www.hayah.com

HAYAH

Integrated Report

HAYAH Insurance Company P.J.S.C.

2022

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1.

Report of the Board of Directors

HAYAH

HAYAH Insurance Company P.J.S.C

Report of the Board of Directors
For the period ended 31st December 2022

The Board of Directors are pleased to submit the report of the Company's activities accompanied by the financial statements for the period ended 31st December 2022.

The Company registered a net profit of AED 3.3 million for the period ended 31 December 2022, compared to a net profit of AED 1.2 Million during last year.

Total gross written premium amounted to AED 71.1 million for the period ended 31 December 2022 compared to AED 51.8 million for the last year, representing retention of clients and securing new business with an increase of 37% from last year ended December 31st, 2021.

During the year, the Company has maintained volumes of life insurance, despite tough competition in the market. For the period ended 31 December 2022, the Company incurred a net underwriting income of AED 20.9 million, as compared to a total net underwriting income of AED 8.8 million in the last year.

For the period ended 31 December 2022, the Company achieved investment income of AED 2.7 million, as compared to AED 3.6 million in the last year representing a decrease of AED 0.9 million.

The Company has been strengthening and expanding its capabilities to support the focus on the largely untapped life insurance market. The total operating costs increased by 56% due to the transformation cost**.**

<u>Transaction with related Parties</u>
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.

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
الطابق16، 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

2023 Outlook

The UAE's economic growth is anticipated to moderately slowdown in 2023. This will be mainly due to OPEC-agreed oil production cuts and a slowdown in the non-oil sector because of increased interest rates.

Record-high inflation and the consequent cost-of-living crisis will be the greatest challenge faced by the insurance industry. Considering UAE macro-economic context and particularly its impact on the insurance market dynamics, the Company will adapt the scope and timing of its strategic focus on sustainability and profitability.

Member of the Board

2.

2022 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 P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hayah Insurance Company P.J.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2022, 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 significant 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 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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.

1. Valuation of gross insurance contract liabilities

Refer to notes 2(d)(i), 3a, and 12 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Valuation of these gross insurance contract liabilities involves significant judgements and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have been incurred but not reported ("IBNR") to the Company. IBNR is calculated by an independent qualified external actuary for the Company. Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on statement of profit or loss. The key assumptions that drive the liability calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business. The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.	Our audit procedures supported by our actuarial specialists included: • evaluating and testing of key controls around the claims handling and case reserve setting processes of the Company. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and considering if the amounts recorded in the financial statements are valued adequately; • obtaining an understanding of and assessing the methodology and key assumptions applied by management. Independently re-projecting the reserve balance for certain classes of business; • assessing the experience and competence of the Company's actuary and degree of challenge applied through the reserving process; • checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation; • assessing the Company's disclosure in relation to these liabilities is appropriate; and • considering the completeness and accuracy of the data used by the actuaries and corroborating the data with other information used by the team during our audit work.

Key Audit Matters (continued)

2. Premiums and insurance receivables

Refer to notes 2(d)(i), 3(f), 3(g) and 8 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Company has significant premiums and insurance receivables against written premium policies. There is a risk over the recoverability and impairment of these receivables. The Company has applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the date of initial recognition of the premiums and insurance receivables. Under the simplified approach the provision combines the historical loss rate with forward-looking assumptions, along with other factors, into account. There are a number of significant judgments which are required in measuring the Expected Credit Losses ('ECL') under IFRS 9.	Our procedures on the recoverability and impairment of premiums and insurance receivables included: • testing key controls over the premiums and insurance receivables process; • testing the ageing of premiums and insurance receivables to assess if this has been accurately determined; • tracing the outstanding amounts from sample of counterparties such as policyholders, brokers, insurance and reinsurance companies to underlying documents; • verifying payments received from such counterparties post year-end; • obtaining an understanding of the Company's process for estimating the ECL; • reviewing the computation of Probability of Default ('PD') using the flow rate approach for premiums and insurance receivables; • performed a recalculation of the loss rate for sample of aging buckets; and • considering the adequacy of provisions for impairment of premiums and insurance receivables for significant customers, taking into account specific credit risk assessments for each customer based on default, existence of any disputes over the balance outstanding, history of settlement of receivables and liabilities with the same counterparties.

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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and UAE Federal Law No. (6) of 2007 (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 2022:

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;

Report on Other Legal and Regulatory Requirements (continued)

iv) the financial information included in the Directors' report, is consistent with the books of account of the Company;

v) as disclosed in note 6 and 7 to the financial statements, the Company has purchased shares during the year ended 31 December 2022;

vi) note 22 to the financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 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 2022; and

viii) note 1(a) to the financial statements discloses that there were no social contributions made during the year ended 31 December 2022.

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

KPMG Lower Gulf Limited

Richard Ackland
Registration No: 1015
Abu Dhabi, United Arab Emirates

Date: 14 MAR 2023

3.

2022 Annual Financial Statements

HAYAH

Hayah Insurance Company P.J.S.C.

Financial statements

31 December 2022

Principal business address:
Hayah Insurance Company P.J.S.C.
P.O. Box: 63323
Abu Dhabi
U.A.E.

Hayah Insurance Company P.J.S.C.

Financial statements

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Hayah Insurance Company P.J.S.C.

Statement of financial position

as at 31 December

	Note	2022 AED'000	2021 AED'000
Assets			
Property and equipment	*4*	**2,198**	144
Intangible assets	*5*	**5,765**	1,469
Financial assets at fair value through other comprehensive income	*6*	**77,233**	86,324
Financial assets at fair value through profit or loss	*7*	**14,391**	12,249
Reinsurers' share of unearned premiums reserve	*12*	**2,026**	2,388
Reinsurers' share of outstanding claims reserve	*12*	**2,062**	2,375
Reinsurers' share of claims incurred but not reported reserve	*12*	**1,865**	1,330
Deferred acquisition costs		**1,996**	747
Premiums and insurance receivables	*8*	**21,041**	3,954
Other receivables and prepayments	*9*	**14,343**	1,964
Statutory deposits	*10,11*	**4,000**	4,000
Time deposits	*11*	**37,028**	43,450
Cash and cash equivalents	*11*	**11,977**	20,905
Due from related parties	*22*	**3,632**	2,955
Total assets		**199,557**	184,254
Equity and Liabilities			
Equity			
Share capital	*13*	**200,000**	200,000
Legal reserve	*14(a)*	**690**	362
Other reserve	*14(b)*	**1,372**	1,372
Reinsurance risk reserve	*14(c)*	**238**	155
Accumulated losses		**(75,185)**	(78,049)
Fair value reserve		**(3,967)**	463
Net equity		**123,148**	124,303
Liabilities			
Technical provisions			
Unearned premiums reserve	*12*	**14,690**	9,085
Gross outstanding claims reserve	*12*	**8,205**	7,419
Claims incurred but not reported reserve	*12*	**4,952**	2,828
Unexpired risk reserve	*12*	**620**	529
Mathematical reserve	*12*	**23,018**	27,788
Unallocated loss adjustment expenses reserve	*12*	**378**	543
Total technical provisions		**51,863**	48,192
Provision for employees' end of service benefits	*15*	**1,743**	1,210
Unearned reinsurance commission		**199**	253
Due to related parties	*22*	**-**	98
Insurance payables and other accruals	*16*	**22,604**	10,198
Total liabilities		**76,409**	59,951
Total equity and liabilities		**199,557**	184,254

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2022.

Board Member **Chief Executive Officer**

The notes set out on pages 15 to 72 form an integral part of these financial statements.

The independent auditors' report is set out on pages 3 to 8.

Hayah Insurance Company P.J.S.C.

Statement of profit or loss
for the year ended 31 December

	Note	2022 AED'000	2021 AED'000
Underwriting income			
Gross premiums written	17	**71,055**	51,817
Reinsurers' share of gross premiums written	17	**(16,582)**	(16,725)
Net premiums written	17	**54,473**	35,092
Net change in unearned premiums reserve including unexpired risk reserve (URR)	17	**(6,058)**	(723)
Net premiums earned	17	**48,415**	34,369
Reinsurance commission earned		**872**	1,229
Acquisition costs of insurance contracts		**(5,028)**	(3,495)
Net commission incurred		**(4,156)**	(2,266)
Gross claims paid	19	**(44,660)**	(30,904)
Reinsurers' share of gross claims paid	19	**19,832**	10,800
Net claims paid		**(24,828)**	(20,104)
Change in outstanding claims reserve	19	**(786)**	976
Change in reinsurers' share of outstanding claims reserve	19	**(313)**	843
Change in incurred but not reported claims reserve	19	**(2,124)**	1,421
Change in reinsurers' share of incurred but not reported claims reserve	19	**535**	221
Change in unallocated loss adjustment expense reserve	19	**165**	168
Change in mathematical reserve	19	**4,770**	(6,715)
Net claims incurred	19	**(22,581)**	(23,190)
Claims administration fees		**(808)**	(120)
Total claims and insurance related expenses		**(23,389)**	(23,310)
Net underwriting income		**20,870**	8,793
Investments income – net	18	**2,745**	3,575
Net change in fair value of financial assets at fair value through profit or loss (FVTPL)	7	**(479)**	1,664
(Charge) / reversal for impairment loss on debt instruments at fair value through other comprehensive income (FVOCI)	6	**(4)**	9
Other income		**159**	-
		23,291	14,041
General and administrative expenses	20	**(20,205)**	(13,596)
Reversal for impairment of premiums and insurance receivables	8	**189**	730
Profit for the year		**3,275**	1,175
Earnings per share for the year - basic and diluted (AED)	21	**0.016**	0.006

The notes set out on pages 15 to 72 form an integral part of these financial statements.

The independent auditors' report is set out on pages 3 to 8.

Hayah Insurance Company P.J.S.C.

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

	Note	2022 AED'000	2021 AED'000
Profit for the year		**3,275**	1,175
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss:			
Equity investments at FVOCI - net change in fair value	6	**63**	(68)
Items that are or may be reclassified subsequently to statement of profit or loss:			
Debt investments at FVOCI - net change in fair value	6	**(4,493)**	(1,391)
Other comprehensive loss for the year		**(4,430)**	(1,459)
Total comprehensive loss for the year		**(1,155)**	(284)

The notes set out on pages 15 to 72 form an integral part of these financial statements.

The independent auditors' report is set out on pages 3 to 8.

Hayah Insurance Company P.J.S.C.

Statement of changes in shareholders' equity
for the year ended 31 December 2022

	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
Balance at 1 January 2021	200,000	245	1,372	71	(79,023)	1,922	124,587
Total comprehensive income:							
Profit for the year	-	-	-	-	1,175	-	1,175
Other comprehensive loss for the year	-	-	-	-	-	(1,459)	(1,459)
Total comprehensive loss for the year	-	-	-	-	1,175	(1,459)	(284)
Transfer from profit for the year to legal reserve *(note 14a)*	-	117	-	-	(117)	-	-
Transfer from profit for the year to reinsurance risk reserve *(note 14c)*	-	-	-	84	(84)	-	-
Balance at 31 December 2021	200,000	362	1,372	155	(78,049)	463	124,303
Balance at 1 January 2022	**200,000**	**362**	**1,372**	**155**	**(78,049)**	**463**	**124,303**
Total comprehensive income:							
Profit for the year	-	-	-	-	**3,275**	-	**3,275**
Other comprehensive loss for the year	-	-	-	-	-	**(4,430)**	**(4,430)**
Total comprehensive loss for the year	-	-	-	-	**3,275**	**(4,430)**	**(1,155)**
Transfer from profit for the year to legal reserve *(note 14a)*	-	**328**	-	-	**(328)**	-	-
Transfer from profit for the year to reinsurance risk reserve *(note 14c)*	-	-	-	**83**	**(83)**	-	-
Balance at 31 December 2022	**200,000**	**690**	**1,372**	**238**	**(75,185)**	**(3,967)**	**123,148**

The notes set out on pages 15 to 72 form an integral part of these financial statements.

Hayah Insurance Company P.J.S.C.

Statement of cash flows
for the year ended 31 December

	Note	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the year		**3,275**	1,175
Adjustments for:			
Depreciation	*4*	**462**	341
Amortisation	*5*	**42**	63
Bonds premium amortisation	*6*	**322**	387
Fair value loss / (gain) on financial assets at fair value through profit or loss	*7*	**479**	(1,664)
Reversal of provision for impairment of premiums and insurance receivables	*8*	**(189)**	(730)
Provision for employees' end of service benefits	*15*	**578**	220
Finance cost on lease liability		**43**	36
Interest income	*18*	**(3,701)**	(3,508)
Dividends income	*18*	**(382)**	(466)
Loss on sale of investments	*18*	**1,140**	12
Charge / (reversal) of impairment loss on debt instruments at FVOCI	*6*	**4**	(9)
Loss on disposal of property and equipment		**-**	2
Cash generated used in operations		**2,073**	(4,141)
Changes in:			
Deferred acquisition costs		**(1,249)**	246
Premiums and insurance receivables		**(16,898)**	2,232
Other receivables and prepayments		**(12,316)**	86
Due to related parties		**(98)**	(677)
Insurance contract liabilities		**3,671**	5,812
Reinsurance contract assets		**140**	(2,003)
Unearned reinsurance commission		**(54)**	72
Insurance payables and other accruals		**10,887**	1,258
Due from related parties		**(677)**	4,897
Cash (used in) / generated from operating activities		**(14,521)**	7,782
Employees' end of service benefits paid	*15*	**(45)**	(13)
Net cash (used in) / generated from operating activities		**(14,566)**	7,769

(continued)

Hayah Insurance Company P.J.S.C.

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

	Note	2022 AED'000	2021 AED'000
Cash flows from investing activities			
Additions to property and equipment	4	**(809)**	(83)
Additions to intangible assets	5	**(4,338)**	(1,471)
Withdrawn / (placement) of time deposits		**6,422**	(25,342)
Purchase of financial assets at FVOCI	6	**(31,701)**	(32,140)
Proceeds at maturity / sale of financial assets at FVOCI		**34,896**	17,776
Purchase of financial assets at fair value through profit or loss	7	**(3,737)**	(5,746)
Proceeds at maturity / sale of financial assets at fair value through profit or loss	7	**1,116**	3,670
Dividend received		**382**	466
Interest received		**3,638**	3,265
Net cash generated from / (used in) investing activities		**5,869**	(39,605)
Cash flows from financing activities			
Payments for lease liability		**(231)**	(320)
Cash used in financing activities		**(231)**	(320)
Net decrease in cash and cash equivalents		**(8,928)**	(32,156)
Cash and cash equivalents at 1 January		**20,905**	53,061
Cash and cash equivalents at 31 December	11	**11,977**	20,905

Non-cash transactions

The principal non-cash transactions which were not included in the statement of cash flows were as follows:

(i) Fair value loss on financial assets at fair value through OCI debited to fair value reserve of AED 4,430 thousand *(31 December 2021: fair value gain of AED* 1,459 *thousand).*

The notes set out on pages 15 to 72 form an integral part of these financial statements.

The independent auditors' report is set out on pages 3 to 8.

Hayah Insurance Company P.J.S.C.

Notes to the financial statements

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. (6) of 2007 (as amended) concerning Insurance Companies and Agents and is governed by the provisions of the Federal Law No. (32) of 2021 concerning the Commercial Companies, Insurance Authority 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.

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.

A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold. In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Company has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – Income Taxes. The Company shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Company is currently in the process of assessing the possible impact on the financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

The Company has not made any social contributions during the year ended 31 December 2022 *(2021 : AED nil).*

1 (b) Going concern

As at 31 December 2022, the Company had accumulated losses of AED 75,185 thousand *(31 December 2021: AED* 78,049 *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 and deposit balances as at 31 December 2022 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 have been prepared on a going concern basis.

1 (c) Accumulated Losses

As at 31 December 2022, the Company's accumulated losses amounted to AED 75,185 thousand *(31 December 2021: AED* 78,049 *thousand)* which represents 37.60% of the share capital of the Company *(31 December 2021:* 39.02%*)*. 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 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. 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 was incurred during year ended 31 December 2017, mainly attributable to losses on termination of life and savings contracts 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 losses on termination of life and savings contracts amounting to AED 15,454 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";
- Net profit of AED 162 thousand for the year ended 31 December 2019, was mainly attributable to prudent underwriting measures taken during the year, even though impairment on one of the bonds that the Company had invested into, namely EA partner Bond 1, amounting to AED 1,482 thousand was made 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 the business.
- Net profit of AED 1,175 thousand for the year ended 31 December 2021, is attributable to better investment returns as compared to previous years.
- Net profit of AED 3,275 thousand for the year ended 31 December 2022, is predominantly due to better underwriting results and substantial increase in topline premiums.

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

- The Company appointed a new CEO during 2018 and thereafter entirely reviewed its strategic direction;

1 (c) Accumulated Losses *(continued)*

- Various pricing and monitoring tools and checks have been deployed by 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 an individual protection product, which 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. (6) of 2007 (as amended) 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

These financial statements have 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 which are carried at fair values.

(c) Functional and reporting currency

These financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2 Basis of preparation *(continued)*

(d) Use of estimates and judgment

In preparing these financial statements, management has made judgments 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.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for the year ended 31 December 2021.

(i) Estimation uncertainty

Liability against gross outstanding claims reserve and IBNR

Considerable judgment by management is required in the estimation of amounts due to contract holders arising from claims under insurance contracts and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the statement of financial position date. Such estimates are necessarily based on significant assumptions and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. The Company generally estimates its claims based on previous experience. IBNR claims are estimated using assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. Claims requiring court or arbitration decisions are estimated individually. Management reviews its provisions for claims incurred on a quarterly basis.

Provision for unexpired risk reserves

The Company performs a liability adequacy test at the statement of financial position date to ensure the adequacy of the contract liabilities. A provision is made when the expected value of claims and administrative expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premiums provision in relation to such policies.

At the statement of financial position date, the balance of the unexpired risk reserve amounted to AED 620 thousand *(31 December 2021: AED 529 thousand).*

Mathematical reserve

Life insurance liabilities are determined by actuarial valuation of future policy benefits on the basis of estimates made by the Company. Estimates are made, amongst other things, of the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry and mortality tables that best reflect historical mortality experience adjusted where appropriate to reflect the Company's own experiences. AM80 mortality and disability tables are used, with multipliers of 145%. Adjustments to life insurance liabilities are made in the statement of profit or loss.

At the statement of financial position, the balance of the mathematical reserve amounted to AED 23,018 thousand *(31 December 2021: AED 27,788 thousand).*

2 Basis of preparation *(continued)*

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

(i) ***Estimation uncertainty*** *(continued)*

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.

(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 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(i) Recognition and measurement

Insurance contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(ii) Medical insurance contracts

The Company underwrites medical insurance contracts which are short term insurance contracts. The medical insurance policies protect the Company's customers from the consequences of events such as illness and disability.

For all these contracts, premiums are recognised as revenue proportionally over the period of coverage. The portion of premiums underwritten on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premiums liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs i.e. unallocated loss adjustment expenses (ULAE) and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Company.

The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Taking into consideration the fact that significant time lags may exist between loss events and notification of the claims to the Company, incurred but not reported claims ("IBNR") are established on the basis of the Company's own estimates for claims that have already been incurred but not yet reported. These are guided by the principle of best estimate using actuarial methods of adjusted chain ladder. Such estimates are based upon both past experience and assessments of the future development. The adequacy of the provisions is regularly reviewed.

3 Significant accounting policies *(continued)*

(a) ***Insurance contracts*** *(continued)*

(iii) Life insurance contracts

These contracts insure events associated with human life (for example death or survival) over a short or a long duration. Premiums are recognised as revenue when they become payable by the contract holder.

Life contracts include term life insurance contracts for both group and individual as well as credit life policies.

Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

A liability for contractual benefits that are expected to be incurred in future is recorded when the premiums are recognised. The liability is based on the assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviation is included in the assumptions. Premiums are shown before deduction of commissions. Claims and benefits payable to contract holders are recorded as expense when they are incurred.

(iv) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer-term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for expected credit losses on a quarterly basis. The Company reduces the carrying amount of the reinsurance asset to its expected recoverable amount and recognises the expected credit losses in the statement of profit or loss.

Reinsurance commissions received from the reinsurers are recognised over the same period as the related ceded premiums.

3 Significant accounting policies *(continued)*

(a) Insurance contracts (continued)

(v) Liability adequacy test

Where necessary, a provision is made when the expected value of claims and administrative expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premiums provision in relation to such policies. The assessment of whether a provision is necessary is made separately considering each category of business accounted for on an annual basis of accounting, on the basis of information available as at the reporting date, taking into account related expenses and attributable future investment return. Any deficiency is immediately charged to the profit or loss by establishing a provision for losses arising from the liability adequacy tests.

(vi) Deferred policy acquisition costs

Commissions that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs ("DAC"). Deferred acquisition costs are subsequently amortised over the period of the contracts. The resulting change to the carrying value of the DAC is charged to the statement of profit or loss. Other incremental direct costs incurred in relation to the acquisition and renewal of insurance contracts are recognised directly in the statement of profit or loss.

(vii) Receivables and payables related to insurance contracts

Amounts due to and from agents, brokers and insurance contract holders are financial instruments and are included in receivables and payables related to insurance contracts, and not in insurance contract liabilities. Receivables and payables are recognised when due.

(viii) Investment contracts

Investment contracts comprise unit-linked and other investment-linked contracts that do not transfer significant insurance risk. These contracts are within the scope of IFRS 9 and accordingly the Company recognises the consideration received as a financial liability towards the beneficiaries of such contracts rather than as revenue. Any considerations paid out to the reinsurers of these investment contracts are recognised as financial assets.

(b) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

3 Significant accounting policies *(continued)*

(c) *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.

(d) *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.

3 Significant accounting policies *(continued)*

(d) 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.

(e) 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).

(f) 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.

3 Significant accounting policies *(continued)*

(f) 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.

3 Significant accounting policies *(continued)*

(f) ***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.

(g) ***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.

3 Significant accounting policies *(continued)*

(g) ***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.

3 Significant accounting policies *(continued)*

(g) 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.

(h) 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.

3 Significant accounting policies *(continued)*

(i) *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.

(j) *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.

3 Significant accounting policies *(continued)*

(k) 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.

(l) 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.

(m) 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.

(n) Share capital

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

(o) 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.

(p) 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.

(q) 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.

3 Significant accounting policies *(continued)*

(q) 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.

3 Significant accounting policies *(continued)*

(q) 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.

(r) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Forthcoming requirements	***Effective date***
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023
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

The following new and amended standards are not expected to have a significant impact on the Company's financial information, when effective:

New standards or amendments	***Effective date***
Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Insight Intended Use	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022

3 Significant accounting policies *(continued)*

(s) *Newly effective standards*

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

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IFRS 17, 'Insurance Contracts' - The IASB issued the amendments to IFRS 17, 'Insurance contracts', on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB's targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17.

On 28 October 2021, the IASB ('Board') redeliberated the Exposure Draft proposing a narrow-scope amendment relating to the presentation of comparative information on initial application of both IFRS 9, 'Financial Instruments', and IFRS 17, 'Insurance Contracts', considering the feedback from the comment letters received.

The amendment would permit an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17 and IFRS 9. The overlay would allow such assets to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. Following feedback on the proposals, the Board extended the scope of the overlay to include all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. The overlay could also be applied by entities that already apply IFRS 9. The Board issued this amendment to IFRS 17 on 9 December 2021.

IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023 and the Company expects to first apply IFRS 17 on that date. 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).

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

IFRS 17 also allows entities, in limited circumstances, that have applied IFRS 9 'Financial instruments' to annual reporting period before the initial application of IFRS 17, to redesignate their financial assets associated with insurance. The Company is in the process of assessing whether any financial assets will be redesignated.

Both the Company's audit committee and IFRS 17 steering committee provide oversight and governance over the implementation of the IFRS 17 project. Accounting policy papers, actuarial methodologies and disclosure requirements have been defined and are being implemented throughout the Company. The IFRS 17 project team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. Where applicable, the policy and methodology papers are updated to reflect any changes in requirements.

The Company has made significant progress in the implementation of IFRS 17 and is working on the following areas to complete the transition to IFRS 17:

- Configure remaining system integration, including policy choices and enhance key controls required to implement IFRS 17;
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements;
- Finalise the management reporting and key performance measures;
- Continue engaging with the executive board and business through various training initiatives; and
- Finalise and implement future financial and data governance processes and accountabilities.

When identifying contracts in the scope of IFRS 17, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different Group entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition.
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

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.

3 Significant accounting policies *(continued)*

(t) Newly effective standards (continued)

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

As the Company will be impacted by the application of IFRS 17. Below is an assessment of the expected impact.

Drivers of Changes in Equity	**Impact on equity on transition to IFRS 17 on 1 January 2022**
Adjustment to technical provisions for the impact of difference between the IFRS 17 Risk adjustment for non-financial risk and the IFRS 4 prudence margins	*Decrease by 2.8 – 4.2m*
Impact of Time Value of Money on claims liabilities	*Increase by 0.04 – 0.06m*
Recognition of CSM for profitable groups under IFRS 17	*Decrease by 4.6 – 7.0 m*
Total Impact	***Decrease by 7.4 – 11.2m***

The estimates of the impact on transition to IFRS 17 are based on dry runs performed by the Company as part of the implementation process. As such, the estimates may change as the methodologies, workarounds or assumptions used are refined.

However, based on the information currently available, it is not expected that any potential changes in the above would result in impacts deviating significantly from the current estimates for the Company.

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, 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.

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

Measurement models *(continued)*

General measurement model (continued)

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.

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.

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 Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all of the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general measurement model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

Measurement models *(continued)*

Premium Allocation Approach

As the premium allocation approach ("PAA") is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. 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.

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 Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Company expects all of its contracts to be eligible for PAA measurement model, except for long term individual life contracts which are expected to be measured under the GMM measurement model.

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.

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

Measurement models *(continued)*

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 general measurement model and the variable fee approach, insurance revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period, changes in the risk adjustment for non-financial risk, amounts of the CSM recognised for the services provided in the period, experience adjustments arising from premiums received in the period other than those that relate to future service and other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition. For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used. 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 cashflows ("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) and insurance acquisition cash flows assets impairment.

Accounting policy choices

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

	Measurement models allowed	**IFRS 17 options**	**Adopted approach**
Insurance acquisition cash flows	PAA	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 plans to amortise insurance acquisition cash flows for all contracts. The Company plans to allocate the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.

3 Significant accounting policies *(continued)*

(s) *Newly effective standards (continued)*

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

Accounting policy choices *(continued)*

	Measurement models allowed	IFRS 17 options	Adopted approach
Liability for remaining coverage ("LRC") adjusted for financial risk and time value of money	PAA	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 plans 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	PAA	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 plans 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	GMM, VFA and PAA	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 intends to include changes in discount rates and other financial changes within the statement of profit or loss.

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

Accounting policy choices *(continued)*

	Measurement models allowed	IFRS 17 options	Adopted approach
Disaggregation of risk adjustment	GMM, VFA and PAA	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	GMM and VFA	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 plans 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

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

Discount rates

The Company plans to use 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.

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

Areas of significant judgements *(continued)*

Risk adjustment

The Company will estimate 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.

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. 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

Contractual Service Margin and Coverage units

Currently under IFRS 4, earned premiums are recognised as revenue proportionally over the period of coverage. Since PAA will be applicable for the majority of the portfolios, there will be no material change in the recognition of revenue under IFRS 17.

For long term Individual Life contracts, measured under the GMM, the Company will recognise 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.

In performing the above determination, management will apply judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognised in the income statement for the period.

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.

3 Significant accounting policies *(continued)*

(s) Newly effective standards (continued)

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

Areas of significant judgements *(continued)*

Contract boundaries (continued)

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, 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.

Transition

On the date of initial application, I January 2023, IFRS 17 standard has to be applied retrospectively (i.e. using the Full Retrospective Approach) unless impracticable. Where the full retrospective approach is impracticable, IFRS 17 allows for alternative transition methods as follows:

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). The fair value approach enables an entity to determine the opening transition balances, even if the entity does not have reasonable and supportable information about the contracts that exist at the transition date.

The transition approach is determined at the level of a group of insurance contracts and it affects the way the CSM is calculated on initial adoption of IFRS 17:

a. full retrospective approach — the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied;

b. modified retrospective approach — the CSM at initial recognition is calculated based on assumptions at transition using some simplifications and taking into account the actual pre-transition fulfilment cash flows; and

c. fair value approach — the pre-transition fulfilment cash flows and experience are not considered.

3 Significant accounting policies *(continued)*

(s) *Newly effective standards (continued)*

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

Transition *(continued)*

The Company expects to use the full retrospective approach for transition of groups under PAA while modified retrospective approach will be used for groups under GMM.

Impact on presentation and disclosures on transition to IFRS 17

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

The amounts presented in the statement of comprehensive income need to be 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.

IFRS 17 has introduced additional disclosures which would need to be provided. The Company will be required to provide disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts issued and reinsurance contracts held within the scope of IFRS 17;
- Significant judgments, and changes in those judgements, when applying the standard; and
- The nature and extent of the risks from contracts within the scope of the standard.

The Company is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

With the exception of IFRS 17, there are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on or after I January 2022 that would be expected to have a material impact on these financial statements.

4 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 2021	1,485	510	4,539	76	1,019	7,629
Additions	-	-	83	-	-	83
Disposals	-	-	(2)	-	-	(2)
At 31 December 2021	1,485	510	4,620	76	1,019	7,710
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**
Accumulated depreciation						
At 1 January 2021	1,485	509	4,494	76	661	7,225
Charge for the year *(note 20)*	-	1	39	-	301	341
At 31 December 2021	1,485	510	4,533	76	962	7,566
At 1 January 2022	**1,485**	**510**	**4,533**	**76**	**962**	**7,566**
Charge for the year *(note 20)*	**9**	**2**	**77**	**150**	**224**	**462**
At 31 December 2022	**1,494**	**512**	**4,610**	**226**	**1,186**	**8,028**
Net book value						
31 December 2021	-	-	87	-	57	144
31 December 2022	**39**	**7**	**270**	**342**	**1,540**	**2,198**

Hayah Insurance Company P.J.S.C.

Notes to the financial statements

5 Intangible assets

	Development costs AED'000	Computer software AED'000	Capital work in progress AED'000	Total AED'000
Cost				
At 1 January 2021	9,960	2,535	624	13,119
Additions	-	14	1,457	1,471
Write-off	-	-	(624)	(624)
At 31 December 2021	9,960	2,549	1,457	13,966
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**
Accumulated amortisation				
At 1 January 2021	9,960	2,474	-	12,434
Amortisation *(note 20)*	-	63	-	63
At 31 December 2021	9,960	2,537	-	12,497
At 1 January 2022	**9,960**	**2,537**	**-**	**12,497**
Amortisation *(note 20)*	**-**	**42**	**-**	**42**
At 31 December 2022	**9,960**	**2,579**	**-**	**12,539**
Net book value				
At 31 December 2021	-	12	1,457	1,469
At 31 December 2022	**-**	**304**	**5,461**	**5,765**

6 Financial assets at fair value through other comprehensive income

		2022 AED'000	2021 AED'000
(i)	***Quoted bonds:***		
	UAE-based corporate	**22,732**	21,455
	UAE-based government	**22,737**	14,831
		45,469	36,286
(ii)	***Quoted sukuk:***		
	UAE-based corporate	**11,917**	12,428
	UAE-based government	**10,165**	35,218
		22,082	47,646
(iii)	***Quoted equity instruments:***		
	UAE-based quoted equities	**886**	798
	UAE-based mutual fund	**7,648**	-
(iv)	***Non-UAE private debt fund***	**1,148**	1,594
		77,233	86,324

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

	2022 AED'000	2021 AED'000
At the beginning of the year	**86,324**	73,809
Purchased during the year	**31,701**	32,140
Maturity and disposals of investments	**(36,036)**	(17,788)
(Charge) / reversal of impairment loss during the year	**(4)**	9
Bonds premium amortisation	**(322)**	(387)
Net change in fair value	**(4,430)**	(1,459)
At the end of the year	**77,233**	86,324

7 Financial assets at fair value through profit or loss

	2022 AED'000	2021 AED'000
UAE-based quoted equities	**7,038**	8,394
UAE-based quoted corporate debt instruments	**7,353**	3,855
	14,391	12,249

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

	2022 AED'000	2021 AED'000
At the beginning of the year	**12,249**	8,509
Purchased during the year	**3,737**	5,746
Maturity and disposals of investments	**(1,116)**	(3,670)
Net change in fair value	**(479)**	1,664
At the end of the year	**14,391**	12,249

8 Premiums and insurance receivables

	2022 AED'000	2021 AED'000
Inside UAE		
Due from policyholders	**13,084**	4,304
Due from reinsurer	**-**	35
Outside UAE		
Due from reinsurance companies	**8,574**	421
	21,658	4,760
Less: allowance for impairment of premiums and insurance receivables	**(617)**	(806)
	21,041	3,954

Movements in the allowance for impairment of premiums and insurance receivables were as follows:

	2022 AED'000	2021 AED'000
At beginning of the year	**806**	1,536
Reversals during the year	**(189)**	(730)
At end of the year	**617**	806

8 Premiums and insurance receivables *(continued)*

The ageing of premiums and insurance receivables is as follows:

31 December 2022

	Due from policy-holders AED'000	Due from reinsurance companies AED'000	Total AED'000
Less than 30 days	7,604	8,574	16,178
30 to 90 days	2,031	-	2,031
91 to 180 days	2,152	-	2,152
181 to 270 days	353	-	353
271 to 360 days	181	-	181
More than 360 days	763	-	763
	13,084	8,574	21,658
Less: allowance for impairment of premiums and insurance receivables	(617)	-	(617)
	12,467	8,574	21,041

31 December 2021

	Due from policy-holders AED'000	Due from reinsurance companies AED'000	Total AED'000
Less than 30 days	2,681	456	3,137
30 to 90 days	142	-	142
91 to 180 days	235	-	235
181 to 270 days	6	-	6
271 to 360 days	-	-	-
More than 360 days	1,240	-	1,240
	4,304	456	4,760
Less: allowance for impairment of premiums and insurance receivables	(806)	-	(806)
	3,498	456	3,954

8 Premiums and insurance receivables *(continued)*

(i) The geographical allocation of receivables arising from insurance and reinsurance contracts is as follows:

31 December 2022

	Inside UAE AED'000	**Outside UAE AED'000**	**Total AED'000**
Due from policyholders	**13,084**	**-**	**13,084**
Due from reinsurance companies	**-**	**8,574**	**8,574**
Less: allowance for impairment of premiums and insurance receivables	**(617)**	**-**	**(617)**
	12,467	**8,574**	**21,041**

31 December 2021

	Inside UAE AED'000	Outside UAE AED'000	Total AED'000
Due from policyholders	4,304	-	4,304
Due from reinsurance companies	35	421	456
Less: allowance for impairment of premiums and insurance receivables	(806)	-	(806)
	3,533	421	3,954

9 Other receivables and prepayments

	2022 AED'000	2021 AED'000
Prepayments	**923**	261
Interest receivable	**1,085**	1,022
Advances to brokers and suppliers	**445**	302
Staff receivables	**379**	192
Contributions ceded to reinsurer for employee secure saver product *(refer note 16.2)*	**11,469**	-
Other receivables	**42**	187
	14,343	1,964

10 Statutory deposits

In accordance with the requirements of Federal Law No. (6) of 2007 (as amended), concerning Insurance Companies and Agencies, the Company maintains bank deposits of AED 4,000 thousand *(31 December 2021: AED 4,000 thousand)*, as a guarantee against its Insurance of Persons and Fund Accumulation Operations License (medical and life). These deposits cannot be utilised without the consent of the Central Bank of UAE.

The statutory deposits are held with local commercial banks and carry interest at the rate of 0.25% to 4.75% per annum *(31 December 2021: 0.25% to 0.40% per annum).*

11 Cash and cash equivalents

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

	2022 **AED'000**	2021 AED'000
Statutory deposits *(note 10)*	**4,000**	4,000
Time deposits	**37,028**	43,450
Demand deposits and cash	**11,977**	20,905
Bank balances and cash	**53,005**	68,355
Less: statutory deposits	**(4,000)**	(4,000)
Less: deposits with original maturities of more than three months	**(37,028)**	(43,450)
Cash and cash equivalents	**11,977**	20,905

At 31 December 2022, bank deposits carry an effective interest rate of 3.90% to 4.75% per annum *(31 December 2021: 0.50% to 1.00% per annum).* All bank balances and deposits are held with banks in the United Arab Emirates.

12 Insurance contract liabilities and reinsurance contract assets

Insurance contract liabilities and reinsurance contract assets by line of business as at 31 December 2022 and 31 December 2021 are presented below:

	2022			2021		
	Medical AED'000	**Life AED'000**	**Total AED'000**	Medical AED'000	Life AED'000	Total AED'000
Liabilities arising from insurance contracts:						
Gross unearned premiums reserve ("UPR")	**2,028**	**12,662**	**14,690**	313	8,772	9,085
Gross outstanding claims reserve ("OCR")	**2,964**	**5,241**	**8,205**	565	6,854	7,419
Claims incurred but not reported reserve ("IBNR")	**340**	**4,612**	**4,952**	45	2,783	2,828
Unexpired risk reserve ("URR")	**601**	**19**	**620**	49	480	529
Mathematical reserve ("LMR")	**-**	**23,018**	**23,018**	-	27,788	27,788
Unallocated loss adjustment expenses reserve ("ULAE")	**42**	**336**	**378**	71	472	543
	5,975	**45,888**	**51,863**	1,043	47,149	48,192
Reinsurance contract assets:						
Reinsurers' share of unearned premiums reserve	**-**	**2,026**	**2,026**	-	2,388	2,388
Reinsurers' share of gross outstanding claims reserve	**-**	**2,062**	**2,062**	-	2,375	2,375
Reinsurers' share of IBNR reserve	**-**	**1,865**	**1,865**	-	1,330	1,330
	-	**5,953**	**5,953**	-	6,093	6,093
Net:						
Unearned premiums reserve	**2,028**	**10,636**	**12,664**	313	6,384	6,697
Outstanding claims reserve	**2,964**	**3,179**	**6,143**	565	4,479	5,044
Claims incurred but not reported reserve	**340**	**2,747**	**3,087**	45	1,453	1,498
Unexpired risk reserve	**601**	**19**	**620**	49	480	529
Mathematical reserve	**-**	**23,018**	**23,018**	-	27,788	27,788
Unallocated loss adjustment expenses reserve	**42**	**336**	**378**	71	472	543
	5,975	**39,935**	**45,910**	1,043	41,056	42,099

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

The movement in unearned premiums reserve and the related reinsurers' share was as follows:

	2022			2021		
	Gross	**Reinsurance share**	**Net**	Gross	Reinsurance share	Net
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Medical						
Unearned premiums reserve:						
At the beginning of the year	**313**	-	**313**	341	-	341
Written during the year	**11,962**	-	**11,962**	1,546	-	1,546
Earned during the year	**(10,247)**	-	**(10,247)**	(1,574)	-	(1,574)
Total at the end of the year	**2,028**	-	**2,028**	313	-	313
Life						
Unearned premiums reserve						
At the beginning of the year	**8,772**	**(2,388)**	**6,384**	6,452	(1,449)	5,003
Written during the year	**59,093**	**(16,582)**	**42,511**	50,271	(16,725)	33,546
Earned during the year	**(55,203)**	**16,944**	**(38,259)**	(47,951)	15,786	(32,165)
Total at the end of the year	**12,662**	**(2,026)**	**10,636**	8,772	(2,388)	6,384

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

The movement in the outstanding claims reserve, IBNR reserve, mathematical reserve, unallocated loss adjustment expense reserve and the related reinsurers' share, was as follows:

	2022			2021		
	Gross AED'000	**Reinsurance AED'000**	**Net AED'000**	Gross AED'000	Reinsurance AED'000	Net AED'000
Medical						
Total at the beginning of the year	**682**	**-**	**682**	555	(4)	551
Claims incurred during the year	**9,780**	**-**	**9,780**	969	4	973
Claims settled during the year	**(7,116)**	**-**	**(7,116)**	(842)	-	(842)
Total at the end of the year	**3,346**	**-**	**3,346**	682	-	682
Life						
Total at the beginning of the year	**37,896**	**(3,705)**	**34,191**	33,873	(2,637)	31,236
Claims incurred during the year	**32,853**	**(20,052)**	**12,801**	34,085	(11,868)	22,217
Claims settled during the year	**(37,542)**	**19,830**	**(17,712)**	(30,062)	10,800	(19,262)
Total at the end of the year	**33,207**	**(3,927)**	**29,280**	37,896	(3,705)	34,191

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.

13 Share capital

	2022 AED'000	2021 AED'000
Authorised, issued and fully paid up capital		
200,000,000 shares of AED 1 each	**200,000**	200,000

14 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 328 thousand *(31 December 2021: AED 117 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 238 thousand *(31 December 2021: AED 155 thousand)* has been recorded in equity as a reinsurance risk reserve.

15 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:

	2022 AED'000	2021 AED'000
Balance as at 1 January	**1,210**	1,000
Charge during the year	**578**	220
Transfer from a related party *(note 22)*	**-**	3
Paid during the year	**(45)**	(13)
Balance as at 31 December	**1,743**	1,210

16 Insurance payables and other accruals

	2022 AED'000	2021 AED'000
Due to reinsurers	-	2,277
Commission payables	3,238	2,489
Due to policyholders	1,228	549
Premiums received in advance	1,364	438
VAT payable	2	4
Investment contract liability for employee secure saver product *(refer note 16.2)*	11,469	-
Accrued expenses and other payables	5,303	4,441
	22,604	10,198

(16.1) The geographical distribution of insurance payables and other payable and accruals is as follows:

	2022 AED'000	2021 AED'000
Inside UAE		
Commission payable	3,238	2,489
Due to policyholders	1,228	549
Premiums received in advance	1,364	438
VAT payable	2	4
Accrued expenses and other payables	5,303	4,441
	11,135	7,921
Outside UAE		
Due to reinsurers	-	2,277
Investment contract liability for employee secure saver product *(refer note 16.2)*	11,469	-
	22,604	10,198

(16.2) During the 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, retirment or resignation from the policyholder companies. Further, the Company has a contract with its reinsurer who is the ultimate gurantor 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.

17 Net insurance premiums revenue

	2022 AED'000	2021 AED'000
Gross premiums written:		
Medical insurance	**11,962**	1,545
Life insurance:		
- Direct	**59,093**	39,919
- Assumed premiums	**-**	10,353
	71,055	51,817
Reinsurance share of gross premiums written:		
Life insurance	**(16,582)**	(16,725)
Net written premiums	**54,473**	35,092
Change in unearned premiums reserve:		
Medical insurance	**(1,715)**	29
Life insurance	**(3,890)**	(2,320)
	(5,605)	(2,291)
Change in reinsurers' share of unearned premiums reserve:		
Life insurance	**(362)**	940
	(362)	940
Change in unexpired risk reserve ("URR"):		
Medical insurance	**(552)**	32
Life insurance	**461**	596
Net change to expired risk reserve	**(91)**	628
Net change to unearned premiums reserve	**(6,058)**	(723)
Net premiums earned	**48,415**	34,369

18 Investment income, *net*

	2022 AED'000	2021 AED'000
Financial assets carried at fair value		
Dividend income	**382**	466
Interest income	**3,035**	3,142
Bonds premium amortisation	**(198)**	(387)
Loss on sale of investments	**(1,140)**	(12)
Term deposits		
Interest income	**666**	366
	2,745	3,575

19 Insurance claims

	2022 AED'000	2021 AED'000
Gross claims paid	**44,660**	30,904
Reinsurer share of gross claims paid	**(19,832)**	(10,800)
Net claims paid	**24,828**	20,104
Change in outstanding claims reserve	**786**	(976)
Change in reinsurers' share of outstanding claims reserve	**313**	(843)
Net change in outstanding claims reserve	**1,099**	(1,819)
Change in IBNR	**2,124**	(1,421)
Change in reinsurers' share of IBNR	**(535)**	(221)
Net change in IBNR	**1,589**	(1,642)
Change in ULAE reserve	**(165)**	(168)
Change in mathematical reserve	**(4,770)**	6,715
Net claims incurred	**22,581**	23,190

20 General and administrative expenses

	2022 AED'000	2021 AED'000
Staff costs	**11,729**	8,651
Directors' remuneration	**120**	-
Legal and professional expenses	**2,426**	1,843
Rent expense	**34**	39
Marketing and advertisement	**1,280**	398
Business travel and entertainment	**412**	179
Depreciation *(note 4)*	**462**	341
Amortisation *(note 5)*	**42**	63
Communication and IT expenses	**1,847**	1,313
Bank charges	**332**	135
Other expenses	**1,521**	634
	20,205	13,596

21 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of ordinary shares used to calculate basic profit 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. As at 31 December 2022, the company did not hold any dilutive potential ordinary shares.

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

	2022	2021
Profit for the year (AED'000)	**3,275**	1,175
Weighted average number of ordinary shares (shares in '000)	**200,000**	200,000
Earnings per share for the year – basic and diluted (AED)	**0.016**	0.006

22 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.

Balances with related parties included in the statement of financial position are as follows:

	2022 AED'000	2021 AED'000
Due from GIG Gulf*		
- Assumed business	-	2,676
- Medical claims	-	268
- Others	-	11
Due from KANOO Group LLC *(major shareholder)* Medical premium	**3,632**	-
Total due from related parties	**3,632**	2,955
Due to GIG Gulf *		
- Payroll and payments on behalf of the Company	-	98
Total due to related parties	-	98

22 Related party transactions and balances *(continued)*

Transactions with related parties during the year are as follows: *(continued)*

	2022 AED'000	2021 AED'000
Assumed business with GIG Gulf *		
- Assumed premiums	-	10,353
- Claims paid	-	(3,472)
Medical business with KANOO Group LLC *(major shareholder)*		
- Gross written premium	**10,590**	-
- Claims paid	**(5,827)**	-
Employees' end of service benefits transferred to the Company by GIG Gulf	-	3

Compensation of key management personnel:

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

	2022	2021
Short term benefits	**1,615**	1,467
Employees' end of service benefits	**64**	43

*During the year, GIG Gulf has disposed off their shareholding in the Company and therefore is not a related party as at 31 December 2022.

23 Contingencies and commitments

Contingencies

As of 31 December 2022, the Company had contingent liabilities in respect of banks, 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 2021: AED 2,000 thousand).*

Commitments

Estimated capital call contracted for at the statement of financial position date but not provided for amounted to AED 144 thousand *(31 December 2021: AED 186 thousand).*

24 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.

24 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.

(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.

Hayah Insurance Company P.J.S.C.

Notes to the financial statements

24 Risk management framework *(continued)*

(c) *Financial risk management* *(continued)*

(i) *Credit risk* *(continued)*

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:

	2022 AED'000	2021 AED'000
Time deposits	37,028	43,450
Demand deposits (excluding cash on hand)	11,972	20,895
Statutory deposits	4,000	4,000
Premiums and insurance receivables	21,658	4,760
Other receivables	12,975	1,401
Financial assets at fair value through OCI	77,233	86,324
Financial assets at fair value through profit or loss	14,391	12,249
Due from related parties	3,632	2,955
	182,889	176,034

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 2022	Cash and cash equivalents AED'000	Due from related parties AED'000	Financial assets at FVOCI AED'000	Financial assets at FVTPL AED'000	Insurance and other receivables AED'000	Total AED'000
AAA to A	53,000	-	18,759	3,092	-	74,851
BBB to B	-	-	42,992	8,232	-	51,224
Not rated	-	3,632	15,482	3,067	34,633	56,814
Total	53,000	3,632	77,233	14,391	34,633	182,889

At 31 December 2021	Cash and cash equivalents AED'000	Due from related parties AED'000	Financial assets at FVOCI AED'000	Financial assets at FVTPL AED'000	Insurance and other receivables AED'000	Total AED'000
AAA to A	68,345	-	25,789	12,249	-	106,383
BBB to B	-	-	58,143	-	-	58,143
Not rated	-	2,955	2,392	-	6,161	11,508
Total	68,345	2,955	86,324	12,249	6,161	176,034

24 Risk management framework *(continued)*

(c) Financial risk management (continued)

(i) Credit risk (continued)

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's treasury maintains flexibility in funding by maintaining sufficient liquidity reserves comprising investments carried at fair value *(notes 6 and 7)*, deposits placed with the banks, and cash on hand and at banks *(note 11)* on the basis of expected future cash flows.

The contractual maturities of liabilities are determined on the basis of the remaining period from the statement of financial position date to the contractual maturity date. The undiscounted values on contractual maturities of financial liabilities approximate their carrying values on the statement of financial position at 31 December 2022.

Substantially all the financial liabilities of the Company are due within one year from the statement of financial position date. The Company does not have any interest-bearing liabilities.

(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.

24 Risk management framework *(continued)*

(c) *Financial risk management (continued)*

(iii) *Market risk (continued)*

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 2022) 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 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**	**-**

31 December 2021	Change in index %	Effect on equity AED'000	Effect on statement of income AED'000
Indicator			
Quoted equities and mutual funds	10	919	839
Debt instruments classified at FVTPL	10	386	386
Debt instruments classified at FVOCI	10	8,393	-

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.

24 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 2022					
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**
Premiums and insurance receivables	-	-	-	**4,761**	**4,761**
Other receivables *(excluding prepayments, advances and VAT receivable)*	**12,975**	-	-	-	**12,975**
Demand deposits and cash *(excluding cash on hand)*	-	-	-	**11,972**	**11,972**
Due from related parties	-	-	-	**3,632**	**3,632**
	54,003	**48,336**	**26,568**	**37,085**	**165,992**

	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 2021					
Financial assets at fair value – equities	-	-	-	10,786	10,786
Financial assets at fair value - debt instruments	12,915	50,380	24,492	-	87,787
Statutory deposits	4,000	-	-	-	4,000
Time deposits	43,450	-	-	-	43,450
Premiums and insurance receivables	-	-	-	4,760	4,760
Other receivables *(excluding prepayments, advances and VAT receivable)*	1,401	-	-	-	1,401
Demand deposits and cash *(excluding cash on hand)*	-	-	-	20,895	20,895
Due from related parties	-	-	-	2,955	2,955
	61,766	50,380	24,492	39,396	176,034

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 2022.

24 Risk management framework *(continued)*

(c) *Financial risk management (continued)*

(iii) *Market risk (continued)*

Interest rate risk (continued)

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

	2022	2021
	AED'000	AED'000
± 50% change in base points	**645**	683

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.

(iv) *Capital risk management*

The Company's objectives when managing capital is to comply with the insurance capital requirements of UAE Federal Law No. (6) of 2007 (as amended), concerning insurance companies and agents. In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The Company is subject to local insurance solvency regulations. The Company has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations.

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.

	30-Sept-22	31-Dec-21
	AED'000	AED'000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**25,521**	21,311
Minimum Guarantee Fund (MGF)	**75,716**	44,020
Own Funds		
Basic Own Funds	**114,892**	119,648
Ancillary Own Funds	**-**	-
Own funds eligible to meet the MCR	**114,892**	119,648

24 Risk management framework *(continued)*

(c) *Financial risk management (continued)*

(iv) Capital risk management (continued)

	30-Sept-22 AED'000	31-Dec-21 AED'000
MCR Solvency Margin - Surplus	**14,892**	19,648
SCR Solvency Margin - Surplus	**89,371**	98,337
MGF Solvency Margin - Surplus	**39,176**	75,628

(v) Operational risks

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

25 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 the 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.

25 Fair value of financial instruments *(continued)*

Assets measured at fair value

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**

At 31 December 2021	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At fair value through profit or loss				
Quoted equities	8,394	-	-	8,394
Quoted debt instruments	3,855	-	-	3,855
	12,249	-	-	12,249
At fair value through other comprehensive income				
Quoted equities	798	-	-	798
Quoted debt instruments	80,270	3,662	-	83,932
Private debt fund	-	-	1,594	1,594
	81,068	3,662	1,594	86,324
	93,317	3,662	1,594	98,573

For investment in private debt fund, the fair values are based on Net Asset Values (NAV) calculated by the respective fund manager. The valuation of this debt fund qualifies as Level 3 fair value measurement.

There were no transfers into or out of Level 3 fair value measurements during the year. Except for the above, management considers that the carrying amounts of financial assets recognised in the financial statements approximate their fair values.

26 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 2022 and 2021

Segment statement of profit or loss for the year ended 31 December 2022 is presented below:

26 Segment information *(continued)*

	Medical AED'000	Life AED'000	Total AED'000
Gross premiums written	11,962	59,093	71,055
Change in unearned premiums reserve (including URR)	(2,267)	(3,429)	(5,696)
Gross insurance premiums earned	9,695	55,664	65,359
Premiums ceded to reinsurers	-	(16,582)	(16,582)
Change in reinsurance share of unearned premiums reserve	-	(362)	(362)
	-	(16,944)	(16,944)
Net premiums earned	9,695	38,720	48,415
Reinsurance commission earned	-	872	872
Acquisition costs of insurance contracts	101	(5,129)	(5,028)
Net commissions incurred	101	(4,257)	(4,156)
Gross claims paid	(7,115)	(37,545)	(44,660)
Change in outstanding claims reserve	(2,399)	1,613	(786)
Change in IBNR	(295)	(1,829)	(2,124)
Change in LMR	-	4,770	4,770
Change in ULAE	29	136	165
Claims incurred	(9,780)	(32,855)	(42,635)
Reinsurer share of claims paid	-	19,832	19,832
Change in reinsurer share of outstanding claims reserve	-	(313)	(313)
Change in the reinsurer share of IBNR	-	535	535
Net claims incurred	(9,780)	(12,801)	(22,581)
Claims administration fees	(808)	-	(808)
Total claims and insurance related expenses	(10,588)	(12,801)	(23,389)
Net underwriting income	(792)	21,662	20,870

26 Segment information *(continued)*

Segment statement of profit or loss for the year ended 31 December 2022 is presented below *(continued)*

	Medical AED'000	Life AED'000	Total AED'000
Investment income	365	2,380	2,745
Net change in fair value of financial assets at FVTPL	(29)	(450)	(479)
Other income	24	135	159
Charge for impairment loss on financial assets at FVOCI	(1)	(3)	(4)
General and administrative expenses	(2,494)	(17,711)	(20,205)
Reversal of impairment loss on premiums and insurance receivables	46	143	189
Profit for the year	(2,881)	6,156	3,275

Details of segment assets and liabilities as at 31 December 2022 is presented below:

	Medical AED'000	Life AED'000	Unallocated AED'000	Total AED'000
Segment assets	19,611	157,591	22,355	199,557
Segment liabilities	8,533	49,361	18,515	76,409

26 Segment information *(continued)*

Segment statement of profit or loss for the year ended 31 December 2021 is presented below:

	Medical AED'000	Life AED'000	Total AED'000
Gross premiums written	1,546	50,271	51,817
Change in unearned premiums reserve (including URR)	61	(1,723)	(1,662)
Gross insurance premiums earned	1,607	48,548	50,155
Premiums ceded to reinsurers	-	(16,725)	(16,725)
Change in reinsurance share of unearned premiums reserve	-	939	939
	-	(15,786)	(15,786)
Net premiums earned	1,607	32,762	34,369
Reinsurance commission earned	-	1,229	1,229
Acquisition costs of insurance contracts	(47)	(3448)	(3,495)
Net commissions incurred	(47)	(2,219)	(2,266)
Gross claims paid	(843)	(30,061)	(30,904)
Change in outstanding claims reserve	(263)	1,239	976
Change in IBNR	135	1,286	1,421
Change in LMR	-	(6,715)	(6,715)
Change in ULAE	2	166	168
Claims incurred	(969)	(34,085)	(35,054)
Reinsurer share of claims paid	-	10,800	10,800
Change in reinsurer share of outstanding claims reserve	(4)	847	843
Change in the reinsurer share of IBNR	-	221	221
Net claims incurred	(4)	11,868	11,864
Claims administration fees	(120)	-	(120)
Total claims and insurance related expenses	(1,093)	(22,217)	(23,310)
Net underwriting income	467	8,326	8,793
Investment income	167	3,408	3,575
Net change in fair value of financial assets at FVTPL	78	1,586	1,664
Reversal of impairment loss on financial assets at FVOCI	-	9	9
General and administrative expenses	(556)	(13,040)	(13,596)
Reversal of impairment loss on premiums and insurance receivables	23	707	730
Profit for the year	179	996	1,175

26 Segment information *(continued)*

Details of segment assets and liabilities as at 31 December 2021 is presented below:

	Medical AED'000	Life AED'000	Unallocated AED'000	Total AED'000
Segment assets	5,634	154,420	24,200	184,254
Segment Liabilities	1,238	53,062	5,651	59,951

27 Approval of financial statements

These financial statements were approved by the Board of Directors and authorised for issue in their meeting on 14 March 2023.

4.

Corporate Governance Report 2022

HAYAH

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HAYAH

Corporate Governance Report

HAYAH Insurance Company P.J.S.C.

2022

Table of Sections

Introduction to the company

OFFICES

ABU DHABI
Registered office

DUBAI
Branch office

HAYAH Insurance 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 comply with regulations issued by Securities and Commodities Authority.

The Company headquarter 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.

Snapshot

200M
Paid up capital

2008
Year of establishment

2
Offices in the UAE

About this report

The implementation of corporate governance principles is one of the main aims of HAYAH Insurance Company P.J.S.C (the Company).

The corporate governance system is based on the central role of the board of directors in providing strategic guidance to ensure transparency in operational decisions both within the company and in the market with an efficient internal control system and careful regulation of conflicts of interest and rules of engagement with affiliates.

HAYAH Insurance Company is committed to implementing Ministerial Resolution No. (225) of 2015 amending certain provisions of the Ministerial Resolution No. (518) of 2009 concerning Governance Rules and Corporate Discipline Standards., which defines the rules for the application of governance by taking the following steps:

- Establishment of the Audit Committee.
- Establishment of Nomination and Remuneration Committee
- Establishment of the Internal Control Department.

2- 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 2022

There are no transactions that have been made by the members of the Board, their spouses, and their children in the Company's securities during 2022 as shown below:

Name	Position / Kinship	Owned shares as on 31/12/2022	Total sale	Total purchase
H.H Sheikh Saeed Bin Hamdan Alnehayan	Chairman of the Board	None		
Mr. Mishal Hamad Kanoo	Vice Chairman of the Board	None		
Mr. Mohamed Abdullatif Kanoo	Board Member	None		
Mr. Omar Mohamed Al Katheeri	Board Member	None		
H.E Dr. Tariq Abdulqader Bin Hendi	Board Member	None		
Mr. Bader Jeiroudi	Board Member	None		
Mr. Mohamed Khalil Foulathi	Board Member	None		
Mrs. Reema Nowrooz	Board Member	None		
Mr. Salman Sami AlMadhi	Board Member	None		
Mr. Patrick Claude Franklin Choffel	Board Member	None		
Mr. Mustafa Boulhabel	Board Member	None		

3-Composition of the current Board of Directors 2021-2023

Name	Position	Category	Year of Appointment (Since)	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	Chairman of the Board	Non executive Independent	2008	None	General Command of the Armed Forces Command of the United Arab Emirates Navy
Mr. Mishal Hamad Kanoo	Vice Chairman of the Board	Non executive Independent	2014	Gulf Capital	Chairman of the Kanoo Group
Mr. Mohamed Abdullatif Kanoo	Board Member	Non executive Independent	2018	None	Deputy Chairman of the Kanoo Group
Mr. Omar Mohamed Al Katheeri	Board Member	Non executive Independent	2011	None	Owner of Al Sundus Employment Services
H.E Dr. Tariq Abdulqader Bin Hendi	Board Member	Non executive Independent	2018	None	• Director General of Abu Dhabi Investment Office • Member of Emirates Post Group Council • Board member Nasdaq listed ENBD REIT
Mr. Bader Jeiroudi	Board Member	Non executive Independent	2010	None	Managing Director of Sultan International Holding LLC
Mr. Mohamed Khalil Foulathi*	Board Member	Non executive Independent	2021	None	
Mrs. Reema Nowrooz*	Board Member	Non executive Independent	2022	None	
Mr. Salman Sami AlMadhi*	Board Member	Non executive Independent	2022	None	
Mr. Patrick Claude Franklin Choffel*	Board Member	Non executive Independent	2022	None	Managing Dircetor of ISAVIE Management Consultancy, DMCC.
Mr. Mustafa Boulhabel*	Board Member	Non executive Independent	2022	None	

- Mr. Mohamed Khalil Foulathi resigned on 03 October 2022.
- Mr. Salman Sami AlMadhi resigned on 20 September 2022.
- Mrs. Reema Norooz resigned on 20 September 2022.
- Mr. Patrick Claude Franklin Choffel has been appointed on 9 November 2022 by the Board of Directors subject to the General Assembly meeting rectification
- Mr. Mustafa Boulhabel has been appointed on 9 November 2022 by the Board of Directors subject to the General Assembly meeting rectification

Brief about the Board Members, their experiences, and qualifications:

H.H. Sheikh Saeed Bin Hamdan Al Nehayan

Chairman 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. Mishal Hamad Kanoo

Vice Chairman of the Board

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, groups 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 at 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. Mohamed Abdul Latif Kanoo

Member of the Board

Mohamed Abdul Latif 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 as Deputy Chairman of the Kanoo Group. He holds senior executive positions and directorships in several GCC companies and is also the Chairman of Abdul Rahman Kanoo Co. WLL, a Charity Fund in Bahrain.

H.E Dr. Tariq Abdulqader Bin Hendi

Member 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. 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

Patrick served as the Chief Executive Officer of Oman Insurance Company (OIC), the largest Insurance 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. Mustafa Boulhabel

Member of the Board

Mr Mustafa Boulhabel is an energetic professional with 12 years of experience in the investment industry. Has developed a strong knowledge of financial markets (liquid & illiquid) in both developed and emerging markets. He Specialties in Asset Allocation, Portfolio Management, Fund of Funds, Private Equity - (Direct & Indirect), Real Assets, and Portfolio Construction. Mr Mustafa holds a master's degree in Quantitative Methods, applied to Economics and Finance from Paris Nanterre University, formerly Paris-X, France

Mr. Omar Mohamed Al Katheeri

Member of the Board

Mr Omar Al Katheeri has over 30 years of experience in wide-ranging sectors such as Oil and Gas, Banking, and Government. He was fortunate in getting involved in some of 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 the University of Oxford, United Kingdom.

The Total Remuneration paid to the members of Board Directors in 2022

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 distribution of such share, such amount shall not be claimed from the profits of the following years.

A per cent, not more than (10%) ten per cent 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 2021, and there will be no bonuses distributed to the members of the Board of Directors for 2022.

Female representation on the Board of Directors in 2022 is 11%.

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 2022

Name	Committee name	Allowance Value (AED)	Numbers of meetings
Mr. Omar Mohamed Al Katheeri	• Audit Committee • Nomination and Remuneration Committee	21,000	7
H.E Dr. Tariq Abdulqader Bin Hendi	• Audit Committe	12,000	4
Mr. Bader Jeiroudi	• Investment Committee • Nomination and Remuneration Committee	21,000	7

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.

Board meetings

During 2022, the Board of Directors held five meetings and one via circulation in which the financial statements for the six months period ended, August 4th,2022 were approved.

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

Meeting Number	Date
2022/01	10 March
2022/02	11 May
2022/03	04 August (Via circulation)
2022/04	09 November
2022/05	19 December

Name	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Meeting 04/2022	Meeting 05/2022	Number of personal attendance	Number of attendees by proxy
H.H. Sheikh Saeed Bin Hamdan Al Nahyan	N	N		N	N	0	-
Mr. Mishal Kanoo	Y	Y		Y	Y	3	-
Mr. Omar Al Katheeri	Y	Y		Y	Y	4	-
Mr Mohamed Kanoo	Y	Y		Y	Y	4	-
H.E Dr. Tariq Abdulqader Bin Hendi	Y	Y		Y	Y	4	-
Mr. Bader Jeiroudi	Y	Y		Y	Y	4	-
Mr. Mohamed Khalil Foulathi	Y	N				1	-
Mrs. Reema Nowrooz		Y				1	-
Mr Salman Sami AlMadhi		Y				1	-
Mr. Patrick Claude Franklin Choffel					Y	1	-
Mr Mustafa Boulhabel					Y	1	-

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.

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

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 their 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 from time to time, for two years from 19 April 2022.

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 signing on behalf of the Company before the 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, and perform generally all necessary actions and things to confirm the Company's right to lease and/or rent such buildings or villas or flats or offices.

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

e) Represent the Company before courts, all types 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 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, things and matters either regarding the legal matters or others that are 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 the 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 impact 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.

Transactions with related parties	Transaction Value (AED'000)
Medical business with Kanoo Group LLC	
Gross written premium	10,523
Claims paid	(3,305)

The transactions equal to 5% or more of the capital with the related parties or others during 2022

Related Party	Transactions	Amount (AED)	% Of Share Capital
Kanoo Group LLC	Health Insurance	10,553,000	8%

Organizational structure

The awesome people behind the company

Defining the tasks of the role 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.

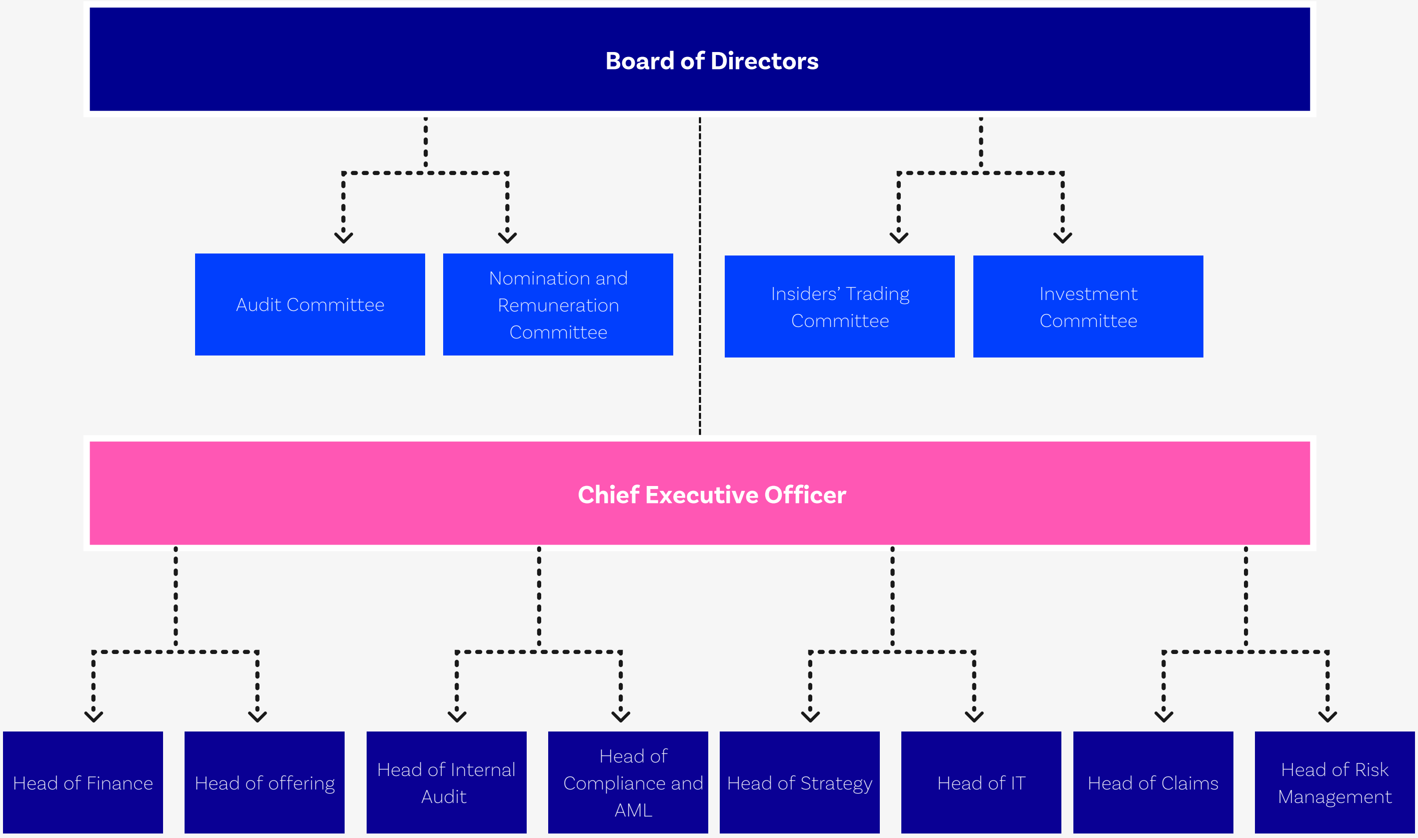
The Board delegated some of its powers to the Chief Executive Officer and members of the Management Team, which is governed by the delegation of authority. This has been periodically reviewed to take business requirements into account.

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

Position	Date of Appointment	Total salaries and allowances paid in 2022 (AED)	Total bonuses paid for 2022 (AED)	Any other cash / in-kind bonuses for 2022 or due in the future
Chief Executive Officer	15 April 2018	1,039,071	372,755	None
Head of Finance	12 June 2016	409,425	72,625	None
Head of offering	10 June 2012	680,263	151,162	None
Head of Internal Audit	28 May 2017	322,890	52,833	None
Head of Compliance and Anti Money Laundering	01 August 2017	510,510	112,000	None
Head of Strategy	13 October 2019	389,694	82,871	None
Head of Claims	01 April 2016	379,128	72,958	None
Head of IT	01 April 2022	198,750	None	None
Head of Risk Management	17 October 2022	49,677	None	None

- Total salaries and allowances for executive officers during the year 2021 is AED 3,979,408.00
- The company has not adopted financial rewards that were approved during FY 2022 and there are no other cash / in-kind rewards for the year 2022 or due in the future.

A statement of company organizational structure



4-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 has been 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	Five Years
The name of the Audit Partner	Mr.Richard Ackland
Number of years served as a partner auditor for HAYAH	Five Years
Total audit fees for 2022 in (AED)	393,750 including VAT
Fees and costs for special services other than audit of the financial statements for the year 2022 (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 2022.	None

There are no reservations that have been included in the Company's financial statements by the External Auditor for 2022.

5-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 two members, namely, H.E Dr.Tariq Abdulqader Bin Hendi as the Chairman, and Mr. Omar Al Katheeri, 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;
    a. Determining whether the performance of any non-audit services compromised its independence.
    b. 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 with management and the external auditor each annual and each quarterly financial statement of the Company including judgments made in connection with the financial statements.
- Review and discuss and make recommendations regarding the selection, appointment and termination where appropriate of the Head of Internal 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 and its internal controls and compliance procedures, and 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 an independent investigation and follow-up regarding such matters.

Audit meetings

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
2022/01	01 March
2022/02	09 May
2022/03	03 November
2022/04	19 December

Name	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Meeting 04/2022	Number of personal attendance
H.E Dr. Tariq Abdulqader Bin Hendi	Y	Y	Y	Y	4
Mr. Omar Al Katheeri	Y	Y	Y	Y	4

Y Attended N Did not attend

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.

6-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 two members, Mr. Omar Al Katheeri as a Chairman and Mr. Bader Jeiroudi being the member.

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

Meeting Number	Date
2022/01	08 March
2022/02	05 July
2022/03	07 December

Name	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Number of personal attendance
Mr. Omar Mohamed Al Katheeri	Y	Y	Y	3
Mr. Bader Jeiroudi	Y	Y	Y	3

Y	Attended	N	Did not attend

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.

7-Insiders' 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 specialised committee on the dealings of Insiders from the Board of Directors, Executive Management and Employees of the Company.

In line with the Securities and Commodities Authority regulations and the implementation of corporate governance practices, the Board of Directors in December 2018 restructured the Insiders' Trading Follow-Up and Supervision Committee headed by Mr. Mishal Kanoo and Mr. Mohamed Seghir and Ms. Hana Alnuaimi, being the members.

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 of the Company prior to publication. The record shall also include prior and subsequent disclosures of the insiders.
- Informing the concerned persons of their status as soon as he considered an insider and requiring them to sign the formal declarations which prepared for that purpose.
- Informing the Insiders about the insiders trading prohibition period determined by the regulator.

Summary of the Committee's work during 2022:

- The Committee has updated the lists of insiders at the stock market to include the Board of Directors members and the Company's senior employees of first and second grade, as well as.
- Share all announcements related to the blackout period for company insiders with the relevant stakeholders.

The followings are the dates of the Insiders' Trading Follow-Up and Supervision Committee meetings and the statement of personal attendance for all members:

Meeting Number	Date
2022/01	23 December

Name	Meeting 01/2022	Number of personal attendance
Mr. Mishal Kanoo	Y	1
Mr. Mohamed Seghir	Y	1
Ms. Hana Alnuaimi	Y	1

Y	Attended	N	Did not attend

Declaration of the Insiders' Trading Follow-Up and Supervision Committee Chairman

I Mr. Mishal Hamad Kanoo 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 Article No. (33) 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.

8-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 and checking its compatibility with the investment strategy of the company and verifying its suitability with the current market conditions.

The committee consists of four members, Mr. Bader Jeiroudi as a Chairman, Mrs. Nicola Bell, Mr. Mohamed Khalil Foulathi , Mr. James Burke being 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:
    a. Reviewing the performance of each asset class.
    b. Monitoring the overall risks of the policy.
    c. Submitting a performance review report to the Board of Directors.
- To review the Policy at least once a year in light of new developments in Local Regulations, changes in the 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 Company's guidelines and local regulations.

The followings are the dates of the Investment Committee meetings and the statement of personal attendance for all members:

Meeting Number	Date
2022/01	02 March
2022/02	04 July
2022/03	09 November
2022/04	14 December

Name	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Meeting 04/2022	Number of personal attendance
Mr. Bader Jeiroudi	Y	Y	Y	Y	4
Mrs. Nicola Bell	N	N	N	Y	1
Mr. James Burke	Y	Y	Y	N	3
Mr. Mohamed Khalil Foulathi	N	N			

Y Attended N Did not attend

Was not a member on this date via circulation 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.

9-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 putting in place an annual audit plan for the 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.
- During 2022, 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 14 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).

Compliance

The Company is firmly committed to compliance with regulations and 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, appointed in 2017 as the Head of Compliance and AML holds a BA in International Business Administration from the Skyline University College in Sharjah. She has more than ten years of experience in the banking sector and held various positions at HSBC, Abu Dhabi Commercial Bank, and First Abu Dhabi Bank.

10-Regulatory Fines and Penalties

The company has not committed any violations in 2022.

11-The company's cash and in-kind contributions during 2022 in community development and environmental conservation.

The company did not make any contributions.

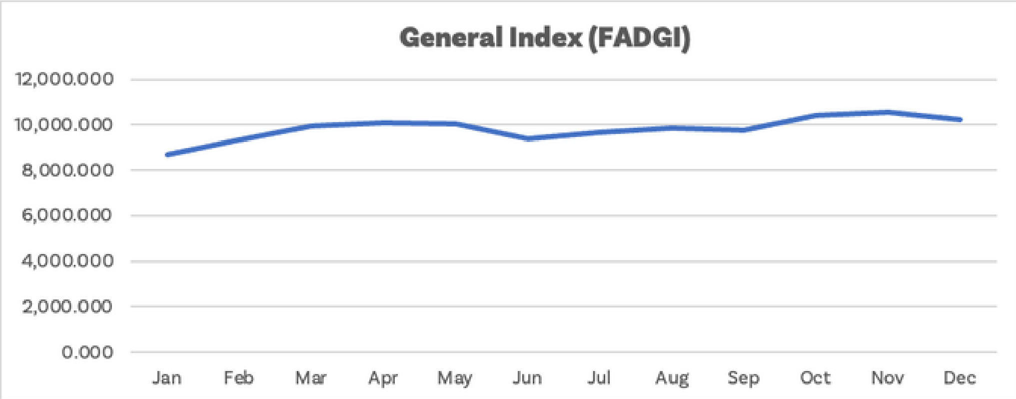
12- General Information

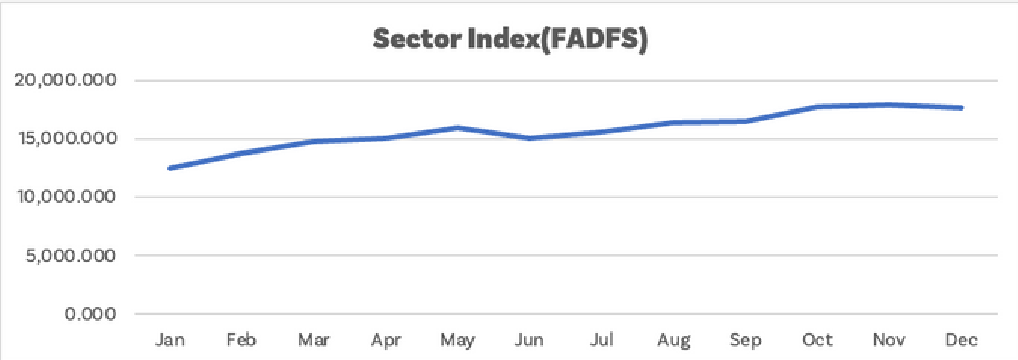
A statement of the Company share price in the Market (closing price, highest price, lowest price) at the end of each month during the year 2022.

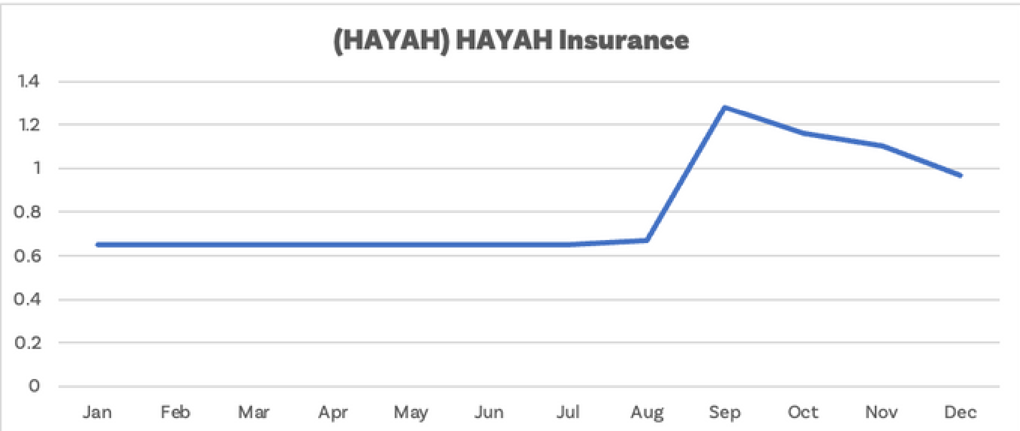
Month	Closing Price (AED)	Highest Price (AED)	Lowest Price (AED)
January	0.650	0.650	0.650
February	0.650	0.650	0.650
March	0.650	0.650	0.650
April	0.650	0.650	0.650
May	0.648	0.648	0.648
June	0.648	0.648	0.648
July	0.648	0.648	0.648
August	0.670	0.745	0.584
September	1.280	1.430	0.640
October	1.160	1.330	0.920
November	1.100	1.460	1.030
December	0.970	1.140	0.960

*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 2022







*Source: Abu Dhabi Securities Exchange

Shareholders distribution according to ownership as of 31 December 2022

Shareholder Category		Shareholders	Shares	Percentage %
United Arab Emirates	Individuals	3531	115,945,352	%57.80
	Companies	37	66,408,425	%33.20
	Governments		None	
GCC Countries	Individuals	1	21,605	%0.01
	Companies	4	327,526	%0.16
	Governments		None	
Arab Countries	Individuals	74	10,551,216	5.31%
	Companies		None	
	Governments		None	
Foreign	Individuals	60	745,876	0.36%
	Companies	1	6,000,000	3.00%
	Governments		None	

Shareholders holding 5% or more of the Company's capital as 31 December 2022 as follows:

Shareholder	Number of Shares	Percentage of shares owned by the company's capital
Kanoo Group	56,100,000	28.05%
Salama Amer Omar Saleh	18,133,665	9.07%
Siham Al-Taibi Abdel-Salam Najjar	16,200,000	8.10%
Noura Muhammad Aqil Al-Khoury	16,170,000	8.09%
Jassim Saeed Saif Bin Najma Al Suwaidi	16,100,000	8.05%

Shareholder's distribution by the size of equity as of 31 December 2022

Share(s) Owned	Number of Shareholders	Number of shares owned	Percentage of shares owned by the capital
Less than 50,000	3578	2,865,216.00	1.19%
From 50,000 to less than 500,000	90	14,599,544.00	7.36%
From 500,000 to less than 5,000,000	34	53,831,575.00	26.93%
More than 5,000,000	6	128,703,665.00	64.36%

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

The Company has established an investor relations section on the Company's website, the website contains the following information:

- Contact details of the Investor Relations Office.
- The Financial Reports section, which provides all financial results and other related reports and information, such as Board nominations, etc., all publications that can be uploaded to the website, interim and annual financial statements, and Board of Directors' reports since 2008, the date of establishing the Company.
- The financial profile section, including a direct link to the Abu Dhabi Securities Exchange website, displays information about the share price of the Company.
- General information about the Company:
  - Presentation about the Company, management, and company governance.
  - View the company's updates, news, developments and important events.

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 Presented to the General Assembly held in 2022 and the Procedures taken with respect thereto.

The following decisions were approved at the General Assembly meeting held on February 9, 2022

- **Change of the name of the Company**
  - The name of the Company was changed from AXA Green Crescent Insurance to HAYAH Insurance Company.
- **Amendment of the Articles of Association**
  - Amending and rephrasing the company's Memorandum of Association and Articles of Association, to comply with the new law in accordance with Federal Decree No. (32) of 2021 regarding commercial companies.

Rapporteur of the Board meetings.

Mrs. Khadija Bin Ishaq, an Emirati, was appointed as independent Board Secretary to the Board of Directors pursuant to Board Decision No. 23/2022 as of November 09, 2022, to succeed Mrs. Hana Alnuaimi.

She is holding a BA in Information system and Technology management from Zayed University, Abu Dhabi. She has previous experience of more than 7 years, where she held various positions at Zakat funds as Executive assistance and follow up.

The key responsibilities of the rapporteur of the Board meetings

- Facilitate the conduct of Board and shareholder meetings which include arranging, recording and following up on the actions, decisions and meetings of the Board and of the shareholders (both at annual and extraordinary meetings).
- Responsible for preparation and maintenance of minutes of meeting.
- Prepare and execute the Board training plan.
- Advising members on the legal obligations of members advising the Board and individual members on corporate governance principles and plans.
- General responsibility for reviewing the Company’s procedures and advising the Board directly on such matters.
- Carrying out the instructions of the Board, assisting in implementing corporate strategies and giving practical effect to the Board's decisions

The significant events that took place in the Company in 2022

1. Change the company name from AXA Green Crescent to HAYAH insurance.
2. Changes to the Board structure
   - The following Board member resigned due to personal reasons.
     i. Mohamed Khalil Mohmaedsharif Foulathi Alkhoori
     ii. Salman Sami AlMadhi.
     iii. Reema Norooz.

   - Appointment of a new board member to replace the independent member for the remaining term of the predecessor, subject to the general assembly meeting for approval.
     i. Mr. Patrick Choffel.
     ii. Mr.Mustafa Boulhabel.

3. Appointment of independent Board Secretary.
4. The parties listed below have undertaken sales and purchase of shares:

Shareholder Name	Shareholding before transfer	Shares being (Transferred)/ Acquired	Shareholding after transfer
Gulf Insurance Group	28.05% 56,100,000	28.05%- - 56,100,000	0
Salama Amer Omar Saleh	0	9.07% 18,133,665	9.07%
Siham Al-Taibi Abdel-Salam Najjar	0	8.10% 16,200,000	8.10%
Noura Muhammad Aqil Al-Khoury	0	8.09% 16,170,000	8.09%
Jassim Saeed Saif Bin Najma Al Suwaidi	0	8.05% 16,100,000	8.05%

Emiratization Percentage in the last three years Company

Year	Percentage
2020	11%
2021	11%
2022	10%

The innovative projects and initiatives implemented by the Company or which were under development during 2022.

HAYAH is looking to disrupt the UAE insurance market. With a clearly articulated goal to meet the customers where they live and at scale, HAYAH is building AI-driven insurance journeys.
HAYAH wants to mirror the ways in which today's customers are accustomed to and comfortable, i.e. shopping and buying online for most things in their current lives. HAYAH launched UAE's first straight-through life insurance purchase journey, supported by an automated underwriting engine driven by data analytics, and modelling.

Consumer behaviour is constantly changing and evolving, and with Covid, the shift to online shopping and the need for omnichannel has accelerated.

HAYAH is good at anticipating customer needs, building quicker and launching solutions and continuously modifying these solutions for the next set of needs. All this is possible because of HAYAH's Agile architecture, design, and implementation approach that allows for real-time responses to customer and market needs. The HAYAH platform is fully API-capable with proven links to banks, aggregators, and employee benefits programs.

With a Financial inclusion mindset, HAYAH is providing access to useful and affordable insurance and savings products, delivered in a responsible and sustainable way to lower-income groups via their mobile phones.

HAYAH is also using AI-driven technology to offer state-of-the-art employee savings schemes to corporates.

When it comes to savings, customers want critical questions answered such as What are the major contributors to my portfolio risk? Or how much money can I expect to lose on the worst days? HAYAH's savings proposition uses AI to perform stress tests or simulate the impact of switching of funds on a client portfolio to discover the optimal risk/return ratio. It can also identify all portfolios with breaches in the investment suitability and asset class strategic allocation. This means the customer is always in control and can make informed decisions.

HAYAH also wants to leverage technology to become 'borderless' and fully portable, which means the customers, if they move to other countries, can access HAYAH's products and services from anywhere. With an exciting brand to back it up, HAYAH is also creating digital products which appeal to the tech-savvy Generation Z and Generation Alpha.

HAYAH is going full steam ahead in disrupting the traditional insurance market using cutting-edge technology and digital insurance products.

Signed by

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

Mr. Mishal Hamad Kanoo
Vice Chairman of the Board and Chairman of the Insiders' Trading Committee

H.E Dr Tariq Abdulqader Bin Hendi
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

Usama Zulfiqar
Senior Internal Audit Manager

HAYAH

5.

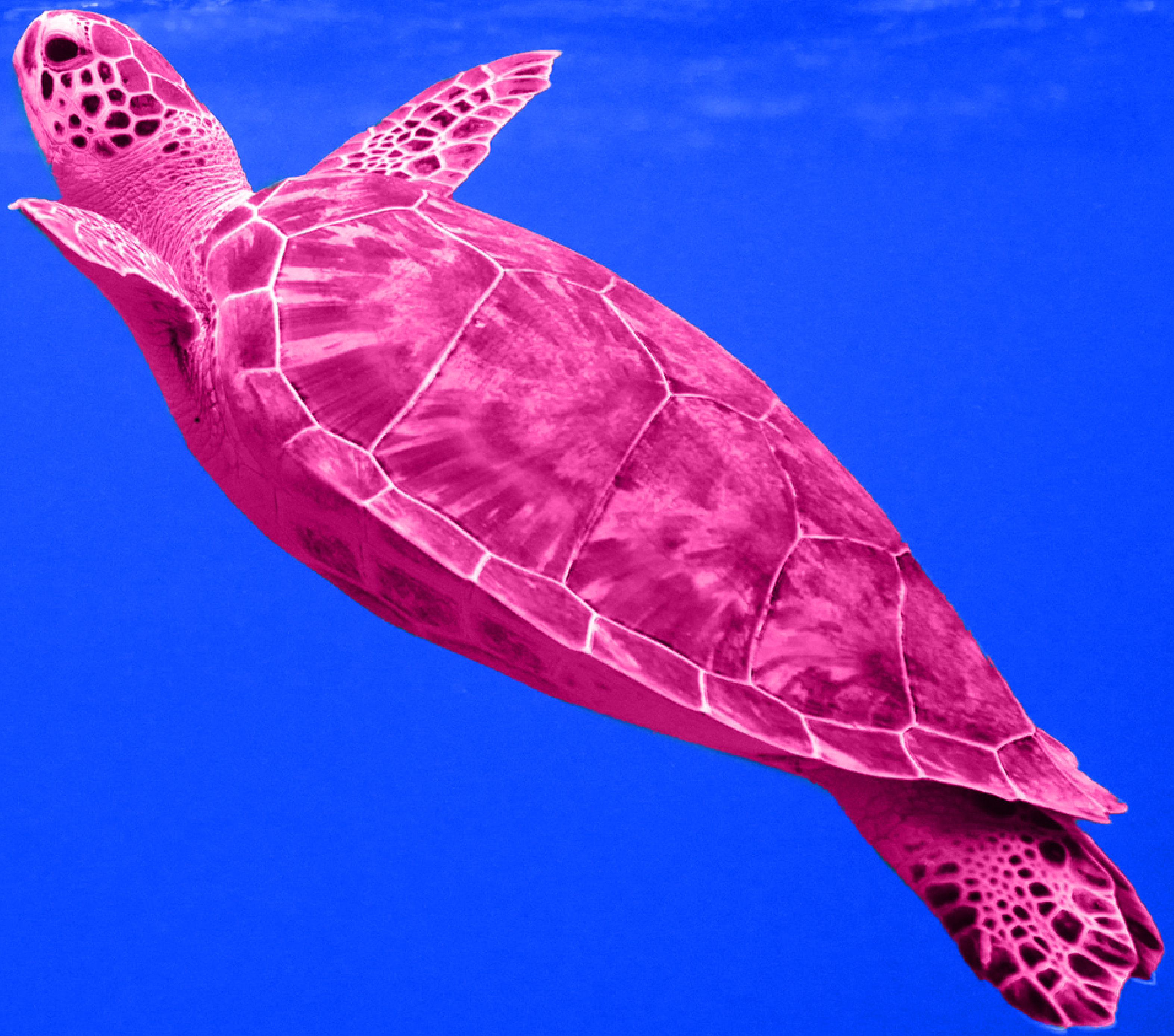
2022 Sustainability Report

HAYAH

HAYAH

Making the world a better place

Sustainability report 2022



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

HAYAH

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.

Message from our CEO

Mohamed Seghir
CEO

We are pleased to issue the sustainability report of HAYAH Insurance Company P.J.S.C. In this report, you will read about why we prioritize sustainability, where we are now with our ambitions and where we want to go in the future.

Our responsible contributions to the communities began in 2020 and we are constantly forward-thinking and capturing on opportunities to build on our sustainability program. Our continuous efforts to fulfil our commitment to our stakeholders remain our highest priority.

Our approach to sustainability is aligned with the Sustainable Development Goals (SDGs) issued by United Nations and supports the delivery of our own strategic priorities, specifically the provision of a safe and sustainable environment and the engagement, attraction, development and retention of people. These are all central to the long-term growth of our company. This report is primarily aimed at handling the Economic, Social and Governance (ESG) reporting requirements in line with ADX ESG Disclosure Guidance.

Although we are making good progress in approaching our sustainability goals and long-term goals, we thrive on continuously improving ourselves and challenging our goals to higher limits. We continue to strengthen our focus on those areas where we have not fully met our targets or where we want to aim higher.

This Sustainability Report 2022 serves as our communication on progress, an annual disclosure to stakeholders on progress made in relevant sustainability areas.

We pride ourselves on being perceived as credible and transparent and aim to create the right conditions for all of our employees to contribute to sustainable development.

Our approach is to balance the needs of society, the environment and the economy in our own operations and across our value chain. Over the past year, my team and I have strengthened our engagement with internal and external stakeholders on issues that are important to them, and we reached out for their assessment of our materiality process regarding sustainability. This feedback informs our focus on the issues facing our world and our clients, which allows us to prioritize activities within our business strategy. Our engagement with key stakeholder groups enabled us to identify our material sustainability topics.

We seek to provide insight regarding the ESG indicators we incorporate in our business model and how we plan to go ahead with blending ESG within all our operations. We are dedicated to delivering our corporate responsibility through enhancing our customer services, honouring timely claims and serving the community.

Lastly, we are committed to promoting social improvements in our communities, including human rights across the value chain. With our great people, leading technologies and the support of our stakeholders, I am confident that we will meet our objectives and be a significant contributor to sustainable development.

Mohamed Seghir
CEO

Key performance highlights 2022

Continuing the profitable trend HAYAH registered a net profit of AED 3.3 million in 2022, compared to a net Profit of AED 1.2 million in 2021.

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 net underwriting income of AED 20.9 million in 2022 as compared to a total net underwriting income of AED 8.8 million in 2021 representing a favourable increase of 137%.

The total operating costs also increased by 55% with controlled expenditures on administration and related costs. The operating costs were optimally managed which is evident from the corresponding increase in net underwriting income.

137%

Increase in Underwriting Income

3.3 m

Net Profit

55%

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 2022 to 31 December 2022. 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 the 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's 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

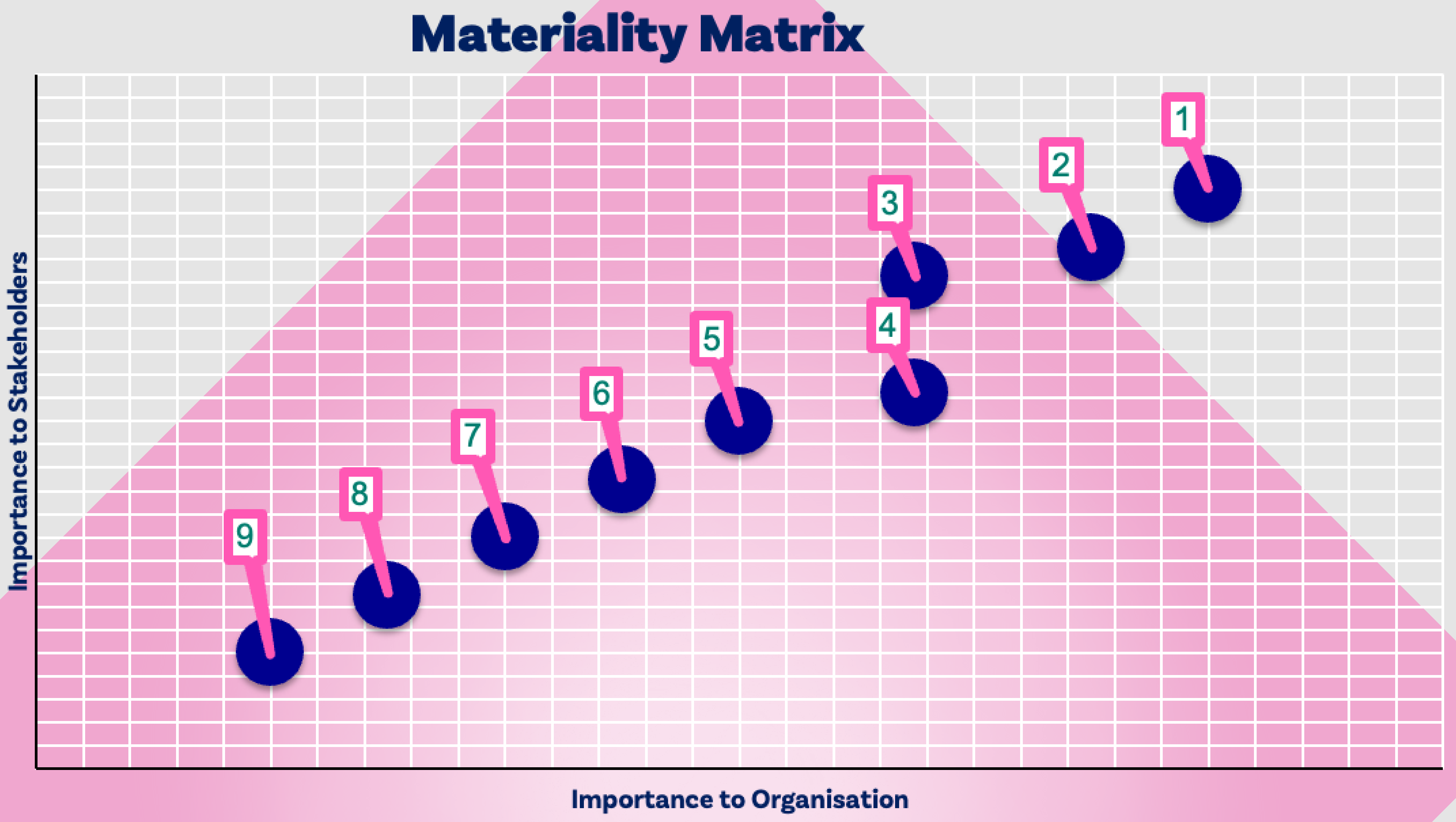
Based on our ongoing stakeholder engagement, we have concluded our materiality assessment with the identification of material topics which remained consistent with prior years.

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

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



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 75% of overall Board composition.

Three 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.

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.

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 to go well in line with our part of contributions to 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 homes.

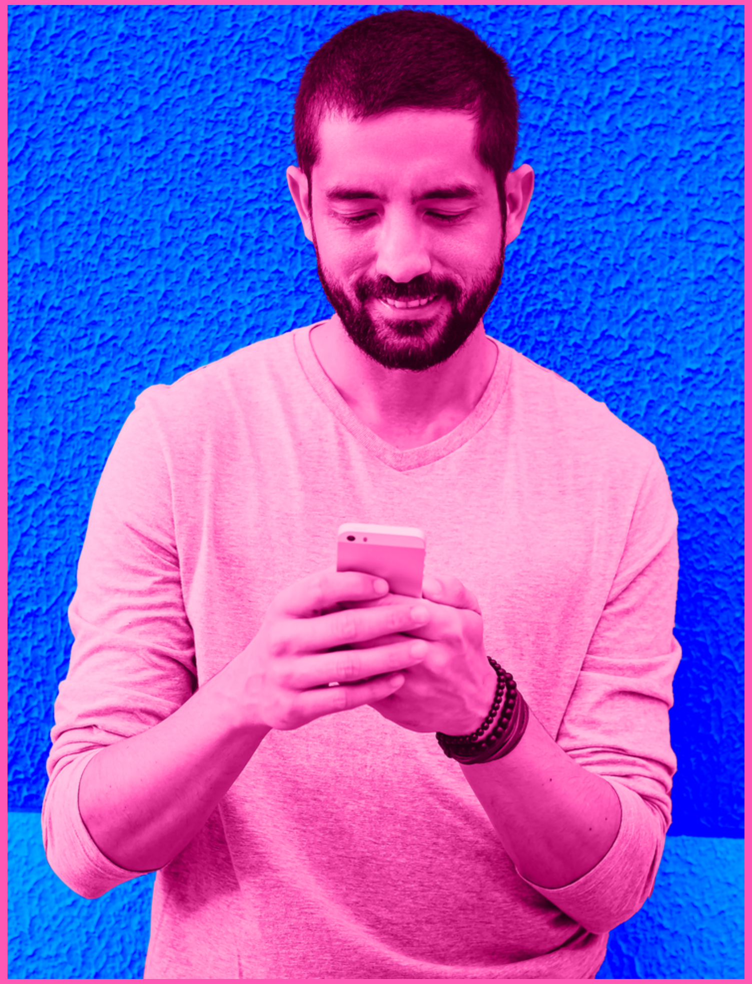
In continuation to its efforts towards digitalization, HAYAH also formed a partnership with Policybazaar, one of the Middle East's leading insurance comparison platforms, to enable UAE customers to buy a comprehensive term life insurance plan directly via Policybazaar's aggregator portal.

AED 330k

Digitalization CAPEX

AED 1.36m

Digitalization OPEX



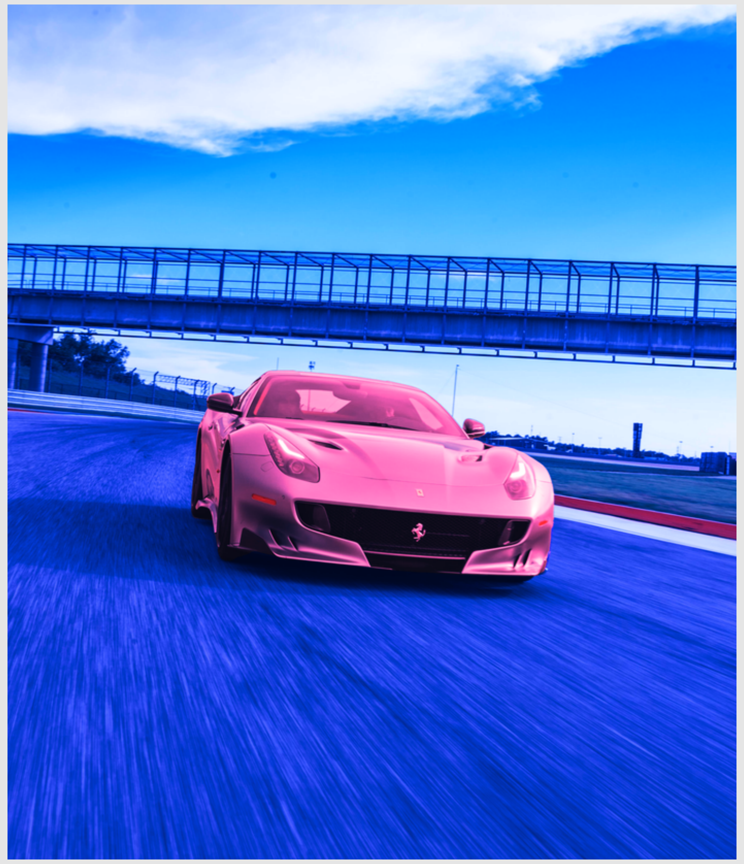
HAYAH incurred a capital expenditure of AED 330k in addition to the operational expenditure of AED 1.36 million in achieving these digitalization objectives and aims to further continue its efforts in developing its digitalization platform.

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.

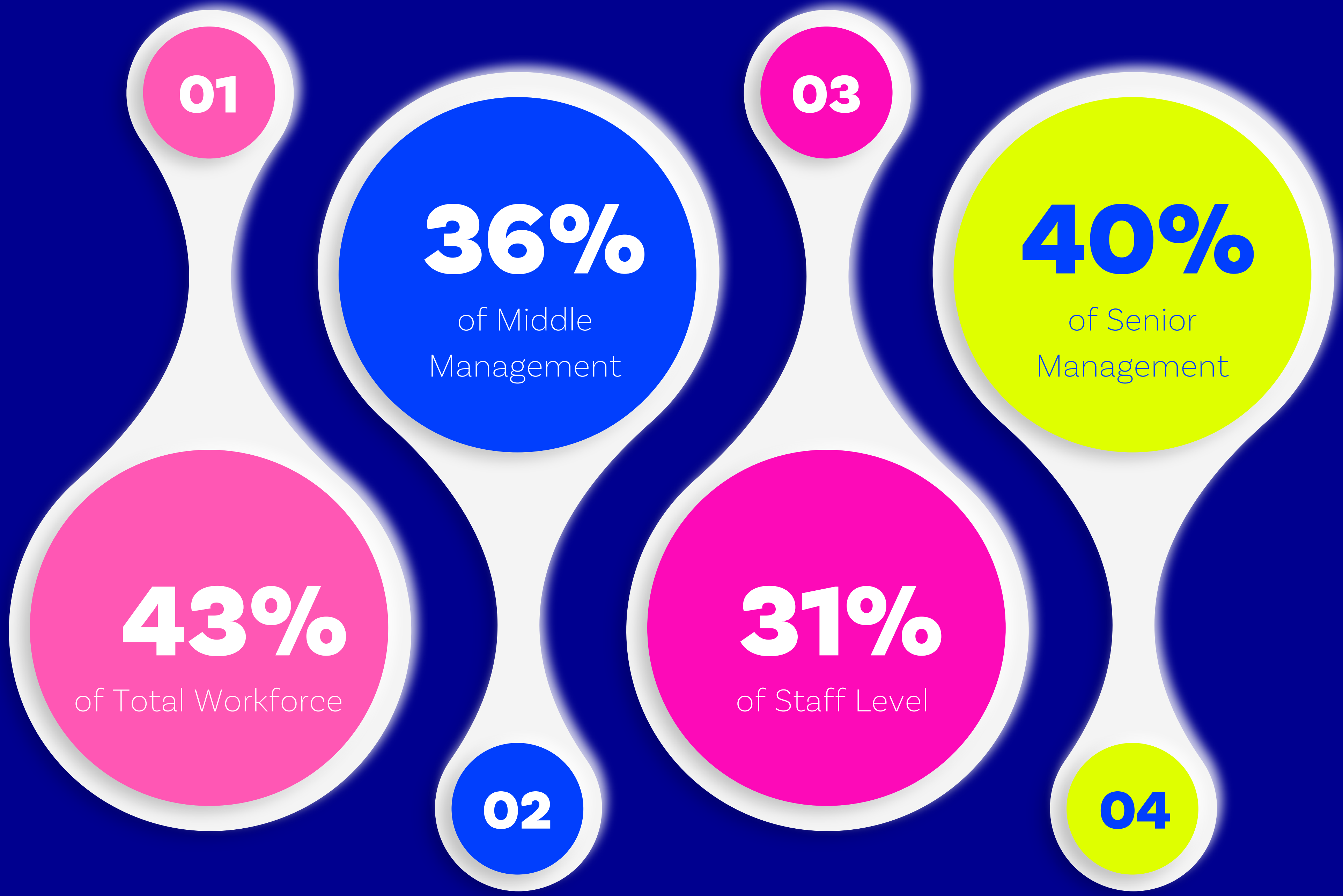
Our continued efforts are aimed to keep employee turnover at a low level to ensure uninterrupted business continuity. In 2022, YoY turnover for FTEs remained at 11% while YoY turnover for contractor/consultants was zero.

Diversity and equal opportunities

Value creation is considered as pivotal at HAYAH; therefore, we are keen to develop a more diverse workforce which enhances value creation. In 2022, female employees made up 43% of the workforce. Female employees among senior management were 40% and 36% among middle management. The female employees in our staff level are at 31%.

Reduced inequalities and gender equality are at the forefront of HAYAH's human capital development. In 2022, the ratio of CEO total compensation to median Full Time Equivalent (FTE) employees' total compensation was measured at 8.8:1. Further, in 2022 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



10%
Senior Management

15%
Female staff

7%
Total workforce

5%
Middle Management

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 2022, UAE Nationals made up 7% of the workforce. The Emiratization rate among senior management was 10% and 5% among middle management. The Emiratization rate in our female workforce is at 15%.

We aim to give preference to UAE nationals in our recruitment process wherever possible and we look forward to further strengthening 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 are already at a minimal level.

We prioritize the use of clean energy sources and we primarily use commercial power systems. Total energy consumption was only 31 MWh in 2022. Total water consumption was 70 cubic meter in 2022. Total Energy usage per FTE in 2022 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 2022 remained at 15 KGs.

31MWh	1.03	70m3	15 Kg
Energy consumption	Energy usage per FTE	Water consumption	Paper consumption

We thank you for your reading the 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.