Al-Sagr National Insurance Company (PSC)

Financial Statements

For the year ended 31 December 2022

الصقر للتأمين
AL SAGR INSURANCE

شركة مساهمة عامة خاضعة لأحكام القانون رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين وتنظيم أعماله ومقيدة في سجل شركات التأمين تحت رقم (١٦) وسجل الشركات التجارية تحت رقم (٤١٢٧٠) مركزها الرئيسي دبي رأس المال المدفوع بالكامل ٢٣٠ مليون درهم

شركة الصقر الوطنية للتأمين - المنطقة الدبلوماسية، شارع السيف، بر دبي، هاتف : ٠٤-٧٠٢٨٥٠٠، فاكس : ٠٤-٣٩٦٨٤٤٢، ص.ب: ١٤٦١٤، دبي، ا.ع.م.
Al Sagr National Insurance Company - Diplomatic Area, Al Seef Road, Bur Dubai, Tel: 04-7028500, Fax: 04-3968442, PO Box 14614, Dubai, UAE

Al-Sagr National Insurance Company (Public Shareholding Company)

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of Al-Sagr National Insurance Company (Public Shareholding Company); for the year ended 31 December 2022.

Financial Highlights

The Company has reported a premium of AED 633.7 million for year ended 31 December 2022 compared to AED 500.4 million for the corresponding prior year, The Company has reported an underwriting profit of AED 17.1 million for the year ended 31 December 2022 compared to underwriting loss of AED 7.3 million for the corresponding prior year. the Company reported for the year ended 2022 a net loss of AED 49.4 million compared to a net loss of AED 62.9 million in 2021 .

Directors:-

Mr. Majid Abdulla Al Sari	Chairman
Mr. Khalid Abdulla Omran Tariam	Vice Chairman
Mr. Ayman Mohd Yusri Al Dweik	Director
Mr. Mohamed Ali Al Sari	Director
Mr. Abdel Muhsen Jaber	Director & CEO

Auditors:-

Grant Thornton were appointed as auditors of the Al Sagr National Insurance Company for the year 2022 at the Annual General Meeting held on 21/04/2022

For and on behalf of the board

Abdel Muhsen Jaber
Director & CEO
06/03/2023

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Independent Auditor's Report
To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Sagr National Insurance Company (PSC) (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 27 to the financial information which states that the Company did not meet the Minimum Capital Requirements of AED 100 million and that the Company's ability to comply with the solvency requirements depends on the effective implementation of the business plan submitted to the Central Bank of UAE. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter on the next page, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters on the next page, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

i) Valuation of technical provisions

The estimation of liabilities arising from insurance contracts such as unearned premium reserve, outstanding claims reserve, incurred but not reported reserve, unexpired risk reserve, unallocated loss adjustment expense reserve and mathematical reserve, as disclosed in note 11 to these financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs, mortality and persistency (including consideration of policyholder behavior). Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

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

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

ii) Valuation of investment property

The Company holds investment property under the fair value model as at 31 December 2022 amounting to AED 157,931,895 (2021: AED 157,931,895), as detailed in note 9 to these financial statements. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Company has involved independent external valuer in order to value the investment property for the purpose of determining the fair value for inclusion in the financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of this investment property was significant to our audit.

Our procedures in relation to management's valuation of investment property included:

- Assessing the competence, capabilities, and objectivity of external valuers;
- Evaluating the accuracy and completeness of the source data used in the calculation of fair values;
- Performing an independent calculation by carrying out enquiries with management and independent valuer, including performing reasonableness computation by using publicly available sources of information to independently corroborate the valuation performed by management expert.

Independent Auditor's Report
To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

iii) Impairment losses on insurance receivables including third party recoveries

The Company has insurance receivables that are overdue and not impaired (as disclosed in note 11 to these financial statements). The key associated risk is the recoverability of receivables. Management's related allowance for expected credit losses (ECL) is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

The work that we performed to address this key audit matter included the following procedures:

- Obtained an understanding of the Company's process for estimating ECL and assessed the appropriateness of ECL methodology against the requirements of IFRS 9;
- Assessed the reasonableness of managements' key assumptions and judgements made in determining allowance for ECL, segmenting of receivables and macroeconomic factors;
- Traced the outstanding amounts from sample of receivables to underlying supporting documents;
- Verified payments received from receivables post year-end for the sample; and
- Considered the adequacy of provisions for impairment of insurance balances receivable for significant customers, taking into account specific credit risk assessments for each customer based on default, existence of any disputes over the balance outstanding, history of settlement of receivables liabilities with the customers.

iv) Impairment assessment of investment in associates

The Company holds investment in associates as at 31 December 2022, as disclosed in note 6 to these financial statements. The management assesses at least annually the existence of impairment indicators for its investment in associates. Accordingly, the processes and methodologies for assessing and determining the recoverable amount of the investment are based on complex assumptions, in particular with reference to identification of impairment indicators, forecast of future cashflows, long term growth rates and discount rates applied to such cashflows. Considering the judgement required for estimating the cashflows and the complexity of the assumptions used, this is considered as a key audit matter.

The work that we performed to address this key audit matter included the following procedures:

- Obtained an understanding of the Company's process for assessment of impairment of investment in associates;
- Assessed the methodology used by the management to estimate the recoverable amount of the investment and consistency with the IFRS;
- Compared the carrying values of the investments with their respective net asset values and market value available as at the reporting date;
- Where any indicators of impairment were expected, we obtained management valuation and evaluated the adequacy of key assumptions such as the discount rate and growth rate; and
- Evaluated the adequacy of the disclosures in these financial statements.

Other information

Management is responsible for the other information. Other information consists of the information included in the report of Company's Board of Directors, prior to the date of our auditor's report.

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

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Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

Other information (continued)

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

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

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

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

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

Auditor's Responsibilities for The Audit of The Financial Statements

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

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

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

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

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

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Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

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

iv) the financial information included in the Board of Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2022, are disclosed in note 7 to these financial statements;

vi) note 24 reflect material related party transactions and the terms under which they were conducted;

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Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on Other Legal and Regulatory Requirements (continued)

vii) note 21 to the financial statements reflects the social contributions made during the year; and

viii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2022.

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

Grant Thornton

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

GRANT THORNTON

Dr. Osama El-Bakry
Registered Auditor Number: 935
Dubai, United Arab Emirates

6 March 2023

Al-Sagr National Insurance Company (PSC)

Statement of financial position
As at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Property and equipment	5	80,755,588	88,521,494
Investment in associates	6	99,475,388	118,340,804
Investment in financial assets at fair value through profit or loss (FVTPL)	7	19,404,579	15,587,696
Investment property	9	157,931,895	157,931,895
Insurance receivables	10	252,570,025	199,194,939
Reinsurer share of outstanding claims	11	127,999,394	156,949,806
Reinsurer share of incurred but not reported claims	11	21,610,944	26,313,057
Reinsurer share of unearned premium reserve	11	96,482,512	73,880,741
Reinsurer share of mathematical reserve	11	251,118	1,149,880
Deferred acquisition costs	11	40,999,833	24,212,266
Reinsurance share of unexpired risk reserve	11	-	395,922
Due from related parties	24	14,629,709	15,683,726
Other receivables and prepayments	12	16,451,686	11,119,028
Cash and bank balances	13	207,941,277	192,309,830
TOTAL ASSETS		1,136,503,948	1,081,591,084
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	230,000,000	230,000,000
Statutory reserve	15	70,203,206	70,203,206
General reserve	16	-	20,000,000
Reinsurance reserve	16	2,751,401	1,612,577
Accumulated losses		(96,596,057)	(66,011,660)
TOTAL EQUITY		206,358,550	255,804,123
LIABILITIES			
Provision for employees' end of service indemnity	17	6,575,008	7,612,039
Bank borrowings	18	158,788,906	154,550,305
Insurance and other payables	19	174,769,586	131,342,702
Outstanding claims reserve	11	166,686,781	205,521,572
Incurred but not reported claims reserve	11	73,359,559	74,865,138
Unearned premium reserve	11	324,444,710	218,630,722
Mathematical reserve	11	252,046	1,157,216
Unexpired risk reserve	11	4,688,630	5,795,710
Unallocated loss adjustment expense reserve	11	3,752,338	6,337,177
Deferred commission income	11	15,354,894	11,349,207
Lease liability	20	1,472,940	8,625,173
TOTAL LIABILITIES		930,145,398	825,786,961
TOTAL EQUITY AND LIABILITIES		1,136,503,948	1,081,591,084

These financial statements were approved and authorised for issue by the Board of Directors on 6 March 2023 and signed on their behalf by:

Majid Abdulla Al Sari
Chairman

Abdel Muhsen Jaber
Director and CEO

The attached explanatory notes from 1 to 29 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2022

	Notes	2022 AED	2021 AED
UNDERWRITING INCOME			
Gross premium		**633,786,529**	500,476,669
Less: reinsurance share of gross premium		**(213,462,617)**	(165,357,517)
Less: reinsurance share of ceded business premium		**(14,302,124)**	(26,592,437)
Net retained premium		**406,021,788**	308,526,715
Net change in unearned premium reserve		**(70,430,337)**	49,072,262
Net insurance premium		**335,591,451**	357,598,977
Commission earned		**32,397,129**	23,417,849
Commission incurred		**(76,816,735)**	(62,096,973)
Other operational (loss)/income – net		**(7,107,482)**	17,219,021
Gross underwriting income		**284,064,363**	336,138,874
UNDERWRITING EXPENSES			
Gross claims paid		**(456,431,639)**	(412,829,309)
Insurance claims recovered from reinsurers		**179,486,820**	95,755,774
Net claims paid		**(276,944,819)**	(317,073,535)
Change in provision for outstanding claims		**38,834,791**	(12,904,431)
Change in reinsurer share of outstanding claims		**(28,950,412)**	8,070,416
Change in unexpired risk reserve		**711,158**	(5,281,147)
Change in incurred but not reported claims reserve		**(3,196,534)**	(14,006,917)
Change in mathematical reserve		**6,408**	991
Change in unallocated loss adjustment expense reserve		**2,584,839**	(2,253,815)
Net claims incurred		**(266,954,569)**	(343,448,438)
UNDERWRITING INCOME/(LOSS)		**17,109,794**	(7,309,564)
Net investment loss	21	**(625,365)**	(311,344)
Share of losses from equity accounted investees	6	**(18,865,416)**	(17,505,549)
Finance costs		**(3,839,817)**	(2,296,081)
General and administrative expenses	22	**(43,224,769)**	(35,521,546)
LOSS FOR THE YEAR		**(49,445,573)**	(62,944,084)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(49,445,573)**	(62,944,084)
LOSS PER SHARE	23	**(0.2)**	(0.3)

The attached explanatory notes from 1 to 29 form an integral part of these financial statements.

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

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
At 1 January 2021	230,000,000	70,203,206	50,000,000	652,827	(30,572,826)	320,283,207
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(62,944,084)	(62,944,084)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(62,944,084)	(62,944,084)
Transfer from general reserve to retained earnings (note 16)	-	-	(30,000,000)	-	30,000,000	-
Transfer to reinsurance reserve (note 16)	-	-	-	959,750	(959,750)	-
Transactions with owners directly recorded in equity						
Directors' fee paid	-	-	-	-	(1,535,000)	(1,535,000)
Balance at 31 December 2021	230,000,000	70,203,206	20,000,000	1,612,577	(66,011,660)	255,804,123
Balance at 1 January 2022	**230,000,000**	**70,203,206**	**20,000,000**	**1,612,577**	**(66,011,660)**	**255,804,123**
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	**(49,445,573)**	**(49,445,573)**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	**(49,445,573)**	**(49,445,573)**
Transfer from general reserve to retained earnings (note 16)	-	-	**(20,000,000)**	-	**20,000,000**	-
Transfer to reinsurance reserve (note 16)	-	-	-	**1,138,824**	**(1,138,824)**	-
Balance at 31 December 2022	**230,000,000**	**70,203,206**	-	**2,751,401**	**(96,596,057)**	**206,358,550**

The attached explanatory notes from 1 to 29 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2022

	Notes	2022 AED	2021 AED
OPERATING ACTIVITIES			
Loss for the year		**(49,445,573)**	(62,944,084)
Share of losses from equity accounted investees	6	**18,865,416**	17,505,549
Net unrealised (gain)/loss from investments in financial assets at FVTPL	21	**(1,066,892)**	498,888
Depreciation	5	**3,031,450**	5,855,854
Finance costs		**3,839,817**	2,296,081
Reversal for expected credit losses	10	**(852,175)**	(244,287)
Allowance for expected credit losses of related parties	24	**1,462,005**	51,301
Reversal for expected credit losses of related parties	24	**-**	(1,251,301)
Provision for employees' end of service indemnity	17	**950,446**	1,094,939
Provision for employees' end of service indemnity no longer required	17	**-**	(3,011,801)
Allowance for expected credit losses in other receivables and prepayments		**1,037,995**	-
(Gain)/loss on disposal of property and equipment	21	**(18,083)**	518
Interest on lease liability		**110,514**	447,406
Gain on termination of lease liability	21	**(92,830)**	-
Net gain on sale of investments in financial assets at FVTPL	21	**-**	(20,269)
Dividend income from investment in financial assets at FVTPL	21	**(434,741)**	(198,120)
Interest income	21	**(3,453,241)**	(4,584,789)
Operating cash flows before movements in working capital		**(26,065,892)**	(44,504,115)
Change in insurance receivables		**(52,522,911)**	(53,251,124)
Change in reinsurer share of outstanding claims		**28,950,412**	(8,070,416)
Change in reinsurer share of incurred but not reported claims		**4,702,113**	(10,276,468)
Change in reinsurer share of unearned premium reserve		**(22,601,771)**	(18,891,336)
Change in reinsurer share of mathematical reserve		**898,762**	(12,010)
Change in deferred acquisition costs		**(16,787,567)**	13,126,680
Change in reinsurance share of unexpired risk reserve		**395,922**	(395,922)
Change in due from related parties		**(407,988)**	604,946
Change in other receivables and prepayments		**(6,370,653)**	(4,458,605)
Change in insurance and other payables		**43,426,884**	13,161,705
Change in outstanding claims reserve		**(38,834,791)**	12,904,401
Change in incurred but not reported claims reserve		**(1,505,579)**	24,283,385
Change in unearned premium reserve		**105,813,988**	(47,689,444)
Change in mathematical reserve		**(905,170)**	11,019
Change in unexpired risk reserve		**(1,107,080)**	5,677,069
Change in unallocated loss adjustment expense reserve		**(2,584,839)**	2,253,815
Change in deferred commission income		**4,005,687**	4,381,838
Net cash generated from/(used in) operations		**18,499,527**	(111,144,582)
Employees' end of service benefits paid	17	**(1,987,477)**	(872,442)
Net cash generated from/(used in) operating activities		**16,512,050**	(112,017,024)
INVESTING ACTIVITIES			
Purchase of property and equipment		**(481,068)**	(745,489)
Proceeds from sale of property and equipment		**68,500**	13,534
Additions of investment in financial assets at FVTPL	7	**(2,749,991)**	(514,916)
Net proceeds from sale of investment in financial assets at FVTPL		**-**	483,926
Dividends received from investment in financial assets at FVTPL	21	**434,741**	198,120
Interest received	21	**3,453,241**	4,584,789
Net cash generated from investing activities		**725,423**	4,019,964
FINANCING ACTIVITIES			
Finance costs paid		**(3,839,817)**	(2,296,081)
Directors' fee paid		**-**	(1,535,000)
Payment of lease liability		**(2,004,810)**	(4,754,810)
Net cash used in financing activities		**(5,844,627)**	(8,585,891)
Net changes in cash and cash equivalents		**11,392,846**	(116,582,951)
Cash and cash equivalents at 1 January		**37,759,525**	154,342,476
Cash and cash equivalents at 31 December	13	**49,152,371**	37,759,525

The attached explanatory notes from 1 to 29 form an integral part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

Al-Sagr National Insurance Company (PSC), (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates (U.A.E.) under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investments Company (the "Parent Company"), a public company incorporated in U.A.E.

The principal activity of the Company is the writing of insurance of all types. The Company operates through its head office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaimah and Ajman in the U.A.E.

As of 2 January 2023, the Company is subject to compliance with UAE Federal Law No. 32 of 2021, which replaces UAE Federal Law No. 2 of 2015. The financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The Shareholders of the Company are currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. (32) of 2021 relating to commercial companies, and of UAE Federal Law No. 6 of 2007 concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. These financial statements are prepared in Arab Emirates Dirhams ("AED").

The Company is in the process of complying with the requirements of the Financial Regulations for Insurance Companies issued by the Central Bank of UAE pertaining to Article (8) of Section 2, relating to maintenance of solvency margin.

Going concern

These financial statements have been prepared on a going concern basis, notwithstanding the fact that for the year ended 31 December 2022 the Company incurred a net loss of AED 49,445,573 (2021: a net loss of AED 62,944,084) and the Company did not meet the solvency requirements. Subsequent to the year end, the Company has submitted a business plan to the Central Bank of UAE which illustrates managements plan to comply with the solvency requirements.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following which are measured at fair value.

i) financial instruments at fair value through profit or loss ("FVTPL"); and
ii) investment property.

The methods used to measure fair values are discussed in note 3.6.

2 BASIS OF PREPARATION (continued)

2.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE FROM 1 JANUARY 2022

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

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

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

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

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

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

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

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

The CSM represents the unearned profit of a group of insurance contracts and is recognised in profit or loss as the insurance service is provided to the customer using coverage units. Coverage units are a measurement of the quantum of service provided across the life of the contract and are used to measure the service provided in the reporting period and release a corresponding amount of profit to the income statement. If a group of contracts becomes loss-making after inception the loss is recognised immediately in the income statement.

2 BASIS OF PREPARATION (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

This treatment of profits and losses in respect of services is broadly consistent with the principles of IFRS 15 and IAS 37 applicable to other industries.

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

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

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

The Company expects that it will apply the PAA to all contracts except for the liability line of business where the General Measurement Model (GMM) to account for insurance contracts based on the following criteria:

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

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

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

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

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

2 BASIS OF PREPARATION (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Impact assessment – Non-Life Insurance

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contracts

Classification

The Company issues contracts that transfer either insurance risk or both insurance and financial risks.

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Company to pay significant additional benefits as a result of an insured event occurring.

Insurance contracts may also transfer some financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Recognition and measurement

Premiums

Gross premiums written reflect business incepted during the year, and exclude any fees and other amounts collected with and calculated based on premiums. These are recognised when underwriting process is complete and policies are issued.

The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis described below:

Unearned premium reserve (UPR)

The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date. UPR are calculated using the 1/365 method except for marine cargo and engineering.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Insurance contracts (continued)

The UPR of the written premiums as required in the financial regulation and UPR for engineering assumes a linear increase in risk with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the premium is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy. UPR for medical and group life business are calculated on a time proportion basis.

Claims

Claims incurred comprise the settlement and the internal and external handling costs paid and changes in the provisions for outstanding claims arising from events occurring during the financial period and movement in other technical reserves. Where applicable, deductions are made for salvage and their recoveries. Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expense reduced by expected salvage and other recoveries.

Claims outstanding are assessed by reviewing individual reported claims. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior periods are reflected in the financial statements of the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provision is also made for any claims incurred but not reported ("IBNR") at the date of statement of financial position using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required by the new regulations. The use of estimation and judgements in outstanding claims and IBNR are mentioned in note 4.

Liability adequacy test

Provision is made for premium deficiency arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision and already recorded claim liabilities in relation to such policies. The provision for premium deficiency is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and claims provisions.

Reinsurance

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expenses from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Amounts due to and from reinsurers are accounted for in a manner consistent with the related insurance policies and in accordance with the relevant reinsurance contracts. Reinsurance premiums are deferred and expensed using the same basis as used to calculate unearned premium reserves for related insurance policies. The deferred portion of ceded reinsurance premiums is included in reinsurance assets.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in statement of comprehensive income in the period in which they are incurred. Profit commission in respect of reinsurance contracts is recognised on an accrual basis.

Deferred acquisition cost and deferred commission income

For insurance contracts, the deferred acquisition cost asset represents the portion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the reporting date. Commission income related to underwriting activities are recognised on a time proportion basis over the effective period of policy using the same basis as described for unexpired risk premium.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Insurance contracts (continued)

Deferred TPA fees

For insurance contracts, the deferred TPA fees asset represents the portion of TPA fees which corresponds to the proportion of net premiums written that is unearned at the reporting date.

During the year, the Company has changed its accounting policy by deferring the TPA fees in line with the contract boundary of the policy. This represents more reliable and comparable information in line with the premium earning pattern of the company. The impact on prior year comparatives was not deemed material and thus a retrospective approach has not been adopted.

Insurance receivables and payables

Amounts due from and to policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

Insurance contract liabilities and reinsurance assets

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the statement of financial position date, in addition for claims incurred but not reported. The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date. The reinsurers' portion towards the above outstanding claims, claims incurred but not reported and unearned premium is classified as reinsurance contract assets in the financial statements.

3.2 Revenue (other than insurance revenue)

Revenue (other than insurance revenue) comprises the following:

Fee and commission income

Fee and commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

Investment income

Investment income comprises income from financial assets, rental income from investment properties, realised and unrealised fair value gains or losses on investment property and financial assets at fair value through profit or loss (FVTPL).

Income from financial assets comprises interest and dividend income, net gains or losses on financial assets classified at FVTPL, and realised gains or losses on other financial assets.

Interest income is recognised on a time proportion basis using effective interest rate method. Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities. Basis of recognition of net gains or losses on financial assets classified at FVTPL and realised gains on other financial assets is described in note 3.5.

Fair value gains or losses on investment property are included in the statement of comprehensive income in the period these gains or losses are determined.

3.3 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property and equipment (continued)

Recognition and measurement (continued)

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income/other expenses in statement of comprehensive income. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in statement of income as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate. No depreciation is charged on capital-work-in-progress.

The estimated useful lives for various categories of property and equipment are as follows:

Office fixture	8 years
Furniture and equipment	8 years
Motor vehicles	8 years
Right-of-use asset	3 years

3.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in statement of comprehensive income.

The Company determines fair value on the basis of valuation provided by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3.5 Financial instruments

Recognition and measurement

The Company initially recognises insurance receivables and insurance payables on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes party to the contractual provision of the instrument.

A financial assets or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets

Classification

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Financial assets measured at amortised cost

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

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

If a financial asset does not meet both of these conditions, then it is measured at fair value. The Company makes an assessment of a business model at portfolio level as this reflect the best way the business is managed and information is provided to the management.

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

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

Financial assets measured at FVTPL

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

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

Dividend in these investments in equity instruments are recognised in the statement of comprehensive income when the Company's right to receive the dividends is established, unless the dividends clearly represents a recovery of part of the cost of the investment.

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

Loans and receivables

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

Loans and receivables comprise mainly insurance receivables, due from related parties, deposits and other receivables.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets (continued)

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with the banks and fixed deposits that are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Equity securities

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

Non-derivate financial liabilities

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

De-recognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the transferred asset.

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

Impairment of financial assets

IFRS 9's impairment requirements use forward looking information under Expected credit loss (ECL) model for the financial assets measured at amortised cost which consist of insurance receivables, deposits, other receivables, due from related parties and cash and cash equivalents.

Measurement of ECLs

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of "investment grade".

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2). Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets (continued)

Impairment of non-derivative financial assets carried at amortised cost

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost are impaired. A financial asset or group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows relating to the asset that can be estimated reliably. The Company considers evidence of impairment at both a specific and collective level.

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

Impairment of loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

At each reporting date, the Company assesses on a case-by-case basis whether there is any objective evidence that an asset is impaired. Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off and/or any event resulting in a reduction in impairment loss, decreases the amount of the provision for loan impairment in the statement of comprehensive income.

Impairment losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets (continued)

Impairment of non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.7 Foreign currency transactions

These financial statements are presented in U.A.E. Dirham (AED), which is the functional currency. Except as otherwise indicated, financial information is presented in AED. Transactions denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to AED at the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. The assets and liabilities of foreign subsidiary and the equity of associates are translated at the rate of exchange ruling at the reporting date.

The results of associates are translated at the average exchange rates for the year. The exchange differences on the retranslation are taken directly to the other comprehensive income.

3.8 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

Company as a lessee

A lessee is to be account for a right of use asset and initial lease liability at the inception of lease. Before the application of IFRS-16, lessee has to classify lease as an operating lease or a finance lease.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Employee terminal benefits

Defined benefit plan

The Company provides for staff terminal benefits based on an estimation of the amount of future benefits that employees have earned in return for their service until their retirement. This calculation is performed on a projected unit credit method.

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

3.11 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.12 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and value added tax assets and liabilities.

3.13 Investments in associates

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

3.14 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Company's trading activity.

4 USE OF ESTIMATES AND JUDGEMENTS

The areas of the Company's business containing key sources of estimation uncertainty include the measurement of insurance contract provisions and the determination of valuation of investment properties.

Measurement of insurance contract liabilities

The Company's accounting policy in respect of insurance contract accounting is discussed in more detail in note 3.1. The key assumptions made in respect of insurance contract liabilities are as follows:

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company for provision of IBNR takes into account historical data, past estimates and details of the reinsurance program, to assess the expected size of reinsurance recoveries. Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

The assumptions that have the greatest effect on the measurement of insurance contract provisions are the expected loss ratios for the most recent accident years.

Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Company.

There are a number of contracts sold where the Company exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Company is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

Provision for outstanding claims, whether reported or not

Considerable judgment by the management is required in the estimation of amounts due to the contract holders 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 judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the date of statement of financial position. Estimates are made for the expected ultimate cost of IBNR claims at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation and are presented in note 11.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and IBNR claims regularly.

4 USE OF ESTIMATES AND JUDGEMENTS (continued)

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating adequacy of the liability. Any deficiency is immediately charged to statement of comprehensive income.

Impairment of financial instruments

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL"). The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

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

Impairment of insurance receivables

An estimate of the collectible amount of insurance receivables is made when collection of the full amount is no longer probable. This determination of whether the insurance receivables are impaired, entails the Company evaluating the credit and liquidity position of the policy holders and the insurance and reinsurance companies, historical recovery rates and feedback received from the legal department. The difference between the estimated collectible amount and the book amount is recognised as an expense in the profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the profit or loss at the time of collection.

Reinsurance

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a regular basis the evolution of disputes with and the strength of its reinsurers.

Impairment of investment is associates

At each reporting date, the Company reviews the carrying amounts of its investment in associates to determine whether there is any indication of impairment. If any indication exists, the management estimates recoverable amount of the investment. The recoverable amount of investment is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment. An impairment loss is recognised if the carrying amount of investment exceeds its recoverable amount. Impairment losses are recognised in statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill recognised, and then to the remaining carrying amount of the investment.

Valuation of investment property

Determining the fair value requires an estimation of future cash flows expected to arise from the investment properties, a suitable growth rate, expected occupancy and a suitable discount rate in order to calculate the present value. It is reasonably possible on the basis of the existing knowledge that outcomes within next financial year that are different from estimates made could require material adjustment to the fair value of the investment property.

4 USE OF ESTIMATES AND JUDGEMENTS (continued)

Valuation of investment property (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The Company has taken the valuation for the fair value measurement of its investment property.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
1)Income capitalisation approach by comparable method	- Owner property	-The property is owned in full and free of any onerous restrictions.
	-Risk adjusted discount rates	-The risk adjusted discount rates were lower/higher.
	-Free of covenants, third party rights and obligations	-The property is subject to any covenants, rights and obligations.
	-Expected yield rate	-The expected yield rate is applied.
	-Operational expenditure of the rental value	-The property is subject to expenses in line with similar existing buildings.
	-Sales transactions of similar properties in similar location	-The property is subject to sales value fluctuations of surrounding properties in the area.

5 PROPERTY AND EQUIPMENT

	Land AED	Right-of-use asset AED	Office fixture AED	Furniture and equipment AED	Motor vehicles AED	Total AED
Cost						
At 1 January 2021	76,750,806	8,559,897	7,892,368	10,844,942	735,230	104,783,243
Additions	-	7,747,661	393,944	351,545	-	8,493,150
Disposals	-	-	-	(6,867)	(14,477)	(21,344)
At 31 December 2021	76,750,806	16,307,558	8,286,312	11,189,620	720,753	113,255,049
Additions	-	-	**219,606**	**215,462**	**46,000**	**481,068**
Disposals	-	-	-	-	**(121,000)**	**(121,000)**
Termination of lease	-	**(7,747,661)**	-	-	-	**(7,747,661)**
At 31 December 2022	**76,750,806**	**8,559,897**	**8,505,918**	**11,405,082**	**645,753**	**105,867,456**
Depreciation						
At 1 January 2021	-	3,604,168	6,322,075	8,647,129	311,621	18,884,993
Charge for the year	-	4,384,637	837,774	607,474	25,969	5,855,854
Disposals	-	-	-	-	(7,292)	(7,292)
At 31 December 2021	-	7,988,805	7,159,849	9,254,603	330,298	24,733,555
Charge for the year	-	**1,802,084**	**603,938**	**528,136**	**97,292**	**3,031,450**
Disposals	-	-	-	-	**(70,583)**	**(70,583)**
Termination of lease	-	**(2,582,554)**	-	-	-	**(2,582,554)**
At 31 December 2022	-	**7,208,335**	**7,763,787**	**9,782,739**	**357,007**	**25,111,868**
Carrying amounts						
At 31 December 2022	**76,750,806**	**1,351,562**	**742,131**	**1,622,343**	**288,746**	**80,755,588**
At 31 December 2021	76,750,806	8,318,753	1,126,463	1,935,017	390,455	88,521,494

Right of use asset

The table below describes nature of the Company's leasing activities by type of right-of-use assets recognised:

Right-of-use assets description	Number of right-of-use assets leased	Remaining term	Number of leases with extension option	Number of leases with purchase option	Number of leases with variable payments	Number of leases with termination option
Office building and premises	1	9 months	-	-	-	-

6 INVESTMENT IN ASSOCIATES

	2022 AED	2021 AED
Green Air Technology L.L.C., UAE (note 6.1)	**16,716**	16,716
Sogour Al Khaleej General Trading L.L.C., UAE (note 6.2)	**150,000**	150,000
Al Sagr Cooperative Insurance Company, KSA (note 6.3)	**99,308,672**	118,174,088
	99,475,388	118,340,804

6 INVESTMENT IN ASSOCIATES (continued)

6.1 The Company holds 50% and the Parent Company holds 25% ownership respectively in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates.

6.2 The Company holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned by the Parent Company.

Although, the Company holds 50% equity and the voting rights in these two associates, these are controlled by the Parent Company. The Company's voting rights in these entities do not give it control over the management of these entities.

6.3 As at 31 December 2022, the Company hold 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 6% shares for the beneficial interest of other individuals. The Company accounts for the 20% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative under the equity method as follows:

	2022	2021
	AED	AED
As at 1 January	**118,174,088**	135,679,637
Share of losses from equity accounted investees	**(18,865,416)**	(17,505,549)
As at 31 December	**99,308,672**	118,174,088
Percentage of interest	**20%**	20%
Assets	**690,666,149**	746,265,421
Liabilities	**(562,623,532)**	(523,895,727)
Net assets	**128,042,617**	222,369,694
Company's share in net assets at 20%	**25,608,523**	44,473,939
Goodwill and other intangibles at acquisition	**73,700,149**	73,700,149
Investment in associate	**99,308,672**	118,174,088
Revenue	**471,335,642**	384,070,163
Net loss	**(94,327,080)**	(87,527,746)
Company's share of loss at 20%	**(18,865,416)**	(17,505,549)

In the Extraordinary General Assembly meeting held on 13 October 2022, the Board of Directors of Al Sagr Cooperative Insurance Company restructured and reduced its capital from SAR 400 million to SAR 260 million inorder to write off its accumulated losses. This reduction has not had an impact on the percentage held by the Company.

7 INVESTMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	2022 AED	2021 AED
Investment in financial assets at fair value through profit or loss (FVTPL)	**19,404,579**	15,587,696

Following is the movement of investments at FVTPL during the year:

	2022 AED	2021 AED
As at 1 January	**15,587,696**	16,035,325
Additions	**2,749,991**	514,916
Disposals	**-**	(463,657)
Change in fair value	**1,066,892**	(498,888)
As at 31 December	**19,404,579**	15,587,696

During the year ended 31 December 2022, the Company has purchased 981,240 shares (2021: 173,776 shares) measured at fair value through profit or loss. All investments are held within U.A.E. except for investments at FVTPL amounting to AED 0.1 million (2021: AED 0.1 million).

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy of assets measured at fair value

The following table analyses assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement, as mentioned in note 3.6, is categorised. The amounts are based on the values recognised in the statement of financial position.

31 December 2022	Level 1 **AED**	Level 3 **AED**	**Total** **AED**
Financial assets			
Investment in financial assets at FVTPL (note 7)	**18,606,532**	**798,047**	**19,404,579**
Non-financial assets			
Investment property (note 9)	-	**157,931,895**	**157,931,895**
	18,606,532	**158,729,942**	**177,336,474**
Financial assets			
Investment in financial assets at FVTPL (note 7)	14,793,563	794,133	15,587,696
Non-financial assets			
Investment property (note 9)	-	157,931,895	157,931,895
	14,793,563	158,726,028	173,519,591

9 INVESTMENT PROPERTY

	2022 AED	2021 AED
As at 31 December	**157,931,895**	157,931,895

Investment property comprises of a property in Al Barsha First, Dubai. As at 31 December 2022, the fair value of the property is based on valuation performed by accredited independent valuers who are specialists in valuing these type of investment property.

The valuation model used are in accordance with recommended industry practice. The fair value of the investment property was estimated based on fair valuation techniques and assumptions with reference to recent rental value of similar properties in an active market.

10 INSURANCE RECEIVABLES

	2022 AED	2021 AED
Due from policy holders	**24,000,840**	21,691,990
Due from insurance and reinsurance companies	**114,667,703**	109,515,960
Due from agents and brokers	**151,672,135**	117,490,272
Due from garages	**22,229,202**	11,348,747
	312,569,880	260,046,969
Expected credit losses	**(59,999,855)**	(60,852,030)
	252,570,025	199,194,939

Movement in the expected credit losses is as follows:

	2022 AED	2021 AED
As at 1 January	**60,852,030**	61,096,317
Reversal during the year *	**(852,175)**	(244,287)
As at 31 December	**59,999,855**	60,852,030

*During the year, the management have written off AED 852,175 (2021: AED 244,287) of receivables and resultantly the provision related to it has been written off.

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

Movement in outstanding claims reserve is analysed as follows:

2022	Gross AED	Reinsurance AED	Net AED
As at 1 January	**205,521,572**	**(156,949,806)**	**48,571,766**
Settled during the year	**(456,431,639)**	**179,486,820**	**(276,944,819)**
Provision made during the year	**417,596,848**	**(150,536,408)**	**267,060,440**
As at 31 December	**166,686,781**	**(127,999,394)**	**38,687,387**
2021			
As at 1 January	192,617,171	(148,879,390)	43,737,781
Settled during the year	(412,829,309)	95,755,774	(317,073,535)
Provision made during the year	425,733,710	(103,826,190)	321,907,520
As at 31 December	205,521,572	(156,949,806)	48,571,766

Movement in IBNR reserve is analysed as follows:

2022	Gross AED	Reinsurance AED	Net AED
As at 1 January	**74,865,138**	**(26,313,057)**	**48,552,081**
Net movement during the year	**(1,505,579)**	**4,702,113**	**3,196,534**
As at 31 December	**73,359,559**	**(21,610,944)**	**51,748,615**
2021			
As at 1 January	50,581,753	(16,036,589)	34,545,164
Provision made during the year	24,283,385	(10,276,468)	14,006,917
As at 31 December	74,865,138	(26,313,057)	48,552,081

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

Movement in unearned premium reserve is analysed as follows:

2022	**Gross AED**	**Reinsurance AED**	**Net AED**
As at 1 January	**218,630,722**	**(73,880,741)**	**144,749,981**
Provision made during the year	**324,444,710**	**(96,482,512)**	**227,962,198**
Provision released during the year	**(218,630,722)**	**73,880,741**	**(144,749,981)**
As at 31 December	**324,444,710**	**(96,482,512)**	**227,962,198**

2021			
As at 1 January	266,320,166	(54,989,405)	211,330,761
Provision made during the year	218,630,722	(73,880,741)	144,749,981
Provision released during the year	(266,320,166)	54,989,405	(211,330,761)
As at 31 December	218,630,722	(73,880,741)	144,749,981

Mathematical reserve represents amounts set aside to meet the aggregate amount of the liabilities of the Company in relation to its long-term life business as at 31 December 2022.

Movement can be analysed as follows:

2022	**Gross AED**	**Reinsurance AED**	**Net AED**
As at 1 January	**1,157,216**	**(1,149,880)**	**7,336**
Movement during the year	**(905,170)**	**898,762**	**(6,408)**
As at 31 December	**252,046**	**(251,118)**	**928**

2021			
As at 1 January	1,146,197	(1,137,870)	8,327
Movement during the year	11,019	(12,010)	(991)
As at 31 December	1,157,216	(1,149,880)	7,336

Movement in unexpired risk reserve is analysed as follows:

2022	**Gross AED**	**Reinsurance AED**	**Net AED**
As at 1 January	**5,795,710**	**(395,922)**	**5,399,788**
Provision made during the year	**(1,107,080)**	**395,922**	**(711,158)**
As at 31 December	**4,688,630**	**-**	**4,688,630**

2021			
As at 1 January	118,641	-	118,641
Provision made during the year	5,677,069	(395,922)	5,281,147
As at 31 December	5,795,710	(395,922)	5,399,788

Movement in unallocated loss adjustment expense reserve is analysed as follows:

2022	**Gross AED**	**Reinsurance AED**	**Net AED**
As at 1 January	**6,337,177**	**-**	**6,337,177**
Provision made during the year	**(2,584,839)**	**-**	**(2,584,839)**
As at 31 December	**3,752,338**	**-**	**3,752,338**

2021			
As at 1 January	4,083,362	-	4,083,362
Provision made during the year	2,253,815	-	2,253,815
As at 31 December	6,337,177	-	6,337,177

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

Claim development table

Underwriting year	2016	2017	2018	2019	2020	2021	2022	Total
Gross	AED	AED	AED	AED	AED	AED	AED	AED
Estimate of net incurred claims								
- At the end of underwriting year	273,372,583	279,431,127	205,287,445	226,190,970	390,602,730	420,012,910	354,376,417	2,149,274,182
- One year later	315,323,337	246,074,021	217,977,018	242,227,302	407,966,115	460,813,059	-	1,890,380,852
- Two years later	326,410,641	250,019,762	222,971,812	237,122,813	415,505,911	-	-	1,452,030,939
- Three years later	327,247,935	250,612,890	219,031,990	242,314,871	-	-	-	1,039,207,686
- Four years later	330,851,259	247,768,712	219,061,621	-	-	-	-	797,681,592
- Five years later	329,001,652	253,572,329	-	-	-	-	-	582,573,981
- Six years later	341,998,325	-	-	-	-	-	-	341,998,325
Current estimate of incurred claims	341,998,325	253,572,329	219,061,621	242,314,871	415,505,911	460,813,059	354,376,417	2,287,642,533
Cumulative payments to date	(341,780,191)	(253,796,409)	(218,327,787)	(238,642,728)	(345,991,635)	(439,767,243)	(283,063,321)	(2,121,369,314)
Liability recognised	218,134	(224,080)	733,834	3,672,143	69,514,276	21,045,816	71,313,096	166,273,219
Liability in respect of 2015 and prior years								413,562
Total liability included in the statement of financial position								166,686,781
Net								
Estimate of net incurred claims								
- At the end of underwriting year	171,150,776	130,810,502	124,909,612	158,336,315	210,655,408	312,617,330	210,416,072	1,318,896,015
- One year later	206,467,285	147,032,059	141,606,134	170,105,519	227,752,612	360,332,056	-	1,253,295,665
- Two years later	213,115,960	148,302,350	142,989,872	166,067,447	241,396,320	-	-	911,871,949
- Three years later	215,219,142	148,387,965	139,736,051	172,935,144	-	-	-	676,278,302
- Four years later	216,622,738	146,557,123	144,557,269	-	-	-	-	507,737,130
- Five years later	215,694,443	157,953,300	-	-	-	-	-	373,647,743
- Six years later	228,815,774	-	-	-	-	-	-	228,815,774
Current estimate of incurred claims	228,815,774	157,953,300	144,557,269	172,935,144	241,396,320	360,332,056	210,416,072	1,516,405,935
Cumulative payments to date	(228,961,682)	(158,249,710)	(144,431,745)	(173,100,590)	(241,277,952)	(358,828,111)	(172,978,926)	(1,477,828,716)
Liability recognised	(145,908)	(296,410)	125,524	(165,446)	118,368	1,503,945	37,437,146	38,577,219
Liability in respect of 2015 and prior years								110,168
Total liability included in the statement of financial position								38,687,387

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

DEFERRED ACQUISITION COSTS

	2022 AED	2021 AED
As at 1 January	**24,212,266**	37,338,946
Expenses incurred during the year	**93,604,302**	48,970,293
Less: amortisation charged to the statement of comprehensive income	**(76,816,735)**	(62,096,973)
As at 31 December	**40,999,833**	24,212,266

DEFERRED COMMISSION INCOME

	2022 AED	2021 AED
As at 1 January	**11,349,207**	6,967,369
Commission received during the year	**36,402,816**	27,799,687
Commission income released to the statement of comprehensive income	**(32,397,129)**	(23,417,849)
As at 31 December	**15,354,894**	11,349,207

12 OTHER RECEIVABLES AND PREPAYMENTS

	2022 AED	2021 AED
Accrued interest income	**1,254,339**	630,692
Prepayments	**525,003**	2,098,447
Staff advances	**137,731**	35,814
Deferred TPA fees	**7,617,026**	-
Other receivables	**8,293,888**	8,692,381
Less: Expected credit losses	**(1,376,301)**	(338,306)
	16,451,686	11,119,028

13 CASH AND BANK BALANCES

	2022 AED	2021 AED
Cash in hand	**77,834**	73,053
Bank balances:		
Current accounts	**10,491,956**	1,356,695
Fixed deposits	**197,405,468**	190,914,063
Less: Expected credit losses	**(33,981)**	(33,981)
	207,941,277	192,309,830

Fixed deposits with banks as at 31 December 2022 include AED 10.3 million (2021: AED 10.3 million) deposited in the name of the Company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Central Bank of United Arab Emirates.

Fixed deposits amounting to AED 168.5 million (2021: AED 158.4 million) are under lien in respect of bank credit facilities granted to the Company. All fixed deposits with banks mature within different periods not exceeding one year from the date of deposit and carry interest rates between 1.2% to 4.9% (2021: 1% to 3%) per annum. Cash and cash equivalents for the purpose of statement of cash flows are analysed as follows:

	2022 AED	2021 AED
Cash and bank balances	**207,941,277**	192,309,830
Bank borrowings (note 18)	**(158,788,906)**	(154,550,305)
Cash and cash equivalents	**49,152,371**	37,759,525

14 SHARE CAPITAL

	2022 AED	2021 AED
Issued and fully paid 230,000,000 shares of AED 1 each	**230,000,000**	230,000,000

15 STATUTORY RESERVE

In accordance with the UAE Commercial Companies Law No. 32 of 2021 (the "Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law. During the year, no transfer was made to the statutory reserve (2021: Nil).

16 GENERAL AND REINSURANCE RESERVE

General reserve
The general reserve is established through transfers from profit for the year as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors approved by a Shareholders' resolution. During the year no transfers were made to the general reserves (2021: Nil). On recommendation of Board of Directors, Shareholders have approved, in annual general meeting held on 21 April 2022, transfer of AED 20 million from general reserves to retained earnings (2021: AED 30 million).

Reinsurance reserve
In accordance with Central Bank of United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 1.14 million based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve (2021: AED 1 million). The reserve is not available for distribution, and will not be disposed of without prior approval from Central Bank of United Arab Emirates.

17 PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY

Movement in the provision is as follows:

	2022 AED	2021 AED
As at 1 January	**7,612,039**	10,401,343
Charge for the year	**950,446**	1,094,939
Paid during the year	**(1,987,477)**	(872,442)
Reversal during the year	-	(3,011,801)
As at 31 December	**6,575,008**	7,612,039

18 BANK BORROWINGS

	2022 AED	2021 AED
Bank overdrafts	**158,788,906**	154,550,305

The Company has bank facilities in the form of overdrafts payable upon demand and bearing interest ranging from 1.25% to 5.15% per annum (2021: 1.25% to 3.65%). These facilities are secured by lien on fixed deposits amounting to AED 168.5 million (2021: AED 158.4 million). The bank overdraft limit provided under the facilities is AED 166 million (2021: AED 156 million).

19 INSURANCE AND OTHER PAYABLES

	2022 AED	2021 AED
Due to policy holders	**61,091,390**	29,374,582
Due to insurance and reinsurance companies	**65,238,367**	56,875,472
Due to agents and brokers	**12,783,805**	6,857,486
Due to garages	**18,134,597**	20,408,933
Other payables	**17,521,427**	17,826,229
	174,769,586	131,342,702

Other payables can be analysed as follows:

	2022 AED	2021 AED
Accrued expenses and payable to suppliers	**11,369,978**	8,721,185
VAT payable	**3,973,047**	2,837,778
Others	**2,178,402**	6,267,266
	17,521,427	17,826,229

20 LEASE LIABILITY

The Company has leases for the premises, head office building and its branch offices as at 31 December 2022. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use asset in a consistent manner to its property and equipment (see note 5). Future minimum lease payments at 31 December 2022 were as mentioned below:

	Within 1 year AED	1-2 years AED	2-3 years AED	Total AED
31 December 2022				
Lease payments	**1,503,608**	-	-	**1,503,608**
Finance charges	**(30,668)**	-	-	**(30,668)**
Net present values	**1,472,940**	-	-	**1,472,940**
31 December 2021				
Lease payments	4,754,810	4,253,608	-	9,008,418
Finance charges	(279,086)	(104,159)	-	(383,245)
Net present values	4,475,724	4,149,449	-	8,625,173

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease payments represent rentals payable by the Company for its branch offices. At reporting date, the Company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2022 AED	2021 AED
Less than one year	**188,905**	575,938

21 NET INVESTMENT LOSS

	2022 AED	2021 AED
Allocated general and administrative expenses to investment	**(10,786,046)**	(8,727,636)
Gain/(loss) on revaluation of financial assets at FVTPL (note 7)	**1,066,892**	(498,888)
Rental income from investment property	**5,880,661**	4,112,520
Interest income on fixed deposits	**3,453,241**	4,584,789
Dividend income from financial assets at FVTPL	**434,741**	198,120
Net gain on sale of financial assets at FVTPL	**-**	20,269
Other expenses	**(785,767)**	-
Gain on termination of lease liability	**92,830**	-
Gain/(loss) on disposal of property and equipment	**18,083**	(518)
	(625,365)	(311,344)

No social contribution made by the Company to be included in unallocated general administrative expenses during the year (2021: Nil).

22 GENERAL AND ADMINISTRATIVE EXPENSES

Loss for the year has been arrived at after charging the following expenses which are included in the general and administrative expenses and unallocated general and administrative expenses.

	2022 AED	2021 AED
Staff cost	**30,598,688**	28,806,099
Depreciation of property and equipment (note 5)	**3,031,450**	5,855,854

23 LOSS PER SHARE

Basic loss per share are calculated by dividing the loss for the year attributable to shareholders by the weighted average number of shares outstanding at reporting date.

	2022	2021
Loss for the year (AED)	**(49,445,573)**	(62,944,084)
Directors' fee paid (AED)	**-**	(1,535,000)
Loss for the year attributable to equity holders (AED)	**(49,445,573)**	(64,479,084)
Weighted average number of shares	**230,000,000**	230,000,000
Loss per share (AED)	**(0.2)**	(0.3)

24 RELATED PARTY TRANSACTIONS

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Company, their close family members and entities controlled, jointly controlled or significantly influenced by such parties. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

24 RELATED PARTY TRANSACTIONS (continued)

At reporting date, amounts due from related parties were as follows:

	2022 AED	2021 AED
Included in due from related parties		
Due from related parties	**105,398,685**	104,752,832
Due from shareholders	**800,709**	1,038,574
Expected credit losses	**(91,569,685)**	(90,107,680)
	14,629,709	15,683,726
Included in insurance contract liabilities		
Gross outstanding claims	**140,133**	98,264

Movement in the expected credit losses can be analysed as follows:

	2022 AED	2021 AED
As at 1 January	**90,107,680**	91,307,680
Charge during the year	**1,462,005**	51,301
Reversal during the year	**-**	(1,251,301)
As at 31 December	**91,569,685**	90,107,680

These amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

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

	2022 AED	2021 AED
Gross premiums	**2,728,141**	3,239,919
Claims paid	**(393,122)**	(863,458)
Compensation of key management personnel		
Salaries and benefits	**4,063,032**	3,004,095

25 SEGMENTAL INFORMATION

Operating segment information

For management purposes the Company is organised into three operating segments, general insurance, life assurance and investments. These segments are the basis on which the Company reports its primary segment information.

	General insurance		Life assurance		Investments		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	AED	AED	**AED**	AED	**AED**	AED	**AED**	AED
ASSETS								
Property and equipment	**80,683,711**	88,439,354	**71,877**	82,140	**-**	-	**80,755,588**	88,521,494
Investment in associates	**-**	-	**-**	-	**99,475,388**	118,340,804	**99,475,388**	118,340,804
Investment in financial assets at FVTPL	**-**	-	**-**	-	**19,404,579**	15,587,696	**19,404,579**	15,587,696
Investment property	**-**	-	**-**	-	**157,931,895**	157,931,895	**157,931,895**	157,931,895
Insurance receivables	**251,879,444**	198,240,261	**690,581**	954,678	**-**	-	**252,570,025**	199,194,939
Reinsurer share of outstanding claims	**126,829,397**	156,525,864	**1,169,997**	423,942	**-**	-	**127,999,394**	156,949,806
Reinsurer share of IBNR	**21,229,033**	26,192,441	**381,911**	120,616	**-**	-	**21,610,944**	26,313,057
Reinsurer share of unearned premium reserve	**95,968,682**	73,494,684	**513,830**	386,057	**-**	-	**96,482,512**	73,880,741
Reinsurer share of mathematical reserve	**-**	-	**251,118**	1,149,880	**-**	-	**251,118**	1,149,880
Deferred acquisition costs	**40,985,181**	24,194,937	**14,652**	17,329	**-**	-	**40,999,833**	24,212,266
Reinsurance share of unexpired risk reserve	**-**	661,824	**-**	(265,902)	**-**	-	**-**	395,922
Due from related parties	**14,497,474**	15,649,076	**132,235**	34,650	**-**	-	**14,629,709**	15,683,726
Other receivables and prepayments	**16,451,686**	11,119,028	**-**	-	**-**	-	**16,451,686**	11,119,028
Cash and bank balances	**199,441,277**	183,809,830	**8,500,000**	8,500,000	**-**	-	**207,941,277**	192,309,830
TOTAL ASSETS	**847,965,885**	778,327,299	**11,726,201**	11,403,390	**276,811,862**	291,860,395	**1,136,503,948**	1,081,591,084

25 SEGMENTAL INFORMATION (continued)

	General insurance		Life assurance		Total	
	2022	2021	2022	2021	2022	2021
	AED	AED	AED	AED	AED	AED
LIABILITIES						
Provision for employees' end of service indemnity	6,241,705	7,352,171	333,303	259,868	6,575,008	7,612,039
Bank borrowings	158,788,906	154,550,305	-	-	158,788,906	154,550,305
Insurance and other payables	173,578,865	129,795,765	1,190,721	1,546,937	174,769,586	131,342,702
Outstanding claims reserve	165,356,574	205,048,159	1,330,207	473,413	166,686,781	205,521,572
Incurred but not reported claims reserve	72,948,400	74,732,265	411,159	132,873	73,359,559	74,865,138
Unearned premium reserve	323,901,539	218,213,665	543,171	417,057	324,444,710	218,630,722
Mathematical reserve	-	-	252,046	1,157,216	252,046	1,157,216
Unexpired risk reserve	4,665,621	5,758,632	23,009	37,078	4,688,630	5,795,710
Unallocated loss adjustment expense reserve	3,720,050	6,318,698	32,288	18,479	3,752,338	6,337,177
Deferred commission income	15,349,164	11,344,149	5,730	5,058	15,354,894	11,349,207
Lease liabilities	1,472,940	8,625,173	-	-	1,472,940	8,625,173
TOTAL LIABILITIES	926,023,764	821,738,982	4,121,634	4,047,979	930,145,398	825,786,961
EQUITY						
Share capital					230,000,000	230,000,000
Statutory reserve					70,203,206	70,203,206
General reserve					-	20,000,000
Reinsurance reserve					2,751,401	1,612,577
Accumulated losses					(96,596,057)	(66,011,660)
TOTAL EQUITY					206,358,550	255,804,123
TOTAL LIABILITIES AND EQUITY					1,136,503,948	1,081,591,084

25 SEGMENTAL INFORMATION (continued)

	General insurance		Life assurance		Total	
	2022 AED	2021 AED	2022 AED	2021 AED	2022 AED	2021 AED
Underwriting income						
Gross premium	632,114,241	499,156,605	1,672,288	1,320,064	633,786,529	500,476,669
Less: reinsurance share of gross premium	(211,892,274)	(164,275,853)	(1,570,343)	(1,081,664)	(213,462,617)	(165,357,517)
Less: reinsurance share of ceded business premium	(14,302,124)	(26,592,437)	-	-	(14,302,124)	(26,592,437)
Net retained premium	405,919,843	308,288,315	101,945	238,400	406,021,788	308,526,715
Net change in unearned premium reserve	(70,428,647)	49,121,651	(1,690)	(49,389)	(70,430,337)	49,072,262
Net insurance premium	335,491,196	357,409,966	100,255	189,011	335,591,451	357,598,977
Commission earned	32,383,460	23,406,037	13,669	11,812	32,397,129	23,417,849
Commission incurred	(76,776,867)	(62,077,413)	(39,868)	(19,560)	(76,816,735)	(62,096,973)
Other operational (expenses)/income - net	(7,686,291)	16,968,557	578,809	250,464	(7,107,482)	17,219,021
Gross underwriting income	283,411,498	335,707,147	652,865	431,727	284,064,363	336,138,874
Underwriting expenses						
Gross claims paid	(456,211,211)	(411,777,664)	(220,428)	(1,051,645)	(456,431,639)	(412,829,309)
Insurance claims recovered from reinsurers	179,277,978	94,753,426	208,842	1,002,348	179,486,820	95,755,774
Net claims paid	(276,933,233)	(317,024,238)	(11,586)	(49,297)	(276,944,819)	(317,073,535)
Change in provision for outstanding claims	39,691,585	(16,434,973)	(856,794)	3,530,542	38,834,791	(12,904,431)
Change in reinsurer share of outstanding claims	(29,696,467)	11,235,132	746,055	(3,164,716)	(28,950,412)	8,070,416
Change in unexpired risk reserve	431,187	(5,096,808)	279,971	(184,339)	711,158	(5,281,147)
Change in incurred but not reported claims reserve	(3,179,543)	(14,058,270)	(16,991)	51,353	(3,196,534)	(14,006,917)
Change in mathematical reserve	-	-	6,408	991	6,408	991
Change in unallocated loss adjustment expense reserve	2,598,648	(2,370,097)	(13,809)	116,282	2,584,839	(2,253,815)
Net claims incurred	(267,087,823)	(343,749,254)	133,254	300,816	(266,954,569)	(343,448,438)
Underwriting income/(loss)	16,323,675	(8,042,107)	786,119	732,543	17,109,794	(7,309,564)
Net investment loss					(625,365)	(311,344)
Share of losses from equity accounted investees					(18,865,416)	(17,505,549)
Finance costs					(3,839,817)	(2,296,081)
General and administrative expenses					(43,224,769)	(35,521,546)
Loss for the year					(49,445,573)	(62,944,084)

26 CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees

	2022 AED	2021 AED
Letters of guarantee	**12,611,698**	15,831,735

Contingent liabilities

The Company in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and are liable estimate of the amount of outflow can be made.

Commitments

As at 30 September 2022, Al Sagr Cooperative Insurance Company (associate) had an outstanding commitment of 15 million Saudi Riyals in respect of purchase of investments relating to mutual fund and cost towards implementation of new software (31 December 2021: 8.8 million Saudi Riyals).

27 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007. The Company manages its capital on a basis of its minimum regulatory capital position presented in the table below:
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Financial Regulations for Insurance Companies issued by the Central Bank of UAE. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	(Unaudited) 30 September 2022 AED
Minimum Capital Requirement (MCR)	**100,000,000**
Solvency Capital Requirement (SCR)	**130,644,000**
Minimum Guarantee Fund (MGF)	**82,925,000**
Basic Own Funds	**55,704,000**
MCR Solvency Margin – Deficit	**(44,296,000)**
SCR Solvency Margin – Deficit	**(74,940,000)**
MGF Solvency Margin – Deficit	**(27,221,000)**

As per Article (8) of Section 2 of the Financial Regulations for Insurance Companies issued by the Central Bank of UAE, the Company shall at all times comply with the requirements of Solvency Margins. As at 30 September 2022, the Company had minimum capital, solvency capital and minimum guarantee fund deficits of AED 44.3 million, AED 74.9 million and AED 27.2 million as compared to requirements of AED 100 million, AED 130.6 million and AED 82.9 million respectively.

28 RISK MANAGEMENT

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks. This section summarises these risks and the way the Company manages them:

28.1 Governance framework

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

28.2 Risk management framework

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

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

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

28.3 Capital management framework

The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole is exposed, quantifying their impact on economic capital.

28.4 Regulatory framework

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

The operations of the Company are also subject to regulatory requirements within the U.A.E. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

28.5 Asset liability management (ALM)

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces due to the nature of its investments and liabilities is interest rate risk and equity price risk. The Company manages these positions within an ALM framework that has been developed by management to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Company's ALM (currently with the Risk committee) also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (ALM) (continued)

Insurance risks

The Company accepts insurance risk through its written insurance contracts. The Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company writes the following types of general insurance and life insurance contracts:

General insurance contracts include Liability insurance, Property insurance, Motor insurance, Fire insurance, Medical insurance, Marine insurance and Engineering insurance contracts. Life insurance contracts include Group life and Credit life insurance contracts.

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company only issues short term insurance contracts in connection with property, motor, marine and casualty risks. Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below:

Underwriting strategy

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

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio. All general insurance contracts except marine and property, are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

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

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

Frequency and amounts of claims

The Company has developed their underwriting strategy to diversify the type of insurance risks accepted and within each of the categories to achieve sufficiently large populations of risk to reduce the variability of the expected outcome. The frequency and amounts of claims can be affected by several factors. The Company underwrite mainly property, motor, casualty, medical and marine risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place.

Property

Property insurance covers a diverse collection of risks and therefore property insurance contracts are subdivided into four risks groups, fire, business interruption, weather damage and theft. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured. The cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruptions are the key factors that influence the level of claims under these policies.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (ALM) (continued)

Insurance risks (continued)

Property (continued)

The greatest likelihood of significant losses on these contracts arises from storm, flood damage or other weather-related incidents.

Motor

Motor insurance contracts are designed to compensate policies holders for damage suffered to vehicles, disability to third parties arising through accidents and fire or theft of their vehicles. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes.

For marine insurance, the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Casualty

For casualty class of business, such as workmen's compensation, personal accident, general third-party liability and loss of money, the extent of loss or damage and the potential court awards are the main factors that influence the level of claims.

The Company manage these risks through their underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk. Underwriting limits are in place to enforce appropriate risk selections.

The Company proactively manages and pursues early settlement of claims to reduce their exposure to unpredictable developments. The Company have adequate reinsurance arrangements to protect their financial viability against such claims for all classes of business. The Company have obtained adequate non-proportionate reinsurance cover for all classes of business to limit losses to an amount considered appropriate by the management.

Medical

Medical selection is part of the Company's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends.

Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

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

Concentration of risk

The Company's underwriting activities are carried out in the United Arab Emirates and other Middle East countries.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (ALM) (continued)

Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources. Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Company has a Reinsurance department that is responsible for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy.

The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances. All purchases of facultative reinsurance are subject to business unit pre-approval and the total expenditure on facultative reinsurance is monitored regularly by reinsurance department.

Financial risk

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

At 31 December 2022	**FVTPL**	**Amortised cost**	**Total**
Financial assets	**AED**	**AED**	**AED**
Investment in financial assets at FVTPL (note 7)	**19,404,579**	**-**	**19,404,579**
Insurance receivables (note 10)	**-**	**252,570,025**	**252,570,025**
Due from related parties (note 24)	**-**	**14,629,709**	**14,629,709**
Other receivables (excluding prepayments) (note 12)	**-**	**15,926,683**	**15,926,683**
Cash and bank balances (note 13)	**-**	**207,941,277**	**207,941,277**
	19,404,579	**491,067,694**	**510,472,273**
Financial liabilities			
Bank borrowings (note 18)	**-**	**158,788,906**	**158,788,906**
Insurance and other payables (note 19)	**-**	**174,769,586**	**174,769,586**
Lease liability (note 20)	**-**	**1,472,940**	**1,472,940**
	-	**335,031,432**	**335,031,432**
At 31 December 2021			
Financial assets			
Investment in financial assets at FVTPL (note 7)	15,587,696	-	15,587,696
Insurance receivables (note 10)	-	199,194,939	199,194,939
Due from related parties (note 24)	-	15,683,726	15,683,726
Other receivables (excluding prepayments) (note 12)	-	9,020,581	9,020,581
Cash and bank balances (note 13)	-	192,309,830	192,309,830
	15,587,696	416,209,076	431,796,772
Financial liabilities			
Bank borrowings (note 18)	-	154,550,305	154,550,305
Insurance and other payables (note 19)	-	131,342,702	131,342,702
Lease liability (note 20)	-	8,625,173	8,625,173
	-	294,518,180	294,518,180

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

(i) Credit risk;
(ii) Liquidity risk;
(iii) Market risk; and
(iv) Operational risk

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (ALM) (continued)

Financial risk (continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment. For all classes of financial assets held by the Company the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the reporting date. Reinsurance is placed with reinsurers' approved by the management, which are generally international reputed companies.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurer's and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers' and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment if required.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2022	2021
Financial assets	**AED**	AED
Insurance receivables (note 10)	**252,570,025**	199,194,939
Due from related parties (note 24)	**14,629,709**	15,683,726
Other receivables (excluding prepayments) (note 12)	**15,926,683**	9,020,581
Bank balances (note 13)	**207,863,443**	192,236,777
	490,989,860	416,136,023

Ageing of insurance receivables is as follows, management has booked an ECL of AED 59,999,855 (2021: AED 60,852,030) against the total exposure indicated below:

	> 90 days AED	91 to 180 days AED	181 to 270 days AED	271 to 365 days AED	> 365 days AED	Total AED
2022	**131,702,054**	**35,292,183**	**17,168,573**	**9,604,724**	**118,802,346**	**312,569,880**
2021	95,756,612	22,808,604	35,882,129	18,035,357	87,564,267	260,046,969

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements are monitored on a daily basis and management ensures that sufficient funds are available to meet any commitments as they arise.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (ALM) (continued)

Financial risk (continued)

ii) Liquidity risk (continued)

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given.

31 December 2022	Carrying amount AED	Contractual cash flows AED	Less than 180 days AED	180 days to 1 year AED
Liabilities				
Bank borrowings (note 18)	**158,788,906**	**(158,788,906)**	**(158,788,906)**	**-**
Insurance and other payables (note 19)	**174,769,586**	**(174,769,586)**	**(174,769,586)**	**-**
Lease liability (note 20)	**1,472,940**	**(1,472,940)**	**-**	**(1,472,940)**
Total Liabilities	**335,031,432**	**(335,031,432)**	**(333,558,492)**	**(1,472,940)**
31 December 2021				
Liabilities				
Bank borrowings (note 18)	154,550,305	(154,550,305)	(154,550,305)	-
Insurance and other payables (note 19)	131,342,702	(131,342,702)	(131,342,702)	-
Lease liability (note 20)	8,625,173	(8,625,173)	-	(8,625,173)
Total Liabilities	294,518,180	(294,518,180)	(285,893,007)	(8,625,173)

iii) Market Risk

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

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the U.A.E Dirham. The Company has exposures in USD, which is pegged with AED and the Company's exposure to currency risk is limited to that extent, since almost all reinsurance arrangements are denominated in USD.

b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate relates to its bank deposits. At 31 December 2022, fixed deposits carried interest rates ranging from 1.2% to 4.9% (2021: 1% to 3%) per annum.

If interest rates had been 100 basis points lower throughout the year and all other variables were held constant, the Company's net profit for the year ended 31 December 2022 would decrease by approximately AED 1.97 million (2021: AED 1.91 million). Similarly increase in interest by 100 basis points would result in equal and opposite effect on profit for the year.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (ALM) (continued)

Financial risk (continued)

iii) Market Risk (continued)

c) Equity price risk

Equity price risk is the risk that the fair value of a financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Company's equity price risk policy requires is to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

Sensitivities

The table below shows the results of sensitivity testing on the Company's profit or loss and equity by type of business. The sensitivity analysis indicates the effect of changes in price risk factors arising from the impact of the changes in these factors on the Company's investments:

	10% increase in price		10% decrease in price	
	Profit or loss AED	Other comprehensive income AED	Profit or loss AED	Other comprehensive income AED
31 December 2022				
Fair value through profit or loss	**1,940,458**	**-**	**(1,940,458)**	**-**
31 December 2021				
Fair value through profit or loss	1,558,770	-	(1,558,770)	-

iv) Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

29 POST REPORTING DATE EVENTS

On 1 March 2023, the Board of Directors discussed and approved the proposal of reducing the paid capital to AED 130 million and escalate it to the AGM for approval.

Except for the above event there are no other adjusting or significant non-adjusting events that have occurred between the reporting date and the date of authorisation of these financial statements.

AL SAGR INSURANCE

Governance Report 2022

First - the measures taken to complete the corporate governance system during the year 2022:

The corporate governance system for insurance companies was issued on 09/29/2022 and was circulated by CB to insurance companies to implement it, as it included many new requirements that resulted in a change in the structure of the Board of Directors and a change in a number of company policies and procedures. The instructions included the entry into force of this system after a month from the date of It was published in the Official Gazette. It also included instructions for drawing up a compliance plan and delivering it within three months to the Central Bank for companies that are not compatible with this system in its validity, provided that the compliance period does not exceed three years. The company has worked to take the steps mentioned below, in implementation of the items mentioned. In the current and new laws to achieve the objectives of the governance system represented in institutional discipline:

• The Board of Directors held five meetings during the year 2022, and the company's conditions were discussed, and the minutes of the meetings were recorded and saved in a way that makes them easy to view.

• The Audit Committee held its meetings 4 times during the year 2022.

• The Nominations and Rewards Committee held one meeting during the year.

• Four meetings of the Investments Committee were held.

• The internal control reports were discussed by the company's audit committee, its recommendations were reviewed and its work evaluated, which mainly aims to ensure integration and coordination between the various functions in the company with management, allowing the company to achieve its goals.

• A comprehensive governance report has been prepared that explains to shareholders the role played by the company's management in achieving institutional discipline and protecting the rights of shareholders and stakeholders.

• The Board of Directors adhered to the principles of disclosure and transparency according to the laws in force.

• The General Assembly was convened within the legal period and the minutes of the meeting were edited and signed by the Chairman of the Board of Directors, the external auditor and the meeting's reporter.

• The data has been updated in the Investor Relations section on the company's website, which contains financial data, minutes of meetings of the Board of Directors and general assemblies, in addition to governance reports and other data of interest to investors.

• The Statute was amended during the year 2022 and published in the Official Gazette.

• The Board of Directors reviewed the details of the items contained in the new governance system issued by the Central Bank. Accordingly, a compliance plan was prepared for a period not exceeding three years, and it was approved by the Board and delivered to the Central Bank for review and benefit.

• Al-Saqr National Insurance Company opened the door for candidacy for membership of its Board of Directors, starting from 06/02/2023, and the independence conditions issued by the Central Bank were applied.

• The Board of Directors will abide by the instructions of the Securities and Commodities Authority that it is necessary to retain the seat of the female component, in that the elections for the Board of Directors that will be voted on in the General Assembly are in 2023.

• The insiders register was updated quarterly during 2022.

Second - a statement of the ownership and dealings of the members of the Board of Directors, their spouses and their children in the company's securities during the year 2022:

The Securities and Commodities Authority’s Board of Directors’ Decision No. 2 of 2001 regarding trading, clearing, settlement, transfer of ownership and custody of securities is governed by Decision of the Board of Directors of the Securities and Commodities Authority No. 2 of 2001 regarding trading, clearing, settlement, transfer of ownership and custody of securities. The employees who are familiar with the company’s basic data may act by themselves or through others by dealing in the securities of the same company or of the parent, subsidiary, ally or sister company during the following periods:

1. 10 working days before announcing any material information that may affect the share price, up or down, unless the information is the result of sudden and emergency events.

2. 15 days before the end of the quarterly, semi-annual or annual financial period and until the financial statements are disclosed.

The provisions of the law shall be taken into account when any of the persons referred to above disposes himself or through others by dealing in the securities of the same company, or of the parent, subsidiary or ally company. and others who are familiar with the inside information in accordance with the provisions of Article 4-2 of the Market Regulations.

- All members of the Board of Directors of Al Sagr Insurance Company, in accordance with the provisions of the law, regulations and decisions issued pursuant thereto regarding their dealings in securities, acknowledged their commitment to the Board of Directors’ Decision No. 2 of 2001 regarding the system for trading and dealing in the company’s securities during the year 2020.

The members of the board of directors shall abide by the requirements of disclosure and transparency in accordance with the provisions of the laws during their dealings with securities.

- The chairman and members of the board of directors, the CEO of the company and any of the employees are obligated not to act himself or through others in any dealings in the company's securities except after disclosing - through the financial market - the purchase or sale process, its quantities and prices and obtaining approval Market manager to deal.

The persons referred to above are also obligated to disclose in advance to the market any dealings in the securities of the parent, subsidiary or sister company if this company is listed on the market.

- Below is the table of ownerships and transactions for the members of the Board of Directors and their spouses and children during the year 2022:

Purchase	Sell	Shares as at 31/12/2022	Title	Name	م
Nil	Nil	11,500,000	Director	Ayman dwaik	1
Nil	Nil	11,526,986	Deputy chairman	Khaled taryam	2

Third - Formation of the Board of Directors during 2022

A- Formation of the board of directors

Name	**Title**	**Class**		**Experience & Qualifications**	**Membership Duration**
Majid Abdulla Al Sari	Chairman	Independent	*Non-Executive*	Holder of a university degree, and he serves as a manager of several commercial companies	19 years
Khalid Abdulla Omran Tariam	Vice Chairman	Independent	*Non-Executive*	Chairman, Editor-in-Chief, and Director-General of Dar AlKhaleej for Press, Printing and Publishing. Owner of Global Private Group	28 years

Ayman Mohamed Yusri Al Dweik	Director	Independent	*Non-Executive*	Graduated from the University of Southern California /Markeing	3 years
Mohamed Ali Sari	Director	Independent	*Non-Executive*	Holder of a university degree, and he serves as a manager of several commercial companies	7years
Abdel Muhsen Jaber	Director	Non-Independent	*Executive*	Bachelor of applied science Master of Science Master of Business Administration Insurance experience for 18 years	4years

Continued A- A statement of the membership and positions of the members of the board of directors in other companies and institutions.

Name	**Item**
Majid Abdulla Al Sari	Director in the Investment Group (Privacy) Limited Vice-Chairman of the Gulf General Investment Company Director in Al-Burj Real Estate Company Chairman of Alsoor Investment Chairman of Alsagr Cooperative Insurance- KSA
Khalid Abdulla Omran Tariam	Chairman, Editor-in-Chief, and Director- General of Da AlKhaleej for Press, Printing and Publishing. Chairman of Global Private Group

	Director-General of Gulf Economic Co. *Ltd.*
Ayman Mohamed Yusri Al Dweik	Board Member - Near East Investment Company LLC Member of the Board of Directors - Al-Ahlia Real Estate Company Member of the Board of Directors - The National Company for Trade and Industry Board Member - Cosmo Plast and Interplast - Member of the Board of Directors - Industrial Investment Company - Riviera Pot.
Mohamed Ali Sari	Board Member in GGICO
Abdel Muhsen Jaber	None

Mr. Ayman has resigned on 01/03/2023

The members of the board of directors acknowledge the correctness of the information contained in item 2 and item 3-a.

B, C - There is no female component in the board of directors, knowing that the female candidates did not succeed in the elections in 2020

D- Remunerations of the members of the Board of Directors:

The remuneration of the members of the Board of Directors is calculated based on Article 29 of the Chairman of the Authority's Board of Directors Decision No. (3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies and Article 171 of the Commercial Companies Law No. 32 for the year 2021, where the remuneration is disbursed according to the following:

The remuneration of the chairman and members of the Board of Directors consists of a percentage of the net profit, provided that it does not exceed 10% of those profits for the fiscal year. That member works in any committee or makes special efforts or performs additional work to serve the company in addition to his normal duties as a member of the board of directors of the company, and it is not permissible to pay an attendance allowance to the chairman or member of the board of directors for the meetings of the board.

As an exception to the previous clause, fees may be paid in the form of a lump sum of 200,000 dirhams for each member in the event that no profit is achieved, or if the member's share of the profit is less than 200,000 dirhams.

Fines that may have been imposed on the company by the authority or the competent authority due to the board of directors' violations of the Companies Law or the company's articles of association during the ending fiscal year must also be deducted from the remuneration of the chairman and members of the board of directors.

1. Bonus for the year 2021: Since the company did not achieve profits for the period ending on 12/31/2021, there is no bonus for the year 2021, and they only received allowances for attending committees and allowances for their additional efforts.

2. The proposed total remuneration for the members of the Board of Directors for the year 2022, which will be presented at the Annual General Assembly for approval.

- Remuneration for members of the Board of Directors for the year 2022: 500 thousand dirhams, at a rate of 100 thousand dirhams per member

3. Details of the allowances for attending the meetings of the committees emanating from the Board that the members of the Board of Directors received for the fiscal year 2022:

بدلات حضور جلسات اللجان المنبثقة عن المجلس				**Investment committee**	م
Total	Meeting No.	Allowance /AED	لجنة الاستثمار		
75000	4	18750	Chairman	Mr. Majid Al Sari	1
75000	4	18750	Deputy	Mr. Abdel Muhsen Jaber	2
75000	4	18750	Member	Mr. Khaled Taryam	3

بدلات حضور جلسات اللجان المنبثقة عن المجلس				**Audit Committee**	م
Total	Meeting No.	Allowance /AED	لجنة التدقيق		
60,000	4	15,000	Chairman	Mr. Khaled Taryam	1

60,000	4	15,000	Deputy	Mr. Mohamad Ali Alsari	2
60,000	2	15,000	Member	Mr. Ayman Dwaik	3

بدلات حضور جلسات اللجان المنبثقة عن المجلس				**Nomination and Remuneration Committee**	م
Total	Meeting No.	Allowance /AED	لجنة الترشيحات		
15,000	1	15,000	Chairman	Mr. Mohamad Ali Alsari	1
15,000	1	15,000	Deputy	Mr. Ayman Dwaik	2
15,000	1	15,000	Member	Mr. Khaled Taryam	3

4. Details of allowances, salaries or additional fees received by a member of the Board of Directors other than allowances for attending committees and their reasons: Allowance for management, restructuring and controlling expenses of 321 thousand dirhams for each of the CEO and Chairman of the Board of Directors.

E, F - The company's board of directors held five meetings during the year 2022, as shown below.

الغياب/ملاحظات	Attendees	التاريخ	الرقم
-	**Majid Abdullah Al-Sirri - Khaled Abdullah Omran Taryam - Muhammad Ali Al-Sirri - Abdul Mohsen Jaber - Ayman Muhammad Al-Dweik**	**2022/03/21**	**1**
-	Majid Abdullah Al-Sirri - Khaled Abdullah Omran Taryam - Muhammad Ali Al-Sirri - Abdul Mohsen Jaber - Ayman Muhammad Al-Dweik	**2022/08/23**	**2**
By Circulation	Majid Abdullah Al-Sirri - Khaled Abdullah Omran Taryam - Muhammad Ali Al-Sirri - Abdul Mohsen Jaber - Ayman Muhammad Al-Dweik	**2022/11/14**	**3**

-	Majid Abdullah Al-Sirri - Khaled Abdullah Omran Taryam - Muhammad Ali Al-Sirri - Abdul Mohsen Jaber - Ayman Muhammad Al-Dweik	**2022/11/22**	**4**
-	Majid Abdullah Al-Sirri - Khaled Abdullah Omran Taryam - Muhammad Ali Al-Sirri - Abdul Mohsen Jaber - Ayman Muhammad Al-Dweik	**2022/12/20**	**5**

M - Tasks and competencies delegated by the Board of Directors to the Executive Management:

The Executive Management is authorized by the Board of Directors to:

Name of Delegated Person	Abdel Muhsen Jaber
Delegation Period	Not determined
Delegation Power	• Management of ASNIC • Deposit and withdraw from ASNIC current bank accounts, conclude and sign contracts and agreements, and register related financial disposals. • Follow up and issue regular financial reports to be submitted to ASNIC Board of Directors. • Represent ASNIC before the competent authorities and official departments. • Sign on behalf of ASNIC on all the transactions, records, and documents related thereto with the ministries, courts, municipalities, NGOs, chambers of commerce and industry, and the departments of residence, traffic, police, labor, and immigration at the airports.

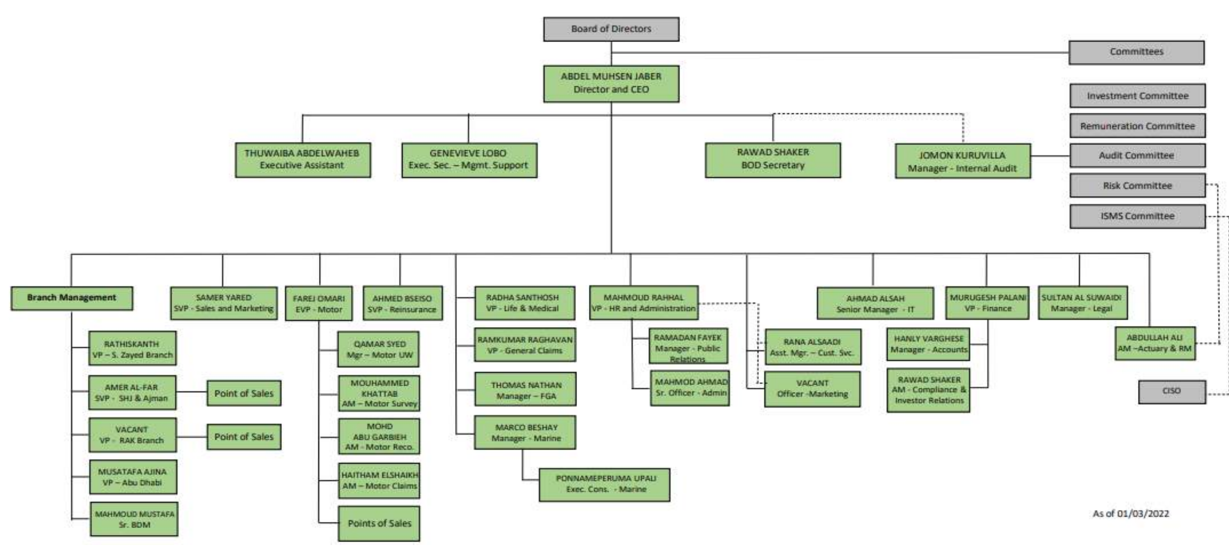
	• Appoint and remove employees as per the policy of the BOD and its committees. • Sell and market ASNIC production. • Lease offices for the branches and procure all the supplies. • Pay salaries and compensations to ASNIC employees and staff. • Approve payment of indemnities for the sums due as a result of realization of insurance risks.

D- Transactions with related parties.

حجم التعامل	نوع التعامل	طبيعة العلاقة	الطرف ذو العلاقة	م
-	-	-	-	

Y- The company's organizational structure for the year 2022: shown on the next page.

ORGANIZATIONAL CHART



AL SAGR INSURANCE

H- Names of the senior executives:

.	Name	Title	Date Of Appointment	Total Salaries and Allowance during 2022	Total Bonus during 2022
9	ABDEL MUHSEN JABER	Director and CEO	14-May-12	1,200,000.00	-
9	SAMER GHATTAS GEORGE YARED	Senior Vice President - Sales & Mark	23-Feb-20	588,000.00	70,560.00
2	THYAGARAJAN RADHA SANTHOSH KUMAR	Vice President - Life & Medical	5-Nov-06	450,000.00	-
1	AHMED KHALIL BSEISO	Senior Vice President - Reinsurance	7-Nov-95	445,200.00	-
4	MAHMOUD YOUSEF MAHMOUD RAHHAL	Vice President - HR & Administratior	20-Oct-20	456,000.00	-
5	MURUGESH PALANI	Vice President - Finance	21-Aug-19	435,600.00	-
7	AHMAD SHARIF AHMAD ALSAH	Senior Manager - Information Techn	5-Aug-21	140,000.00	-
6	AHMED ZAKI ABDELSALAM BADAWI	Manager - Information Technology	17-May-22	228,000.00	-

- Mr. Ahmed Al-Sah resigned on 05/20/2022

Fourth- External Auditor:

A- Brief about Grant Thornton Company: It is considered one of the largest consulting, auditing and professional services companies in the world and is recognized by the capital markets, regulatory bodies and international standard-setting bodies, and it is among the top five companies in the field of auditing.

Operations in the UAE are supported by more than 200 specialized people, and the local team is supported by the expertise of regional professionals distributed around the world.

B - An explanatory schedule of fees and details of work with the external auditor.

Grant Thornton –Osama Bakry	**Auditor**
4	**No. of years**
1	**No. of years as partner**
حددت اتعابهم بمبلغ 225,000 درهم اماراتي .	**Fees**

Nil	**Other fees**
Nil	**Other services**
Nil	**Other auditor’s services**

C- There are no qualification by the company's external auditor on the interim and annual financial statements for the year 2021

Fifthly, the Audit Committee:

1. The Chairman of the Audit Committee, Mr. Khaled Abdullah Taryam, acknowledges his responsibility for the committee’s system in the company and for his review of its work mechanism and to ensure its effectiveness.

2. The Audit Committee is composed of the following gentlemen:

• Mr. Khaled Abdullah Omran Taryam - Chairman of the Committee - expert in financial and accounting affairs.

• Mr. Muhammad Ali Al-Sari - Committee member and Vice-Chairman.

• Mr. Ayman Dweik - Member of its Committee.

The committee performs all the competencies and tasks stipulated in Article 61 of the Authority’s Chairman of the Board of Directors’ Decision No. 3/2020 regarding governance controls, which are as follows:

1. Reviewing the company's financial and accounting policies and procedures.

2. Monitoring the integrity of the company’s financial statements and reports (annual, semi-annual and quarterly) and focusing on the following:

• Any change in accounting policies.

• To highlight the aspects subject to the discretion of the Board of Directors.

• Fundamental modifications resulting from the audit.

• Ensure that the company updates its procedures on an annual basis.

• Assuming the continuity of the company's work.

• Compliance with the accounting standards decided by the Commission.

• Comply with the rules of disclosure and listing.

3. Coordination with the company's board of directors, the executive management and the financial manager in order to perform the tasks.

4. Considering any essential and unusual items that must be included in those reports and accounts.

5. Submitting a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the external auditor. In the event that the Board of Directors does not agree to the recommendations of the Audit Committee in this regard, the Board of Directors must include in the governance report a statement explaining the recommendations of the Audit Committee and the reasons that prompted the Board of Directors not to take them.

6. Establishing a policy for contracting with the external auditor and submitting a report to the Board of Directors specifying the issues that it deems necessary to take a decision on, with appropriate recommendations.

7. Ensuring that the external auditor fulfills the conditions stipulated in the applicable laws, regulations, decisions and the company's articles of association, and monitors and monitors his independence.

8. Meeting with the company's external auditor without the presence of any of the senior executive management persons or its representative at least once a year and discussing with him the nature and scope of audits and their effectiveness in accordance with the approved auditing standards.

9. Examine everything related to the work of the external auditor, his work plan, his correspondence with the company, his comments, suggestions, reservations, and any fundamental inquiries raised by the external auditor to the senior executive management regarding the accounting records, financial accounts, or control systems, and follow-up to the extent of the company's management response to them. Provide them with the facilities necessary to carry out their work.

10. Ensure that the board of directors responds in a timely manner to the clarifications and essential issues raised in the external auditor's letter.

11. Reviewing and evaluating the company's internal control and risk management systems.

12. Discussing the internal control system with the Board of Directors and ensuring that it fulfills its duty to establish an effective internal control system.

13. Considering the results of the main investigations in the issues of internal control.

14. Reviewing the auditor's evaluation of the internal control procedures and ensuring that there is coordination between the internal and external auditors

15. Ensuring the availability of the necessary resources for the internal control department and monitoring the effectiveness of this department.

16. Studying and evaluating the internal control reports and following up on the implementation of corrective measures for the observations contained therein.

17. Setting the controls that enable the company's employees to report any potential violations in the financial reports or internal control and others confidentially, and the steps to ensure independent investigations for such violations.

18. Monitoring the company's compliance with the rules of professional conduct.

19. Review the transactions of the related parties with the company and make sure that there is no conflict of interest and recommend it to the Board of Directors before concluding it

20. Ensuring the implementation of the work rules related to its tasks and the powers entrusted to it by the Board of Directors.

21. Submit a report to the Board of Directors on the issues mentioned in this item.

22. Considering any other issues determined by the Board of Directors.

23. Approving the additional work carried out by the external auditor and their fees

3. Details of the Audit Committee's meetings held during 2022:

Date	Attendee	الرقم
2022/03/20	All	1
2022/08/22	All	2
2022/11/23	All	3
2022/12/20	All	4

Sixth - Nominations and Remunerations Committee:

A- The Chairman of the Nominations and Remunerations Committee, Mr. Muhammad Ali Al-Sari, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and to ensure its effectiveness.

B- The Nominations and Remunerations Committee was formed from the following gentlemen:

1- Mr. Muhammad Ali Al-Sari - Chairman of the Committee.

2- Mr. Ayman Mohamed Yousry Al-Dweik - Vice President

3- Mr. Khaled Abdullah Omran Taryam - Member.

The committee performs the tasks stipulated in Article No. 59 of the Authority's Chairman of the Board of Directors' Decision No. 3/2020:

1- Establishing a policy for candidacy for membership of the Board of Directors and the Executive Management

2- Organizing and following up the procedures for candidacy.

3- Ensuring the independence of the independent members.

4- Ensuring that the membership conditions for the members of the Council continue to be met

5- Presenting a case of loss of independence to the Council.

6- Preparing a policy for rewards, benefits and incentives.

7- Annual review of the required needs of the appropriate skills for the membership of the Board of Directors.

8- Reviewing the structure of the board of directors.

9 - Determining the company's needs of competencies.

10- Preparing the human resources policy.

11- Any other issues determined by the Board of Directors.

A- Details of the meetings of the Nomination and Remuneration Committee that were held during the year 2022

Date	Attendee	الرقم
2022/03/20	All	1

A committee to follow up and supervise the transactions of insiders.

- Mr. Rawad Shaker and Mr. Jomon Korovila acknowledge their responsibility for the follow-up and supervision system of the dealings of insiders in the company and for their review of its work mechanism and to ensure its effectiveness

- Follows up and supervises the dealings of insiders, Mr. Rawad Shaker and Jomon Korovila.

The tasks assigned to this job are summarized in preparing a special register for insiders and submitting quarterly reports to the market on the names of insiders and other reports when any transactions by insiders occur.

- The Committee periodically reviewed the transactions in the company’s securities, and it was not found that any transactions took place by insiders during the year 2022.

Eighth - Investments Committee:

A- The Chairman of the Investments Committee, Mr. Majid Abdullah Al-Sari, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and to ensure its effectiveness.

B- An investment committee was formed from the following gentlemen:

- Mr. Majid Abdullah Al-Sari - Chairman of the Committee.

- Mr. Abdel Mohsen Jaber - Committee Member and Vice-Chairman.

- Mr. Khaled Abdullah Tarim - Member of the Committee.

C - The committee sets investment rules and policies, monitors investments and submits periodic reports to the Board of Directors.

B- Schedule of the committee's meetings during 2022:

Date	Attendee	الرقم
2022/03/20	All	1
2022/06/15	All	2
2022/11/23	All	3
2022/12/20	All	4

Ninth - The system of internal control:

A- The board of directors acknowledged its responsibility for the company's internal control system and also acknowledged its direct responsibility for its review and its effectiveness.

B- The name and qualifications of the director of the department: Jomon Korovila - an internal auditor. He holds an ICAI audit certificate from India for the year 2004 and has experience in accounts for 20 years. He was appointed on 01/02/2010.

C- The name and qualifications of the compliance officer: Rawad Shaker - Bachelor's degree in Economics and Accounting, Secretary of the Board of Directors approved by the Institute of Governance, and an Anti-Money Laundering Officer accredited by the International Compliance Institute. It was appointed on 01/11/2010.

D- In the event of discovering the existence of any major risks in the company, the Internal Control Department conducts a search and audit process to find out the following:

• The reasons for the occurrence of the problem and those responsible for its occurrence.

• The consequences of the problem and on all administrative, financial and operational aspects.

• How to treat the problem.

• And then put in place measures to prevent or limit the possibility of this problem occurring in the future

• The company's internal control department also makes a detailed report that includes all the points mentioned above and submits it immediately to the company's executive management and then includes it in the report submitted on a quarterly basis to the audit committee.

• The company did not face any major problems in 2022.

E - The Internal Control Committee issued 3 reports that were submitted to the Audit Committee, which in turn discussed the reports with the Board of Directors.

Tenth - No violations were committed during 2022

11 - The company’s contribution to preserving the environment and developing society:

• Organizing educational lectures for employees in the field of insurance.

• Cooperating with specialized companies to recycle papers.

• Stop consuming non-recyclable plastic water bottles.

12 - The company's share price in the market during 2022.

A- The highest, lowest and closing prices (the next page is Table 1).

b- Comparative performance with the market index and the sector index (table 2).

Table 1

ASNIC Share Price (Closing-Highest-Lowest) at end of each month for 2022				
No.	**MonthName**	**Month_High**	**Month_Low**	**Month_Close**
1	Jan 2022	No Trading	No Trading	0.729

2	Feb 2022	No Trading	No Trading	0.729
3	Mar 2022	No Trading	No Trading	0.729
4	Apr 2022	No Trading	No Trading	0.729
5	May 2022	No Trading	No Trading	0.729
6	Jun 2022	No Trading	No Trading	0.729
7	Jul 2022	No Trading	No Trading	0.729
8	Aug 2022	No Trading	No Trading	0.729
9	Sep 2022	No Trading	No Trading	0.729
10	Oct 2022	No Trading	No Trading	0.729
11	Nov 2022	No Trading	No Trading	0.729
12	Dec 2022	No Trading	No Trading	0.729

Table 2 .

Monthly Performance of ASNIC Shares for Year 2022				
No.	**MonthName**	**ASNIC**	**DFMGI**	**FINANCIALS**
1	Jan 2022	0.729	3203.08	2416.75
2	Feb 2022	0.729	3354.64	2549.30
3	Mar 2022	0.729	3526.6	2587.59
4	Apr 2022	0.729	3719.63	2659.38
5	May 2022	0.729	3347.24	2399.45
6	Jun 2022	0.729	3223.29	2312.80
7	Jul 2022	0.729	3337.96	2368.10
8	Aug 2022	0.729	3443.11	2359.33
9	Sep 2022	0.729	3339.15	2381.43
10	Oct 2022	0.729	3331.76	2351.51

11	Nov 2022	0.729	3323.96	2348.51
12	Dec 2022	0.729	3336.07	2354.84

A- A statement of the distribution of shareholders' ownership as on 31/12/2022 (individuals - companies - governments) classified (local - Gulf - Arab - foreign)

%نسبة الاسهم المملوكة				تصنيف المساهم	م
Total	Government	Company	Individual		
%100	%0	71.50%	28.50%	Local	1
-	-	-	-	Gulf	2
-	-	-	-	Arabic	3
-	-	-	-	Foreign	4
%100	%0	71.50%	28.50%	total	

B- A statement of the shareholders who own 5% or more of the company's capital as on December 31, 2022

%	Number	Name	م
%5.01	11,526,986	خالد عبد الله عمران تريم	1
47.08%	108,281,254	الشركة الخليجية للاستثمارات العامة	2
%5	11,500,000	امجد محمد يسري محمود الدويك	3
%5	11,500,000	ايمن محمد يسري محمود الدويك	4
%8.75	20,125,000	شركة الشرق الادنى للاستثمار	5
%7.50	17,250,000	انماء الامارات للتجارة العامة	6

E - A statement of how the shareholders are distributed according to the size of the ownership as on 31/12/2022 according to the following table:

% to capital	Number of shares	No. of shareholders	ملكية الاسهم (سهم)	م
%0.01	30,302	9	اقل من 50,000	1
0.14%	315,944	1	من 50,000 الى اقل من 500,000	2

%10.58	24,342,028	7	من 500,000 الى اقل من 5,000,000	3
%89.27	205,311,726	10	اكثر من 5,000,000	4

F- Investor Relations:
- Name of the Investor Relations Officer: Rowad Shaker
- rawad.shaker@alsagrins.ae
- Tel: 047028500- Fax: 043968442
- E-Link: http://www.alsagrins.ae/?page_id=477
- A special section for investor relations has been established on the company's website that includes all data of interest to investors such as financial statements, minutes of board meetings, general assemblies, governance reports and any related data
- Data for 2022 has been updated
- A link has been added to the Investors Rights Guide in Securities, issued by the Securities and Commodities Authority, to the Investor Relations Section.

g- Special resolutions presented at the general assembly held in 2022.

- Amending the company's articles of association to comply with the Federal Decree 32/2021
- Issuance of convertible bonds (not approved by CB)

H- The name of the rapporteur for the meetings of the Board of Directors: Rawad Shaker and he was appointed on 01/11/2010

Bachelor's degree in Economics and Accounting - a course accredited by the Hawkamah Institute

- Duties of his work:

1- Supervising the preparation of work agendas and reports on the meetings of the Board of Directors and its committees.

2- Supervising the preparation of the minutes of the meetings of the Board of Directors and its committees.

3- Arranging the procedures for convening the general assembly and preparing its agenda, report and minutes of its meetings.

4- Preparing the annual governance report and informing the board of directors of its contents

5- Responsible for implementing the corporate governance system.

i - Significant events in 2022 : Nil

U- - The deals that the company made with related parties during the year 2022 and equal to 5% or more of the capital: none

- Other disclosures: The company rented land in the Sharjah region from GGICO (the main shareholder in the company) in order to keep the written-off cars, at a value of 250 thousand dirhams per year.

J- The percentage of Emiratization

The Emiratisation rate reached 9.78% at the end of 2022.
The Emiratisation rate reached 6.36% at the end of 2021.
The Emiratisation rate reached 5.41% at the end of 2020.

K- Innovative projects and initiatives during 2022.
under consideration .

الصقر للتأمين
AL SAGR INSURANCE

توقيع اعضاء مجلس الادارة عن تقرير الحوكمة لعام 2022

- السيد / ماجد عبد الله السري
رئيس مجلس الادارة و رئيس لجنة الاستثمار
----------------------------------- :

- السيد/ خالد عبد الله عمران تريم
نائب رئيس مجلس الادارة و رئيس لجنة التدقيق
----------------------------------- :

- السيد/ محمد علي السري
عضو مجلس الادارة و رئيس لجنة الترشيحات
----------------------------------- :

- السيد/ أيمن محمد الدويك
عضو مجلس الادارة و نائب رئيس لجنة الترشيحات
----------------------------------- :

- السيد/ عبد المحسن جابر
عضو مجلس إدارة و رئيس تنفيذي
----------------------------------- :

- السيد/ رواد شاكر
ضابط الامتثال و علاقات المستثمرين
----------------------------------- :

- السيد / جومون كوروفيلا
مدير ادارة الرقابة الداخلية
----------------------------------- :

AL SAGR NATIONAL INSURANCE CO.
P.O. BOX 14614, DUBAI U.A.E.

SUSTAINABILITY REPORT 2022

AL SAGR NATIONAL INSURANCE COMPANY

الصقر للتأمين
AL SAGR INSURANCE

TABLE OF CONTENTS

ABOUT THIS REPORT

(GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, G7, G8, G9)

REPORTING SCOPE AND BOUNDARY

Al Sagr National Insurance Company's 2022 Sustainability Report covers the period between January 1 and December 31, 2022, unless stated otherwise.

Al Sagr National Insurance Company was incorporated on December 25, 1979 as a public shareholding Company by an Emiri Decree from His Highness, the Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company's address in Dubai is Al Sagr National Insurance Building, Diplomatic Area, Al Seef Road, Bur Dubai, P.O. Box 14614, Dubai, UAE.

Al Sagr National Insurance Company was listed on the Dubai Financial Market on December 4, 2005. The Company operates in the UAE through its headquarters in Dubai, as well its seven branches in Dubai, Abu Dhabi City, Abu Dhabi Mussaffah, Al Ain, Ras Al Khaimah, Sharjah, and Ajman. All branches fall within the scope of this report.

The Company has three associate companies, Green Air Technology LLC, Sogour Al Khaleej General Trading LLC, and Al Sagr Cooperative Insurance Company. Al Sagr National Insurance Company does not exert any operational control over these three associate companies and hence they do not fall within the scope of this report.

We take operational control as the boundary for reporting, unless stated otherwise.

BASIS OF PREPARATION

As part of our efforts to enhance the transparency and accountability of our disclosures, we have developed this report in accordance with the Global Reporting Initiative (GRI) Standards 2021 Update, which is effective for reports published from 1 January 2023 onwards, as well as with Dubai Financial Market's (DFM) ESG metrics. In addition, the report outlines Al Sagr National Insurance Company's alignment with the Sustainable Development Goals.

DATA VERIFICATION

The content of this report has been reviewed for accuracy and completeness by each corresponding department.

FORWARD-LOOKING STATEMENTS

It is important to note that forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the Company operates.

The Company holds no obligation to publicly update or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations. It is therefore not within the scope of our internal audit team to form an opinion on these forward-looking statements.

COMMUNICATION & FEEDBACK

References to the GRI Standards and DFM ESG disclosures are found at the top of each corresponding section. The GRI content index, which forms an integral part of Sustainability Reports is prepared in accordance with the GRI Standards and included on page 17. The index is inclusive of DFM's ESG disclosures.

We welcome feedback and suggestions related to this report. Please contact us at:

Name: Mr. Rawad Shaker
Position: Investor Relations & Compliance Manager
Email: Rawad.shaker@alsagrins.ae

A WORD FROM OUR CEO

(GRI 2-2)

The past 12 months have been notable for the speed and scale of climate action taking place in the UAE. The announcement in October 2021 that the country would transition its economy to Net Zero emissions by 2050 was quickly followed by the news that the UAE had been chosen to host the COP 28 climate conference in Dubai in November 2023.

This is a proud moment for the country but also a major responsibility and one that the UAE is clearly taking very seriously. Since then, the government has launched a series of new initiatives designed to accelerate climate action in the UAE, including those targeted at mobilizing the private sector to play a key role in the transition.

Every organization must now take a strategic approach to sustainability and evolve their understanding of how they can effectively support the UAE's objectives while managing climate risks and opportunities through their operations.

It is becoming increasingly clear that the insurance sector has an opportunity to play a key role in increasing societal resilience to climate change in addition to supporting other important sustainability matters, as defined by the Sustainable Development Goals (SDGs).

Our 2022 Sustainability Report highlights how we are integrating ESG factors into our operation to create sustainable long-term value for all stakeholders, and that we can do so most effectively in our capacity as an insurer, as an employer and as an investor.

Al Sagr National Insurance Company provides insurance solutions that support individuals and businesses to manage a variety of risks, including those related to loss and damage of property, as well as health related impacts. As such, we provide services that are critical to preserving the long-term wellbeing of society.

We will also be one of the first lines of defense when it comes to protecting companies and individuals from the growing threat of climate change-related impacts, such as extreme weather events. In addition, as a major investor, we can integrate ESG factors into our strategy to support the UAE's ambition to harness sustainable finance to drive the sustainability transition.

With each passing year, we are developing a clearer understanding of how we can enhance our approach to ESG to support national and global objectives to achieve sustainable development, while also delivering greater value for our stakeholders, who are increasingly signaling that sustainability issues matter to them.

We will continue to work closely with them as we look to fine tune our ESG strategy while maintaining our track record of providing our customers throughout the UAE with best-in-class insurance solutions.

Abdel Muhsen Jaber

Director and CEO

KEY ESG HIGHLIGHTS

Total Energy consumption decreased by 9% compared with 2021

5 Employee Engagement Initiatives were introduced this year

759 hours of Training were conducted in 2022

37% of the workforce are female

Document Management & Policy Issuance are now 60% digitalized, Al Sagr Insurance aims to achieve 100% digitalization in the upcoming year

Zero incidents of Customer data loss or leakage

ABOUT US

(GRI 2-6, GRI 2-7, GRI 2-8, GRI 2-28)

Al Sagr National Insurance Company (Al Sagr) is a leading multi-line UAE insurance company with a track record spanning more than four decades of business excellence.

Headquartered in Dubai, with branches in Abu Dhabi, Al Ain, Sharjah, Ras Al Khaimah, and Ajman, the company has a group of talented employees dedicated to delivering outstanding customer service and a comprehensive range of world class insurance solutions to manage health, life, and general risks.

Since 1979, Al Sagr has been a pioneer of the UAE insurance sector, responding swiftly to demand for new products to meet the evolving needs of society and customers including individuals, corporate clients (multinationals, large companies, and SMEs), and government entities.

Al Sagr's dynamic shareholder base, comprised of prominent and successful individuals and institutions, has been a catalyst for value creation and a key contributor to the company's progress.

We believe in building trust-based long-term partnerships and business relationships with all our stakeholders, including investors, customers, employees.

OUR VISION

To become one of the top insurance providers in the region by emphasizing the highest level of customer satisfaction while focusing on innovative insurance solutions, professionalism, cutting-edge knowledge, and the use of local talent and resources for the benefit of all stakeholders.

OUR MISSION

To uphold Al Sagr's reputation by providing the best standard of customer service with enthusiasm and pride.

This philosophy aims to cultivate loyalty in the minds of customers, whose testimony of Al Sagr's customer service will come from their experiences and reports.

CORE VALUES

- **Customer Commitment** We have a retention approach that aims to maintain customer loyalty through dependable service and the development of strong bonds
- **Excellence** We labor diligently, wisely, and intelligently to reach excellence and to do our best
- **Quality** We work hard to give our clients top-notch services at a fair price and take systematic measures to provide products that live up to client expectations
- **Reliability** We are responsible for always defending the interests of our stakeholders
- **Teamwork** We foster teamwork to continuously advance on strong pillars of customer service, product quality, and client loyalty.

OUR OFFERING (GRI 201-1, GRI 203-2, GRI 418-1, G7)

We offer world-class insurance solutions for our customers with the objective of being their primary source of resilience and safety. More specifically, we offer the following solutions:

Individual	Corporate
• Medical Insurance	• Group Medical Insurance
• Life Insurance	• Group Life Insurance
• Travel Insurance	• Motor Fleet Insurance
• Motor Insurance	• Marine Cargo Insurance
• Yachts & Pleasure Crafts Insurance	• Marine Hull Insurance
• Home Insurance	• Property Insurance
	• Engineering Insurance
	• Liability Insurance
	• Miscellaneous Insurance

OUR BUSINESS PARTNERS

Al Sagr forms trusted partnerships with key companies that strengthen our offering and add value to our services. All risks underwritten by us are fully secured through partnerships with A-rated reinsurers, including some of the largest global and regional reinsurers such as Hannover Re (the third largest reinsurance group in the world), Swiss Re, Korean Re, GIC Re, and Liberty, among others.

ASSOCIATION MEMBERSHIPS

- Emirates Insurance Association
- Gulf Insurance Federation
- General Arab Insurance Federation

OUR APPROACH TO SUSTAINABILITY

(GRI 2-29, GRI 2-30, GRI 3-1, GRI 3-2)

Sustainability related challenges and risks are growing rapidly, presenting the insurance sector with opportunities to play a leading role in building societal resilience. We are equipped with the knowledge, skills, tools, and resources to make a material difference to people's lives and to support businesses as they seek to navigate these challenges.

In addition, by moving early to capture a greater share of a growing market, we can cement our brand reputation, secure customer loyalty, and strengthen our long-term financial stability and profitability.

ESG FRAMEWORK

To ensure we create sustainable long-term value for all stakeholders, Al Sagr has a responsibility to integrate ESG factors into our operation.

Doing this effectively requires a clear understanding of how we can integrate ESG in a way that enables us to maximize our impact as a company, taking into account the nature of our business as an insurance company.

We believe we can best achieve this by focusing on the following three areas:

1. Responsible Employer
2. Responsible Insurer
3. Responsible Investor

RESPONSIBLE EMPLOYER

We have a duty to nurture the wellbeing of our employees by providing them with a safe and healthy working environment and the opportunities for personal growth, skills development, and career progression. In addition to encouraging a culture of innovation and creativity, we aim to be a sustainable workplace by spreading awareness of environmental conservation and the need to manage our impact by reducing energy and water usage and waste production. These practices will allow Al Sagr to attract the best employees, who are increasingly considering such factors when choosing an employer.

RESPONSIBLE INSURER

Due to growing risks, especially those related to climate change, the world is rapidly shifting towards a more sustainable path. The private sector must play a leading role in supporting this shift by adopting more sustainable business practices.

Insurance companies must widen their understanding of emerging ESG risks and opportunities and identify innovative new underwriting solutions that can support this shift. For this reason, to enhance our underwriting business it is vital that we integrate ESG into our existing risk management framework.

RESPONSIBLE INVESTOR

While insurance companies do have a responsibility to reduce their direct environmental footprint, as an office-based business insurance is not particularly emissions intensive compared to other industries. Instead, they can have a much greater impact through their investment decisions.

Insurers can support the shift to sustainable finance through their investment activities – whether by investing in stocks, bonds, private equity, or real estate – by channelling funds towards those issuers that are using the investment for sustainable purposes. In order to do so effectively, investments must be screened through an ESG lens.

ALIGNING WITH SUSTAINABLE DEVELOPMENT GOALS

Part of the 2030 Agenda for Sustainable Development, the 17 Sustainable Development Goals (SDGs) were adopted in 2015 by UN Member States as a shared blueprint to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

The SDGs are integrated and indivisible, meaning that failure to achieve one can have a negative impact on others. SDG 13 specifically addresses the need for a unified global response to tackle Climate Change, the impacts of which threaten to undermine efforts to achieve all other SDGs.

SDG 17 emphasizes the importance of bringing together all stakeholders including global organizations, governments, the private sector, academia and civil society to form partnerships to achieve these common objectives for humanity.

The UAE created the National Committee on the SDGs in 2017 to integrate the Goals into Federal and local level agendas and appointed government bodies, including ministries, to oversee and implement specific SDGs.

To further support its efforts the Federal government created special advisory councils, including the Private Sector Advisory Council on the SDGs, to develop policies and private initiatives aimed at achieving the goals.

The UAE also established the Global Councils on Sustainable Development Goals, an international network that includes over 200 experts and decision-makers to ensure the implementation of the SDGs both in the UAE and throughout the world.

AL SAGR NATIONAL INSURANCE'S PRIORITY SDGs

Al Sagr is committed to supporting the UAE's efforts to address these pressing challenges at the national level. By mapping our business activities to the SDGs, we can develop a better understanding of how we can make the biggest impact. As a result, we identified five SDGs that Al Sagr can make the biggest contribution to, and one in particular where we can make a major impact through one of our core offerings, health insurance.

Priority 1 **MAIN IMPACT**

Priority 2 **DIRECT IMPACT**

These five SDGs refer to the following insurance related key messages[1]:

SDG 3 | ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL, AT ALL AGES:

- Insurance and social protection can play complementary roles to cover a range of healthcare costs
- Insurance improves healthcare seeking behavior

SDG 1 | END POVERTY IN ALL ITS FORMS EVERYWHERE:

- Insurance provides a safety net for those using it, preventing families from falling into poverty after suffering an unforeseen event

[1] "Inclusive Insurance and the Sustainable Development Goals – How insurance contributes to the 2030 Agenda for Sustainable Development" by GIZ (Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH

- Insurance provides an economic protection mechanism for all
- Insurance sustains other development efforts

SDG 5 | ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS:

- There are differences in risks faced by women and men
- In cases where the male is the sole breadwinner, insurance protects women from the financial impact in the event their husband dies, helping women to retain their homes, sustain their businesses, continue educating their children, and generally maintain the financial stability of their household

SDG 8 | PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL:

- Insurance protects assets, thereby unlocking loans and other funds for investments by Micro-, Small-to-Medium Size Enterprises (MSMEs)
- Insurance frees MSME's private funds for productive investment
- Insurance supports the development of MSMEs by protecting them from losses due to risks related to business, natural disasters or other catastrophes

SDG 13 | TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS:

- Insurance mitigates the effects of extreme weather events, thereby strengthening climate change resilience
- Insurance complements and strengthens other climate change coping efforts.
- Catastrophe insurance protects a variety of stakeholders vulnerable to climate change impacts, including companies and individuals

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

OUR ENGAGEMENT WITH STAKEHOLDERS

Continuous engagement between a company and its key stakeholders is a vital ingredient for business success. It allows the company to understand the needs of parties who are affected by the decisions it takes and whose actions can also influence the company's success. By fostering close relationships with these stakeholders, a company can develop a clear understanding of their needs and act accordingly, for the benefit of all.

The table below lists our key stakeholders and the methods we use to engage with them on a regular basis:

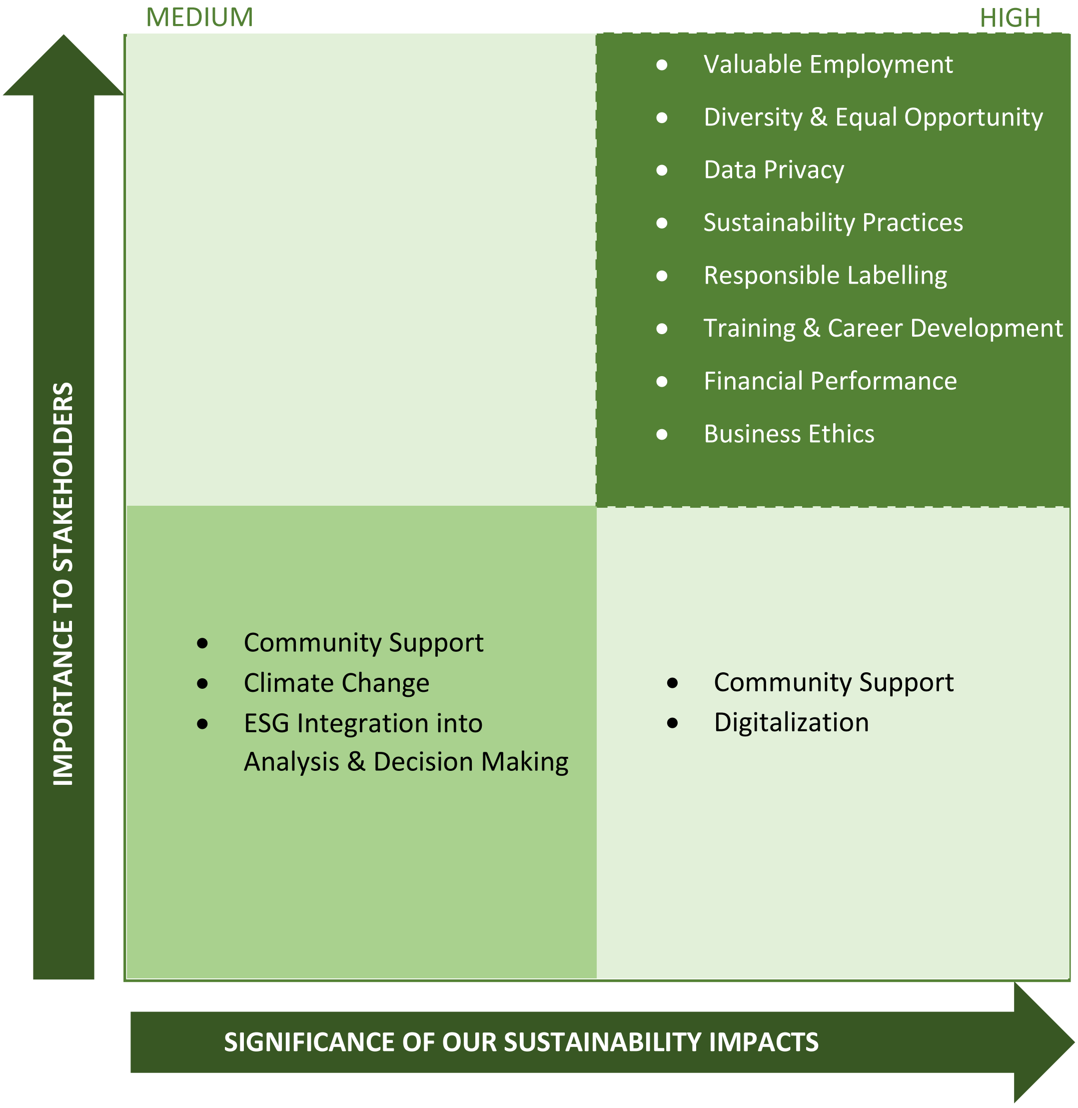
KEY STAKEHOLDER GROUPS	EXISTING METHODS OF ENGAGEMENT
Customers	Website Marketing Material Social Media Online Customer Reviews Regulator complaint portal
Employees	Yearly Performance Reviews Company Training Internal Announcements Company Events Exit Interviews
Board of Directors & Senior Executives	Regular Meetings Board of Directors meetings Committee Meetings Management Meetings Corporate Disclosures
Shareholders	Annual General Meeting Regular Corporate Regulatory Disclosures

Government (Central Bank, Securities & Commodities Authority, Dubai Financial Market, Dubai Heath Authority, Department of Health Authority)	Regular interactions as per regular requirements Regular exchange of emails Webinars
Community	Local initiatives and volunteering activities
Business Partners (Reinsurers, TPAs, and Brokers)	Code of Conduct Assessment and Audits Regular meeting with select partners
Rating Agencies	Regular yearly reviews

OUR MATERIALITY ASSESSMENT

Our regular engagement with stakeholders provides useful insights that have given us an understanding of those ESG topics that matter to them. This feedback contributes to our materiality assessment, which captures the importance of various sustainability topics to our business.

The materiality matrix below indicates the importance of various ESG topics to our key stakeholders as well as the level of impact that our business operations have on those topics. The topics featured in the top right quadrant are considered most material to our business and are therefore those we report on. These are the material topics the Company will be reporting on.



The table below aligns our material ESG topics with the corresponding GRI disclosures as well as with DFM ESG metrics. The GRI/DFM Content Index, located on page 39, includes a comprehensive overview of the disclosures and metrics that feature in this report.

ITEM	MATERIAL TOPICS	CORRESPONDING GRI DISCLOSURE	CORRESPONDING DFM DISCLOSURE
1	Valuable Employment	GRI 401 – Employment	S3: Employee Turnover
2	Diversity & Equal Opportunity	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity G1: Board Diversity
	Digitalization		
3	Data Privacy	GRI 418 – Customer Privacy	G7: Data Privacy
4	Sustainability Practices	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight
5	Community Support	GRI 413 - Local Communities Management Approach GRI 204 - Procurement Practices GRI 308- Supplier Environmental Assessment GRI 414- Supplier Social Assessment GRI 202 - Market Presence	S12: Community Investment G5: Supplier Code of Conduct S11: Emiratization/Nationalization

6	Responsible Labelling	GRI 417 – Marketing & Labelling	N/A
7	Training & Career Development	GRI 404 – Training and Education	N/A
8	Financial Performance	GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts	
9	Business Ethics	GRI 205 - Anti-Corruption	G6: Ethics & Anti-Corruption
10	Climate Change	GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts	E8: Environmental Oversight E9: Environmental Oversight E10:Climate Risk Mitigation
11	ESG Integration into Analysis & Decision Making	GRI 201 - Economic Performance GRI 203 - Indirect Economic Impacts	E8: Environmental Oversight E9: Environmental Oversight

VALUABLE EMPLOYMENT: This topic addresses efforts to build a positive work environment and details the employment practices that help to attract, retain and nurture talent through employee engagement, training & development, and other initiatives.

DIVERSITY & EQUAL OPPORTUNITY: This topic addresses how the company values and promotes diversity and inclusion among the workforce regardless of gender, age, nationality, or other characteristics and the benefits it can bring to the company and society.

DIGITALIZATION: This topic addresses the company's approach to digital transformation and how it can generate long-term sustainable value by optimizing various business processes, improving the customer experience, or enhancing environmental sustainability, among other benefits.

DATA PRIVACY: This topic addresses the company's strategy, policies and practices related to the collection, retention, and use of sensitive and confidential data.

SUSTAINABLE PRACTICES: This topic addresses practices, policies, and procedures that a company uses to monitor and address its environmental impact and comply with local and global environmental practices.

COMMUNITY SUPPORT: This topic addresses efforts to support local communities and engagement, impactful initiatives, monetary donations, sponsorships, or others.

RESPONSIBLE LABELLING: This topic addresses the company's responsible marketing practices, specifically to ensure transparency, accuracy, and comprehensibility of product and services labelling, advertising and any other marketing statements.

TRAINING & CAREER DEVELOPMENT: This topic addresses efforts to invest in programs to develop employee skills (soft and technical skills) and offer career development opportunities.

FINANCIAL PERFORMANCE: This topic addresses the company's efforts to increase shareholder value over time through a well-defined growth plan.

BUSINESS ETHICS: This topic addresses governance mechanisms that ensure ethical business practices and good conduct.

CLIMATE CHANGE: This topic addresses the company's understanding of its exposure to climate-related risks and opportunities and its related plans and strategy.

ESG INTEGRATION INTO ANALYSIS AND DECISION-MAKING: This topic addresses how the company integrates Environmental, Social and Governance (ESG) criteria into its operations, including product development and investment analysis and decisions.

OUR CUSTOMERS

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

Insurers contribute to economic resilience and social stability by providing people and organizations with products and services that protect them from the risk of loss and damage to property, their livelihoods, and their health.

Al Sagr provides the above while always adhering to the highest standards of professionalism in our dealings with customers. We believe in building long-term trusted relationships with customers, supporting their needs, protecting their interests, and exceeding their expectations whenever possible.

Delivering customer excellence starts with developing a deep understanding of their needs and advising them accordingly. We provide customers with clarity and help guide their every step so that they understand the details of their policies as well as their rights.

Being one of the pioneers of the UAE general insurance industry, we are continuously looking to innovate and develop a wide range of products and services to meet changing needs. We harness the power of digitalization to deliver faster, more efficient customer service and to protect their data and privacy.

Our compliance department plays a critical role in ensuring we apply the highest standards of ethical business practices. As a result of our rigorous approach, we had no instances of non-compliance in 2022.

Relevant KPIs for 2022

MARKETING AND LABELLING (GRI – 417)	
Incidents of non-compliance concerning product and service information and labelling	
Number of incidents of non-compliance with regulations resulting in a warning, fine or penalty	ZERO
Number of incidents of non-compliance with voluntary codes	ZERO

Incidents of non-compliance concerning marketing communications	
Number of incidents of non-compliance with regulations resulting in a warning fine or penalty	ZERO
Number of incidents of non-compliance with voluntary codes	ZERO
Comments: Al Sagr's compliance department receives all regulations and circulars and distributes them to the concerned department while also ensuring full adherence by means of monitoring progress	

DATA PROTECTION & PRIVACY

Insurance companies are trusted to manage sensitive customer data and it is our responsibility to ensure we preserve customer confidence by always protecting this data.

Digitalization of business processes delivers efficiencies but also comes with a higher risk of data security breaches and leaks. Al Sagr takes all appropriate measures to guard against unauthorized or unlawful accessing of data and prevent it from being leaked, accidentally lost, destroyed, or damaged.

We have a standalone Data Protection & Privacy Policy that applies to all systems, people and processes, including employees and other third parties who have access to the systems. The policy ensures that the collection and sharing of personal data is only done for legitimate purposes.

To support the above, we also have robust IT and data protection management systems in place. Our IT department classifies data into three categories: data that the company receives; data that the company sends; and data that is filed internally. All data is continuously backed up and highly secured through a Data Leakage Protection (DLP) system, with multiple password protection.

In 2022, Al Sagr introduced a series of data protection tools and systems such as SIEM, Firewall, Mimcast, MFA, Antivirus and also intends to implement an NAC solution soon.

Thanks to our robust approach to digitalization, we experienced no instances of customer data loss or leakage in 2022.

Relevant KPIs for 2022

CUSTOMER PRIVACY (GRI – 418)	
Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Number of complaints received from outside parties and substantiated by the organization	ZERO
Number of complaints from regulatory bodies	ZERO
Number of identified leaks, thefts, or losses of customer data	ZERO
Comments: Al Sagr National Insurance Company is fully committed to our customers' wellbeing including safeguarding their personal data	

DIGITAL TRANSFORMATION

Al Sagr is in the process of fully digitalizing its operation and adding new functions and features to meet customer needs.

60% of processes, including document management and policy issuance, have already been digitalized, and the company hopes to reach 100% digitalization in the coming year. Many services can be accessed through the online platform which also allows brokers to issue online policies and we are expanding this offering to our individual customers, allowing them to access their policies and submit claims at their convenience.

Digitalization and customer convenience will be further enhanced by plans to launch a customer mobile app. We are also working with a vendor to transition all business flows and operations to be paperless and automated as much as possible.

OUR EMPLOYEES

(GRI 202-2, GRI 401-1, GRI 401-2, GRI 403-8, GRI 403-9, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 406-1, GRI 413-1, S2, S3, S4, S5, S6, S7, S8, S11, G1)

EMPLOYMENT

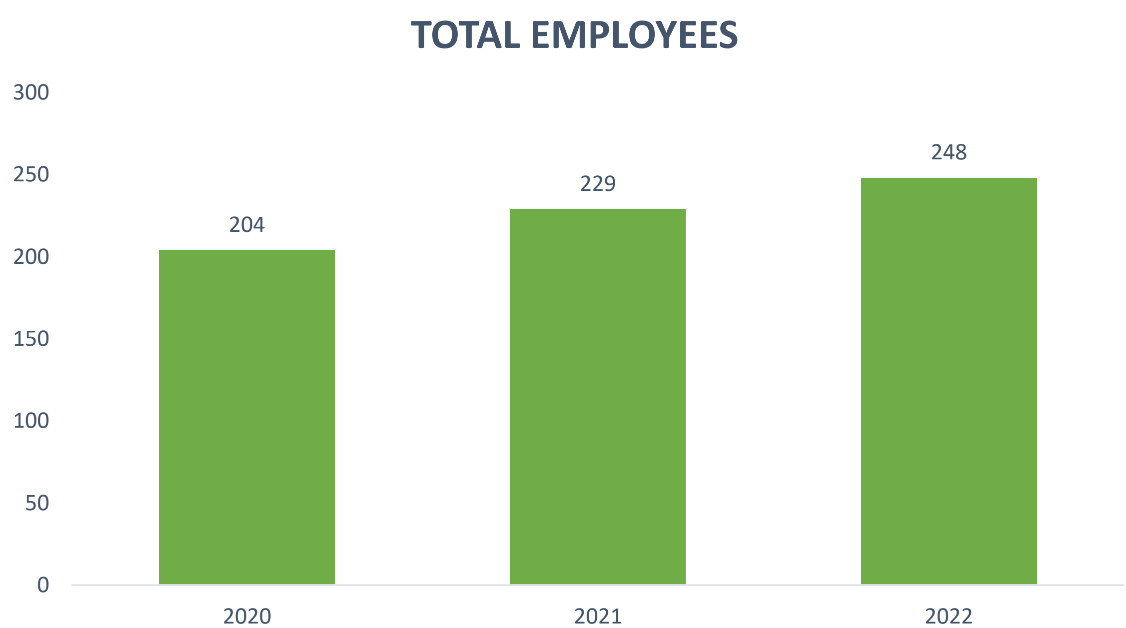
Al Sagr recruits the best and brightest talent capable of supporting our promise of delivering customer excellence. Our workforce always demonstrates professionalism, expertise and the willingness to strive for continuous improvement.

We prioritize the wellbeing of our employees and provide them with an environment in which to grow, personally and professionally, and develop the necessary skills to build a long-term career with the company.

At the end of 2022 we had 248 employees, 8.3% more than the previous year and 21.5% more than at the end of 2020, demonstrating a strong recovery in business activity since the pandemic.

OUR WORKFORCE in 2022

TOTAL: 248 EMPLOYEES



Our approach to people management is governed by our Human Resources Manual. The document, which is reviewed annually to ensure it reflects best practices and any changes to UAE Labour Law, defines the expectations that Al Sagr has of all employees when it comes to good conduct. Our Asuretek system integrates HR processes such as appraisals, leave submissions, and more to centralise and streamline employee self-services (ESS).

Al Sagr aims to attract and retain top talent by providing a competitive package of rewards and incentives, including a yearly flight allowance, medical and life insurance, as well as parental leave and end of service indemnity, as per UAE Labour Law.

In 2022, we hired a total of 80 new employees, a new hire rate of 32.26%, compared to 70 new hires in 2021 (30.57%). The hire rate for under 30s increased from 20.83% in 2021 to 29.41% in 2022. We also hired six employees over 50 years old to replace the five that left during the year.

Given the heavy emphasis on sales, the insurance sector tends to have relatively high employee turnover. In 2022, 56 employees left the Company, giving us a turnover rate of 24.6%, compared to 20% in 2021.

Total Employees		
Year	**Female**	**Male**
2020	33.82%	66.18%
2021	37.55%	62.45%
2022	**36.69%**	**63.31%**

Total Employees by Job Category			
Year	**Entry-Level**	**Mid-Level**	**Senior-to-Executive Level**
2020	47%	50%	3%
2021	42%	54%	4%
2022	**41%**	**55%**	**4%**

Total Employees by Job Category and by Age Group									
Year	**Entry-Level**			**Mid-Level**			**Senior-to-Executive Level**		
	Below 30 years old	**Between 30-50 years old**	**Over 50 years old**	**Below 30 years old**	**Between 30-50 years old**	**Over 50 years old**	**Below 30 years old**	**Between 30-50 years old**	**Over 50 years old**
2020	52%	48%	0%	55%	43%	2%	28%	62%	11%
2021	47%	53%	0%	48%	48%	4%	24%	63%	13%
2022	**45%**	**55%**	**0%**	**39%**	**54%**	**7%**	**10%**	**70%**	**20%**

Total Number of Nationalities	
Year	**Number of Nationalities**
2020	19
2021	21
2022	**21**

EMPLOYEE WELLBEING

Al Sagr prioritizes the health, safety and overall wellbeing of all our employees. We recognize that having a happy, satisfied and motivated workforce is one of the pillars of business success. By engaging our employees and providing them with regular feedback we can retain our best staff and enhance our overall performance and productivity.

We therefore strive to create a supportive working environment that values work-life balance, with flexible work arrangements, and offers plentiful opportunities for professional growth and career development. We also offer health and wellness programs, such as exercise classes, mental health support, and healthy food options.

Examples of employee engagement initiatives we have introduced to support the above include:

- Employee of the Quarter Award
- Free Eye testing
- Blood Donation Drive
- Free Checkup (Breast Cancer Awareness)
- Annual Event for staff

DIVERSITY & EQUAL OPPORTUNITY

Al Sagr recognizes the value of having a diverse and inclusive workplace that offers equal opportunity for all employees regardless of gender, nationality, religion or other characteristics. Diversity & inclusion is shown to contribute towards a healthy workplace culture that is more attractive to talented employees and thus supports overall business performance.

Our commitment to fair and responsible business practices is enshrined in our Code of Conduct which details our expectations for employee behaviour and our zero tolerance for harassment or discrimination of any kind.

Al Sagr's approach to recruitment as well as career progression opportunities within the company is based purely on merit and the individual's qualifications and experience. We also have a transparent salary scale and reward system with salaries directly linked to grade levels.

As of the end of 2022, our workforce comprised of 21 different nationalities, the same as the previous year. In addition, 37% of our employees were female, similar to 2021 but higher than the 33.82% reported in 2020.

Total New Hires, By Gender*				
YEAR	**Female**	**Male**	**Female**	**Male**
2020	16	27	23.19%	20.00%
2021	28	42	32.56%	29.37%
2022	22	58	24.18%	36.94%

*The percentage calculation has been updated as per the new GRI Standards

Total New Hires, by Age Group						
YEAR	**Below 30 years old**	**Between 30-50 years old**	**Over 50 years old**	**Below 30 years old**	**Between 30-50 years old**	**Over 50 years old**
2020	8	33	2	8.33%	32.35%	33.33%
2021	20	47	3	20.83%	37.90%	33.33%
2022	**30**	**44**	**6**	**29.41%**	**32.12%**	**66.67%**

Total Employees that Left, By Gender*				
YEAR	**Female**	**Male**	**Female**	**Male**
2020	16	35	23.19%	25.93%
2021	12	34	13.95%	23.78%
2022	**18**	**43**	**19.78%**	**27.39%**

*The percentage calculation has been updated as per the new GRI Standards

Total Employees that Left, by Age Group*						
YEAR	**Below 30 years old**	**Between 30-50 years old**	**Over 50 years old**	**Below 30 years old**	**Between 30-50 years old**	**Over 50 years old**
2020	26	23	2	27.08%	22.55%	33.33%
2021	20	26	0	20.83%	20.97%	0.00%
2022	**25**	**31**	**5**	**24.51%**	**22.63%**	**55.56%**

*The percentage calculation has been updated as per the new GRI Standards

Turnover Rate	
2020	25.00%
2021	20.09%
2022	**24.60%**

Total New Hires Rate	
2020	21.08%
2021	30.57%
2022	**32.26%**

TRAINING AND EDUCATION

Employee training and skills development is critical to maintaining leadership in a highly competitive market and one where customer needs and expectations are constantly evolving. To ensure we keep up to speed with changes in the market, Al Sagr makes it a priority to constantly invest in the training and development of staff. This is also vital to retaining our best employees.

SKILLS DEVELOPMENT

Upon joining the company all new employees receive an induction where they are given an overview of the insurance sector as well as Al Sagr's products and services, key processes, and corporate values. Fresh graduates must pass an exam at the end of the orientation.

In 2022, Al Sagr employees received a total of 759 training hours, a rise of 168% compared to the previous year as we returned to full office-based operations following the pandemic. Female employees received 346 training hours in total, equivalent to 45.5% of all training even though they comprised only 37% of the workforce in 2022. Entry-level employees received 60% of all training hours.

We continuously assess new opportunities to enhance our training and development programs, which cover a blend of soft and technical skills development, including the following:

1. Al Sagr has an agreement with the Emirates Institute for Banking and Financial Studies (EIBSF) to provide a wide range of best-in-class courses in banking and finance

2. We offer specific insurance-related certifications, including those that are required by the relevant authorities such as the Central Bank, through trusted organizations including the Chartered Insurance Institute (CII)
3. We offer specific training for sales employees to enhance their skillsets
4. We offer external training for specialist skills such as excel and procurement certification, among others
5. We offer a range of in-house trainings to improve soft skills such as communication
6. To adhere to regulators, safeguard the company's reputation, and safeguard its employees, Al Sagr provides anti-money laundering training to all employees.

Total Training Hours by Gender			
YEAR	**Female**	**Male**	**Total**
2020	366	702	1,068
2021	147	136	283
2022	**346**	**413**	**759**

Total Training Hours, by Job Category			
YEAR	**Entry-Level**	**Mid-Level**	**Senior-to-Executive Level**
2020	502	294	272
2021	144	67	72
2022	**449**	**298**	**12**

2022 – 759 hours of training was conducted

168% increase from 2021

PERFORMANCE REVIEWS

Annual performance reviews play an important role in employee development. They allow us to identify any gaps in knowledge and skills and tailor training programs to address them. Appraisals are also an important way to ascertain which employees are deserving of further opportunities to develop within the company. All employees that have completed their probation period receive a performance review by the end of each year and to ensure fairness are given the opportunity to provide their own input into the process. The results are then submitted to management via the HR department.

OUR ENVIRONMENTAL FOOTPRINT

(GRI 302-1, GRI 302-2, GRI 302-3, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 306-3, GRI 307-1, E1, E2, E3, E4, E5, E6, E7, E8. E9, E10)

Al Sagr continuously assesses how we can support the UAE government's commitment to environmental sustainability, and in particular to achieving the Net Zero emissions pledge the country first made in late 2021.

2023 is a pivotal year for sustainability in the country given that global attention will be firmly focused on the UAE as it hosts the COP 28 climate summit in November. The UAE has accepted the responsibility of gathering global stakeholders to reach a meaningful agreement that can help keep the world on track to meet the objectives of the Paris Agreement on Climate Change

All organizations are being called upon to play their role in supporting the UAE’s climate ambitions and the insurance sector has an important role to play in that regard.

The first step towards strengthening our contribution is to develop a clear understanding of how our operations impact the environment. From there we can take steps to manage and reduce our negative impact before devising more detailed strategies to improve our environmental footprint. Al Sagr discusses and implements environmental initiatives at the management level.

The tables below contain data related to our energy and water consumption, intensity as well as Scope 1 & 2 GHG emissions.

We use the GHG Protocol to calculate our emissions and have set our organizational boundary according to the ‘control approach’, meaning we seek to account for 100% of the GHG emissions from operations over which our company has full control.

The calculations cover our headquarters and seven additional branches plus the common areas of a mid-rise building (Al Sagr Plaza) that we own.

Total energy consumption decreased by 9% due mainly to increased measures of managing the company’s overall energy consumption, while energy intensity decreased by 16%.

ENERGY CONSUMPTION

Energy Consumption*	Scope	Unit	2020	2021	2022
Fuel from Owned Vehicles	Direct (Scope 1)	GJ	126.16	132.76	189.01
Electricity	Indirect (Scope 2)	GJ	3,486.67	6,228.73	5,598.72
Total Energy Consumption	**Direct & Indirect (Scopes 1 & 2)**	**GJ**	**3,612.83**	**6,361.49**	**5,787.73**

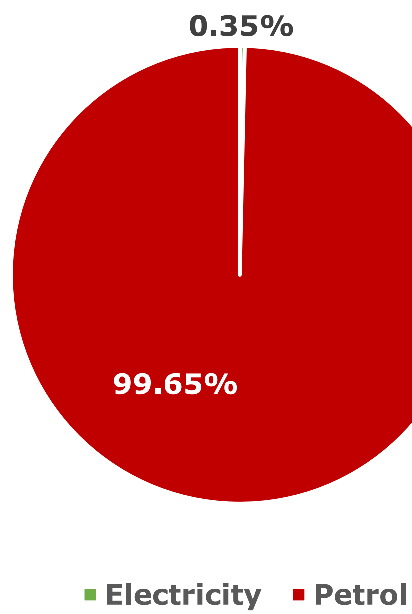
*Restatement of information as there is a change in the volume of energy consumption.

ENERGY INTENSITY

Energy Intensity (GJ/Employee) *	Scope	2020	2021	2022
Fuel from Owned Vehicles	Direct (Scope 1)	0.58	0.58	0.76
Electricity	Indirect (Scope 2)	12.85	27.20	22.58
Total Energy Intensity	**Direct & Indirect (Scopes 1 & 2)**	**13.43**	**27.78**	**23.34**

*Restatement of information as there is a change in the volume of energy consumption.

ENERGY MIX



GHG EMISSIONS

GHG Emissions (MT CO_2 e)	2020	2021	2022
Scope 1 (Fuel)	6.57	7.88	11.22
Scope 2 (Electricity)	355.27	634.30	570.14
Scope 3 (Water, Wastewater consumption)	2.47*	6.07	7.00
Total	**364.30**	**648.25**	**588.36**

*2020 Scope 3 calculation does not include wastewater

WATER CONSUMPTION & INTENSITY

Water Consumption	Scope	Unit	2020	2021	2022
Water Consumption	Scope 3	m^3	1,216	1,716	2,088
Water Intensity	Scope 3	m^3	5.96	7.49	8.42

OUR PROSPERITY

(GRI 201-1, GRI 203-2, G7)

OUR ECONOMIC IMPACT

As a specialized insurance company based in the UAE for over more than four decades we understand the importance of our role within the economy. We aim to provide financial security to all our customers through our insurance policies. We support clients to achieve their business and personal goals without worrying about economic setbacks and pitfalls.

In addition, Al Sagr's investment activities span the UAE and the international market. Through these activities, we have been enabling corporations to achieve their growth targets, thereby contributing to the growth of the UAE's GDP.

Economic Value Distributed

Al Sagr distributes economic value among different stakeholders and throughout society. By monitoring the flow of capital among different stakeholders we demonstrate how we create sustainable value for all. To that end, we have computed the company's economic value generated and distributed using the GRI Standards. This includes direct economic value generated and economic value distributed, as shown in the graph below.

The chart below outlines the impact we generated in 2022:

- The Direct Economic Value Generated (DEVG), which is equivalent to total Income: AED 633 million
- Direct Economic Value Distributed (DEVD) which is composed of operating costs, employee wages and benefits, payments to providers of capital, payments to government and community investments: AED 86 million.


Revenues
AED 633.786 million
Operating Costs
AED 41.086 million
Employee Wages & Benefits
AED 24.423 million
Payments to governments
AED 20.569 million
Economic Value Generated
Economic Value Distributed

OUR COMMUNITY

(GRI 413-1, S11, S12)

EMIRATISATION

As a proud UAE company Al Sagr is fully committed to the wellbeing of the community in which we operate and the development of skills and capabilities among UAE nationals. We support UAE government initiatives to empower Emirati citizens and integrate them into the private sector.

We have a clear strategy in place to hire and invest in our UAE national workforce and have succeeded in gradually increase the presence of Emiratis in the workforce. In 2022, 9.3% of Al Sagr's total workforce were UAE nationals, up from 7.9% a year earlier and 5.4% in 2020. All but one of the 23 UAE nationals working at Al Sagr at the end of 2022 was female.

The majority of Emirati employees working at Al Sagr are in entry-level positions (78%), the same level as last year but we have increased their presence at the mid-level to 22% from 6% a year earlier, partly thanks our successful strategy of career progression for Emirati employees.

As an extra incentive, we introduced an optional pension scheme that UAE national employees can sign up for in addition to the end of service gratuity, meaning they can benefit from both schemes.

Total Number of UAE Nationals						
Year	**Female**		**Male**		**Total**	
	Number	%	Number	%	Number	Emiratization Rate
2020	11	100%	0	0%	11	5.4%
2021	18	100%	0	0%	18	7.9%
2022	**22**	**96%**	**1**	**4%**	**23**	**9.3%**

Rate of UAE Nationals			
Year	**Entry-Level**	**Mid-Level**	**Senior-to-Executive Level**
2020	64%	9%	27%
2021	78%	6%	17%
2022	**78%**	**22%**	**0%**

RESPONSIBLE PROCUREMENT

Al Sagr understands that supporting local suppliers is an effective means of contributing to the local community and we are committed to supporting the UAE economy by sourcing all our needs from local suppliers. This approach is reflected in the numbers below which show that we consistently source 100% of our needs from locally based vendors. This is an important dimension of our corporate social responsibility, and we will continue to make it a pillar in our procurement practices.

YEAR	Total Number of Suppliers	Local Suppliers Percentage
2020	25	100%
2021	31	100%
2022	**18**	**100%**

YEAR	Total Procurement Spending (in AED)	Total Procurement Spending on Local Suppliers (in AED)
2020	706,521	706,521
2021	613,367	613,367
2022	**548,523**	**548,523**

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

(GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, S1, S9, S10, G1, G2, G3, G6)

Having a robust corporate governance framework is vital to ensure that a company consistently applies best practices and the principles of transparency, accountability, and risk management. It is a key element in building trust among all stakeholders while ensuring the company creates sustainable value for all.

Al Sagr issues an annual corporate governance report, as per SCA requirements, which provides an in depth look at the company's governance structure, including all policies and mechanisms that ensure reliable and consistent governance. It clearly defines the roles and responsibilities of all key players within the organization, including the Board of Directors and related Committees.

GOVERNANCE

The Board of Directors is comprised of five members of which four are non-executive and independent. All Board members are reputable figures with successful track records within the UAE business community and bring the necessary experience to effectively guide Al Sagr's strategic direction.

The Board has established four Committees to support the execution of its responsibilities including:

- Audit Committee
- Nomination and Remuneration Committee
- Committee of Following-up and Supervising over Insiders' Transactions
- Investments Committee

Institutional investors (all of which are local) hold 71.50% of the company's equity while individual investors hold the remaining 28.50%. Six major shareholders own around 78.34% of the Company's shares, all of whom are renowned UAE institutions and individuals.

MAJOR SHAREHOLDER NAME	PERCENTAGE OWNERSHIP
Gulf General Investment	47.08%
Khaled Abdullah Omran Taryam	5.01%
Near East Investment Co LLC	8.75%
انماء الامارات للتجاره العامه ذ.ذ.م	7.50%
Amjad Mohamed Yusri Mahmoud Salman	5.00%
Ayman Mohamed Yosri Mahmoud Alduwaik	5.00%
TOTAL	**78.34%**

COMPLIANCE

Al Sagr is committed to complying fully with all relevant laws and regulations and has the necessary mechanisms in place to ensure it does so.

As a financial company it is particularly important to be vigilant against the risk of financial crimes. We have a policy manual with detailed procedures and best practices when it comes to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).

Our effective internal policies and procedures allow us to:

- Execute the Company's activities and services in accordance with strict ethical standards and as per laws and regulations
- Enforce the Company's Code of Conduct and monitoring processes
- Ensure that all employees are trained to adhere to this policy at all times
- Remain in strict compliance with applicable Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) laws, as well as with all relevant circulars issued by the Insurance Authority, the Central Bank, and other bodies

Our core compliance system incorporates an integrated sanctions list database from the UN, OFAC, the EU and others which is updated regularly. The system automatically screens and monitors all customer transactions for any irregular activity.

All employees receive AML/CFT training while new employees get a specialized AML/CFT induction.

Supervisors, branch heads and business sales teams undergo operational and awareness training at least once a year.

Al Sagr follows a risk-based approach to AML/CFT and has formed an AML committee approved by the Board. In addition, the internal audit also plays an important role in ensuring compliance.

RISK MANAGEMENT

Al Sagr's risk management framework is comprised of the internal audit and compliance functions as well as the Risk Management Committee. The Committee identifies the internal department directly responsible for managing each risk that the company may be exposed to, including risks related to operations, AML/CFT, compliance, finance, and investment. Each department is responsible for providing the Committee with an analysis of the relevant risk and proposing mitigation measures and KPIs.

INVESTMENT COMMITTEE

The Investment Committee implements Al Sagr's investment strategy, policies and procedures and ensures that investment decisions are made in a prudent manner and within the risk profile set by the Risk Management Committee.

The investment strategy is designed to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of the available surplus, while also ensuring that the company has sufficient assets and liquidity to meet all liabilities and release payments as they are due.

GRI & DFM CONTENT INDEX

(GRI 102-55)

GRI 1: FOUNDATION 2021				
GRI DISCLOSURE	Al Saqr National Insurance Company has reported the information cited in this GRI content index for the period 1 January – 31 December 2022 in accordance with the GRI Standards			
GRI 2: GENERAL DISCLOSURES				
GRI DISCLOSURE	**CONTENT**	**DFM DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
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2-5	External assurance			
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2-6	Activities, value chain and other business relationships		4	
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2-8	Workers who are not employees			
Governance				
2-9	Governance structure and composition	G1: Board Diversity	12	
2-10	Nomination and selection of the highest governance body	G2: Board Independence		
2-11	Chair of the highest governance body			
2-12	Role of the highest governance body in overseeing the management of impacts			

2-13	Delegation of responsibility for managing impacts			
2-14	Role of the highest governance body in sustainability reporting	G3: Incentivized Pay		
2-15	Conflicts of interest	G7: Ethics & Anti-Corruption		
2-16	Communication of critical concerns			
2-17	Collective knowledge of the highest governance body			
2-18	Evaluation of the performance of the highest governance body			
2-19	Remuneration policies	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio		
2-20	Process to determine remuneration	S2: Gender Pay Ratio		
2-21	Annual total compensation ratio	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio		
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	E8, E9: Environmental Oversight	9	
2-23	Policy commitments			
2-24	Embedding policy commitments			
2-25	Processes to remediate negative impacts	G3: Incentivised Pay		
2-26	Mechanisms for seeking advice and raising concerns			
2-27	Compliance with laws and regulations			
2-28	Membership associations	S1: CEO Pay Ratio		
Stakeholder engagement				
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2-30	Collective bargaining agreements			

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GRI 201: Economic Performance 2016				
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GRI 202 Topic Specific				
3-3	Management Approach			
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GRI 203: Indirect Economic Impacts 2016				
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205-2	Communication and training about anti-corruption policies and procedures			
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GRI 302 Topic Specific				
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302-3	Energy Intensity	E4: Energy Intensity E5: Energy Mix	9	
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