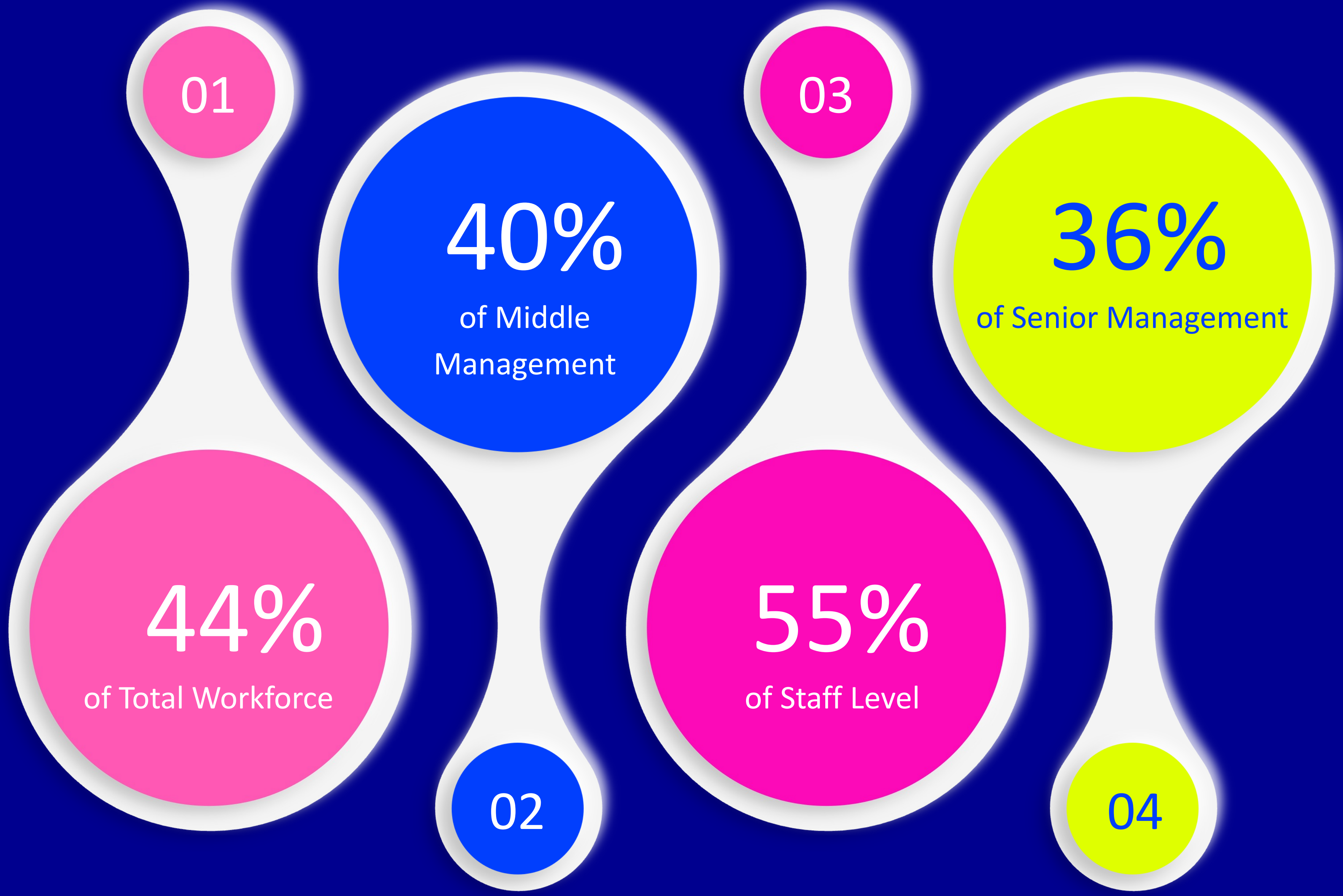
Our continued efforts are aimed to keep employee turnover at a low level to ensure uninterrupted business continuity. In 2022, YoY turnover for FTEs remained at 11% while YoY turnover for contractor/consultants was zero.

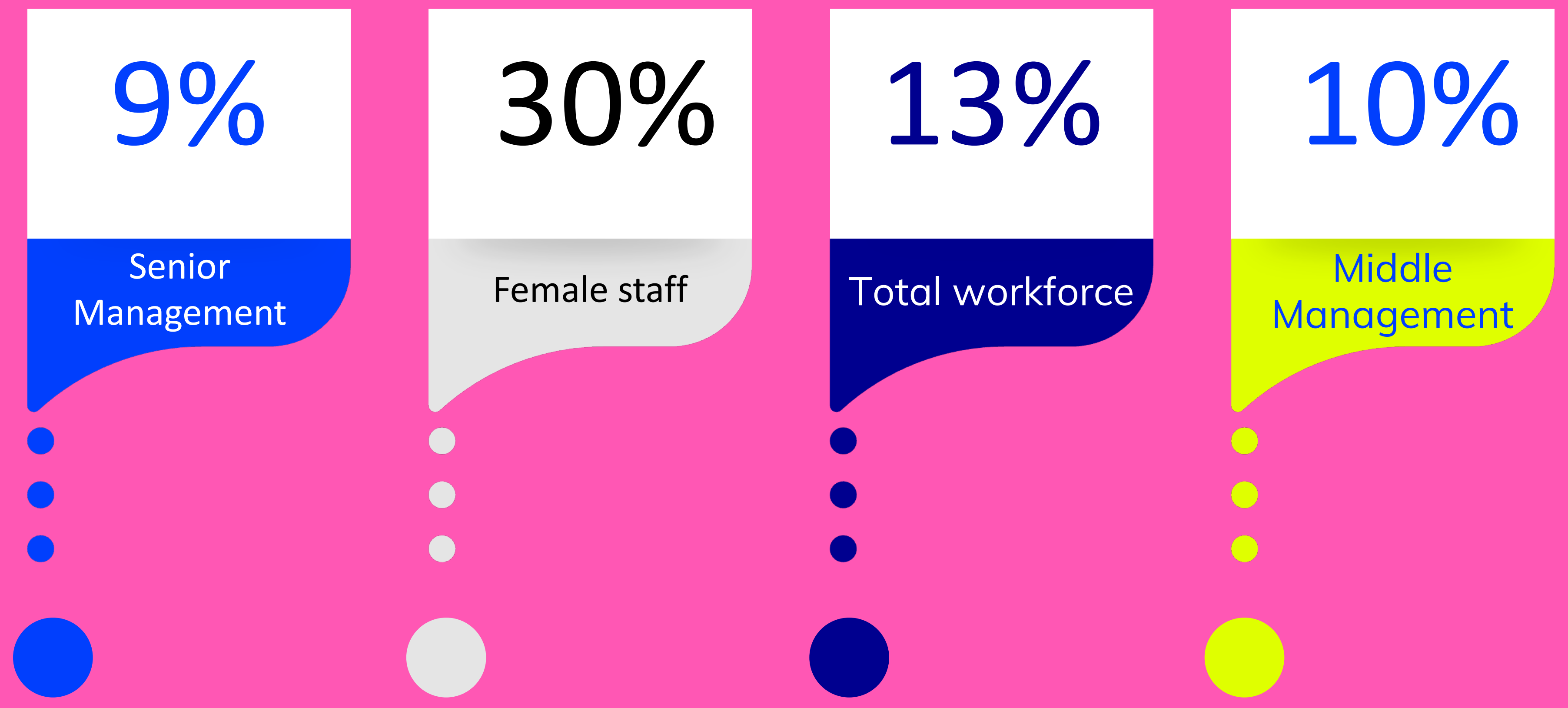
Diversity and equal opportunities

Value creation is consider as pivotal at HAYAH; therefore, we are keen to develop a more diverse workforce which enhances value creation. In 2023, female employees made up 44% of the workforce. Female employees among senior management was 36% and 44% among middle management. The female employees in our staff level is at 55%.

Reduced inequalities and gender equality is at the forefront of HAYAH's human capital development. In 2023, the ratio of CEO total compensation to median Full Time Equivalent (FTE) employees total compensation was measured at 8.8:1. Further, in 2023 ratio of median male compensation to median female compensation was measured at 1:7.9 which is in line with the overall composition of male and female employees at different grades.

HAYAH female composition





Emiratization

Emiratization is a national initiative and HAYAH is keen to contribute to this initiative by developing UAE Nationals to achieve strong performance for today and sustainable talent for tomorrow. In 2023, UAE Nationals made up 13% of the workforce. Emiratization rate among senior management was 9% and 10% among middle management. The Emiratization rate in our female workforce is at 30%.

We aim to give preference to UAE nationals in our recruitment process wherever possible and we look forward to further strengthen our workforce by growing a healthy Emiratization rate.


Environmental
Responsibility

Climate risk and energy management

HAYAH is committed to managing its environmental footprint and safeguarding natural resources.
We align our operational goals and collaborate with employees and vendors to operate responsibly and encourage continuous improvements in our environmental footprint.

HAYAH continues its efforts in reducing the consumption of water and electricity by using energy efficient devices and encouraging our employees to bring positive sustainable workplace changes.

Simple communications with employees have contributed to HAYAH’s energy saving initiatives. Considering a relatively smaller setup in UAE, HAYAH's resource requirements in terms of water and electricity is already at minimal level.

We prioritize the use of clean energy sources and we primarily use commercial power systems. Total energy consumption was only 36.3 MWh in 2023. Total water consumption was 70 cubic meter in 2023. Total Energy usage per FTE in 2023 remained at 1.03.
HAYAH's paper consumption is at minimal level owing to a relatively smaller setup in UAE which is further curtailed through usage of electronic invoicing. HAYAH's paper consumption in 2023 remained at 10 KGs.

36.3 MWh
Energy consumption

1.03
Energy usage per FTE

70m3
Water consumption

10Kg
Paper consumption

We thank you for reading our sustainability report.

Contact

HAYAH Insurance Company P.J.S.C
16th Floor, Sheikh Sultan Bin Hamdan Building,
Corniche Road
Abu Dhabi, United Arab Emirates

www.hayah.com
contact@hayah.com

HAYAH

HAYAH

HAYAH Insurance Company P.J.S.C. | Floor 16, Sheikh Sultan Bin Hamdan Building, Corniche Road. P.O. Box 63323, Abu Dhabi, United Arab Emirates.

Public Joint Stock Company funded by a paid-up capital of AED 200 million, registered at the Central Bank of the UAE with registration no. 83 dated 16/09/2008.