

Dubai Insurance Company P.S.C

Condensed consolidated interim financial information
(Unaudited)

For the three-month period ended 31 March 2023

**Condensed consolidated interim financial information
(Unaudited)
For the three-month period ended 31 March 2023**

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Review report of the Independent Auditor To the Shareholders of Dubai Insurance Company P.S.C

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Dubai Insurance Company P.S.C (the “Company”) and its subsidiary (collectively referred to as the “Group”), as at 31 March 2023 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows for the three-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.



GRANT THORNTON

Dr. Osama El-Bakry
Registration No. 935
Dubai, United Arab Emirates

Dubai, 15 May 2023



Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Condensed consolidated interim statement of financial position
As at 31 March 2023

| | Notes | (Unaudited) 31 March 2023 AED'000 | Restated (Unaudited) 31 December 2022 AED'000 |
|--------------------------------------------------------|-------|--------------------------------------------|-----------------------------------------------------------|
| Assets | | | |
| Property and equipment | 4 | 50,572 | 48,898 |
| Investment property | 5 | 64,087 | 64,273 |
| Financial assets | 6 | 762,351 | 705,640 |
| Statutory deposit | | 10,000 | 10,000 |
| Reinsurance contract assets | 7 | 744,136 | 705,389 |
| Prepayments and other receivables | | 38,696 | 29,954 |
| Cash and cash equivalents | 8 | 392,652 | 311,725 |
| Total assets | | 2,062,494 | 1,875,879 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 9 | 100,000 | 100,000 |
| Statutory reserve | 10 | 50,000 | 50,000 |
| General reserve | 10 | 50,000 | 50,000 |
| Reinsurance reserve | 10 | 13,812 | 13,812 |
| Cumulative changes in fair value of FVTOCI investments | | 208,590 | 225,062 |
| Retained earnings | | 205,174 | 212,797 |
| Total equity | | 627,576 | 651,671 |
| Liabilities | | | |
| Provision for employees' end of service indemnity | | 6,433 | 5,809 |
| Insurance contract liabilities | 7 | 1,149,127 | 1,027,160 |
| Other payables | | 279,358 | 191,239 |
| Total liabilities | | 1,434,918 | 1,224,208 |
| Total equity and liabilities | | 2,062,494 | 1,875,879 |

This condensed consolidated interim financial information was authorised for issue on 15 May 2023 by the Board of Directors and signed on its behalf by:



Buti Obaid Almulla
Chairman



Abdellatif Abuqurah
Chief Executive Officer

The notes from 1 to 20 form part of these condensed consolidated interim financial information.

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Condensed consolidated interim income statement
For the period ended 31 March 2023

| | | (Unaudited) Three-month period ended 31 March 2023 AED'000 | <i>Restated</i> (Unaudited) Three-month period ended 31 March 2022 AED'000 |
|---------------------------------------------------------------------|----|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Insurance revenue | | 389,768 | 239,926 |
| Insurance service expenses | 13 | <u>(281,356)</u> | <u>(183,125)</u> |
| Insurance service result before reinsurance contracts held | | 108,412 | 56,801 |
| Allocation of reinsurance premiums | | (209,213) | (169,236) |
| Amounts recoverable from reinsurance for incurred claims | | <u>124,314</u> | <u>121,310</u> |
| Net expenses from reinsurance contracts held | | (84,899) | (47,926) |
| Insurance service result | | 23,513 | 8,875 |
| Investment income | 14 | 15,235 | 8,291 |
| Insurance finance (expense)/income for insurance contracts issued | 14 | (5,377) | 8,924 |
| Reinsurance finance income/(expense) for reinsurance contracts held | 14 | <u>4,686</u> | <u>(8,112)</u> |
| Net insurance financial expenses | | (691) | 812 |
| Net insurance and investment results | | 38,057 | 17,978 |
| Other income and expense | | <u>(5,626)</u> | <u>(3,725)</u> |
| Profit for the period | | 32,431 | 14,253 |
| Basic and diluted profit per share | 12 | 0.32 | 0.14 |

The notes from 1 to 20 form part of these condensed consolidated interim financial information.

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)
Condensed consolidated interim statement of comprehensive income
For the period ended 31 March 2023

| | (Unaudited) | <i>Restated</i> (Unaudited) |
|----------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| | Three-month period ended 31 March 2023 | Three-month period ended 31 March 2022 |
| | AED'000 | AED'000 |
| Profit for the period | 32,431 | 14,253 |
| Other comprehensive income: | | |
| <i>Items that will be reclassified subsequently to profit or loss:</i> | | |
| Net change in fair value of debt investments designated at FVTOCI | - | 89 |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | |
| Gain on disposal of equity investments designated at FVTOCI | 9,946 | |
| Net change in fair value of equity investments designated at FVTOCI | (16,472) | 36,669 |
| Total other comprehensive (loss)/income for the period | (6,526) | 36,758 |
| Total comprehensive income for the period | 25,905 | 51,011 |

The notes from 1 to 20 form part of these condensed consolidated interim financial information.

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Condensed consolidated interim statement of changes in equity
For the period ended 31 March 2023

| | Share capital AED'000 | Statutory reserve AED'000 | General reserve AED'000 | Reinsurance reserve AED'000 | Cumulative changes in fair value of FVTOCI investments AED'000 | Retained earnings AED'000 | Total equity AED'000 |
|-------------------------------------------------------------------|--------------------------|------------------------------|----------------------------|--------------------------------|-------------------------------------------------------------------|------------------------------|-------------------------|
| Balance at 1 January 2022, as previously reported | 100,000 | 50,000 | 50,000 | 8,596 | 218,855 | 203,039 | 630,490 |
| Adjustment on initial application of IFRS 17 | - | - | - | - | - | (29,008) | (29,008) |
| Restated balance at 1 January 2022 | 100,000 | 50,000 | 50,000 | 8,596 | 218,855 | 174,031 | 601,482 |
| Profit for the period (restated) | - | - | - | - | - | 14,253 | 14,253 |
| Other comprehensive loss for the period | - | - | - | - | 36,669 | - | 36,669 |
| Total comprehensive loss for the period | - | - | - | - | 36,669 | 14,253 | 50,922 |
| Dividend paid | - | - | - | - | - | (40,000) | (40,000) |
| Director's fee paid | - | - | - | - | - | (700) | (700) |
| Balance at 31 March 2022 (Unaudited) | 100,000 | 50,000 | 50,000 | 8,596 | 255,524 | 147,584 | 611,704 |
| Balance at 1 January 2023 (Audited) | 100,000 | 50,000 | 50,000 | 13,812 | 225,062 | 245,253 | 684,127 |
| Adjustment on initial application of IFRS 17 | - | - | - | - | - | (32,456) | (32,456) |
| Restated balance as at 1 January 2023 | 100,000 | 50,000 | 50,000 | 13,812 | 225,062 | 212,797 | 651,671 |
| Profit for the period | - | - | - | - | - | 32,431 | 32,431 |
| Transferred to retained earnings on sale of investments at FVTOCI | - | - | - | - | (9,946) | 9,946 | - |
| Other comprehensive income for the period | - | - | - | - | (6,526) | - | (6,526) |
| Total comprehensive income/(loss) for the period | - | - | - | - | (16,472) | 42,377 | 25,905 |
| Dividend paid | - | - | - | - | - | (50,000) | (50,000) |
| Balance at 31 March 2023 (Unaudited) | 100,000 | 50,000 | 50,000 | 13,812 | 208,590 | 205,174 | 627,576 |

The notes from 1 to 20 form part of these condensed consolidated interim financial information.

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)
Condensed consolidated interim statement of cash flows
For the period ended 31 March 2023

| | (Unaudited) Three-month period ended 31 March 2023 | Restated (Unaudited) Three-month period ended 31 March 2022 |
|---------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------|
| Notes | AED'000 | AED'000 |
| Cash flows from operating activities | | |
| Profit for the period | 32,431 | 14,253 |
| Adjustments for: | | |
| Depreciation of property and equipment | 610 | 449 |
| Provision for employees' end of service indemnity | 640 | 162 |
| Realised gain/(loss) on disposal of financial asset at FVTPL equity investments | 244 | (1) |
| Interest income | (2,302) | (616) |
| Dividend income | (13,286) | (7,623) |
| Expenses on investment property | 61 | - |
| Operating cash flows before changes in working capital | <u>18,398</u> | <u>6,624</u> |
| Changes in working capital: | | |
| Reinsurance contract assets and liabilities - net | (38,747) | (6,482) |
| Insurance contract liabilities | 121,967 | 130,265 |
| Prepayment and other receivables | (8,742) | 442 |
| Other payables | 88,120 | 39,492 |
| Net cash generated from operations | <u>180,996</u> | <u>170,341</u> |
| Employees' end of service indemnity paid | (17) | (449) |
| Net cash generated from operating activities | <u>180,979</u> | <u>169,892</u> |
| Cash flows from investing activities | | |
| Interest on investments received | 2,302 | 616 |
| Dividend income received | 13,286 | 7,624 |
| Expenses on investment property | (61) | - |
| Investments in bank deposits at FVTPL | (61,923) | (50,000) |
| Proceeds/(purchase) from sales of investment at FVTOCI | 9,947 | (89) |
| Proceeds of investments held at amortised cost | - | 2,394 |
| Purchase of investments at FVTOCI | (11,261) | (6,234) |
| Purchase of property and equipment | (2,342) | (437) |
| Net cash used in from investing activities | <u>(50,052)</u> | <u>(46,126)</u> |
| FINANCING ACTIVITIES | | |
| Dividend paid | (50,000) | (40,000) |
| Directors' fees paid | - | (700) |
| Net cash used in financing activities | <u>(50,000)</u> | <u>(40,700)</u> |
| Net change in cash and cash equivalents | <u>80,927</u> | <u>83,066</u> |
| Cash and cash equivalents, beginning of period | <u>311,725</u> | <u>178,066</u> |
| Cash and cash equivalents, end of period | <u>8</u> <u>392,652</u> | <u>261,132</u> |

The notes from 1 to 20 form part of these condensed consolidated interim financial information.

Dubai Insurance Company P.S.C

Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information For the period ended 31 March 2023

1 Legal status and activities

Dubai Insurance Company (P.S.C.) (the “Company”) is a public shareholding company registered under the Federal Law No. 8 of 1984 (as amended). The Company is subject to the regulations of the UAE Federal Law No. (2) of 2015 (as amended) and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE. The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering, general accident, unemployment and medical risks (collectively known as general insurance) and group life assurance. The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

This condensed consolidated interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

2 Basis of preparation

This condensed consolidated interim financial information are for the three-month period ended 31 March 2023 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Group. This condensed consolidated interim financial information has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and complies with the applicable requirements of the laws in the U.A.E.

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

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

The condensed consolidated interim financial information does not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2022. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Basis of consolidation

The Group comprises of the Company and the under-mentioned subsidiary company.

| Subsidiary | Principal activity | Country of incorporation | Ownership |
|-----------------------------------------------------------------|-----------------------------|---------------------------------|------------------|
| Insurance Pool For Communication And Consulting Services/ L.L.C | Human Resources Consultancy | United Arab Emirates | 100% |

The condensed consolidated interim financial information comprise the financial information of the Company and its subsidiary (collectively referred to as the “Group”) as at 31 March 2023.

3 Significant accounting policies

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations apply for the first time in 2023.

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

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

IFRS 17 Insurance Contracts

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

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

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

Changes to classification and measurement

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

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

The Group applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

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

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

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

- The liability for remaining coverage reflects premiums received less deferred acquisition expenses less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of coverage are more than 12 months apart;

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR)) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk).

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

Changes to presentation and disclosure

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

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

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

The line item descriptions in the condensed interim statement of profit or loss and condensed interim other comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

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

Instead, IFRS 17 requires separate presentation of:

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

The Group provides disaggregated qualitative and quantitative information about:

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Transition

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

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

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

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

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

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation

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

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

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

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

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

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

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

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Recognition

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

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

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – initial measurement (continued)

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

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

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

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

Insurance contracts – subsequent measurement

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

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

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts

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

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

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

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

Presentation

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

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

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

The Group disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

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

Insurance revenue

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

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

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Loss components

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

Insurance finance income and expense

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

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

The Group disaggregates insurance finance income or expenses between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets are also measured at FVTOCI.

Net income or expense from reinsurance contracts held

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

Judgements and estimates

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2022. Except for the below judgements.

Insurance and reinsurance contracts

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Liability for remaining coverage

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

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

Liability for incurred claims

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

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

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

Discount rates

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Discount rates (continued)

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

| | 1 year | | 3 years | | 5 years | | 10 years | | 20 years | |
|----------------------------|--------|-------|---------|-------|---------|-------|----------|-------|----------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Insurance contracts issued | 6.14% | 6.44% | 5.09% | 5.63% | 4.75% | 5.32% | 4.58% | 5.12% | 4.53% | 5% |
| Reinsurance contracts held | 6.14% | 6.44% | 5.09% | 5.63% | 4.75% | 5.32% | 4.58% | 5.12% | 4.53% | 5% |

Risk adjustment for non-financial risk

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

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

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach for different lines in the range of 60-75 percentile. That is, the Group has assessed its indifference to uncertainty for product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 60-75 percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Insurance and financial risk management

The Group's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2022. There have been no changes in any risk management policies since the year end.

The accounting policies in respect of property and equipment, intangible assets and financial assets have been disclosed in this condensed consolidated interim financial information as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

Classification of investment properties

The Group makes judgement to determine whether certain properties qualify as investment properties and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied properties are not significant and are classified accordingly as investment properties.

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Classification of investments

Management decides on acquisition of an investment whether it should be classified as of fair value through profit or loss, at fair value through other comprehensive income or at amortised cost.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same; and
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or other valuation models.

Provision for legal cases

Considerable judgement by management is required in the estimation for legal cases arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

4 Property and equipment

Included in property and equipment is land situated in the Emirate of Dubai, United Arab Emirates with a carrying value of AED 44,173 thousand (31 December 2022 : AED 44,173 thousand). The Group's Board of Directors has resolved to construct the Group's head office on the land in the foreseeable future.

5 Investment properties

Investment properties represent the Group's investments in freehold land and building situated in the Emirate of Dubai, United Arab Emirates. Depreciation charged during the period amounted to AED 186 thousand (31 December 2021: AED 372 thousand).

6 Financial assets

The Group's financial investments at the end of reporting period are detailed below:

| | Carrying value | | Fair value | |
|-------------------------------------------------------------|--------------------------------------------|---------------------------------------------|--------------------------------------------|-----------------------------------------------|
| | (Unaudited) 31 March 2023 AED'000 | (Audited) 31 December 2022 AED'000 | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
| <i>Financial instruments</i> | | | | |
| At fair value through profit or loss (note 6.1) | 214,572 | 152,649 | 214,572 | 152,649 |
| At fair value through other comprehensive income (note 6.2) | 518,646 | 523,858 | 518,646 | 523,858 |
| Investments held at amortised cost (note 6.3) | 29,133 | 29,133 | 27,099 | 29,940 |
| | 762,351 | 705,640 | 760,317 | 706,447 |

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Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

6 Financial instruments (continued)

6.1 Financial assets at fair values through profit or loss

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|--------------------------------------------------------|--------------------------------------------|-----------------------------------------------|
| a) Shares – quoted | 3,404 | 3,858 |
| b) Designated upon initial recognition | | |
| Bank deposits with maturity over six months – unquoted | 211,168 | 148,791 |
| | <u>214,572</u> | <u>152,649</u> |

The entire shares and bank deposits are within the United Arab Emirates. These investments carry interest at an effective rate of 2.10% to 4.70% per annum (31 December 2022: 1.05% to 4.65% per annum).

6.2 Financial assets at fair value through other comprehensive income

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|---------------------------------|--------------------------------------------|-----------------------------------------------|
| Shares – quoted (within UAE) | 368,311 | 372,257 |
| Shares – unquoted (outside UAE) | 142,295 | 143,561 |
| Shares – unquoted (within UAE) | 8,040 | 8,040 |
| | <u>518,646</u> | <u>523,858</u> |

The fair value loss amounting to AED 8,227 thousand (31 December 2022: gain of AED 6,207 thousand) have been recognised in the condensed consolidated interim statement of comprehensive income.

6.3 Debt instruments at amortised cost

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|-------------------------------|--------------------------------------------|-----------------------------------------------|
| Debt securities (within UAE) | 20,984 | 20,984 |
| Debt securities (outside UAE) | 8,149 | 8,149 |
| | <u>29,133</u> | <u>29,133</u> |

These investments carry interest at an effective rate of 6.68% per annum (31 December 2022 : 6.68% per annum). The maturity profile of these debt instruments is shown below:

| | 31 March 2023 (Unaudited) | | |
|-------------------------------|---------------------------------|---------------------------------|------------------|
| | Less than 5 years AED'000 | More than 5 years AED'000 | Total AED'000 |
| Debt securities (within UAE) | 1,797 | 19,187 | 20,984 |
| Debt securities (outside UAE) | 7,232 | 917 | 8,149 |
| | <u>9,029</u> | <u>20,104</u> | <u>29,133</u> |

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

6 Financial instruments (continued)

6.3 Debt instruments at amortised cost (continued)

| | 31 December 2022 (Unaudited) | | |
|-------------------------------|------------------------------|-------------|---------|
| | Less than 5 | More than 5 | Total |
| | years | years | |
| | AED'000 | AED'000 | AED'000 |
| Debt securities (within UAE) | 1,797 | 19,187 | 20,984 |
| Debt securities (outside UAE) | 7,232 | 917 | 8,149 |
| | 9,029 | 20,104 | 29,133 |

7 Insurance and reinsurance contracts

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

| | (Unaudited) | | | (Unaudited) | | |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2023 | | | 2022 | | |
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Insurance contracts issued | | | | | | |
| Life and Medical | - | 183,767 | (183,767) | - | 130,930 | (130,930) |
| General and Motor | - | 965,360 | (965,360) | - | 896,230 | (896,230) |
| Total insurance contracts issued | - | 1,149,127 | (1,149,127) | - | 1,027,160 | (1,027,160) |
| Reinsurance contracts held | | | | | | |
| Life and Medical | 159,947 | - | 159,947 | - | 128,409 | 128,409 |
| General and Motor | 584,189 | - | 584,189 | - | 576,980 | 576,980 |
| Total reinsurance contracts held | 744,136 | - | 744,136 | - | 705,389 | 705,389 |

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

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

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

7 Insurance and reinsurance contracts (continued)

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

| 2023 | Life and Medical | | | | General and Motor | | | | Total (Unaudited) AED'000 |
|--------------------------------------------------------|----------------------------------------------|------------------------------------|-------------------------------------------------------------------------|----------------------------------------------|------------------------------------|-------------------------------------------------------------------------|----------------------------------------------|------------------------------------|-------------------------------------|
| | Liabilities for remaining coverage | Liabilities for incurred claims | Liabilities for incurred claims | Liabilities for remaining coverage | Liabilities for incurred claims | Liabilities for incurred claims | Liabilities for remaining coverage | Liabilities for incurred claims | |
| | Excluding loss component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Excluding loss component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Excluding loss component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Risk adjustment (Unaudited) AED'000 |
| Insurance contract liabilities as at 1 January | 70,636 | - | 57,582 | 2,712 | - | 253,712 | 13,406 | - | 1,027,160 |
| Insurance revenue | (166,141) | - | - | - | - | (223,627) | - | - | (389,768) |
| Insurance service expenses | 24,664 | - | 133,635 | 2,160 | - | 70,543 | 136 | - | 281,356 |
| Incurred claims and other expenses | - | - | 119,912 | 5,383 | - | 124,694 | 4,490 | - | 254,479 |
| Changes to liabilities for incurred claims | - | - | 13,723 | (3,223) | - | (54,151) | (4,354) | - | (48,005) |
| Amortisation of insurance acquisition cash flows | 24,664 | - | - | - | - | 50,218 | - | - | 74,882 |
| Insurance service result | (141,477) | - | 133,635 | 2,160 | - | 70,543 | 136 | - | (108,412) |
| Insurance finance expenses through profit and loss | - | - | 1,000 | - | - | 4,377 | - | - | 5,377 |
| Total changes in the statement of comprehensive | (141,477) | - | 134,635 | 2,160 | - | 74,920 | 136 | - | (103,035) |
| Cash flows | | | | | | | | | |
| Premiums received | 171,030 | - | - | - | - | 321,226 | - | - | 492,256 |
| Claims paid | - | - | (83,034) | - | - | (70,730) | - | - | (153,764) |
| Directly attributable expense paid | - | - | (5,815) | - | - | 26 | - | - | (5,789) |
| Insurance acquisition cash flows | (24,664) | - | - | - | - | (83,037) | - | - | (107,701) |
| Total cash flows | 146,366 | - | (88,849) | - | - | 238,189 | - | - | 225,002 |
| Net insurance contract liabilities as at 31 March | 75,525 | - | 103,369 | 4,872 | - | 257,928 | 13,542 | - | 1,149,127 |

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Condensed consolidated interim financial information (Unaudited)

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For the period ended 31 March 2023

7 Insurance and reinsurance contracts (continued)

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

| | Life and Medical | | | | General and Motor | | | | Total (Unaudited) AED'000 |
|--------------------------------------------------------|----------------------------------------------|------------------------------------|-------------------------------------------------------------------------|-------------------------------------|----------------------------------------------|------------------------------------|-------------------------------------------------------------------------|-------------------------------------|---------------------------------|
| | Liabilities for remaining coverage | | Liabilities for incurred claims | | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
| | Excluding loss component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Risk adjustment (Unaudited) AED'000 | Excluding loss component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Risk adjustment (Unaudited) AED'000 | |
| Insurance contract liabilities as at 1 January | 32,949 | - | 47,616 | 2,233 | 502,705 | - | 222,816 | 12,222 | 820,541 |
| Insurance revenue | (391,557) | - | - | - | (686,256) | - | - | - | (1,077,813) |
| Insurance service expenses | 72,704 | - | 315,402 | 479 | 132,400 | - | 201,508 | 1,184 | 723,677 |
| Incurred claims and other expenses | - | - | 308,049 | 13,963 | - | - | 250,660 | 8,313 | 580,985 |
| Changes to liabilities for incurred claims | - | - | 7,353 | (13,484) | - | - | (49,152) | (7,129) | (62,412) |
| Amortisation of insurance acquisition cash flows | 72,704 | - | - | - | 132,400 | - | - | - | 205,104 |
| Insurance service result | (318,853) | - | 315,402 | 479 | (553,856) | - | 201,508 | 1,184 | (354,136) |
| Insurance finance expenses through profit and loss | - | - | (688) | - | - | - | (5,049) | - | (5,737) |
| Total changes in the statement of comprehensive income | (318,853) | - | 314,714 | 479 | (553,856) | - | 196,459 | 1,184 | (359,873) |
| <i>Cash flows</i> | | | | | | | | | |
| Premiums received | 429,244 | - | - | - | 919,384 | - | - | - | 1,348,628 |
| Claims paid | - | - | (292,779) | - | - | - | (158,485) | - | (451,264) |
| Directly attributable expense paid | - | - | (11,969) | - | - | - | (7,078) | - | (19,047) |
| Insurance acquisition cash flows | (72,704) | - | - | - | (239,121) | - | - | - | (311,825) |
| Total cash flows | 356,540 | - | (304,748) | - | 680,263 | - | (165,563) | - | 566,492 |
| Net insurance contract liabilities as at 31 December | 70,636 | - | 57,582 | 2,712 | 629,112 | - | 253,712 | 13,406 | 1,027,160 |

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

7 Insurance and reinsurance contracts (continued)

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

| | Life and Medical | | | General and Motor | | | Total (Unaudited) AED'000 |
|----------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------|---------------------------------|
| | Assets for remaining coverage | | Amounts recoverable on incurred claims | Assets for remaining coverage | | Amounts recoverable on incurred claims | |
| | Excluding loss recovery component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Excluding loss recovery component (Unaudited) AED'000 | Loss component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | |
| Reinsurance contract assets as at 1 January | 88,107 | - | 38,491 | 1,812 | - | 234,252 | 705,389 |
| Reinsurance contract liabilities as at 1 January | - | - | - | - | - | - | - |
| Net reinsurance contract (liabilities)/assets as at 1 January | 88,107 | - | 38,491 | 1,812 | - | 234,252 | 705,389 |
| Net income or expense from reinsurance contracts held | (66,456) | - | - | (142,757) | - | - | (209,213) |
| Allocation of reinsurer premium | - | - | - | - | - | - | - |
| Amounts recoverable for claims and other expenses | - | - | 54,538 | 2,573 | - | 109,486 | 170,591 |
| Changes that relate to past service - adjustments to LIC | - | - | 10,282 | (2,182) | - | (50,527) | (46,276) |
| Reinsurance finance income through profit and loss | - | - | 648 | - | - | 4,037 | 4,685 |
| Total changes in the statement of comprehensive income | (66,456) | - | 65,468 | 391 | - | 62,996 | (80,213) |
| Cash flows | | | | | | | |
| Premiums paid | 89,319 | - | - | - | - | - | 234,515 |
| Recoveries from reinsurance | - | - | (57,185) | - | - | (58,370) | (115,555) |
| Total cash flows | 89,319 | - | (57,185) | - | - | (58,370) | 118,960 |
| Reinsurance contract assets as at 31 March | 110,970 | - | 46,774 | 2,203 | - | 238,878 | 744,136 |
| Reinsurance contract liabilities as at 31 March | - | - | - | - | - | - | - |
| Net reinsurance contract assets/(liabilities) as at 31 March | 110,970 | - | 46,774 | 2,203 | - | 238,878 | 744,136 |

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Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

7 Insurance and reinsurance contracts (continued)

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

| 2022 | Life and Medical | | General and Motor | | Total (Unaudited) AED'000 |
|-----------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------|
| | Assets for remaining coverage | Amounts recoverable on incurred claims | Assets for remaining coverage | Amounts recoverable on incurred claims | |
| | Excluding loss recovery component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Excluding loss recovery component (Unaudited) AED'000 | Estimates of the present value of future cash flows (Unaudited) AED'000 | Risk adjustment (Unaudited) AED'000 |
| Reinsurance contract assets as at 1 January | 41,934 | 37,102 | 299,419 | 203,286 | 11,105 |
| Reinsurance contract liabilities as at 1 January | - | - | - | - | - |
| Net reinsurance contract (liabilities)/assets as at 1 January | 41,934 | 37,102 | 299,419 | 203,286 | 11,105 |
| Net income or expense from reinsurance contracts held | (233,462) | - | (449,619) | - | - |
| Allocation of reinsurer premium | - | - | - | - | - |
| Amounts recoverable for claims and other expenses | - | 231,313 | - | 204,767 | 7,144 |
| Changes that relate to past service - adjustments to LIC | - | 11,476 | - | (45,901) | (5,977) |
| Reinsurance finance income through profit and loss | - | (430) | - | (4,627) | - |
| Total changes in the statement of comprehensive income | (233,462) | 242,359 | (449,619) | 154,239 | 1,167 |
| <i>Cash flows</i> | | | | | |
| Premiums paid | 279,635 | - | 480,655 | - | - |
| Recoveries from reinsurance | - | (240,970) | - | (123,273) | - |
| Total cash flows | 279,635 | (240,970) | 480,655 | (123,273) | - |
| Reinsurance contract assets as at 31 December | 88,107 | 38,491 | 330,455 | 234,252 | 12,272 |
| Reinsurance contract liabilities as at 31 December | - | - | - | - | - |
| Net reinsurance contract assets/(liabilities) as at 31 December | 88,107 | 38,491 | 330,455 | 234,252 | 12,272 |

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

8 Cash and cash equivalents

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|---------------------------|--------------------------------------------|-----------------------------------------------|
| Cash and cash equivalents | 392,652 | 311,725 |

Above balance represents the cash and cash equivalents in United Arab Emirates, Europe & GCC.

9 Share capital

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------|
| Issued and fully paid 100,000,000 shares of AED 1 each (31 December 2022: 100,000,000 shares of AED 1 each) | 100,000 | 100,000 |

10 Reserves

Statutory reserve

In accordance with the UAE Commercial Companies Law and the Group's Article of Association, the Group has resolved not to increase the statutory reserve above an amount equal to 50% of its paid-up share capital. Accordingly, no transfers have been made during the three months period ended 31 March 2023 (31 December 2022: Nil). The reserve is not available for distribution except in the circumstances stipulated by the law.

General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors. During the period, no transfers to the general reserve from retained earnings were made (31 December 2022: Nil).

Reinsurance reserve

In accordance with CBUAE's Board of Directors' Decision No. 23, Article 34, an amount of nil (31 December 2022: AED 5,216 thousand) based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve and the management perform calculation and transfer reserves on an annual basis. The reserve is not available for distribution and will not be disposed of without prior approval from CBUAE.

11 Dividends

For the year ended 31 December 2022, the shareholders at the annual general meeting dated 7 February 2023 approved a cash dividend of 50% (AED 0.50 per share) totaling AED 50 million. For the year ended 31 December 2021, the shareholders at the annual general meeting dated 10 March 2022 approved a cash dividend of 40% (AED 0.40 per share) totaling AED 40 million.

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Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

12 Basic and diluted earnings per share

| | For the three-month period ended 31 March (Unaudited) | |
|-------------------------------------|----------------------------------------------------------|-------------------------|
| | 2023 | <i>Restated</i> 2022 |
| Profit for the period (in AED '000) | 32,431 | 14,253 |
| Number of shares ('000) | 100,000 | 100,000 |
| Earnings per share (in AED) | 0.32 | 0.14 |

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

13 Insurance service expense

| For the three-month period ended 31 March 2023 | Life and | General | Total |
|-----------------------------------------------------------|----------------|----------------|----------------|
| | medical | and motor | |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| | AED'000 | AED'000 | AED'000 |
| Incurring claims and other expenses | 125,295 | 129,184 | 254,479 |
| Amortisation of insurance acquisition cash flows | 24,664 | 50,218 | 74,882 |
| Losses on onerous contracts and reversals of those losses | | | - |
| Changes to liabilities for incurred claims | 10,500 | (58,505) | (48,005) |
| | <u>160,459</u> | <u>120,897</u> | <u>281,356</u> |
| <i>Restated</i> | | | |
| For the three-month period ended 31 March 2022 | | | |
| Incurring claims and other expenses | 83,929 | 132,229 | 216,158 |
| Amortisation of insurance acquisition cash flows | 5,359 | 23,974 | 29,333 |
| Losses on onerous contracts and reversals of those losses | - | - | - |
| Changes to liabilities for incurred claims | (5,260) | (57,106) | (62,366) |
| | <u>84,028</u> | <u>99,097</u> | <u>183,125</u> |

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Condensed consolidated interim financial information (Unaudited)

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For the period ended 31 March 2023

14 Total investment income and net insurance financial result

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

| For the three month period ended 31 March 2023 | Life and Medical (Unaudited) AED'000 | General and Motor (Unaudited) AED'000 | Total (Unaudited) AED'000 |
|--------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------|
| Investment income | | | |
| Amounts recognised in the profit or loss | | | |
| Interest income | - | 2,302 | 2,302 |
| Dividend income from financial investments | 2,581 | 10,705 | 13,286 |
| Realised gain on disposal of financial investments at FVTPL | - | - | - |
| Other loss | - | (353) | (353) |
| | 2,581 | 12,654 | 15,235 |
| Insurance finance income/(expenses) from insurance contracts issued | | | |
| Interest accreted to insurance contracts using current financial assumptions | (906) | (3,991) | (4,897) |
| Due to changes in interest rates and other financial assumptions | (94) | (386) | (480) |
| Total insurance finance expenses from insurance contracts issued | (1,000) | (4,377) | (5,377) |
| represented by: | | | |
| Amounts recognised in profit or loss | (1,000) | (4,377) | (5,377) |
| Reinsurance finance income/(expenses) from reinsurance contracts held | | | |
| Interest accreted to reinsurance contracts using current financial assumptions | 606 | 3,685 | 4,291 |
| Changes in non-performance risk of reinsurer | - | - | - |
| Due to changes in interest rates and other financial assumptions | 43 | 352 | 395 |
| Reinsurance finance income from reinsurance contracts held | 649 | 4,037 | 4,686 |
| Represented by: | | | |
| Amounts recognised in profit or loss | 649 | 4,037 | 4,686 |
| Total insurance finance expenses and reinsurance finance income | 2,230 | 12,314 | 14,544 |
| Represented by: | | | |
| Amounts recognised in profit or loss | 2,230 | 12,314 | 14,544 |

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

14 Total investment income and net insurance financial result (continued)

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

| For the three-month period ended 31 March 2022 | Life and Medical (Unaudited) AED'000 | General and Motor (Unaudited) AED'000 | Total (Unaudited) AED'000 |
|--------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------|
| Investment income | | | |
| Amounts recognised in the profit or loss | | | |
| Interest income | - | 616 | 616 |
| Dividend income from financial investments | 1,500 | 6,123 | 7,623 |
| Other income | - | 52 | 52 |
| | <u>1,500</u> | <u>6,791</u> | <u>8,291</u> |
| <i>Insurance finance income/ (expenses) from insurance contracts issued</i> | | | |
| Interest accreted to insurance contracts using current financial assumptions | (138) | (643) | (781) |
| Due to changes in interest rates and other financial assumptions | 834 | 8,871 | 9,705 |
| Total insurance finance income from insurance contracts issued | <u>696</u> | <u>8,228</u> | <u>8,924</u> |
| Represented by: | | | |
| Amounts recognised in profit or loss | <u>696</u> | <u>8,228</u> | <u>8,924</u> |
| <i>Reinsurance finance income/ (expenses) from reinsurance contracts held</i> | | | |
| Interest accreted to reinsurance contracts using current financial assumptions | 107 | 587 | 694 |
| Changes in non-performance risk of reinsurer | - | - | - |
| Due to changes in interest rates and other financial assumptions | (667) | (8,139) | (8,806) |
| Reinsurance finance expenses from reinsurance contracts held | <u>(560)</u> | <u>(7,552)</u> | <u>(8,112)</u> |
| Represented by: | | | |
| Amounts recognised in profit or loss | <u>(560)</u> | <u>(7,552)</u> | <u>(8,112)</u> |
| Total insurance finance expenses and reinsurance finance income | <u>1,636</u> | <u>7,467</u> | <u>9,103</u> |
| Represented by: | | | |
| Amounts recognised in profit or loss | <u>1,636</u> | <u>7,467</u> | <u>9,103</u> |

15 Segment information

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

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

Dubai Insurance Company P.S.C
Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
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15 Segment information (continued)

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

| | For the three-month period ended 31 March 2023 (Unaudited) | | |
|-----------------------------------------------------------|---------------------------------------------------------------|---------------------------------|------------------|
| | Life and Medical AED'000 | Motor and General AED'000 | Total AED'000 |
| Insurance revenue | 166,141 | 223,627 | 389,768 |
| Insurance service expenses | (160,459) | (120,897) | (281,356) |
| Net income or expenses from reinsurance contracts held | (1,245) | (83,654) | (84,899) |
| Insurance service result | 4,437 | 19,076 | 23,513 |
| Investment income | 2,581 | 12,654 | 15,235 |
| Finance expenses from insurance contracts issued | (1,000) | (4,377) | (5,377) |
| Finance income from reinsurance contracts held | 649 | 4,037 | 4,686 |
| Net insurance financial result | 2,230 | 12,314 | 14,544 |
| Other expenses | - | (5,626) | (5,626) |
| Profit for the period | 6,667 | 25,764 | 32,431 |
| | For the three-month period ended 31 March 2022 (Unaudited) | | |
| | Life and Medical AED'000 | Motor and General AED'000 | Total AED'000 |
| Insurance revenue | 89,354 | 150,572 | 239,926 |
| Insurance service expenses | (84,028) | (99,097) | (183,125) |
| Net income or expenses from reinsurance contracts held | 1,425 | (49,351) | (47,926) |
| Insurance service result | 6,751 | 2,124 | 8,875 |
| Investment income | 1,500 | 6,791 | 8,291 |
| Finance income from insurance contracts issued | 696 | 8,228 | 8,924 |
| Finance expenses from reinsurance contracts held | (560) | (7,552) | (8,112) |
| Net insurance financial result | 1,636 | 7,467 | 9,103 |
| Other expenses | - | (3,725) | (3,725) |
| Profit for the period | 8,387 | 5,866 | 14,253 |

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Condensed consolidated interim financial information (Unaudited)

Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

15 Segment information (continued)

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

| | As at 31 March 2023 (Unaudited) | | |
|-------------------|---------------------------------|---------------------------------|------------------|
| | Life and Medical AED'000 | Motor and General AED'000 | Total AED'000 |
| Total assets | 229,170 | 1,833,324 | 2,062,494 |
| Total equity | 45,403 | 582,173 | 627,576 |
| Total liabilities | 183,767 | 1,251,151 | 1,434,918 |

| | As at 31 December 2022 (Unaudited) | | |
|-------------------|------------------------------------|---------------------------------|------------------|
| | Life and Medical AED'000 | Motor and General AED'000 | Total AED'000 |
| Total assets | 199,384 | 1,676,495 | 1,875,879 |
| Total equity | 68,053 | 583,618 | 651,671 |
| Total liabilities | 131,331 | 1,092,877 | 1,224,208 |

16 Related party balances and transactions

Related parties represent, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management.

The significant balances outstanding in respect of related parties included in the condensed consolidated interim financial information are as follows:

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|------------------------------------------|--------------------------------------------|-----------------------------------------------|
| <i>Affiliates of major shareholders:</i> | | |
| Due from policyholders | 59,828 | 45,392 |
| Outstanding claims | 32,292 | 32,160 |

The income and expenses in respect of related parties included in the financial information are as follows:

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 March 2022 AED'000 |
|------------------------------------------|--------------------------------------------|--------------------------------------------|
| <i>Affiliates of major shareholders:</i> | | |
| Premiums | 5,739 | 4,913 |
| Rent received | 15 | 14 |
| Claims paid | (6,556) | (88) |
| Commission expenses | (1,821) | (1,429) |
| Rent paid | (117) | (134) |

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Notes to the condensed consolidated interim financial information
For the period ended 31 March 2023

16 Related party balances and transactions (continued)

Compensation of the key management personnel is as follows:

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 March 2022 AED'000 |
|------------------------------|--------------------------------------------|--------------------------------------------|
| Short term employee benefits | 970 | 1,086 |
| End of service benefits | 100 | 38 |
| | <u>1,070</u> | <u>1,124</u> |

17 Contingent liabilities

At 31 March 2023, the Group had contingent liabilities in respect of bank and 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 10,105 thousand (31 December 2022: AED 10,105 thousand).

Capital commitments

The Group's short-term lease commitments are payable as follows:

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|------------------------------------|--------------------------------------------|-----------------------------------------------|
| Lease commitments less than 1 year | <u>151</u> | <u>198</u> |

18 Fair value measurements

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

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial information approximate their fair values except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 6 of this condensed consolidated interim financial information.

Fair value of financial instruments carried at fair value

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

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2022.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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18 Fair value measurements (continued)

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

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

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

| Financial assets | Fair value as at | | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable input | Relationship of unobservable inputs to fair value |
|--------------------------|-----------------------------------------|--------------------------------------------|----------------------|---------------------------------------|--------------------------------|---------------------------------------------------|
| | 31 March 2023 (Unaudited) AED'000 | 31 December 2022 (Unaudited) AED'000 | | | | |
| FVTPL | | | | | | |
| Quoted equity securities | 3,404 | 3,858 | Level 1 | Quoted bid prices in an active market | None | N/A |
| FVTOCI | | | | | | |
| Quoted equity securities | 368,319 | 372,257 | Level 1 | Quoted bid prices in an active market | None | N/A |

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

19 Subsequent events

There have been no events subsequent to the condensed consolidated interim statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the three month period ended 31 March 2023.

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20 Capital risk management

The table below summarises the minimum capital requirement, Minimum guarantee fund and solvency capital requirement of the Group and the total capital held to meet these required solvency margins. Below mention figures pertain to 31 March 2023 and 31 December 2022;

| | (Unaudited) 31 March 2023 AED'000 | (Unaudited) 31 December 2022 AED'000 |
|------------------------------------|-----------------------------------------|-----------------------------------------------|
| Minimum Capital Requirement (MCR) | 100,000 | 100,000 |
| Solvency Capital Requirement (SCR) | 306,130 | 252,732 |
| Minimum Guarantee Fund (MGF) | 129,168 | 108,237 |
| Basic Own Funds | 414,563 | 454,184 |
| MCR Solvency Margin - Surplus | 314,563 | 354,184 |
| SCR Solvency Margin - Surplus | 108,433 | 201,452 |
| MGF Solvency Margin - Surplus | 285,395 | 345,947 |
