



فيدلتي المتحدة
Fidelity United
INSURANCE

**INTEGRATED
REPORT
2023**



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Fidelity United
INSURANCE

SUSTAINABILITY REPORT 2023

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THE COMPANY

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HISTORY

In the scope of reinforcing our respective imprint in the regional market and in the United Arab Emirates, United Insurance Company and Fidelity Assurance and Reinsurance SARL celebrated a newfound identity as Fidelity United, originated from the recent partnership between both companies in November 2018. Fidelity United is one of the pioneering insurance companies registered in 1976, celebrating its 45th anniversary in 2021.

The rebranding presents Fidelity United as being a complete insurance solutions company, providing distinguished product categories and offering top-notch service to our customers and partners, available in the present market.

The firm begins with understanding the corporate and individual client's needs by providing tailored solutions, in cognition to keep up with the ever-changing market trends. The company focuses on making its new brand identity a preferred choice of insurance solutions in the region, reflecting strongly on its core values of transparency and responsibility.

Having embraced the company's slogan, '#BeConfident', the experienced professionals are committed to achieve superior and sustainable profitable growth. Their approach is to provide bespoke solutions and a unique brand experience, by adopting effective risk management and operating in an ethical and professional manner. The operational business model followed within the company since its rebirth, empowers stakeholders and partners, optimizes company performance, and capitalizes on the passion, knowledge, and expertise of its employees.

VISION

To become the Home of Insurance

MISSION

To create a business model that empowers our stakeholders, optimizes our performance by way of innovation and capitalizes on the passion, knowledge, and expertise of our employees.



MESSAGE FROM THE CAPTAIN

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I am pleased to present our Sustainability Report, a testament to our unwavering commitment to environmental responsibility, social progress, and ethical governance. At Fidelity United, we recognize the pivotal role the insurance industry plays in shaping a sustainable future in the United Arab Emirates, and we take pride in our role as responsible stewards of both financial and environmental well-being.

In this report, you will find a comprehensive overview of our environmental initiatives. From adopting eco-friendly practices in our operations to investing in renewable energy sources, we are dedicated to minimizing our ecological footprint. We are actively working towards aligning our business strategies with global sustainability goals, fostering a resilient and environmentally conscious future.

Our commitment to social impact is embedded in our corporate values. Through partnerships, community engagement, and philanthropic endeavors, we strive to make a positive difference in the communities we serve. This report outlines our initiatives to support education, healthcare, and other

critical areas, underscoring our dedication to being a responsible corporate citizen.

A cornerstone of our sustainability efforts is our commitment to ethical governance. Transparent and accountable business practices are integral to our corporate identity. This report provides insights into our governance structure, highlighting our commitment to fairness, integrity, and compliance with the highest standards. We believe that ethical governance is not just a choice but a fundamental obligation to our stakeholders.

As we celebrate our achievements outlined in this report, we recognize that the journey towards sustainability is collaborative. We appreciate the dedication of every member of the Fidelity United family, and we encourage ongoing dialogue and collaboration with our stakeholders. Together, we can create a lasting impact on our planet and society.

Fidelity United has been resilient to the ever-changing global health and economic challenges, which is a credit to our staff, our clients and partners who have continued to

support us, and our leadership team who have been steadfast and dedicated.

Although we are making good progress in meeting our annual sustainability targets and long-term goals, we continue to strengthen our focus on targets where we want to aim higher: increasing diversity in our workforce, improving employee and client well-being and training, focusing on engagement, and quantifying the sustainability



Bilal Adhami



SUSTAINABILITY STRATEGY AND COMMITMENT

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Sustainability at the corporate level has evolved from the notion of Corporate Social Responsibility - mainly focused on corporate philanthropy. It is becoming a strategic priority for companies to seize opportunities, reduce costs and to build competitive edge. Sustainability management is the integrated management of economic, social, and environmental performance for the purpose of maximizing benefits for all stakeholder groups. It helps companies identify social, environmental, economic and governance risks and opportunities that increasingly impact the success of companies through driving performance gains and increasing competitiveness. During the last few years, UAE has deployed extensive efforts towards driving sustainability forward in the country under the framework of UAE Vision 2021 and in alignment with the UN Sustainable Development Goals (SDG). The vision is aimed at ensuring a sustainable environment and infrastructure.



Our Way Forward

The core business of Fidelity United is to provide a safety net to individuals and companies to empower them to achieve their desired goals. Our corporate responsibility approach and commitments guide our operating model to respond to environmental, social and governance challenges and drive continuous improvement.



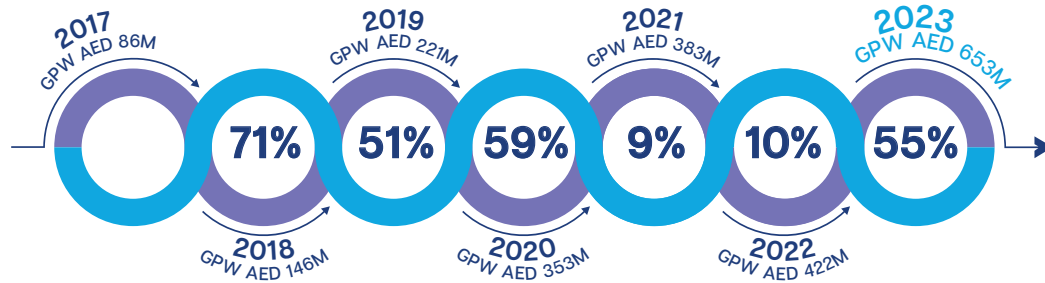
Our ESG Strategy is focused on embedding sustainability in all business activities and using our roles as an insurer, investor and employer to manage the risks posed by various challenges and to foster a more inclusive society. We at Fidelity United, are committed to demonstrate our ESG goals to add value for key stakeholders, customers, shareholders and employees. We aim to create an environmentally conscious workplace through sustainable choices and initiatives. We want our team to believe in our vision and practice environmentally friendly habits in the office to achieve our goals in the sustainability journey.



HIGHLIGHTS OF 2023

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Continuing on our journey of growth, the topline has increased at CAGR of 34% annually since 2018. Top line has increased by 55% as compared to prior year.



OUR PROFILE

2023

We generated **AED 654 Mil** revenue

We managed **500,000+** claims

We insured **300,000+** individuals

We operate from **5 offices in the UAE** to serve you better

500M

Moody's
Investor Services
Ba2

AWARDS



We were ranked 26th at the end of 2019 amongst the listed insurance companies in UAE and have jumped 10 positions to be ranked 15th at the end of 2023.



ENVIRONMENT POLICY STATEMENT INITIATIVES AND GOALS

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Environmental Operations:

Environmental operations are an essential component of overall ESG management. By integrating environmental considerations into our operations, we tend to improve operational efficiency, enhance our reputation, and contribute to the transition to a more sustainable economy.

We have implemented practices and strategies to address and manage our environmental impact. We focus specifically on:

- how to reduce energy consumption and increase energy efficiency
- reduce water usage
- reduce plastic
- comply with environmental regulations and standards
- adopt voluntary initiatives to demonstrate environmental responsibility

Environmental Oversight

Message from the Board

With a robust ESG program established within our company's management structure, we, at the board level, ensure thorough oversight and evaluation of ESG matters.

We entrust management to proficiently navigate the constantly shifting risk landscape and give relevant metrics to the board.

Our focus lies in ensuring that the company's strategy, business model, and operations align with material risks,

promising results, and the creation of long-term value.

Recognizing the increasingly evident risks posed by environmental factors, we grasp their implications on business strategy and performance, acknowledging their potential to fill various sides of our operations.

We remain well informed about any environmental oversight issues, what is the evaluation of the risks that arise from ESG factors and what are decisions the company decides to take towards them.

Message from the Management

Because ESG strategy should align with business strategy and focus on material risks and business drivers, we are fully aware on how those risks and opportunities are being addressed. Management has delegated comprehensive oversight responsibilities to the ESG committee to facilitate the smooth launch of our ESG strategy.

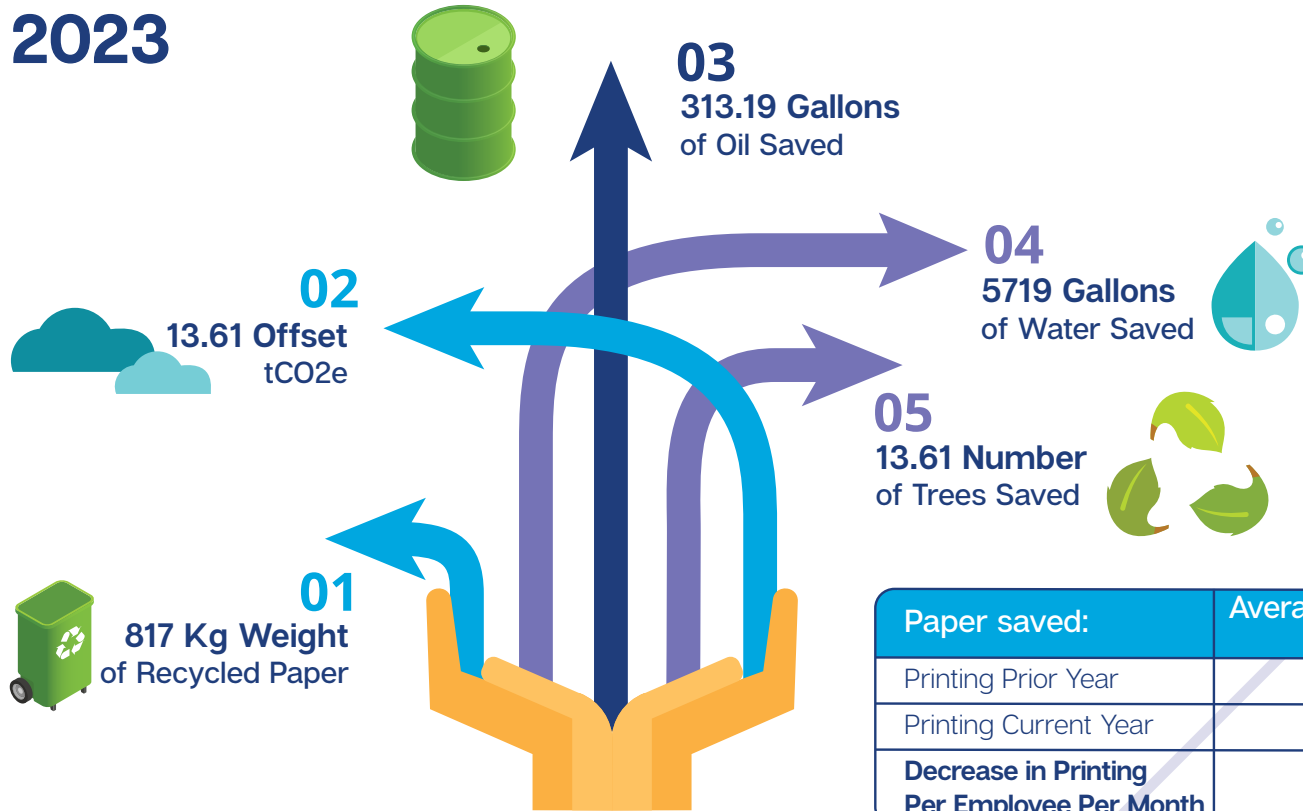
Given the recurrent nature of ESG discussions and the increasing expectations for management involvement in ESG oversight, we have established an appropriate rhythm. We consistently convey ESG strategy updates to management and keep the board informed about progress and challenges encountered.

The ESG committee ensures the execution of goals and the seamless integration of milestones into the plan. With the right personnel and processes in place, we foster a culture that embraces ESG activities.

Environmental

We are committed to reducing our paper use and encourage our business partners and employees to go paperless through various go digital initiatives.

2023



Paper saved:	Average Printing per Employee per Month
Printing Prior Year	350
Printing Current Year	278
Decrease in Printing Per Employee Per Month	20%



SOCIAL – POLICY
**STATEMENT, INITIATIVES
AND GOALS**

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During 2023, Fidelity United has been dedicated in fostering a culture of well-being within our workplace through a series of engaging wellness sessions. These sessions were thoughtfully curated to address various aspects of our employees' holistic health, providing valuable insights and practical tools to enhance their overall well-being.

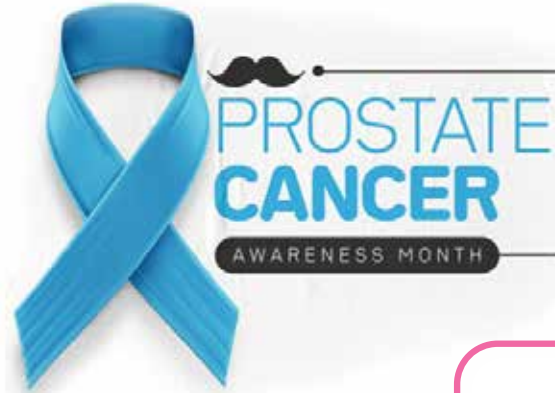
The wellness sessions conducted underscore our commitment to creating a workplace that prioritizes the well-being of our employees. We believe that a healthy and happy workforce is not only more productive but also more engaged and resilient. As we continue to invest in the holistic wellness of our team, we look forward to witnessing the positive impact on both individuals and our collective work environment.

Fidelity United recently took part in the Dubai Run 2023, contributing to the vibrant atmosphere of health and wellness in the heart of Dubai. Our participation in the run reflects our commitment to promoting an active and healthy lifestyle among our employees. The Dubai Run was not just a race; it was a celebration of community, well-being, and the spirit of unity. By joining this event, we demonstrated our dedication to fostering a culture of fitness and camaraderie within our organization.

We are thrilled to share the resounding success of our recent Annual Sports Tournament, where employees showcased exceptional talent, sportsmanship, and a true sense of team spirit. The event was a testament of our commitment in encourage a healthy and vibrant workplace culture.



Fidelity United believes in creating awareness for the most prevalent types of cancers amongst men and women. The aim of the campaign is to create cancer awareness while dispelling the myths that people believe, inform them about the signs and symptoms, and importance of screening for early detection. It is also vital to emphasize the importance of a healthy lifestyle. Through October and November, several awareness sessions for employees and clients were conducted for Breast Cancer and Prostate Cancer. In support of our solidarity for patients and survivors, Fidelity United employees wore pink for Breast Cancer and blue for Prostate Cancer days.



BLOOD DONATION

'Your blood donation can save a life'.

As part of our continued efforts towards people happiness and a healthier community, Fidelity United, in association with Dubai Health Authority, organized a blood donation drive. Enthusiastic employees from all Fidelity United branches, colleagues from the industry and good samaritans from surrounding offices came together, taking another step towards their own well-being and building a robust society.

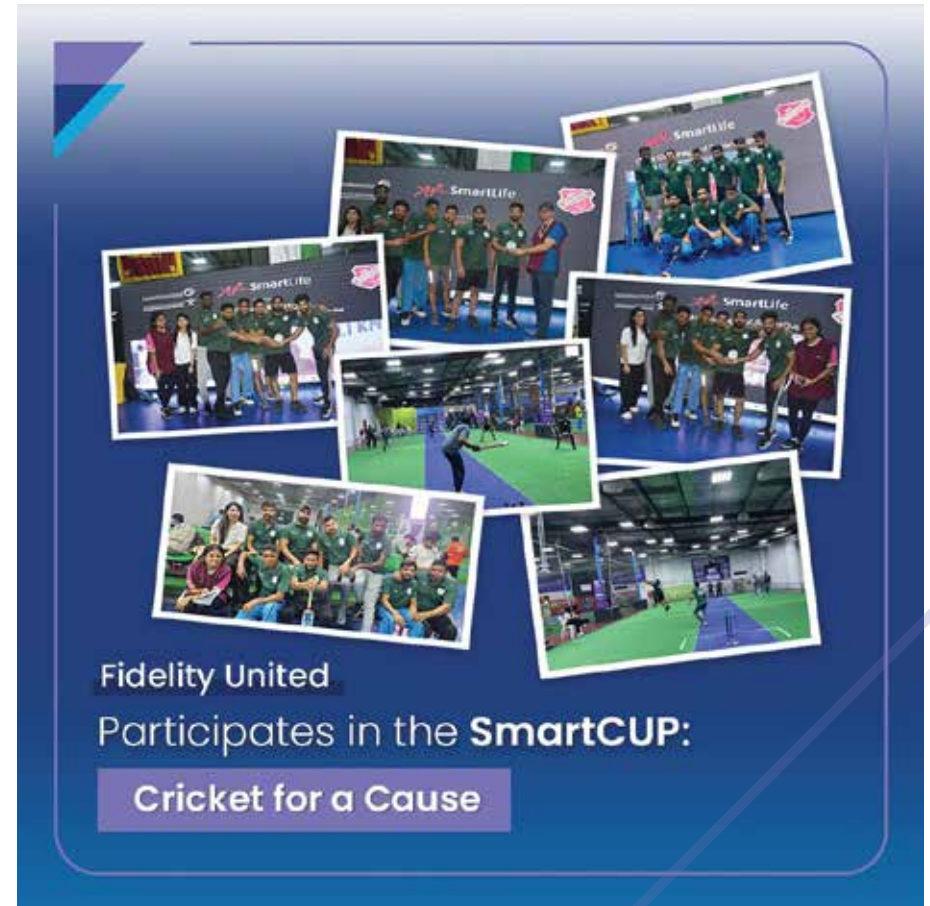
WORLD BLOOD
DONOR
DAY



COMMUNITY SERVICE

During the blessed month of Ramadan, Fidelity United in association with Model Service Society celebrated the joy of giving back to our community members at the DIP Labor Camp.

Fidelity United family joined hands to organize, pack and deliver essential food items to more than 150 families in need, across UAE. We are humbled by this initiative and grateful to be able to bring a smile on so many faces.



Proud to be part of Smartlife's mission for a better tomorrow. Fidelity United participated in the Smartcup Cricket Tournament, making a positive impact on the lives of blue-collar workers.

Gender pay ratio and diversity

The prime objective of Fidelity United equal opportunity policy is to ensure that all employees are treated fairly and consistently in all aspects of employment. This includes activities relating to recruitment, training and development, performance management and the day-to-day management of its employees.

Fidelity United adopts a grading structure for making decisions about employee pay and progression that are fair for all employees. The jobs are placed in order of hierarchy and arranged into a series of grades.

Fidelity United ensure that we are recruiting talented men and women based on the objective criteria. The decisions about career development opportunities are made and we feel confident that appointments are made on merit and not on personal preference or bias.

We ensure performance reviews are conducted against the guarantee that the development and progression of talented employees is not limited by their gender.

Employee Turnover

The employee turnover rate within the organization serves as a key indicator of workforce stability and organizational health. By analyzing trends in employee turnover, we gain valuable insights into areas such as employee satisfaction, retention strategies, and overall organizational effectiveness. Our commitment to understanding and addressing employee turnover aligns with our governance principles, ensuring that we maintain a resilient and engaged workforce capable of driving sustainable growth and success.

At Fidelity United, monitoring employee turnover serves as a critical component of our governance framework. Understanding the patterns and reasons behind employee departures enables us to implement effective retention strategies and maintain a stable and engaged workforce. By prioritizing employee satisfaction and retention, we uphold our commitment to fostering a resilient organizational culture conducive to long-term success and sustainability.

Non-Discrimination

Fidelity United upholds the principle that all employees are entitled to work in an environment devoid of harassment or discrimination. Regardless of sex, gender, race, religious beliefs or creed, political opinion, marital status, disability, age, or nationality, we are steadfast in our commitment in fostering an inclusive and respectful workplace.

We are dedicated to maintaining a professional and equitable environment for both our employees and customers. It is our firm commitment to ensure that every individual, whether engaged in business with the company or a member of our workforce, is always treated with dignity and respect.

Global Health and Safety

We are deeply committed to ensuring the health and safety of our employees, customers, and communities worldwide. We adhere to rigorous global health and safety standards in all aspects of our operations to create a secure working environment. Our proactive measures and strict adherence to regulations aim to prevent accidents and promote well-being. We actively support initiatives addressing public health challenges and prioritize the safety of all stakeholders.

Child and Forced Labour

Fidelity United acknowledges the widespread prevalence of child and forced labor globally. In alignment with our core value of treating all individuals with dignity and respect, we have instituted the following principles:

1. All applicants must meet a minimum age requirement of 18 years. The verification of age will be conducted by the Human Capital Department through official documents such as passport copies, ensuring compliance with this criterion for employment.

2. We categorically condemn the exploitation of children, their involvement in hazardous labor, and any instances of physical punishment, abuse, or involuntary servitude of workers. Fidelity United advocates for temporary workplace internship and apprenticeship education programs for young individuals, alongside customary seasonal employment, under close supervision. These arrangements are contingent upon safeguarding the moral, safety, health, and mandatory education of participants.

By steadfastly adhering to these principles, we underscore our commitment to upholding ethical labor practices and ensuring that child and forced labor find no place within our operations or supply chain. Fidelity United remains resolute in continuously enhancing our protocols to eradicate these practices entirely.

Human Rights

We firmly believe that respecting human rights is a shared responsibility that extends to every individual and entity. It is

incumbent upon us to uphold this responsibility by avoiding actions that cause or contribute to adverse human rights impacts and by addressing such impacts swiftly and effectively when they occur.

We are committed to taking proactive measures to prevent or mitigate adverse human rights impacts that may be directly linked to our operations or services, as well as those resulting from our business relationships. Even if we have not directly contributed to these impacts, we recognize our obligation to seek to prevent or address them.

By adhering to these principles, we demonstrate our commitment to promoting and protecting human rights in all aspects of our operations and business relationships. At Fidelity United, we embrace our role in advancing human rights and strive to continuously improve our practices to uphold this fundamental value."

Nationalization

Fidelity United strongly supports the UAE government's vision and Emiratization initiatives. We are committed to providing opportunities for Emiratis to develop their skills and build meaningful careers within our organization. By participating in nationalization programs, we contribute to the growth and prosperity of the UAE and its people.

Community Investment

Fidelity United strongly believes in investing the growth of the community. In FY 2023, we have contributed towards Dubai Cares, Smart Life and conducted various other programs such as Blood Donation Drives and EID Distributions.



GOVERNANCE STRUCTURE AND POLICY STATEMENT

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Board Diversity

Our board of directors now proudly boasts gender diversity, reflecting our commitment in fostering a dynamic and balanced leadership team.

Diverse perspectives drive innovation and excellence, and we believe that by championing gender diversity, we enhance our ability to navigate challenges and seize opportunities. This achievement is a testament of our dedication to equality, and we look forward to the continued positive impact this diversity will bring to our organization.

Governance Structure

a. Board Level

The Board of Fidelity United has structured various committees to manage and look after the affairs of the company. These are designed considering the most appropriate governance structure with the size of the company.

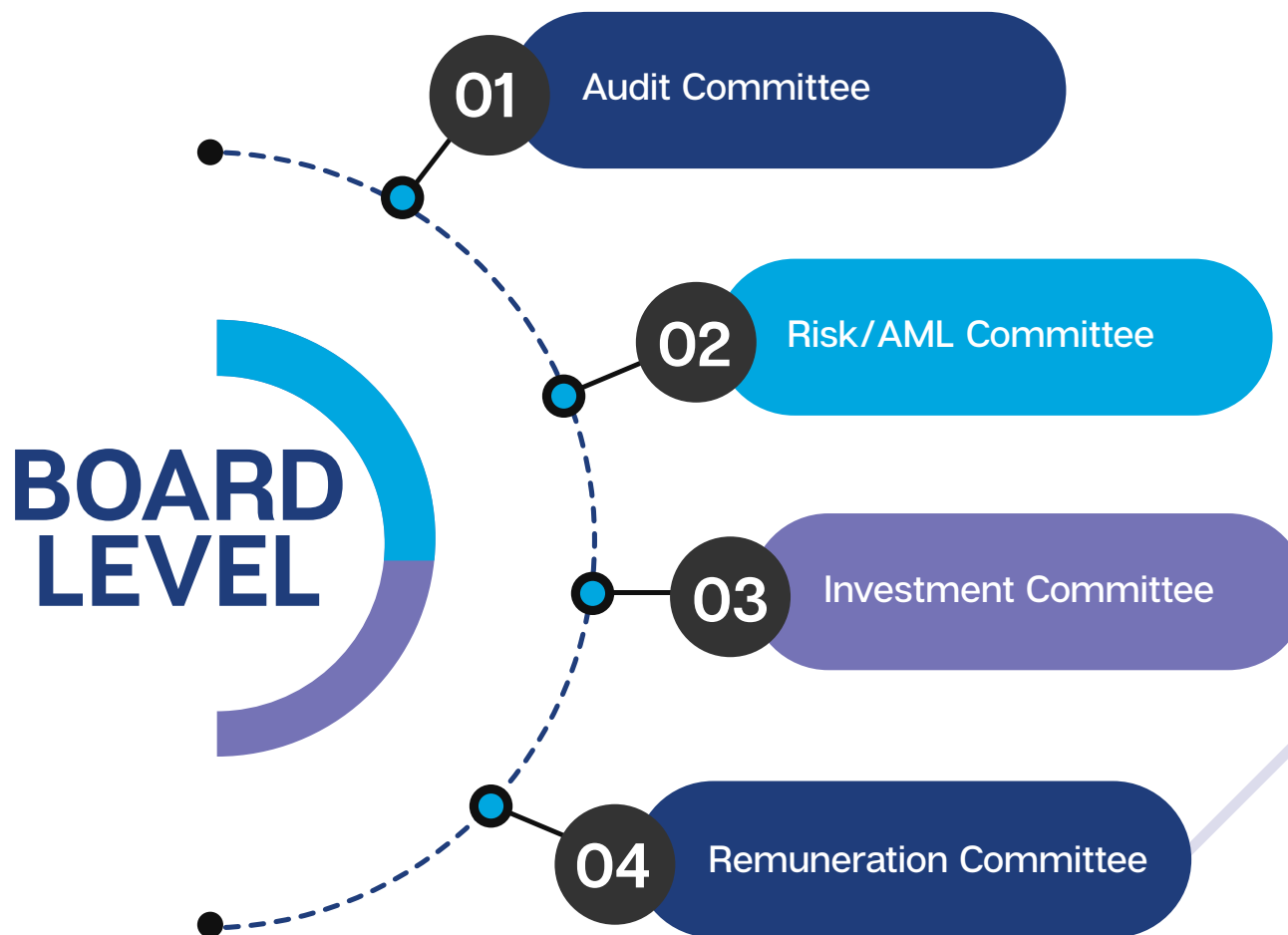
b. Management Level

The governance structure at Management Level is created by keeping in mind the strong growth of the company, our future aspirations and the necessary risk management needed to operate the company.

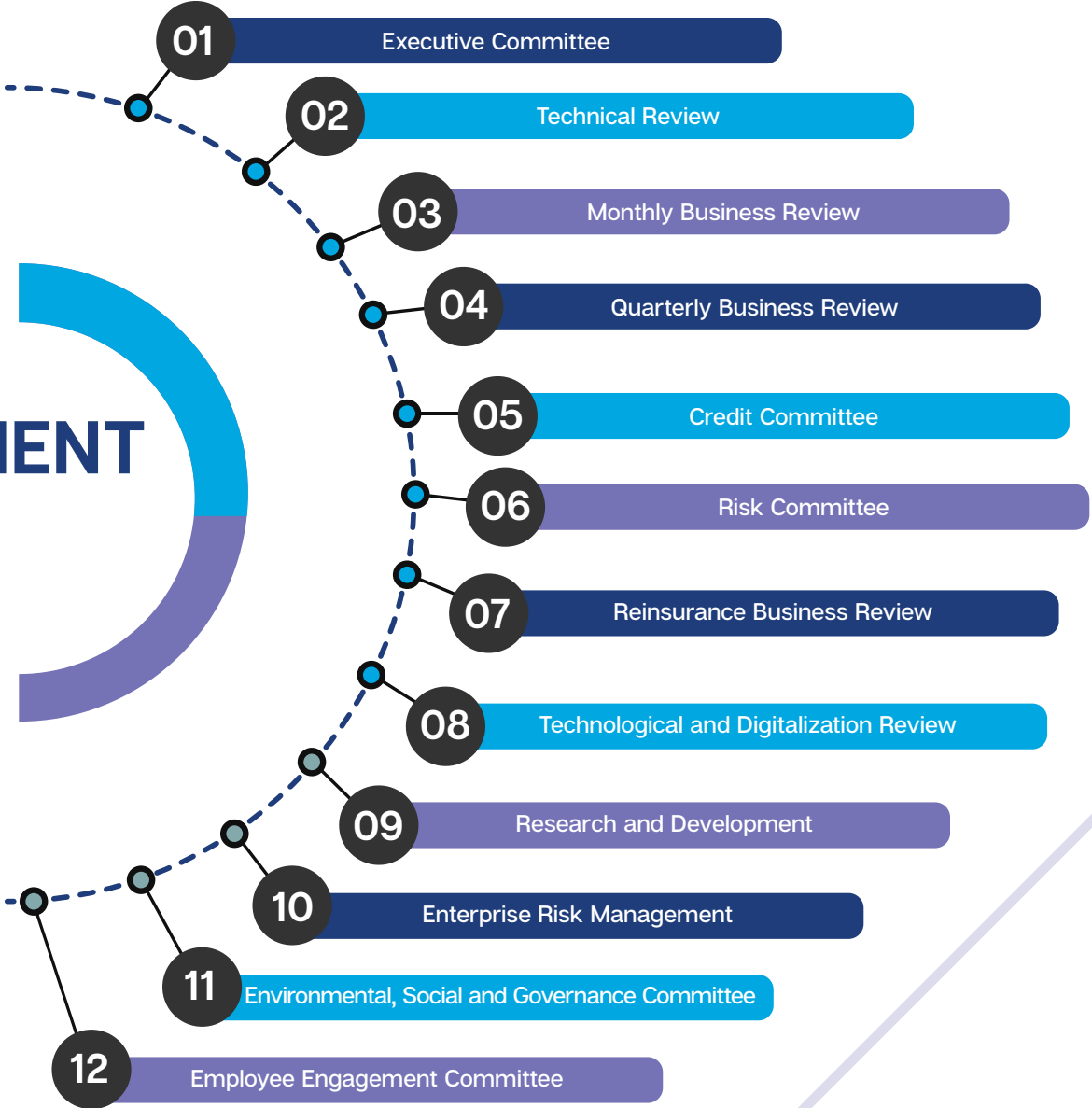


Governance

Our governance structure is created by keeping in mind the strong growth of the company and our future aspirations. The structure is split into two main accountabilities defined at Board and Management level.



MANAGEMENT LEVEL



Ethics and Prevention of Corruption

We maintain unwavering commitment to ethical conduct and the prevention of corruption in all aspects of our operations. Our core values dictate integrity, transparency, and accountability, which guide our actions and decisions.

We firmly uphold ethical standards, adhering to laws and regulations governing anti-corruption measures. Our policies and procedures are designed to prevent bribery, extortion, and any form of corrupt practices, both within our organization and in our interactions with external stakeholders.

We provide ongoing training and awareness programs to ensure that all employees understand their responsibilities in upholding ethical standards and preventing corruption. Additionally, we encourage the reporting of any suspected unethical behavior through our confidential whistleblower hotline. Fidelity United is dedicated to conducting business with honesty, fairness, and integrity. We believe that by maintaining a culture of ethics and transparency, we not only protect our reputation but also contribute to the trust and confidence of our stakeholders and the communities we serve.

Data Privacy

Fidelity United respects its customers' fundamental right to privacy, and we commit to take great care in using, disclosing, processing and safeguarding their Personal Data.

Fidelity United has developed a Data Protection Policy that aims to ensure that we adopt and observe appropriate standards for personal data protection in compliance with the applicable Local Data Protection Regulations.

While our Data Protection sets out the general principles that govern the collection, use, and disclosure of our customers'

personal information, the below clarify, how we protect personal information.

The integrity, confidentiality, and security of the personal information are important to us. That's why we strictly enforce our Data Protection Policy within Fidelity United and have implemented technical, organizational, and physical security measures that are designed to protect the Personal Data. from unauthorized or fraudulent access, alteration, disclosure, misuse, and other unlawful activities.

We also put in effect the following safeguards:

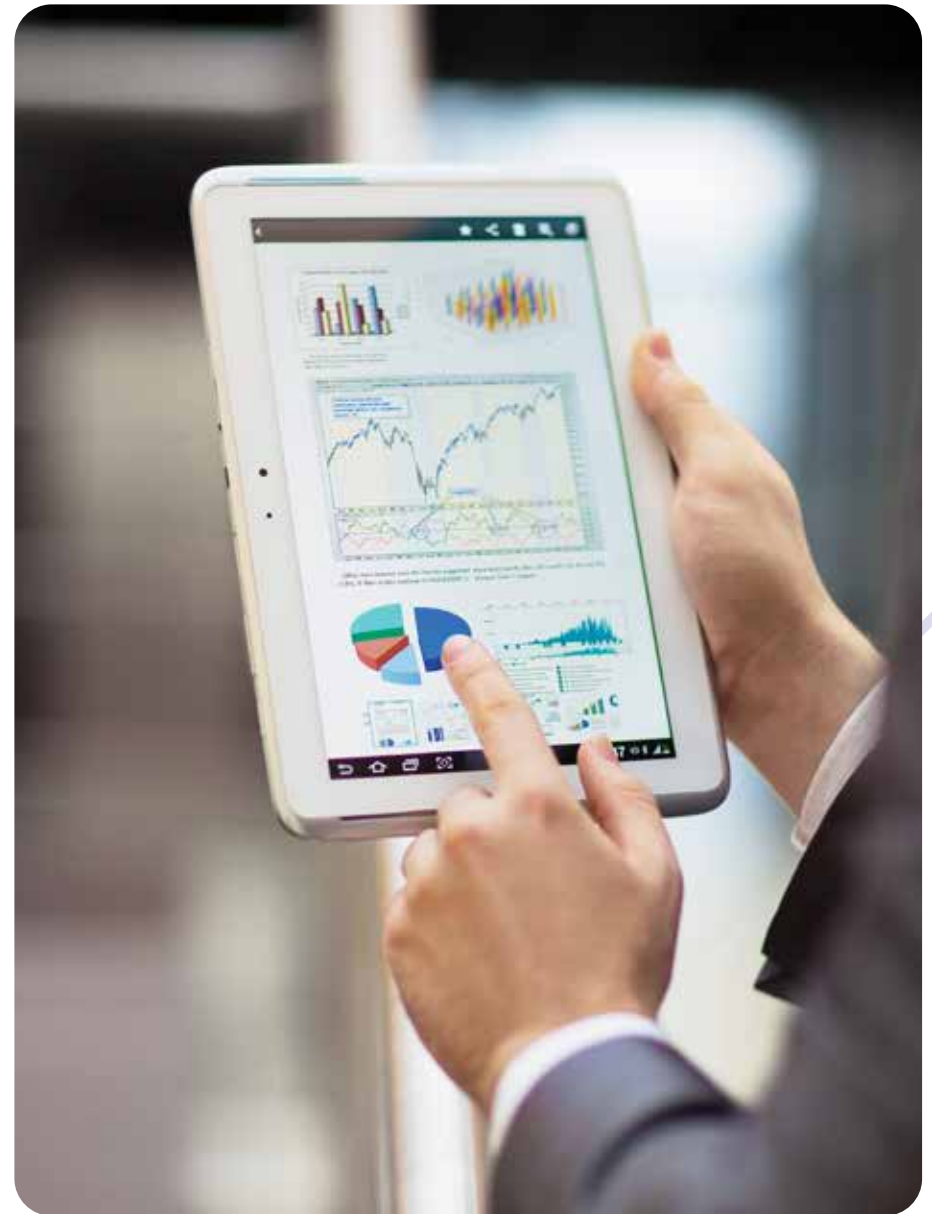
- We have a separate data protection policy.
- All our Contracts with the vendors includes a data protection clause.
- We keep and protect the information using a secured server behind a firewall, encryption, and security controls.
- We make sure to have Consent in place while involved with personal data.
- We keep information only for as long as required by Law and necessary for us to (a) provide the products and services that you avail from us, (b) for our legitimate business purposes, and (c) to comply with applicable pertinent laws and regulations.
- We restrict access to the information only to authorized personnel who are trained to handle the information with strict confidentiality and only for the required purpose.
- We undergo regular audits and rigorous testing of our infrastructure's security protocols to ensure the data is always protected.
- We promptly notify the concerned data subject, when sensitive personal information that may, under the circumstances, be used to enable identity fraud are reasonably believed to have been acquired by an unauthorized person;

Sustainable Reporting

Fidelity United publishes integrated report on annual basis comprising of:

- a. Board Report,
- b. Financial Statements,
- c. Corporate Governance Report, and
- d. Sustainability Report

These reports are prepared keeping in mind the regulatory requirement and best practices across the region.





STAKEHOLDER ENGAGEMENT

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Employees

At Fidelity United, we believe our employees are the cornerstone of the company. Attracting, developing and retaining the right talent for the right job is the foundation on which great businesses thrive. We have driven initiatives to ensure that our employees are happy, healthy, and motivated to ensure a good experience for our customers. Our dynamic and diverse company culture advocates communication, transparency and accentuates employee engagement. For this reason, we have built a culture based on diversity, collaboration, innovation, challenges and growth - all the while preserving work-life balance.



Our priorities are:

- a. Employee Engagement
- b. Diversity and Inclusion
- c. Talent Management
- d. Learning and Development
- e. Reward and Recognition
- f. Employee Wellbeing
- g. Health and Safety

Regulators

In today's ever-evolving world, debating whether to incorporate sustainability into our business strategy is no longer an option. We must work together with companies, governments, and organizations to come up with the best sustainable solutions and drive positive change, by doing the following:

- a. Communicate regularly with the regulators
- b. Participate in social events
- c. Contribute to donations and volunteering.



Industry Management

Team of Fidelity United is part of various committees in the Insurance Association. The team is very well represented in the Finance Committee, Motor Committee, Legal Committee and Higher Technical Committee, where they play a significant role in proposing evolving improvements within the industry.



Board Members and Shareholders

Fidelity United engages with the Board Members and shareholders to communicate its strategy and performance on sustainability, enabling them to make informed decisions about their investments and our businesses to understand their expectations. These communications are through Regular Board meeting and Annual General Meetings of shareholders.



2024 OUTLOOK & FUTURE GOALS

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It is increasingly evident that continuous commercial success is linked with our commitment to sustainable development. It is imperative for Fidelity United to encapsulate it in a clear purpose to achieve full benefits. The purpose should be compatible with the Sustainable Development Goals and needs to shape the way the business is both designed and run. A balance needs to be continually maintained between emphasis on short term priorities and long term commitments, whilst understanding our stakeholder expectations.

Our commitment for the years 2024 - 2026 is to:

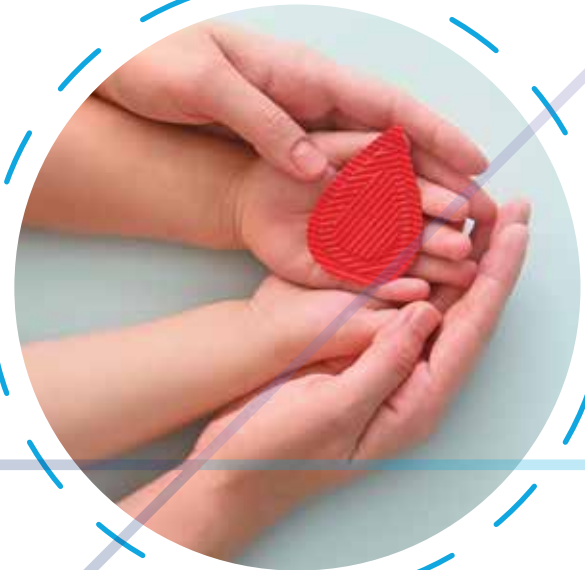
Environmental

- a. Eliminate use of plastic cutleries
- b. Reduce by reusing
- c. More inclined in supporting companies with a history of sustainability/green vendors
- d. Manufacture products from recycled plastic
- e. Encourage sustainable transportation (shuttle bus or encourage carpooling)
- f. Adopt green marketing practices (green labeling)
- g. Conduct awareness sessions for our employees on green technology



Social

- a. Wellness webinars
- b. Wellness programs
- c. Cleaning drives
- d. Blood donation drive
- e. Share our earnings
- f. Earth hour
- g. Community Service



Proposed contribution towards our initiatives:

Initiatives	Year 2023	Year 2024	Year 2025
Cleaning drive (No./year)	1	2	2
Blood donation (% increase from previous year)	5%	5%	5%
Share our earnings (AED/policy)	1	1	1
Earth hour	12%	14%	16%
Save the trees (say no to papers)	10%	10%	10%
Save the ocean (say no to plastic)	2%	2%	2%
Community Service	2	2	2
Wellness Program	1	2	2

Governance

- a. Strengthen the review and audit process to ensure best practices in respect of controls are in place for sustainable bottom line.
- b. Enhance the effectiveness of ERM structure in line with the growth of the company.
- c. Maintain the solvency ratio and review the appetite of the company at regular intervals.
- d. Working with strong rated Reinsurers.





BECONFIDENT



Corporate Governance Report of United Fidelity Insurance Company for 2023



Statement of the procedures taken to complete the corporate governance system during 2023.

The Board of Directors of United Fidelity Insurance Company (hereafter referred to as “**Fidelity United**”) strongly upholds robust corporate governance principles. Recognizing corporate governance as essential for achieving sustainable long-term growth and prosperity, the Board is dedicated to enhancing shareholder value while considering the interests of stakeholders such as employees, clients, suppliers, business partners, and the broader community where Fidelity United operates.

Corporate governance is not merely a destination but an ongoing journey towards business development and excellence. In line with this, the Board has consistently upgraded corporate governance standards at Fidelity United throughout 2023, adhering to the Central Bank Corporate Governance Regulation for Insurance Companies and in line with the institutional and other regulatory requirements prescribed by the Securities and Commodities Authority, including in particular the Authority's Chairman of the Board of Directors' Resolution No. (3/R.M) of 2020 Concerning Corporate Discipline and Governance Standards of Public Joint Stock Companies. The senior management collaborate to fortify the internal control system, recognized as pivotal within the corporate governance framework of Fidelity United

Fidelity United has established a corporate governance framework to guide its operations internally and externally, ensuring the existence of a precise framework that delineates the responsibilities and duties of the board of directors and executive management while safeguarding the rights of all stakeholders involved.

The main components of the “Corporate Governance framework” embedded with Fidelity United consists of the following:

Corporate Governance Framework at Fidelity United		
Board of Directors	Board Committees	Internal Control Functions
<input type="checkbox"/> Active <input type="checkbox"/> Independent <input type="checkbox"/> Non-executive	<input type="checkbox"/> Audit Committee <input type="checkbox"/> Remuneration and Nomination Committee <input type="checkbox"/> Investment Committee <input type="checkbox"/> Risk Committee	<input type="checkbox"/> Compliance <input type="checkbox"/> Risk Management <input type="checkbox"/> Internal Audit <input type="checkbox"/> Actuary



Statement of the ownership and transactions of board members, their spouses, and their children during 2023

The members of the Board of Directors, their spouses, and their children did not deal in the company's securities during 2023.

No.	Name	Position/ Relationship	Shares owned as of 31/12/2023	Total sale transaction	Total purchase transaction
1	Nawwaf Ghubash Ahmed Ghubash Almerri	Chairman of Board of Directors	9.38%	N/A	N/A



Board of Directors formation and related information

No.	Name	Category (executive, non-executive and independent),	The period he spent as a member of the company's board of directors from the date of his first election	Their memberships and positions in any other joint stock companies	Their positions in any other important regulatory, governmental or commercial positions
1	Mr. Nawwaf Ghubash Ahmed Ghubash Almerri	Non-Independent Non-executive	Since 2002	N/A	N/A
2	Mr. Ricardo Maurice Suleiman	Non-Independent Non-executive	Since 2017	N/A	N/A
3	Mr. Khalid Rashid Humaid Al Mazrouei	Non-Independent Non-executive	Re-elected in 2017	N/A	N/A
4	Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Non-Independent Non-executive	Since 2017	RAK Properties (Board Member)	N/A
5	Mr. Nadeem Ahmed Irfan Ahmed	Independent Non-executive	Since 2017	N/A	N/A
6	Mrs. Lara Sleiman	Non-Independent Non-executive	Since 2023	N/A	N/A
7	Mr. Fardan Ali Al Fardan	Independent Non-executive	Since 2023	N/A	N/A
-	Mr. Fadi Cherkawi	Non-Independent Non-executive	member until 04/27/2023 and did not submit his candidacy for membership in the new Board.	N/A	N/A



-	Mr. Majid Sultan Al Mail	Independent non-executive	member until 04/27/2023 and did not submit his candidacy for membership in the new Board.	N/A	N/A
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Board of Directors experience and qualifications.

Mr. Nawwaf Ghubash Ahmed Ghubash AlMerri (Chairman)

Mr. Nawwaf currently holds the position of the Chairman of the Board of Directors of the Company. Mr. Nawwaf Ghobash is a member of the Board of Directors of the Company since 2002. He holds a bachelor's degree in business administration from the University of the United Arab Emirates - Al Ain. In the past years, he was nominated a delegated member of the company's board of directors: Currently, he holds the following positions:

- Member of the Board of Directors of Dubai Refreshments Company from March 2023 to date.
- Vice-Chairman of the Board of Directors of Ghobash Trade and Investment Ltd. from 1999 to date.
- Chairman of the Board of Directors of SEDCO - Jordan - Dubai from 2021 to date.
- Member of the Board of Directors of Emitac since 1999 to date.
- Member of the Board of Directors and member of the Executive Committee of the Sahara Center in Sharjah from 2000 to date.
- Chairman of the Board of Directors of RAK Pharma - Bangladesh between 2015 and November 2018.
- Chairman of the Board of Directors of the United Fidelity Insurance Company from 2017 to date.
- Member of the Board of Directors of the United Fidelity Insurance Company from 2002 until 2017.
- Managing Director of United Fidelity Insurance Company from 2011 until 2017.
- The second vice president and member of the board of directors of the Ras Al Khaimah Chamber of Commerce and Industry from January 2007 until December 2009.
- Member of the Board of Directors of Gulf Pharmaceutical Industries Company (Julphar) in Ras Al-Khaimah between 2005 and 2017.
- Member of the Board of Directors of Ras Al Khaimah Real Estate Company from 2005 until 2012.
- Member of the Board of Directors of Ras Al Khaimah Real Estate Company since 2018 till 2020.
- Member of the Board of Directors of the Emirates Insurance Association from January 2010 until 2013.
- Member of the Board of Directors of Al-Anwar Holding Company (PSC) in the Sultanate of Oman from 2003 until 2014.
- Member of the Board of Directors of Addax Bank in the Kingdom of Bahrain from January 2010 until 2012.



Mr. Ricardo Maurice Suleiman (Vice Chairman)

Mr. Ricardo currently holds the position of the Vice Chairman of the Board of Directors. He holds an ISM certificate since 1968 from the International School of Marketing, United States of America, and an international Diploma in Marketing.

He held the following positions:

- Sales Representative at NCR Corporation, 1964.
- Sales Executive at American International Underwriters AIU, 1968.
- Sales Manager at Fidelity Assurance and Reinsurance, 1969. He acquired the Company after 25 years.
- Associate Agency Manager at the American Life Insurance (ALICO) as of 1971.
- Chairman of Fidelity Assurance & Reinsurance Company SAL, 1994.
- Shareholder of Rymco - General Agents of GMC, Nissan and Infiniti motors in Lebanon.
- Was elected by the General Assembly held on 02/08/2017 as a member of the Board of Directors of United Fidelity Insurance Company.

Mr. Khalid Rashid Humaid Al Mazrouei (Member of the Board)

Mr. Khalid holds a Bachelor's degree from Emirates University in Accounting and Information Systems. He worked for 5 years for HSBC Bank and another five years for the Department of Economic Development - Government of Dubai. He currently holds the following positions:

- Member of the Board of Directors of Al-Bahri and Al Mazroui Company.
- Member of the Board of Directors of Dubai Tourism and Travel Group.
- General Manager of Gulf Wings Travel.
- Businessman and owner of private companies.
- Re-elected by the General Assembly on 02/08/2017 as a member of the Board of Directors of the United Fidelity Insurance Company.

Mr. Mohamed Ghobash Ahmed Ghobash Al Marri (Board Member)

He holds a higher diploma in Business Administration from the Higher Colleges of Technology (1993 - 1999) in the Emirate of Ras Al Khaimah. He completed several banking, administrative and executive courses at Emirates Institute of Banking, Etisalat Academy, and the National Bank of Abu Dhabi. He held the following positions:

- Stock Trading Manager - Abu Dhabi Financial Services, 2009-2011



- Vice President - Emirates Football Club - Ras Al Khaimah 2011-2012
- Relationship Manager - National Bank of Abu Dhabi for Private Banking Services 2011-2014
- BOD member in RAK Properties from 03/04/2021
- He was elected for the first time by the General Assembly held on 02/08/2017 as a member of the Board of Directors of United Fidelity Insurance Company.

Mr. Nadeem Ahmed Irfan Ahmed (Board Member)

He was first elected by the General Assembly in 2017 as a member of the Board of Directors of United Fidelity Insurance Company. He holds a master's degree in business administration from the University of Aligarh, India, and has held the following positions:

- Since 2012 - to date, Investment Manager - Ghobash Trading and Investment Company.
- Since 1986 - 1992: Finance Executive at Pradeshia Industrial & Investment Corporation of U.P. Ltd.
- Since 1992-1995: Head of Business at Sterling Securities Limited, Delhi.
- Since 1995 - 1998: Vice President of Fortess Financial Services Limited, Mumbai.
- From March 1999 to December 2002: Manager at Abu Dhabi Investment Company (ADIC), "Invest AD".
- From January 2003 to February 2008: Director of HSBC Private Equity Middle East (HSBCPE).
- From March 2008 to April 2012: Investment Partner in BNP Paribas Frist Private Equity Fund, Bahrain.
- Since 2008: Member of the Board of Directors of BNP Paribas Frist, Private Equity Fund in and a member of the Board of Directors of the Fund Company and the Fund Manager since its incorporation.
- May 2012 to August 2016: Member of the Board of Directors of Private Portfolio Companies of BNP Paribas Frist, Private Equity Fund.
- December 2012 to date: Group Investment Director - Ghobash Trading & Investment Limited.

Ms. Lara Sleiman

She was first elected by the General Assembly in 2023 as a member of the Board of Directors of United Fidelity Insurance Company. She holds a master's degree in business administration, and B.A., Business Marketing from Lebanese American University, and has held the following positions:

- Board Member and Vice President – Administration and Projects Development - Fidelity Assurance & Reinsurance Co. SAL (Lebanon) 2018 – Present
- Vice President – Human Resources and Administration - Fidelity Assurance & Reinsurance Co. SAL (Lebanon) 2009 – 2017
- Human Resources Manager - Fidelity Assurance & Reinsurance Co. SAL (Lebanon) 2004 – 2008



Mr. Fardan Ali Al Fardan

He was first elected by the General Assembly in 2023 as a member of the Board of Directors of United Fidelity Insurance Company. He holds a Certified Diploma in Real Estate Management from Dubai Real Estate Institute, and Bachelor of Arts in Business Administration, The American University in Dubai, and has held the following positions:

- Board member - Al Fardan Group 2017 – Present.
- Senior Executive Officer and Managing Director -Embassy Capital Limited 2020- Present.
- Head of hospitality - Equitativa Limited 2017 – 2020
- Senior Investment Manager, Real Estate - Emirates NBD 2011- 2017

Female representation percentage in the Board of Directors for 2023

Female representation in the Board of Directors is one female out of seven Board Members.

	Number	percentage
Board members - Male	6	86%
Board members - Female	1	14%

Remunerations paid to the board members for the year 2022:

None

Remuneration proposed for the Board for 2023:

None



Details of the allowances received by Board Members for attending the Board committees' meetings for the fiscal year of 2023.

Steering Committee			
	Name	Allowance value	Meetings number
1	Mr. Maurice Sleiman	5000	1
2	Mr. Nadeem Arfan Ahmad	5000	1
3	Mr. Mohamed Ghobash	5000	1
4	Mr. Khalid Mazrouei	5000	1
5	Mr. Fadi Cherkawi	5000	1

Investment Committee			
	Name	Allowance value	Meetings number
1	Mr. Khalid Mazrouei	15,000	3
2	Mr. Nadeem Arfan Ahmad	20,000	4
3	Mr. Mohamed Ghobash	20,000	4
4	Mr. Fardan Ali AlFardan	10,000	2
-	Mr. Maurice Sleiman	10,000	2
-	Mr. Majid Sultan Al Mail	10,000	2



No.	Name	Audit Committee	
		Allowance value	Meetings number
1	Mr. Nadeem Arfan Ahmad	45,000	3
2	Mr. Marwan Istambouly	20,000	4
3	Mr. Fardan Ali AlFardan	15,000	3
-	Mr. Ali Al Mazroei	15,000	1
-	Mr. Alok Nawani	5,000	1

No.	Name	Remuneration Committee	
		Allowance value	Meetings number
1	Mrs. Lara Sleiman	5,000.00	1
2	Mr. Mohamed Ghobash	10,000.00	2
3	Mr. Fardan Ali AlFardan	5,000.00	1
-	Mr. Maurice Sleiman	5,000.00	1
-	Mr. Majid Sultan Al Mail	5,000.00	1

No.	Name	Risk Committee	
		Allowance value	Meetings number
1	Mr. Fardan Ali AlFardan	10,000.00	2
2	Mr. Nadeem Arfan Ahmad	10,000.00	2
3	Mrs. Lara Sleiman	10,000.00	2

Details of the additional allowances, salaries, or fees received by a member of the Board of Directors, other than committee attendance allowances, and their reasons.

Nadeem Ahmed Irfan Ahmed has been paid in 2023 AED 80,000 as investment incentive fees in return of his support related to investment services provided to the Company during 2022.

Number of Board meetings held during the fiscal year 2023 and the relevant details

Name of the board member	Board Meetings				
	<i>Meeting 1</i>	<i>Meeting 2</i>	<i>Meeting 3</i>	<i>Meeting 4</i>	<i>Meeting 5</i>
	07/02/2023	15/03/2023	04/08/2023	11/10/2023	13/11/2023
Nawwaf Ghubash Ahmed Ghubash Almerri	Present	Present	Present	Present	Present
Ricardo Maurice Suleiman	Present	Present	Present	Present	Present
Khalid Rashid Humaid Al Mazrouei	Present	Present	Present	Present	Present
Mohamed Ghobash Ahmed Ghobash Al Marri	Present	Present	Present	Present	Present
Nadeem Ahmed Irfan Ahmed	Present	Present	Present	Present	Present
Lara Sleiman	N/A	N/A	Present	Present	Present
Fardan Ali Al Fardan	N/A	N/A	Present	Present	Absent
Fadi Cherkawi	Present	Present	N/A	N/A	N/A



Majid Sultan Al Mail	Present	Present	N/A	N/A	N/A
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N/A: Not a Board Member at the date of the Meeting

Number of Board of Directors decisions passed during the fiscal year 2023, indicating their dates.

The board of directors passed 2 decisions by circulation in 2023 dated 27/03/2023 and 15/05/2023.

Audit Committee:

Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness

Mr. Nadeem Ahmad Irfan Ahmad, Audit Committee Chairman, hereby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

Names of the Audit Committee Members, and their Competencies and Duties.

No.	Name	Capacity
1	Mr. Nadeem Ahmad Irfan Ahmad	Chairman
2	Mr. Fardan Ali Al Fardan	Member
3	Mr. Marwan Istamboli	Member
-	Mr. Ali Al Mazroei	Was the Chairman till 27/04/2023
-	Mr. Alok Nawani	Was a member till 27/04/2023



Tasks and functions of the Auditing Committee:

- 1) Develop and implement the contracting policy with the external auditor. Submit a report to the Board of Directors identifying the issues that it considers important to take an action thereon, with recommendations concerning the steps to be taken.
- 2) Follow-up and monitor the independence of the external auditor. Submit a report to the Board of Directors specifying the issues that it considers important to take action thereon, with recommendations concerning the steps to be taken.
- 3) Monitor the integrity of the Company's financial statements and reports (Annually, semi-annually and quarterly), and observe them as part of its normal work during the year and after closing the accounts in any quarterly period, with special focus on the following:
 - Any changes in accounting policies and practices
 - Highlight aspects subject to the Board of Directors' discretion
 - Significant amendments resulting from the audit
 - Assuming the Company's going concerns
 - Adherence to the rules of incorporation, disclosure and other legal requirements related to the preparation of financial reports.
- 4) Coordination with the Company's Management, Executive Management, Chief Financial Officer or the manager responsible for the same tasks in the Company in order to
- 5) perform its duties. The Committee shall have a meeting with the auditors of the Company at least once a year.
- 6) Consider any items that are deemed important and unusual or should be mentioned in such reports and accounts, and shall give due attention to any matters raised by the Company's Chief Financial Officer, the manager responsible for the same duties, the compliance officer or the auditors.
- 7) Review the financial controls, internal controls and risk management systems of the Company.
- 8) Discuss the internal control system with the Management and ensure that it fulfills its duty to establish an effective internal control system.
- 9) Consider the results of the main investigations conducted on the internal control matters, as assigned to it by the Board of Directors or performed at the initiative of the Committee and the approval of the Management.
- 10) Make sure effective coordination is in place between the internal auditors of the Company and the external auditors. Ensure availability of the resources necessary for the internal audit body, and review and control the effectiveness of that body.
- 11) Review the Company's financial and accounting policies and procedures.



- 12) Review the external auditor's letters, its action plan and any material queries submitted by the auditor to the Executive Management regarding accounting records, financial accounts or control systems, and their response and approval to the same.
- 13) Ensure that the Board of Directors responds in a timely manner to the clarifications and material issues raised in the external auditor's letter.
- 14) Establish a reporting structure that enables Company's staff to report any potential irregularities in financial reports, internal controls or other matters under complete confidentiality; and set the steps necessary to ensure independent and fair investigations of such violations.
- 15) Monitor the extent to which the Company complies with the rules of professional conduct.
- 16) Ensure the application of the rules related to its functions and the powers entrusted to it by the Board of Directors.
- 17) Submit reports to the Board of Directors on the matters listed in this item.
- 18) Consider of any other matters determined by the Board of Directors.

Number of meetings held by the Audit Committee during 2023

Name of the member	Audit Committee			
	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	25/02/2023	23/06/2023	03/08/2023	09/11/2023
Nadeem Ahmed Irfan Ahmed	N/A	Present	Present	Present
Fardan Ali Al Fardan	N/A	Present	Present	Present
Marwan Istamboli	Present	Present	Present	Present
Alok Nawani	Present	N/A	N/A	N/A
Ali Al Mazroei	Present	N/A	N/A	N/A

N/A: Not a Member at the date of the Meeting



Nominations and Remuneration Committee:

Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness

Ms. Lara Sleiman, Nomination and Remuneration Committee Chairman, hereby acknowledges her responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

Names of the Nominations and Remuneration Committee, and their Competencies and Duties.

No.	Name	Capacity
1	Ms. Lara Sleiman	Chairman
2	Mr. Fardan Ali Al Fardan	Member
3	Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Member
-	Maurice Sleiman (Till 27/04/2023)	Was a Member till 27/04/2023
-	Majid Sultan Al Mail (Till 27/04/2023)	Was a Member till 27/04/2023

Statement of the Committee's function and the tasks assigned to it:

The Committee shall carry out all the prescribed functions and tasks, in accordance with the relevant rules and resolutions, including the resolutions of the Securities and Commodities Authority, so the main tasks will be as follows:

1. Establish a policy on nominations for the Board of Directors and Executive Management, taking into account gender diversity within the composition, encouraging women through incentive and training programs. The Committee shall provide the Authority with a copy of this policy and any amendments thereto.
2. Organize and follow up the procedures for nomination to the Board of Directors, in accordance with the applicable laws and regulations and the provisions of the resolutions of the Securities and Commodities Authority.
3. Ensure the independence of independent members.



4. Prepare and annually review the policy for the granting of bonuses, benefits, incentives, and salaries for the members of the Board of Directors of the Company and its employees, and make sure that the bonuses and benefits granted to the Senior Executive Management are reasonable and commensurate with the performance of the Company.
5. Perform annual review of the skills required for Board membership, and prepare a description of the capabilities and qualifications required for membership of the Board of
6. Directors, including the time required to be allocated by a Board member to the proceedings of the Board of Directors.
7. Review the Board structure and make recommendations regarding possible changes.
8. Identify the Company's needs of competencies at the level of senior executive management and employees, as well as the bases of their selection.
9. Any other matters determined by the Board of Directors or provided for in the relevant legislation and resolutions.

Number of meetings held by the Nominations and Remuneration Committee during 2023

Name of the member	Nominations and Remuneration Committee	
	Meeting 1	Meeting 2
	14/03/2023	26/07/2023
Ms. Lara Sleiman	N/A	Present
Mr. Fardan Ali Al Fardan	N/A	Present
Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Present	Present
Maurice Sleiman (Till 27/04/2023)	Present	N/A
Majid Sultan Al Mail (Till 27/04/2023)	Present	N/A

N/A: Not a Member at the date of the Meeting



Steering Committee

Steering Committee Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness

Mr. Fadi Cherkawi, Investment Committee Chairman, hereby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

Names of the Investment Committee and their Competencies and Duties.

No.	Name	Capacity
1	Mr. Fadi Salah Al Deen Cherkawi	Chairman
2	Mr. Khalid Rashid Humaid Al Mazrouei	Member
3	Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Member
4	Mr. Nadeem Ahmed Irfan Ahmed	Member
5	Mr. Maurice Ricardo Suleiman	Member

Number of meetings held by the Investment Committee during 2023:

Name of the member	Steering Committee
	Meeting 1
	30/01/2023



Mr. Fadi Salah Al Deen Cherkawi	Present
Mr. Khalid Rashid Humaid Al Mazrouei	Present
Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Present
Mr. Nadeem Ahmed Irfan Ahmed	Present
Mr. Maurice Ricardo Suleiman	Present

Investment Committee:

Investment Committee Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness

Mr. Khalid Rashid Al Mazrouei, Investment Committee Chairman, hereby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

Names of the Investment Committee and their Competencies and Duties.

No.	Name	Capacity
1	Mr. Khalid Rashid Al Mazrouei	Chairman
2	Mr. Nadeem Ahmad Irfan Ahmad	Member
3	Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Member
4	Mr. Fardan Ali Al Fardan	Member
-	Maurice Sleiman	Was a Member till 27/04/2023
-	Majid Sultan Al Mail	Was a Member till 27/04/2023

statement of the Committee's function and the tasks assigned to it:



The Investment Committee is responsible for following up on the Company's investments.

Number of meetings held by the Investment Committee during 2023

Name of the member	Investment Committee			
	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	30/01/2023	16/02/2023	16/06/2023	23/11/2023
Mr. Khalid Rashid Al Mazrouei	Present	Present	Present	Absent
Mr. Nadeem Ahmad Irfan Ahmad	Present	Present	Present	Present
Mr. Mohamed Ghobash Ahmed Ghobash Al Marri	Present	Present	Present	Present
Mr. Fardan Ali Al Fardan	N/A	N/A	Present	Present
Maurice Sleiman	Present	Present	N/A	N/A
Majid Sultan Al Mail	Present	Present	N/A	N/A

N/A: Not a Member at the date of the Meeting

Risk Committee:

Risk Committee Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness.



Mr. Fardan Ali Al Fardan, Risk Committee Chairman, his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

Names of the members of the Risk Committee, and statement of its powers and tasks assigned thereto.

No.	Name	Capacity
1	Mr. Fardan Ali Al Fardan	Chairman
2	Mr. Nadeem Ahmad Irfan Ahmad	Member
3	Ms. Lara Sleiman	Member

Statement of the Committee's function and the tasks assigned to it:

1. Develop a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company activities, monitor its implementation, review, and update it, based on the company internal and external changing factors.
2. Identify and maintain an acceptable level of risks that the Company may face and ensure that the Company does not exceed such level.
3. Supervise the risk management framework of the company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the company, in order to identify areas of inadequacy and adequacy.
4. Provide guidance to management, as needed, to assist them in improving their risk management practices and / or mitigating certain risks, including the presence of qualified management personnel to carry out risk management activities effectively.
5. Obtain assurance from the executive management and internal audit that the risk processes and systems operate effectively with appropriate controls, in addition to compliance with approved policies.
6. Prepare detailed reports on the level of exposure to risks and recommended procedures for managing such risks, along with submitting them to the Board.
7. Make recommendations to the Board on matters relating to risk management.
8. Ensure of the availability of adequate resources and systems for risk management.
9. Report regularly to the Board on the Company risk profile and promptly inform the Board of any significant changes in the volume of the risk.
10. Verify that the risk management personnel are apart from the activities that may expose the Company to risks.
11. Review any matters raised by the Audit Committee that may affect the Company risk management.



12. Review appointment, performance and replacement of the chief risk officer and monitor the effectiveness of the risk management unit in general.

Number of meetings held by the Risk Committee during 2023

Name of the member	Risk Committee	
	Meeting 1	Meeting 2
	12/09/2023	09/11/2023
Fardan Ali Al Fardan	Present	Present
Lara Sleiman	Present	Present
Nadeem Ahmad Irfan Ahmad	Present	Present

N/A: Not a Member at the date of the Meeting

Duties and functions of the Board of Directors carried out by the Executive Management pursuant to authorization from the Board to the Management, including the period and delegation of authority and powers.

The CEO performs his duties pursuant to the authority delegated to him by the Chairman by virtue of a notarized power of Attorney.

No.	Name of the delegated person	Delegation validity	Delegation duration
1	Bilal Mohammad Monir Adhami	Manage the Company's day-to-day regular business in technical and administrative matters and manage the operational and insurance activities.	Undefined / until revocation

Details of the transactions made with the related parties (stakeholders) during 2023.

No.	Name of Entity	Explanation of the nature of the relationship		Relationship type	Transaction volume in AED
1.	ABAN INVESTMENT L.L.C.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	438,374.63
2.	ARABIAN ETHICALS CO. (ETHIX)	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	741,267.57
3.	BAHRI & MAZROEI TECHNICAL SYSTEMS CO (L.L.C.)	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Direct Premiums	2,160,279.08
4.	BAHRI & MAZROEI TRADING CO. LLC	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Direct Premiums	1,883,086.92
5.	COMPUTER NETWORK SYSTEMS EST ABU DHABI	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	713,442.01
6.	GHUBASH TRADING & INVESTMENT CO. LTD. L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited	The Board members: -Nawwaf Ghubash -Mohamed	Direct Premiums	369,559.55



		-Nawwaf Ghubash	Ghubash		
7.	GHUBASH TRADING GROUP	The shareholder: -Ghubash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	42,361.51
8.	GULF COMMERCIAL GROUP EST.	The shareholder: -Ghubash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	844,281.26
9.	GULF COMMERCIAL GROUP ESTABLISHMENT	The shareholder: -Ghubash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	993,412.49
10	MAKEEN PROPERTIES (L.L.C)	The shareholder: -Ghubash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	266,118.53
11	MODERN LAUNDRY	The shareholder: -Ghubash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	116,614.72
12	PRIME HOSPITALITY L.L.C	The shareholder: -Ghubash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	141,164.27



13	COMPUTER NETWORK SYSTEMS EST.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	2,827,854.25
14	OMAN COMPUTER NETWORK SYSTEMS LLC	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	391,079.57
15	RASHID & OBAID ABNAA H. ALI AL MAZROEI	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Direct Premiums	5,740.91
16	ARABIAN ETHICALS COMPANY - ABU DHABI	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	90,090.88
17	BAYAN INVESTMENT (L.L.C.)	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	5,646.91
18	BAYAN INVESTMENT LLC - ABU DHABI BRANCH	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	78,722.56
19	RASHED AL MAZROEI REAL ESTATE ONE PERSON COMPANY	The shareholder: Rashid Al Mazrouei Real Estate One	The Board member: Khalid Al	Direct Premiums	17,382.35



	L.L.C	Person Company LLC	Mazrouei		
20	PYRAMIDS HEALTH SERVICES	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	521,879.10
21	KHALID RASHID HUMAID AL MAZROUI	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Direct Premiums	5,113.79
22	NAWWAF GHOBASH	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	8,025.00
23	SAQR BIN GHOBASH	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	27,571.98
24	EMITAC ENTERPRISE SOLUTIONS L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Direct Premiums	954,146.36
25	EMITAC HEALTHCARE SOLUTIONS L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited	The Board members: -Nawwaf Ghubash -Mohamed	Direct Premiums	2,092,435.58



		-Nawwaf Ghubash	Ghobash		
26	EMIRATES TECHNOLOGY CO (EMITAC DUBAI) L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	429,781.85
27	Emirates Electrical & Instrumentation Company - L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Direct Premiums	803,446.70
28	AL HIMAYAH INSURANCE BROKERAGE (LLC)	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Direct Premiums	2,581,412.45
29	FIDELITY ASSURANCE & REINSURANCE CO. S.A.L	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Direct Premiums	421,829.05
1	PLATINUM REINSURANCE BROKERS SAL.	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Treaty Premiums	22,542,552.71
1	PLATINUM REINSURANCE BROKERS SAL.	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Treaty Claims	6,655,363.76



1	PLATINUM REINSURANCE BROKERS SAL.	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Treaty Commission	5,797,116.45
1	AL HIMAYAH INSURANCE BROKERAGE (LLC)	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Commission paid	414,137.83
1	ABAN INVESTMENT L.L.C.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	357,968.49
2	ARABIAN ETHICALS CO. (ETHIX)	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	769,971.54
3	BAHRI & MAZROEI TECHNICAL SYSTEMS CO (L.L.C.)	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Claims paid	1,174,710.48
4	BAHRI & MAZROEI TRADING CO. LLC	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Claims paid	808,180.61
5	COMPUTER NETWORK SYSTEMS EST ABU	The shareholder: -Ghobash Trade and Investment	The Board members: -Nawwaf Ghubash	Claims paid	389,360.43



	DHABI	Company Limited -Nawwaf Ghubash	-Mohamed Ghobash		
6	GHUBASH TRADING & INVESTMENT CO. LTD. L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	552,139.13
7	GULF COMMERCIAL GROUP EST.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	849,497.60
8	GULF COMMERCIAL GROUP ESTABLISHMENT	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	475,857.03
9	MAKEEN PROPERTIES (L.L.C)	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	336,960.92
10	MODERN LAUNDRY	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	38,181.07
11	PRIME HOSPITALITY L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited	The Board members: -Nawwaf Ghubash -Mohamed	Claims paid	95,215.00



		-Nawwaf Ghubash	Ghobash		
12	TAWAZON CHEMICAL COMPANY L.L.C.,	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	107,827.69
14	COMPUTER NETWORK SYSTEMS EST.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	2,211,619.85
15	OMAN COMPUTER NETWORK SYSTEMS LLC	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	1,047.00
16	ARABIAN ETHICALS COMPANY - ABU DHABI	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	6,936.86
17	BAYAN INVESTMENT LLC - ABU DHABI BRANCH	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	25,723.26
18	PYRAMIDS HEALTH SERVICES	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Claims paid	380,414.98



19	KHALID RASHID HUMAID AL MAZROUI	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Claims paid	14,700.00
20	EMITAC ENTERPRISE SOLUTIONS L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Claims paid	615,919.68
21	EMITAC HEALTHCARE SOLUTIONS L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Claims paid	1,778,453.12
22	EMIRATES TECHNOLOGY CO (EMITAC DUBAI) L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Claims paid	286,698.66
23	LATTICE SOFTWARE SOLUTIONS LLC	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Claims paid	27,717.32
24	Emirates Electrical & Instrumentation Company - L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghubash	Claims paid	359,277.10



1	ABAN INVESTMENT L.L.C.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	7,874.54
2	ARABIAN ETHICALS CO. (ETHIX)	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	74,097.78
3	ATAYA ENTERPRISES L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	(3,285.67)
4	BAHRI & MAZROEI TECHNICAL SYSTEMS CO (L.L.C.)	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Balance Receivable / (payable)	490,012.18
5	BAHRI & MAZROEI TRADING CO. LLC	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Balance Receivable / (payable)	817,728.79
6	COMPUTER NETWORK SYSTEMS EST ABU DHABI	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	(47,154.06)



7	GHOBASH GROUP AND/OR GHOBASH FAMILY	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	12,313.00
8	GHUBASH TRADING & INVESTMENT CO. LTD. L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	5,250.50
9	GHUBASH TRADING GROUP	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	(0.25)
10	GULF COMMERCIAL GROUP EST.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	12,877.28
11	GULF COMMERCIAL GROUP ESTABLISHMENT	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	193.61
12	MAKEEN PROPERTIES (L.L.C)	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	30,600.11
13	MODERN LAUNDRY	The shareholder: -Ghobash Trade	The Board members:	Balance Receivable	



		and Investment Company Limited -Nawwaf Ghubash	-Nawwaf Ghubash -Mohamed Ghobash	/ (payable)	2,827.10
14	PRIME HOSPITALITY L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	4,223.30
16	COMPUTER NETWORK SYSTEMS EST.	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	45,239.45
17	OMAN COMPUTER NETWORK SYSTEMS LLC	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	14,455.57
18	RASHID & OBAID ABNAA H. ALI AL MAZROEI	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Balance Receivable / (payable)	1,929.28
19	ARABIAN ETHICALS COMPANY - ABU DHABI	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	7,500.46
20	BAYAN INVESTMENT LLC - ABU DHABI BRANCH	The shareholder: -Ghobash Trade and Investment Company Limited	The Board members: -Nawwaf Ghubash -Mohamed	Balance Receivable / (payable)	1,155.58



		-Nawwaf Ghubash	Ghobash		
21	RASHED AL MAZROEI REAL ESTATE ONE PERSON COMPANY L.L.C	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Balance Receivable / (payable)	2,005.50
22	PYRAMIDS HEALTH SERVICES	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	1,669.22
23	KHALID RASHID HUMAID AL MAZROUI	The shareholder: Rashid Al Mazrouei Real Estate One Person Company LLC	The Board member: Khalid Al Mazrouei	Balance Receivable / (payable)	5,369.48
24	SAQR BIN GHOBASH	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	(6,615.00)
25	EMITAC ENTERPRISE SOLUTIONS L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	8,664.62
26	EMITAC HEALTHCARE SOLUTIONS L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	59,183.31



27	EMIRATES TECHNOLOGY CO (EMITAC DUBAI) L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	0.07
28	Emirates Electrical & Instrumentation Company - L.L.C	The shareholder: -Ghobash Trade and Investment Company Limited -Nawwaf Ghubash	The Board members: -Nawwaf Ghubash -Mohamed Ghobash	Balance Receivable / (payable)	54,488.79
29	PLATINUM REINSURANCE BROKERS SAL.	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Balance Receivable / (payable)	(10,420,117.01)
30	AL HIMAYAH INSURANCE BROKERAGE (LLC)	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Balance Receivable / (payable)	74,484.91
31	FIDELITY ASSURANCE & REINSURANCE CO. S.A.L	The shareholder: Fidelity Assurance & Renaissance S.A.L	The Board members: -Ricardo Suleiman -Lara Suleiman	Balance Receivable / (payable)	397,110.56



Organizational structure and executive management



Details and Positions of the Chief Executive Officers and the Senior Executives of the Company

No.	Position	Appointment date	Total salaries and allowances paid for 2023 (AED)	Total bonuses paid for 2023 (Bonuses) (AED)	Any other cash/in-kind bonuses for 2023 or due in the future
1	Chief Executive Officer	1-Feb-18	1,948,021.36	N/A	N/A
2	Chief Financial Officer	26-Dec-22	852,799.43	N/A	N/A
3	Head of Commercial Lines and Reinsurance	3-Apr-16	623,064.51	N/A	N/A
4	Head of Consumer Lines	24-Mar-21	573,158.52	N/A	N/A



5	Head of Employee Benefits	15-Apr-18	597,257.65	N/A	N/A
6	Head of Distribution	11-Mar-20	823,290.20	N/A	N/A

Internal Control system

Internal Audit:

Mr. Ahmed Al Qahtani, appointed as Senior Manager of the Internal Audit Department on 21/02/2022, Holds a(n) MBA from New York Institute of Technology, USA, and is tasked with supervising the internal audit section.

Compliance:

Mrs. Jamal Ayache was appointed as senior legal and Compliance Manager on 9/12/2019. She has more than ten years' experience in legal and compliance. She holds a diploma in law from Lebanese University in 2004 and holds two certificates from the International Compliance Organization ICA in financial crime and AML in 2021

How the Internal Control Department deals with any major problems in the company.

The Internal Control Functions consistently assesses the effectiveness of internal controls and their alignment with planned operations. Additionally, it monitors management's response to any identified deficiencies or weaknesses. Oversight of the Internal Control system falls under the purview of the Board.

In 2023, Internal Control encountered no significant issues within the company.

Number of reports issued by the Internal Control Department to the company Board of Directors.

During the year 2023, they issued (8) reports dealing with:

Anti money laundering - Consumer Lines: Motor Claims - Consumer Lines: Underwriting and Operations - Commercial Lines: Claims - Commercial Lines: Underwriting and Operations - Medical Lines: Underwriting and Operations - Fujairah Branch - Human Capital & Administration



Details of the violations committed during the fiscal year, the reasons and actions taken by the company.

The Company has not committed any violations or breaches during the year 2023. In the event of any violation or breach, the company takes the corrective action(s) required to avoid the violation committed and is keen to implement.

Statement of cash and in-kind contributions made by the company during 2023 for community development and environmental conservation.

The company has donated AED 30,237.00 as per the below:

Dubai Cares: 14,943.00
Smart Life: 2,500.00
Blood Donation: 794.00
EID Distributions:12,000

External auditor:

Grant Thornton has been appointed as external auditor of 2023 by the General Assembly dated 27/04/2023.

Name of the audit office	Grant Thornton
Name of partner auditor	Osama El-Bakry
Number of years he spent as the company external auditor	From 2019 till date
Number of years the partner auditor spent auditing the company's accounts	From 2022 till date
Total value of audit fees for 2023 (AED)	AED 323000
Details and nature of other services <u>provided by the company auditor</u> (if any). In the event that there are no other services, this shall be stated explicitly.	AML Audit



The value of fees and costs for other special services other than auditing the financial statements for 2023 (AED), if any. In the event that there are no other fees, this shall be stated explicitly.	None
Statement of other services that <u>an external auditor</u> other than the company auditor provided during 2023 (if any). In the event that there are no services provided by another external auditor, this shall be stated explicitly.	None

Statement explaining the reservations that the company auditor included in the interim and annual financial statements for 2023. In the event that there is no reservation, this shall be stated explicitly.

The external auditor in their audit report has drawn attention to the note 27 of the Financial Statements stating that the company has a SCR Solvency Deficit of AED 5.1m as compared to the SCR Capital requirement of AED 108.6m.

General information:

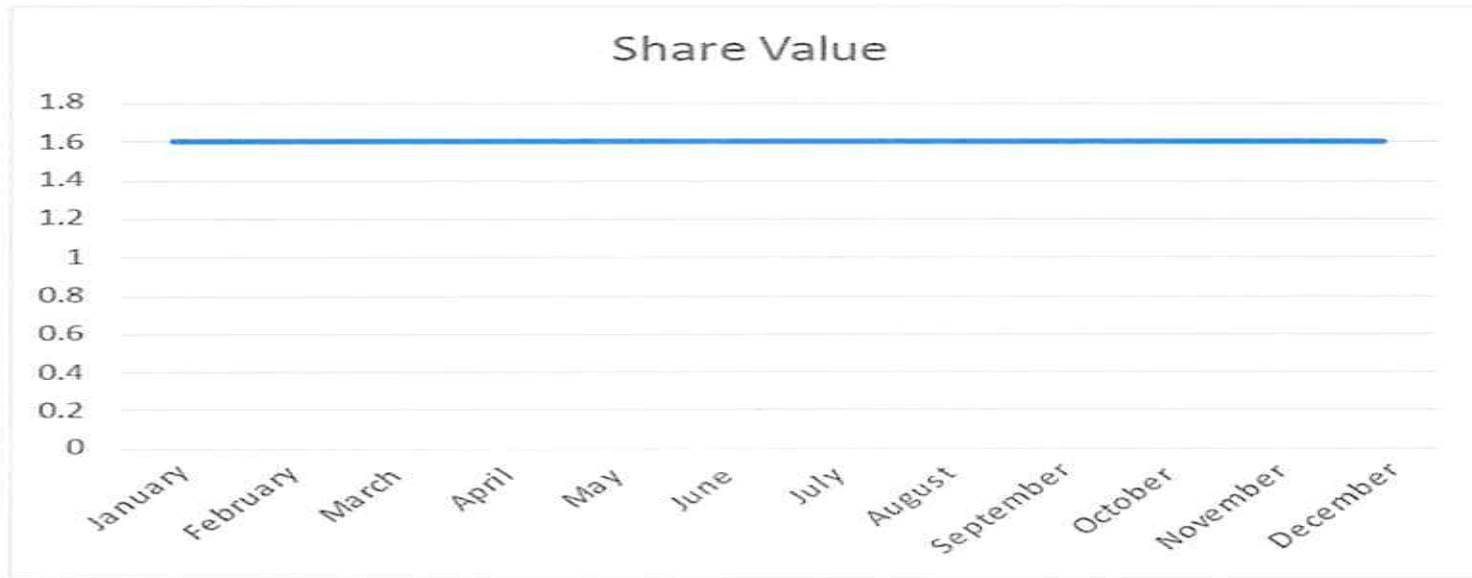
Statement of the Company's market share price (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2023.

Month	Closing (AED)	Highest (AED)	Lowest (AED)
January	1.6	1.6	1.6
February	1.6	1.6	1.6
March	1.6	1.6	1.6
April	1.6	1.6	1.6
May	1.6	1.6	1.6
June	1.6	1.6	1.6
July	1.6	1.6	1.6
August	1.6	1.6	1.6
September	1.6	1.6	1.6
October	1.6	1.6	1.6



November	1.6	1.6	1.6
December	1.6	1.6	1.6

Statement of the comparative performance of the company share with the general market index and the sector index to which the company belongs during 2023.



Statement of the distribution of shareholder ownership as of 31/12/2023 (individuals, companies, governments) classified as follows: local, Gulf, Arab, and foreign.

No.	Shareholder classification	Percentage of owned shares			
		Individuals	companies	Government	Total
1	Local	9.5%	50.5%	0	60%
2	Arab	0	40%	0	40%
3	Foreign	0	0	0	0
4	Total	9.5%	90.5%	0	100%



Statement of Shareholders holding 5% of the Company's capital as of 31/12/2023

No.	Name	Number of owned shares	Percentage of shares owned in the company's capital
1	Ghobash Trading & Investment Ltd. Co	55,804,624	34.88%
2	Fidelity Assurance & Renaissance SAL	64,000,000	40%
3	Rashid Al Mazrouei Real Estate One Person Company LLC	24,000,000	15%
4	Nawwaf Ghubash Ahmed Ghubash Al Marri	15,000,000	9.38%

Statement of the distribution of the shareholders according to the size of their ownership as of 31/12/2023

No.	Ownership of the shares (share)	Number of shareholders	Number of owned shares	Percentage of shares owned from the capital
1	Less than 50,000	49	49	0.00003%
2	From 50,000 to less than 500,000	1	200,000	0.125%
3	From 500,000 to less than 5,000,000	1	995,328	0.622%



4	More than 5,000,000	4	158,804,624	99.253%
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Statement of actions taken regarding investor relations controls

Name and contact information of the Investor Relations Officer

Obbad Fazal– Chief Financial Officer

Telephone: 04-2128020

Email: obbad.fazal@fidelityunited.ae

The electronic link to the investor relations page on the company's website.

<https://fidelityunited.ae/investorrelations/>

Statement of the special decisions that were presented in the General Assembly held during 2023 and the actions taken in relation thereto.

No special decisions that were presented in the General Assembly held during 2023.

Name of Corporate Secretary in charge of the Board of Directors Meetings & Date of Appointment

Rapporteur of the Board of Directors: Samer Sabbagh.

Date of his appointment: 14/09/2022

Detailed statement of the fundamental events and important disclosures that the company encountered during 2023.

The company has completed the transfer of its main headquarters to the Emirate of Abu Dhabi

Statement of the deals that the company made with related parties during 2023, which are equal to 5% or more of the company's capital.

During the year 2023, the company did not conclude any deal with any of the related parties equal to 5% or more of the company's capital.



Statement of the percentage of Emiratization at the company for the year 2021, 2022 and 2023

2021: 8.33%

2022: 10.97%

2023 :13.44 %

Statement of innovative projects and initiatives undertaken by the Company or under development in 2023

1- Consumer Lines:

- Motor: Portal for Imported Vehicles motor insurance
- PET: Pet Insurance Renewal Portal

2- Operations, Customer Service & Legal:

- Full workflow automation – policy level
- RPA for processes in operation
- AML screening system

3- IT:

- Launched Pet Insurance Portal B2B
- Revamped Corporate Website
- Medical Individual Portal Integration with Nextcare
- Medical SME Portal Phase 1 – Quotation tool for brokers
- BI Tool (Power BI) – Motor
- Sanctions Screening Integration (AML)
- Medical Individual Portal Renewals
- Motor Non GCC Product Implementation in portal
- Commercial SME NB and Renewal Revamp with Payment Gateway
- RPA : implementation of 8 RPA'S for better efficiencies and improved TAT
- Cflow Phase II :
 - Medical Claims
 - TAT and Reports implementation
 - Commercial Renewal
- Oracle Cloud Disaster Recovery Solution



4- HCA:

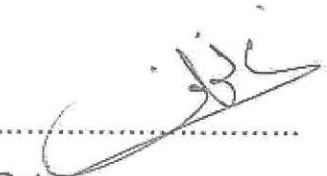
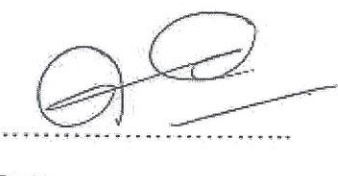
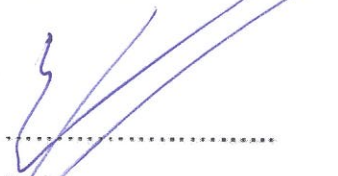
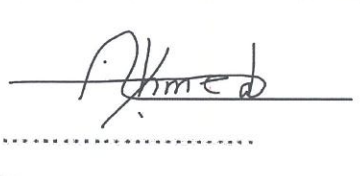
- Research on new HRMS
- Individual Development Plan for employees' learning and development

5- Employee Benefits:

- SME quotation portal

6- Claims:

- Fresh Desk for mail management for motor claims
- Cflow for Medical reimbursement claims.
- IRIS Integration with Motori Platform for Motor Risk assessment.

Signature of the Chairman of the Board of Directors	Signature of the Chairman of the Audit Committee	Signature of the Chairman of Nominations and Remuneration Committee	Signature of the Director of the Internal Control Department
 Date: 25/3/2024	 Date: 25/3/2024	 Date: 26/03/2024	 Date: 26/03/2024

**UNITED FIDELITY INSURANCE COMPANY
(P.S.C.)**

**Financial Statements
For the year ended 31 December 2023**

The Board of Directors' Report – Year Ended December 31, 2023

The Board of Directors is pleased to report Fidelity United's financial results for the year ended 31st December 2023. Continuing with the exceptional growth trend for the year Fidelity United achieved total Gross written premiums (GWP) of AED 654m as compared to AED 422m in the year before depicting an increase of 55%. The increase is mainly driven by the Medical business followed by Consumer and commercial segments. The total insurance revenue as per IFRS17 amounted to AED 566m for December 2023 as compared to AED 395m in 2022 as captured below.

Insurance Revenue (AED in Thousands)	December 31st		Increase/(Decrease)	
	2023	2022	Amount	%
Commercial	139,536	114,442	25,094	22%
Consumer	115,970	95,032	20,938	22%
Medical and Life	310,656	185,649	125,007	67%
Total	566,162	395,123	171,039	43%

The year 2023 was a very tough year for Fidelity United as market conditions continued to be challenging resulting in higher-than-expected losses. It is worthwhile to share that due to the implementation of new accounting standard (IFRS 9 Financial Instruments) effective January 1, 2023, Fidelity United was no longer allowed to present the gains on disposal of FVTOCI investments in the income statement, creating a significant impact on the net loss for the period. As a result of the above factors Fidelity United has incurred a net loss of AED 17.4m compared to a profit of AED 3.6m last year. It is also worth pointing out that after considering the impact of FVTOCI Investments included in the Statement of Comprehensive Income, Fidelity United is showing only a net other comprehensive loss of AED 1.9m as against a loss of AED 16.8m for the prior year.

Future Outlook

As Fidelity United continues to show strong topline growth, the focus moving forward will be to closely monitor the net bottom-line to ensure profitability. We firmly believe that Fidelity United is well placed to benefit from market opportunities and ready to play a more significant role in the UAE Insurance market. Keeping in mind UAE's strong economic performance in 2023 and projected growth of more than 5% for the year 2024, we are confident that our performance will continue to get better.

Fidelity United will continue to focus on customer services, marketing and branding activities, enhancing connectivity with business partners and at the same time we are innovatively working on enhancing the existing products and evaluating the requirements for new products. Recently During the year Fidelity United launched our new website which is highly customer focused and will enhance our customer connectivity.

The Board of Directors would like to thank all our customers and business partners for their continued trust in United Fidelity Insurance Company, strengthening our image as the reliable insurance partner. The Board of Directors would also like to thank our employees for their unwavering dedication and hard work.


Chairman of the Board

19th March 2024

UNITED FIDELITY INSURANCE COMPANY

In Conformity with the Federal Law No. 6/2007 Reg. No (8) dated 22/12/1984. Authorized paid-up Capital Dh. 160,000,000

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info@fidelityunited.ae



Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Fidelity Insurance Company (P.S.C.) (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and notes to the financial statements, including material 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 2023, 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 (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the 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 statements which states that as of 31 December 2023, the Company had a SCR Solvency Margin Deficit of AED 5.1 million as compared to the SCR capital requirements of AED 108.6 million and that the Company's ability to comply with the solvency requirement depends on the effective implementation of the business plan submitted to the Central Bank of UAE. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

This is not a complete list of all risks identified by our audit.

Independent Auditor's Report
To the Shareholders of United Fidelity Insurance Company (P.S.C.)
Report on the Audit of the Financial Statements (continued)
Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of (Re)Insurance Contract Assets and Liabilities	
<p>As at 31 December 2023, the Company's reinsurance contract assets, insurance contract liabilities and reinsurance contract liabilities are valued at AED 213 million, AED 465 million and AED 5 million respectively. (Refer to note 9 to the financial statements).</p> <p>Valuation of (Re)Insurance contract assets and liabilities involves significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims.</p> <p>These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> - Understood and evaluated the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities; - Assessed of the competence, capabilities and objectivity of the management appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - We independently reperformed the calculation to assess the mathematical accuracy of the reinsurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the data used in the impairment model calculations receivables for amount due; and - Evaluated and tested the calculation of the expected credit allowance and key assumptions and judgements used.

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Disclosure of the transition impact of adopting IFRS 17	
<p>We determined the disclosure of the impact of adopting IFRS 17 to be a key audit matter because of the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to note 4 to the financial statements).</p> <p>In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17:</p> <ul style="list-style-type: none"> - The determination of the transition approach adopted for each group of insurance contracts; - The methodology adopted and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17. - Disclosure of the impact of restatement, in accordance with IFRS 17. 	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none"> - Assessed whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; - Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date; - Evaluated the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluated of the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and - Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.
Valuation of investment properties	
<p>Company holds investment properties under the fair value model as at 31 December 2023 amounting to AED 46,639,999 (2022: 46,783,999), (Refer to note 6 to the financial statements).</p> <p>The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Company has involved independent external valuers in order to value the investment properties 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 these investment properties was significant to our audit.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none"> - Obtained an understanding of the process of determining the fair value of the investment properties; - Assessed the competence, skills, qualifications and objectivity of the independent external valuers; - Reviewed the scope of the engagement between the external valuer and the Company to determine if this was sufficient for audit purposes; - Verified the accuracy, completeness and relevance of the input data used for deriving fair values; - Reperformed the mathematical accuracy of the valuations on a sample basis; - Agreed the results of the valuations to the amounts recorded in the financial statements; and - Assessed the adequacy of disclosures included in financial statements against the requirements of IFRSs.

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises information included in the Company's 2023 Directors' Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 and Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 ISA 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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

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

- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

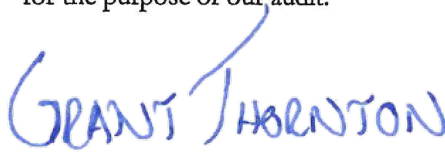
Further, as required by the UAE Federal Law No. 32 of 2021, we report that:

- i) the Company has maintained proper books of account;
- ii) we have obtained all the information and explanations 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 Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
- v) note 7 to the financial statements discloses purchase of shares by the Company during the year ended 31 December 2023;
- vi) note 23 to the financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) note 21 to the financial statements reflects the social contributions made during the year; and

Independent Auditor's Report**To the Shareholders of United Fidelity Insurance Company (P.S.C.)****Report on the Audit of the Financial Statements (continued)****Report on Other Legal and Regulatory Requirements (continued)**

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 2023 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.

Further, as required by the UAE Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended), we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

**GRANT THORNTON UAE****Dr. Osama El Bakry****Registration No: 935****Dubai, United Arab Emirates****20 March 2024**

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 AED	Restated 2022 AED	Restated 2021 AED
ASSETS				
Property and equipment	5	11,766,413	22,960,860	10,642,875
Investment properties	6	46,639,999	46,783,999	46,799,999
Investments at fair value through profit or loss (FVTPL)	7	155,987,108	103,295,993	64,710,250
Investments at fair value through other comprehensive income (FVTOCI)	7	113,580,481	122,132,728	99,900,850
Insurance contract assets	9	-	78,986	-
Reinsurance contract assets	9	212,801,173	150,466,850	53,309,337
Prepayments and other assets	10	4,539,292	3,369,402	2,601,474
Statutory deposits	11	10,000,000	10,000,000	10,000,000
Other receivables		2,126,240	2,841,297	2,037,619
Bank balances and cash	12	76,228,358	58,736,058	70,998,762
TOTAL ASSETS		633,669,064	520,666,173	361,001,166
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	160,000,000	160,000,000	100,000,000
Statutory reserve	14	1,375,495	1,375,495	1,307,173
General reserve	15	447,524	447,524	1,119,524
Reinsurance reserve	16	4,802,026	2,989,376	1,740,629
Cumulative change in fair value of FVTOCI investments		3,988,910	(6,621,482)	13,867,416
Accumulated losses		(36,303,139)	(21,982,864)	(24,314,500)
TOTAL EQUITY		134,310,816	136,208,049	93,720,242
LIABILITIES				
Employees' end of service benefits	18	4,484,362	4,149,775	3,376,247
Insurance contract liabilities	9	465,498,527	340,608,736	227,810,004
Reinsurance contract liabilities	9	5,442,405	7,500,602	13,972,165
Lease liabilities	19	7,187,505	17,567,692	6,615,432
Other payables	20	16,745,449	14,631,319	15,507,076
TOTAL LIABILITIES		499,358,248	384,458,124	267,280,924
TOTAL EQUITY AND LIABILITIES		633,669,064	520,666,173	361,001,166

These financial statements were authorised for issue on 19 March 2024 by the Board of Directors and signed on its behalf by:

Chairman

Chief Executive Officer

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 AED	Restated 2022 AED
Insurance revenue	9	566,162,066	395,123,034
Insurance service expenses	21	<u>(560,594,300)</u>	<u>(451,618,850)</u>
Insurance service result before reinsurance contracts held		<u>5,567,766</u>	<u>(56,495,816)</u>
Allocation of reinsurance premiums		(311,311,919)	(202,061,881)
Amounts recoverable from reinsurance for incurred claims		<u>273,111,786</u>	<u>235,789,527</u>
Net expenses from reinsurance contracts held		<u>(38,200,133)</u>	<u>33,727,646</u>
Insurance service results		<u>(32,632,367)</u>	<u>(22,768,170)</u>
Insurance finance (expense) / income for insurance contracts issued	22	(6,773,662)	5,291,370
Reinsurance finance income / (expense) for reinsurance contracts held	22	<u>4,701,969</u>	<u>(3,717,546)</u>
Net insurance finance (expense)/ income		<u>(2,071,693)</u>	<u>1,573,824</u>
Net investment income	22	<u>17,710,114</u>	<u>23,916,350</u>
Net insurance and investment results		<u>15,638,421</u>	<u>25,490,174</u>
Other operating (expense)/ income		(437,986)	926,701
(Loss) / profit for the year		<u>(17,431,932)</u>	<u>3,648,705</u>
Basic and diluted (loss) / earnings per share	17	<u>(0.109)</u>	<u>0.030</u>

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	2023	<i>Restated</i> 2022
	AED	AED
(Loss) / profit for the year	(17,431,932)	3,648,705
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net change in fair value of equity investments designated at FVTOCI	11,569,035	1,911,188
Gain on sale of equity instruments designated at FVTOCI	3,965,665	-
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Net realised gain on disposal of FVTOCI investments transferred to statement of profit or loss	-	(22,400,086)
Total other comprehensive income / (loss) for the year	15,534,700	(20,488,898)
Total comprehensive loss for the year	(1,897,232)	(16,840,193)

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative change in fair value of FVTOCI investments AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2022, as previously reported	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(17,441,337)	100,593,405
Adjustment on initial application of IFRS 17	-	-	-	-	-	(6,873,163)	(6,873,163)
Restated balance at 1 January 2022	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(24,314,500)	93,720,242
Profit for the year (restated)	-	-	-	-	-	3,648,705	3,648,705
Other comprehensive loss for the year	-	-	-	-	(20,488,898)	-	(20,488,898)
Total comprehensive loss for the year	-	-	-	-	(20,488,898)	3,648,705	(16,840,193)
Shares issued during the year	60,000,000	-	-	-	-	-	60,000,000
Transaction cost on issue of share	-	-	(672,000)	-	-	-	(672,000)
Transfer to reinsurance reserve	-	-	-	1,248,747	-	(1,248,747)	-
Transfer to statutory reserve	-	68,322	-	-	-	(68,322)	-
Balance at 31 December 2022	160,000,000	1,375,495	447,524	2,989,376	(6,621,482)	(21,982,864)	136,208,049
Balance at 1 January 2023, as previously reported	160,000,000	1,375,495	447,524	2,989,376	(6,621,482)	(18,075,189)	140,115,724
Adjustment on initial application of IFRS 17	-	-	-	-	-	(3,907,676)	(3,907,676)
Restated balance as at 1 January 2023	160,000,000	1,375,495	447,524	2,989,376	(6,621,482)	(21,982,865)	136,208,048
Loss for the year	-	-	-	-	-	(17,431,932)	(17,431,932)
Other comprehensive income for the year	-	-	-	-	11,569,035	3,965,665	15,534,700
Total comprehensive loss for the year	-	-	-	-	11,569,035	(13,466,267)	(1,897,232)
Transfer to reinsurance reserve	-	-	-	1,812,650	-	(1,812,650)	-
Transfer to accumulated losses on sale of equity instruments designated at FVTOCI	-	-	-	-	-	958,643	958,643
Balance at 31 December 2023	160,000,000	1,375,495	447,524	4,802,026	3,988,910	(36,303,139)	134,310,816

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 AED	Restated 2022 AED
Cash flows from operating activities			
(Loss) / profit for the year		(17,431,932)	3,648,705
Adjustments for:			
Depreciation of property and equipment	5	5,326,599	4,298,369
Change in fair value for investments at FVTPL	7	528,029	8,085,716
Investment income		(18,335,359)	(32,272,017)
Expected credit loss		2,348,004	402,716
Interest expense on lease liability		727,156	600,588
Provision for employees' end of service indemnity	18	978,192	1,009,197
Operating cash flows before changes in working capital		(25,859,311)	(14,226,726)
Changes in working capital:			
Other receivables, and prepayments		(454,833)	(3,609,225)
Reinsurance contract assets (insurance contract assets)		(64,603,341)	(111,611,395)
Reinsurance contract liabilities (insurance contract liabilities)		122,831,592	120,299,334
Other payables		1,368,002	1,161,863
Cash generated from / (used in) operations		33,282,109	(7,986,149)
Employees end of service indemnity paid	18	(643,605)	(235,669)
Net cash generated from / (used in) operating activities		32,638,504	(8,221,818)
Cash flows from investing activities			
Purchase of property and equipment		(642,768)	(2,153,998)
Net movement in fixed deposits		10,000,000	9,000,000
Proceeds from disposal of investments at FVTOCI		90,125,468	116,306,592
Purchase of investments at FVTOCI		(66,038,520)	(138,353,414)
Interest received		6,458,099	1,990,966
Proceeds from disposal of investments at FVTPL		29,276,218	21,972,162
Purchase of investments at FVTPL		(82,003,515)	(67,882,451)
Dividend received from investments at FVTOCI	22	9,790,357	7,424,974
Income received from investment properties		1,739,060	1,436,967
Net cash used in investing activities		(1,295,601)	(50,258,202)
Cash flows from financing activities			
Proceeds from issuance of share capital		-	60,000,000
Payment of transaction charges towards rights issue		-	(672,000)
Interest paid on lease liability		(727,157)	(600,588)
Payment of lease liability		(3,123,446)	(3,510,096)
Net cash (used in) / generated from financing activities		(3,850,603)	55,217,316
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		35,736,058	38,998,762
Cash and cash equivalents at end of the year	12	63,228,358	35,736,058
Non-cash transactions not included in the cash flows:			
Addition to right to use of assets and lease liability	5	1,396,211	14,462,356
Adjustment on termination to right to use assets	5	(7,906,827)	-
Adjustment on termination to lease liability		(8,652,952)	-

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 Legal status and activities

United Fidelity Insurance Company (P.S.C.) (the “Company”) is a public shareholding company, and was registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by the ruler of Ras Al Khaimah on 15 September 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December 1977. The Company is subject to the regulations of the UAE Federal Law No. 32 of 2021 and the UAE Federal Law No. 48 of 2023 relating to commercial companies in the UAE and is registered in the Insurance Companies Register of Central Bank of the United Arab Emirates under registration number 8.

The Company is domiciled in the United Arab Emirates, during the year the Company changed its registered office address to Abu Dhabi located at Office 407, Bloom Central Building, Airport Road, Al Manhal, Al Tibbiya, PO Box no: 721, Abu Dhabi, United Arab Emirates. The Company’s ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates. The principal activity of the Company is the writing of all classes of general and life insurance. The Company operates through its Head Office in Dubai and branch offices in Abu Dhabi, Ras Al Khaimah, Sharjah and Fujairah.

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

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

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

New and revised IFRSs and interpretations applied on the financial statements

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

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

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

Standards issued but not yet effective

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

Standard number	Title	Effective date
IAS 1	Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
IAS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS 7	Supplier Finance Arrangements	1 January 2024
IAS 21	lack of Exchangeability	1 January 2025

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

3 Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee (“IFRS IC”) and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 (“Companies Law”), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE (“CBUAE”) and regulation of its operations. The company is not in compliance with the solvency requirements for CBUAE as disclosed in note 27.

Accounting convention

These financial statements are prepared under the historical cost convention except for the measurement at fair value of financial assets and investment properties which are carried at fair value. The financial statements have been presented in UAE Dirhams (AED) except when otherwise indicated.

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

4 Material accounting policies

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

IFRS 17 Insurance Contracts

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

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

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

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company’s insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under IFRS 17, the Company’s insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

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

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

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

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

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

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

Changes to presentation and disclosure

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

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure (continued)

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

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

Instead, IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

Transition

The Company has applied IFRS 17 from financial reporting periods commencing on 1 January 2023 with the date of transition from IFRS 4 being 1 January 2022. The Company has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date. The table below summarises the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported AED'000	Effect of application of IFRS 17 AED'000	Restated AED'000
ASSETS			
Insurance and reinsurance receivables	88,662,920	(88,662,920)	-
Insurance contract asset	145,545,360	(145,545,360)	-
Reinsurance contract asset	-	53,309,337	53,309,337
Prepayments and other assets	2,601,474	-	2,601,474
Other receivables	-	2,037,619	2,037,619
Deferred acquisition costs	28,852,761	(28,852,761)	-
LIABILITIES			
Insurance contract liabilities	298,483,026	(70,673,022)	227,810,004
Reinsurance contract liabilities	-	13,972,165	13,972,165
Insurance and reinsurance payables	141,401,827	(141,401,827)	-
Other liabilities and provision	9,211,665	6,295,411	15,507,076
Deferred commission income	9,033,649	(9,033,649)	-
EQUITY			
Retained earnings and reserve	(17,441,337)	(6,873,163)	(24,314,500)

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation. Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately.

Level of Aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

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

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

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

Recognition

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

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

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

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

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

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance contracts – subsequent measurement

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

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

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

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

Reinsurance contracts

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

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

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

Presentation

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

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Presentation (continued)

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

Insurance revenue

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts where revenue is recognised based on expected timing of incurred insurance service expenses.

Loss components

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

Insurance finance income and expense

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

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

The Company do not disaggregate insurance finance income or expenses between statement of profit or loss and statement of other comprehensive income.

Net income or expense from reinsurance contracts held

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

Classification of insurance contracts

Contracts issued by the Company are generally short term, with some of the liability policies being over a year. The Company uses Premium Allocation Approach (PAA) for all insurance contracts supported by the PAA Eligibility test. Certain long term policies related to the liability business are also covered by the PAA approach as the difference of LFRIC between PAA and GMM approach at policy inception is not material.

The Company writes the following types of insurance contracts (i.e) marine hull insurance, marine cargo insurance, aviation insurance, engineering and construction insurance, liability insurance, financial lines insurance, property insurance, personal accident insurance, group life insurance, motor insurance, medical insurance and other personal lines.

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

IFRS 9 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, amounts due from related parties and most other assets.

Financial assets at fair value through profit or loss ('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.

Financial assets at fair value through other comprehensive income ('FVTOCI')

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

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

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

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

Equity instruments at FVTOCI

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

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

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Financial assets at FVTPL

Financial assets at FVTPL are:

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

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

Impairment

The Company recognises loss allowances for expected credit losses on bank balances including statutory and fixed deposits; other assets that are not measured at FVTPL; and debt investments measured subsequently at amortised cost or at FVTOCI.

No impairment loss is recognised on equity investments. A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-months ECL.

The Company has elected to measure loss allowances for other assets at an amount equal to lifetime ECLs. Current accounts with banks, debt investments measured subsequently at amortised cost or at FVTOCI, fixed deposits and statutory deposits are assessed to have low credit risk as they are held with reputable local banks.

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets.

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 costs 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. Forward-looking information considered includes the future prospects of the industries in which the Company's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Impairment (continued)

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to bank balances including statutory and fixed deposits, debt investments measured at amortised cost or FVTOCI, and insurance and other receivables are presented in the statement of profit or loss within "(Charge)/ release of provision for impairment".

Measurement of ECL

The Company employs statistical models for ECL calculations for bank balances, statutory and fixed deposits. ECLs are a probability-weighted estimate of credit losses. The parameters used in calculation were derived from the Company's internally developed statistical models and other historical data. They were adjusted to reflect forward-looking information.

The Company reassessed its impairment loss on its insurance and other receivables portfolio using an expected loss measurement basis using the simplified approach.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Company assesses whether financial assets carried are credit impaired.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Derecognition of financial assets

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

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment. The following estimated useful lives are applied:

- | | |
|----------------------------------|------------|
| • Furniture and equipment | 5-10 years |
| • Computers and office equipment | 2-5 years |
| • Motor vehicles | 4 years |

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

Capital work in progress

Capital work in progress is stated at the lower of cost or net realisable value. The cost includes the cost of construction and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for use are in progress. Net realisable value represents the estimated recoverable value based on expected future usage. Management reviews the carrying values of the capital work in progress on an annual basis.

Capital work in progress are considered to be completed when all related activities, for the entire assets have been completed. Upon completion, those are transferred to property and equipment.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

Investment properties (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. (refer Note 6 for valuation techniques and inputs).

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined on the same basis as those of lease contract period. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Employee benefits

Annual leave and leave passage.

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision for employees' end of service indemnity

Provision is made for the full amount of end of service benefits due to non-UAE national employees in accordance with the U.A.E Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

Defined contribution plan

UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to UAE Labour Law No. 7 of 1999. The Company is required to contribute 12.5% of the “contribution calculation salary” of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the “contribution calculation salary” respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to statement of profit or loss.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Judgements and estimates

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

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

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

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

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent arm’s length market transactions, current fair value of another instrument that is substantially the same, the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or other valuation models.

Fair value of investment properties

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 properties.

Insurance and reinsurance contracts

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

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for its property insurance product line. For personal accident insurance, marine insurance and liability reinsurance products, acquisition costs are capitalised.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

Judgements and estimates (continued)

Liability for remaining coverage (continued)

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to statement of income on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. For the marine and personal insurance product lines, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Liability for incurred claims

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs.

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

Some of the insurance contracts that have been written in the property line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates. Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2023	2022	2023	2022	2023	2022	2023	2022
Personal accident, marine and property contracts issued								
USD	5.97%	6.44%	5.15%	5.63%	4.89%	5.32%	4.79%	5.12%
AED	6.72%	5.59%	5.90%	4.78%	5.63%	4.47%	5.54%	4.27%

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

4 Material accounting policies (continued)

Judgements and estimates (continued)

Discount rates (continued)

Liability reinsurance contracts issued

	1 year		3 years		5 years		10 years	
	2023	2022	2023	2022	2023	2022	2023	2022
USD	5.97%	6.44%	5.15%	5.63%	4.89%	5.32%	4.79%	5.12%
AED	6.72%	5.59%	5.90%	4.78%	5.63%	4.47%	5.54%	4.27%

Risk adjustment for non-financial risk

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile for motor and medical lines of business and 70th percentile for the others. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5 Property and Equipment

	2023	2022
	AED	AED
Capital work in progress (Note 5.1)	120,811	791,273
Operating assets (Note 5.2)	11,645,602	22,169,587
	<u>11,766,413</u>	<u>22,960,860</u>

5.1 Capital work in progress includes amount of AED 120,811 (2022: AED 791,273) mainly towards costs incurred on leasehold improvements and computers and office equipment. Below is the movement of capital work in progress.

	2023	2022
	AED	AED
Opening capital work in progress	791,273	810,688
Add: additions during the year	252,280	1,291,569
Less: capitalised during the year	(922,742)	(1,310,984)
Closing capital work in progress	<u>120,811</u>	<u>791,273</u>

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5 Property and equipment (continued)

5.2 Operating assets

	Furniture and equipment AED	Computers and office equipment AED	Motor vehicles AED	Right to use assets AED	Total AED
Cost:					
At 1 January 2023	5,561,028	4,476,290	128,977	22,882,650	33,048,945
Additions during the year	45,552	344,936	-	1,396,211	1,786,699
Adjustment due to termination during the year	-	-	-	(12,330,470)	(12,330,470)
Transferred from capital work in progress (note 5.1)	858,202	64,540	-	-	922,742
At 31 December 2023	6,464,782	4,885,766	128,977	11,948,391	23,427,916
Depreciation:					
At 1 January 2023	1,713,200	3,347,941	128,977	5,689,240	10,879,358
Charge for the year	753,631	521,436	-	4,051,532	5,326,599
Adjustment due to termination during the year	-	-	-	(4,423,643)	(4,423,643)
At 31 December 2023	2,466,831	3,869,377	128,977	5,317,129	11,782,314
Net carrying amount:					
At 31 December 2023	3,997,951	1,016,389	-	6,631,262	11,645,602

The table below describes nature of the Company's leasing activities by type of right to use asset recognised as per the detailed movement of operating assets:

Right to use asset description	Number of right to 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 premises	4	1-5 years	-	-	-	-

United Fidelity Insurance Company (P.S.C.)**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2023

5 Property and equipment (continued)**5.2 Operating assets (continued)**

	Furniture and equipment AED	Computers and office equipment AED	Motor vehicles AED	Right to use assets AED	Total AED
Cost:					
At 1 January 2022	3,978,950	3,884,955	128,977	8,420,294	16,413,176
Additions during the year	408,184	454,245	-	14,462,356	15,324,785
Transferred from capital work in progress (note 5.1)	1,173,894	137,090	-	-	1,310,984
At 31 December 2022	5,561,028	4,476,290	128,977	22,882,650	33,048,945
Depreciation:					
At 1 January 2022	1,109,406	2,841,846	118,469	2,511,268	6,580,989
Charge for the year	603,794	506,095	10,508	3,177,972	4,298,369
At 31 December 2022	1,713,200	3,347,941	128,977	5,689,240	10,879,358
Net carrying amount:					
At 31 December 2022	3,847,828	1,128,349	-	17,193,410	22,169,587

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

6 Investment Properties

	2023	2022
	AED	AED
Balance at the beginning of the year	46,783,999	46,799,999
Changes in fair value during the year (note 22)	(144,000)	(16,000)
Balance at the end of the year	46,639,999	46,783,999

The fair value of the Company's investment properties as at 31 December 2023 has been arrived at on the basis of valuation carried on 31 December 2023 by two independent valuers who have appropriate qualifications and recent market experience in the valuation properties in the United Arab Emirates.

The fair value was determined based on the discounted cashflow method and income capitalisation method. In capitalisation of net income method, the market rentals of all lettable units are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar property in the area. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers of similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to respective properties. Discounted cashflow method derives value by discounting future cash flows based on prevailing micro market conditions in the vicinity of the asset.

The fair values of all the investment properties were determined based on unobservable inputs (i.e. level 3). The rental income and operating expenses relating to these properties are as follows :

	2023	2022
	AED	AED
Rental income	2,594,542	2,050,348
Operating expenses	(711,482)	(613,393)
Net rental income	1,883,060	1,436,955

7 Financial investments

The table below analyses assets at fair value at the end of the reporting year.

	2023	2022
	AED	AED
Financial assets at fair value through other comprehensive income	113,580,481	122,132,728
Financial assets at fair value through profit and loss	155,987,108	103,295,993
	269,567,589	225,428,721

Investments at fair value through other comprehensive income (FVTOCI)

	2023	2022
	AED	AED
Inside UAE	113,233,171	121,782,329
Outside UAE	347,310	350,399
	113,580,481	122,132,728

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7 Financial investments (continued)

Investments at fair value through other comprehensive income (FVTOCI) (continued)

Movements in financial investments

The gross movements in equity investments at FVTOCI is as follows:

	2023 AED	2022 AED
Opening balance	122,132,728	99,900,850
Purchased during the year	66,038,520	138,353,415
Sold during the year	(86,159,802)	(118,032,725)
Changes in fair value during the year	11,569,035	1,911,188
Closing balance	113,580,481	122,132,728

Investments at fair value through profit or loss (FVTPL)

	2023 AED	2022 AED
Unquoted equity securities – outside UAE	2,279,007	2,312,827
Unquoted mutual fund units – outside UAE	102,816,962	46,065,066
Unquoted investments in real estate fund – outside UAE	50,891,139	44,577,750
Quoted bonds – outside UAE	-	7,102,307
Quoted structured products – outside UAE	-	3,238,043
	155,987,108	103,295,993

The gross movements in investments at FVTPL is as follows:

	2023 AED	2022 AED
Opening balance	103,295,993	64,710,250
Purchased during the year	82,003,515	67,882,451
Sold during the year	(28,784,371)	(21,210,993)
Changes in fair value during the year (note 22)	(528,029)	(8,085,715)
Closing balance	155,987,108	103,295,993

8 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

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

Table in the next page provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Quoted (unadjusted) 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 observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

8 Fair value of financial instruments (continued)

	2023 AED	2022 AED	Fair value hierarchy	Valuation techniques and key inputs
<i>Investments in FVTOCI</i>				
Quoted investments	113,580,481	122,132,728	Level 1	Quoted bid prices in an active market
<i>Investments at FVTPL</i>				
Quoted investments	-	10,340,350	Level 1	Quoted bid prices in an active market
Unquoted investments	155,987,108	92,955,643	Level 3	Net assets valuation method

There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Reconciliation of level 3 fair value measurement of financial assets measured at fair value:

	2023 AED	2022 AED
Opening balance	92,955,643	52,777,926
Purchase during the year	82,003,515	56,555,798
Sold during the year	(18,261,963)	(9,903,520)
Changes in fair value during the year	(710,087)	(6,474,561)
Closing balance	<u>155,987,108</u>	<u>92,955,643</u>

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9 Insurance and reinsurance contracts

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

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

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2023					
Insurance contract liabilities as at 1 January	48,545,673	11,492,744	264,488,072	16,003,261	340,529,750
Insurance revenue	(566,162,066)	-	-	-	(566,162,066)
Insurance service expenses	107,194,291	9,383,402	446,322,380	(2,305,773)	560,594,300
Incurred claims and other expenses	-	-	441,078,140	12,883,733	453,961,873
Amortisation of insurance acquisition cash flows	107,194,291	-	-	-	107,194,291
Losses on onerous contracts and reversals	-	9,383,402	-	-	9,383,402
Changes to liabilities for incurred claims	-	-	5,244,240	(15,189,506)	(9,945,266)
Insurance service result	(458,967,775)	9,383,402	446,322,380	(2,305,773)	(5,567,766)
Insurance finance expense	-	-	6,773,662	-	6,773,662
Total changes in the statement of comprehensive income	(458,967,775)	9,383,402	453,096,042	(2,305,773)	1,205,896
<i>Cash flows</i>					-
Premiums received	654,946,688	-	-	-	654,946,688
Claims and other expenses paid	-	-	(412,933,612)	-	(412,933,612)
Insurance acquisition cash flows	(118,250,195)	-	-	-	(118,250,195)
Total cash flows	536,696,493	-	(412,933,612)	-	123,762,881
Net insurance contract liabilities as at 31 December	126,274,391	20,876,146	304,650,502	13,697,488	465,498,527
<i>2022 (restated)</i>					
Insurance contract liabilities as at 1 January	61,291,587	7,261,983	154,227,009	5,029,425	227,810,004
Insurance revenue	(395,123,034)	-	-	-	(395,123,034)
Insurance service expenses	71,261,490	4,230,761	365,152,763	10,973,836	451,618,850
Incurred claims and other expenses	-	-	380,876,237	19,362,449	400,238,686
Amortisation of insurance acquisition cash flows	71,261,490	-	-	-	71,261,490
Losses on onerous contracts and reversals	-	4,230,761	-	-	4,230,761
Changes to liabilities for incurred claims	-	-	(15,723,474)	(8,388,613)	(24,112,087)
Insurance service result	(323,861,544)	4,230,761	365,152,763	10,973,836	56,495,816
Insurance finance income	-	-	(5,291,370)	-	(5,291,370)
Total changes in the statement of comprehensive income	(323,861,544)	4,230,761	359,861,393	10,973,836	51,204,446
<i>Cash flows</i>					-
Premiums received	385,965,965	-	-	-	385,965,965
Claims and other expenses paid	-	-	(249,600,330)	-	(249,600,330)
Insurance acquisition cash flows	(74,850,335)	-	-	-	(74,850,335)
Total cash flows	311,115,630	-	(249,600,330)	-	61,515,300
Net insurance contract liabilities as at 31 December	48,545,673	11,492,744	264,488,072	16,003,261	340,529,750

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9 Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

2023	Assets for remaining coverage		Amounts recoverable on incurred claims			Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED		
Reinsurance contract assets as at 1 January	(19,697,040)	3,276,163	157,183,982	9,703,745		150,466,850
Reinsurance contract liabilities as at 1 January	(8,600,444)	-	1,032,589	67,253		(7,500,602)
Net reinsurance contract (liabilities)/assets	(28,297,484)	3,276,163	158,216,571	9,770,998		142,966,248
Allocation of reinsurance premiums	(311,311,919)	-	-	-		(311,311,919)
Amounts recoverable from reinsurers for incurred claims	-	4,163,071	268,225,803	722,912		273,111,786
Amounts recoverable for incurred claims and other expenses	-	-	269,343,124	11,804,207		281,147,331
Loss-recovery on onerous underlying contracts and adjustments	-	4,163,071	-	-		4,163,071
Changes to amounts recoverable for incurred claims	-	-	(1,117,321)	(11,081,295)		(12,198,616)
Net income or expense from reinsurance contracts	(311,311,919)	4,163,071	268,225,803	722,912		(38,200,133)
Reinsurance finance income	-	-	4,701,969	-		4,701,969
Total changes in the statement of comprehensive income	(311,311,919)	4,163,071	272,927,772	722,912		(33,498,164)
<i>Cash flows</i>						-
Premiums paid	347,489,235	-	-	-		347,489,235
Amounts received	-	-	(249,598,551)	-		(249,598,551)
Total cash flows	347,489,235	-	(249,598,551)	-		97,890,684
Net reinsurance contract assets/(liabilities) as at 31 December						
Reinsurance contract assets as at 31 December	15,456,330	7,439,234	179,427,908	10,477,701		212,801,173
Reinsurance contract liabilities as at 31 December	(7,576,498)	-	2,117,884	16,209		(5,442,405)
Net reinsurance contract assets as at 31 December	7,879,832	7,439,234	181,545,792	10,493,910		207,358,768

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9 Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

2022 (restated)	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
Reinsurance contract assets as at 1 January	11,017,473	606,082	39,561,079	2,124,703	53,309,337
Reinsurance contract liabilities as at 1 January	(33,975,416)	379,406	19,030,637	593,208	(13,972,165)
Net reinsurance contract (liabilities)/assets	(22,957,943)	985,488	58,591,716	2,717,911	39,337,172
An allocation of reinsurance premiums	(202,061,881)	-	-	-	(202,061,881)
Amounts recoverable from reinsurers for incurred claims	-	2,290,675	226,445,765	7,053,087	235,789,527
Amounts recoverable for incurred claims and other	-	-	230,794,494	12,208,880	243,003,374
Loss-recovery on onerous underlying contracts and	-	2,290,675	-	-	2,290,675
Changes to amounts recoverable for incurred claims	-	-	(4,348,729)	(5,155,793)	(9,504,522)
Net income or expense from reinsurance contracts held	(202,061,881)	2,290,675	226,445,765	7,053,087	33,727,646
Reinsurance finance income	-	-	(3,717,546)	-	(3,717,546)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(202,061,881)	2,290,675	222,728,219	7,053,087	30,010,100
<i>Cash flows</i>					
Premiums paid	196,722,340	-	-	-	196,722,340
Amounts received	-	-	(123,103,364)	-	(123,103,364)
Total cash flows	196,722,340	-	(123,103,364)	-	73,618,976
Net reinsurance contract assets/(liabilities) as at 31 December					
Reinsurance contract assets as at 31 December	(19,697,040)	3,276,163	157,183,982	9,703,745	150,466,850
Reinsurance contract liabilities as at 31 December	(8,600,444)	-	1,032,589	67,253	(7,500,602)
Net reinsurance contract assets/(liabilities) as at 31 December	(28,297,484)	3,276,163	158,216,571	9,770,998	142,966,248

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9 Insurance and reinsurance contracts (continued)

Claims development table:

The following table reflects the cumulative gross incurred claims for each successive accident year at each statement of financial position date, together with cumulative payments to date:

<i>Restated</i>	2016 and prior AED	2017 AED	2018 AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	-	44,909,312	68,767,049	124,181,955	186,449,228	236,709,572	324,902,179	420,537,183	420,537,183
One year later	67,984,550	47,871,192	69,780,235	132,428,070	190,633,629	250,954,971	350,202,379	-	350,202,379
Two years later	62,175,594	47,864,901	68,789,796	130,871,951	192,775,597	249,876,659	-	-	249,876,659
Three years later	44,174,804	48,272,981	66,775,558	128,984,369	194,807,476	-	-	-	194,807,476
Four years later	40,853,429	46,927,465	66,603,968	127,531,059	-	-	-	-	127,531,059
Five years later	37,219,383	45,827,569	66,461,065	-	-	-	-	-	66,461,065
Six years later	35,323,314	45,830,819	-	-	-	-	-	-	45,830,819
Seven years later	35,759,655	-	-	-	-	-	-	-	35,759,655
Estimate of cumulative claims	35,759,655	45,830,819	66,461,065	127,531,059	194,807,476	249,876,659	350,202,379	420,537,183	1,491,006,295
Cumulative payments to date	35,309,865	45,119,299	66,252,213	125,435,034	186,086,972	233,426,496	282,184,317	277,067,597	1,250,881,793
Unallocated loss adjustment expense reserve									
Claims payable	134,563	212,864	62,482	627,063	2,608,895	4,921,362	20,348,831	43,363,633	1,477,817
Total gross undiscounted liabilities for incurred claims	584,353	924,384	271,334	2,723,088	11,329,399	21,371,525	88,366,893	188,311,036	313,882,012
Effect of discounting	-	-	-	-	-	-	-	-	(9,231,510)
Total discounted gross reserves included in the statement of financial position	-	-	-	-	-	-	-	-	304,650,502
Risk Adjustments	-	-	-	-	-	-	-	-	13,697,488

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

10 Prepayments and other assets

	2023	2022
	AED	AED
Accrued income	2,522,266	1,266,144
Advances to employees	868,554	707,321
Prepayments	634,328	486,168
Security deposits	343,102	464,280
Others	171,042	445,489
	<u>4,539,292</u>	<u>3,369,402</u>

11 Statutory Deposits

As at 31 December 2023, deposit of AED 10,000,000 (2022: AED 10,000,000) has been placed with one of the Company's bank account in accordance with UAE Federal Law No. 48 of 2023 (previously Federal Law No.6 of 2007). This deposit has been pledged to the bank as security against a guarantee issued by the bank in favor of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the Central Bank of the United Arab Emirates and bears an interest rate of 4.90% per annum (2022: 4.23% per annum).

12 Bank balances and cash

Bank balances and cash comprise the following statement of financial position amounts:

All balances are held in United Arab Emirates. The annual rate of fixed deposits is 4.9% to 5.00% (2022: 2.27% to 4.23%).

Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the financial items in the statement of financial position as follows:

	2023	2022
	AED	AED
Bank balances and cash	76,228,358	58,736,058
Bank deposits with maturity over 3 months	<u>(13,000,000)</u>	<u>(23,000,000)</u>
Cash and cash equivalents	<u>63,228,358</u>	<u>35,736,058</u>

13 Share capital

	2023	2022
	AED	AED
<i>Issued and fully paid:</i>		
160,000,000 ordinary shares of AED 1 each	<u>160,000,000</u>	<u>160,000,000</u>

14 Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, the Company has established a statutory reserve by appropriation of 5% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the Law. During the year no amount was transferred to the reserve as a result of net losses incurred (2022: AED 68,322).

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

15 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 general reserves. In the previous year, transaction costs for the share issue amounted to AED 672,000 have been recorded in the general reserve.

16 Reinsurance reserve

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23 of 2019, Article 34, an amount of AED 1,812,650 (2022: 1,248,747) based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution, and will not be disposed of without prior approval from Central Bank of the United Arab Emirates.

17 Basic and diluted (loss)/ earning per share .

	2023	<i>Restated</i> 2022
	AED	AED
(Loss) / profit for the year	(17,431,932)	3,648,705
Weighted average number of shares	160,000,000	123,076,923
(Loss) / earnings per share	<u>(0.109)</u>	<u>0.030</u>

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

18 Employees' end of service benefits

Movements in the provision recognised in the statement of financial position are as follows:

	2023	2022
	AED	AED
Provision as at 1 January	4,149,775	3,376,247
Provided during the year	978,192	1,009,197
End of service benefits paid	(643,605)	(235,669)
Provision as at 31 December	<u>4,484,362</u>	<u>4,149,775</u>

19 Lease liabilities

The Company has leases for the office premises within UAE as at 31 December 2023. 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 to use asset and a lease liability. The Company classifies its right to use assets in a consistent manner to its property and equipment. Future minimum lease payments as at 31 December 2023 were as mentioned below:

	Within 1 year	1-5 years	After 5 years	Total
	AED	AED	AED	AED
31 December 2023				
Lease payments	1,939,136	6,170,841	-	8,109,977
Finance charges	(341,949)	(580,523)	-	(922,472)
Net present values	<u>1,597,187</u>	<u>5,590,318</u>	-	<u>7,187,505</u>

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19 Lease liabilities (continued)

	Within 1 year AED	1-5 years AED	After 5 years AED	Total AED
31 December 2022				
Lease payments	4,650,433	13,839,222	788,966	19,278,621
Finance charges	(656,241)	(1,043,896)	(10,792)	(1,710,929)
Net present values	<u>3,994,192</u>	<u>12,795,326</u>	<u>778,174</u>	<u>17,567,692</u>

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 to use asset and lease liability, the payments in relation to these are recognised as an expense in statement of 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.

20 Other payable

	2023 AED	2022 AED
Accrued expenses	6,004,379	4,918,167
VAT payables	6,053,024	3,866,389
Other payables	4,688,046	5,846,763
	<u>16,745,449</u>	<u>14,631,319</u>

21 Insurance service expense

	2023 AED	<i>Restated</i> 2022 AED
Incurred claims and other expenses	426,248,815	371,266,979
Amortisation of insurance acquisition cash flows	107,194,291	71,261,490
Losses on onerous contracts and reversals of those losses	9,383,402	4,230,761
Changes to liabilities for incurred claims	(9,945,266)	(24,112,087)
Acquisition cash flows recognised when incurred	27,713,058	28,971,707
Insurance service expense	<u>560,594,300</u>	<u>451,618,850</u>

Social contributions during the year ended 31 December 2023 amounted to AED 185,848 (31 December 2022: AED 202,031).

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

22 Total investment income and net insurance financial result

	2023	<i>Restated</i> 2022
	AED	AED
Rental income from investment properties	2,594,542	2,050,348
Loss on property revaluation (note 6)	(144,000)	(16,000)
Investment property expenses	(711,482)	(613,393)
Income from investment property - net	1,739,060	1,420,955
Interest on fixed deposits	1,379,056	866,472
Gain on disposal of investments at FVTOCI	-	20,673,954
Gain on disposal of investments at FVTPL	491,846	761,168
Dividend income - investments at FVTOCI	5,224,696	4,871,085
Dividend income - investments at FVTPL	4,565,661	2,553,889
Interest income from bonds	5,079,042	1,124,493
Other investment expenses	(241,218)	(269,951)
Loss in fair value of investments FVTPL (note 7)	(528,029)	(8,085,715)
Net Investment Income	17,710,114	23,916,350

Insurance and reinsurance finance income and expense

	2023	<i>Restated</i> 2022
	AED	AED
For the year ended 31 December		
Finance (expenses) / income from insurance contracts issued	(6,773,662)	5,291,370
Finance income / (expenses) from reinsurance contracts held	4,701,969	(3,717,546)
Net insurance finance (expenses) / income	(2,071,693)	1,573,824

23 Related party transactions

Related parties represent, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management. At the end of the year, significant balances due from related parties are as follows:

	2023	2022
	AED	AED
<i>Affiliates of major shareholders:</i>		
Due to related parties (insurance contract liabilities)	(8,345,460)	(6,378,497)
Liability for incurred claims	(5,229,550)	(8,828,742)
Other payables/receivables	548,966	(4,305)

Transactions

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

	2023	2022
	AED	AED
<i>Affiliates of major shareholders:</i>		
Insurance revenue	22,774,507	11,729,585
Insurance service expenses	(21,650,894)	(9,197,465)
Net expenses from reinsurance contracts held	(10,090,073)	(4,845,891)
Employee benefits to key management personnel	3,168,135	3,205,720

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

24 Segment Information

For management purposes, the Company is organized into three business segments commercial, consumer and employee benefits (medical and group Life). The commercial insurance segment comprises engineering, marine, property, liability and casualty and consumer segment comprises of motor, pet, travel and others. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed below:

31 December 2023

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	139,535,685	115,970,506	310,655,875	566,162,066
Insurance service expenses	(96,810,884)	(144,246,223)	(319,537,193)	(560,594,300)
Insurance service result before reinsurance contracts held	42,724,801	(28,275,717)	(8,881,318)	5,567,766
Amounts recoverable from reinsurance	52,968,854	22,157,033	197,985,899	273,111,786
Allocation of reinsurance premiums	(91,988,382)	(22,850,640)	(196,472,897)	(311,311,919)
Net expenses from reinsurance contracts held	(39,019,528)	(693,607)	1,513,002	(38,200,133)
Insurance Service Result	3,705,273	(28,969,324)	(7,368,316)	(32,632,367)

31 December 2022 (Restated)

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	114,441,709	95,032,680	185,648,645	395,123,034
Insurance service expenses	(158,646,988)	(100,509,532)	(192,462,330)	(451,618,850)
Insurance service result before reinsurance contracts held	(44,205,279)	(5,476,852)	(6,813,685)	(56,495,816)
Amounts recoverable from reinsurance	111,500,768	12,660,479	111,628,280	235,789,527
Allocation of reinsurance premiums	(74,097,468)	(12,363,273)	(115,601,140)	(202,061,881)
Net expenses from reinsurance contracts held	37,403,300	297,206	(3,972,860)	33,727,646
Insurance service result	(6,801,979)	(5,179,646)	(10,786,545)	(22,768,170)

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

31 December 2023

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance contract liabilities	(162,328,214)	(173,513,014)	(129,657,299)	(465,498,527)
Reinsurance contract assets	134,619,311	43,258,138	34,923,724	212,801,173
Reinsurance contract liabilities	-	(1,776,586)	(3,665,819)	(5,442,405)

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

24 Segment Information (continued)

31 December 2022 (Restated)

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance contract assets	-	-	78,986	78,986
Insurance contract liabilities	(159,379,280)	(102,503,333)	(78,726,123)	(340,608,736)
Reinsurance contract assets	121,161,804	20,742,417	8,562,629	150,466,850
Reinsurance contract liabilities	(1,413,204)	-	(6,087,398)	(7,500,602)

25 Gross Written Premiums

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

	Life insurance AED	Medical insurance AED	Property & Liability (without medical) AED	Total AED
2023				
Direct written premiums	2,865,754	320,196,528	326,460,405	649,522,687
Assumed business	-	-	4,033,845	4,033,845
Total gross written premiums	<u>2,865,754</u>	<u>320,196,528</u>	<u>330,494,250</u>	<u>653,556,532</u>
2022				
Direct written premiums	5,364,631	211,620,380	202,232,248	419,217,259
Assumed business	-	-	2,857,245	2,857,245
Total gross written premiums	<u>5,364,631</u>	<u>211,620,380</u>	<u>205,089,493</u>	<u>422,074,504</u>

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

26 Contingencies and commitments

Contingent liabilities

	2023 AED	2022 AED
Letters of guarantee	<u>11,074,948</u>	<u>12,461,014</u>

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

Capital and lease commitments

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. At 31 December, the Company does not have any capital and short-term lease commitments.

27 Risk management

(a) Governance framework

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

The Company's risk management function is carried out by the board of directors, with its associated committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to the Chief Executive Officer and senior managers.

The board of directors meets regularly to approve any commercial, regulatory and organisational decisions. The Chief Executive Officer under the authority delegated from the board of directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

The Company's current enterprise risk management framework is formally documented and divided into three phases. The Company's enterprise risk management framework is established to identify and analyse the key risks faced by the Company's to set appropriate controls and manage those risks. As part of the risks identification process, the Company uses risk based capital model to assess the capital requirement and uses stress analysis to apply changes to capital. The Company's risk appetite is derived from the changes to capital.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

(b) Capital management framework

The primary objective of the Company's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

	31 December 2023 AED	31 December 2022 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	108,647,062	98,605,962
Minimum Guarantee Fund (MGF)	60,561,719	45,614,517
Basic Own Funds	103,509,027	87,895,558
MCR Solvency Margin Surplus/(Deficit)	3,509,027	(12,104,442)
SCR Solvency Margin Deficit	(5,138,035)	(10,710,404)
MGF Solvency margin Surplus	42,947,309	42,281,042

As of 31 December, the Company had a SCR Solvency Margin Deficit of AED 5.1 million as compared to the SCR capital requirements of AED 108.6 million. The company has submitted a detailed solvency plan to the central bank to restore the solvency position which is currently under implementation.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them 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 jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

(d) Asset liability management (ALM) framework

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 Company manages these positions to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The Company actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance contracts. The Company regularly monitors the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance liabilities. The risks faced by the Company and the way these risks are mitigated by management are summarised in the next page.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27A Insurance risk

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

The above risk exposure is mitigated by diversification across a 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.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Company underwrites mainly medical, property, motor, marine, fire, engineering and general accident 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. This helps to mitigate insurance risk.

Property

Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties. For property insurance contracts the main risks are fire and business interruption. In recent years the Company has only underwritten policies for properties containing fire detection equipment. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Company has reinsurance cover for such damage to limit losses for any individual claim to AED 1,470,000 (2022: AED 1,470,000).

Motor

Motor insurance is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising through accidents. Contract holders could also receive compensation for the fire or theft of their vehicles. For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has reinsurance cover for such claims to limit losses for any individual claim to AED 300,000 (2022: AED 300,000). 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. The Company has reinsurance to limit losses for any individual claim to AED 1,470,000 (2022: AED 1,470,000).

Medical

Medical insurance is designed to compensate the contract holders for medical costs. For medical insurance, the main risks are illness and related healthcare costs. The Company generally does not offer medical insurance to walk-in customers. Medical insurance is generally offered to corporate customers with large population to be covered under the policy.

Reinsurance risk

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27A Insurance risk (continued)

Reinsurance risk (continued)

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company deals with reinsurers approved by the Board of Directors. Also, 84% of the treaty programme is placed with A and above rated companies as at 31 December 2023 (2022: 93.5%).

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

27B Financial risk

The Company's principal financial instruments include financial assets and financial liabilities which comprise financial investments (at fair value through profit or loss and other comprehensive income), receivables arising from insurance and reinsurance contracts, statutory deposits, cash and cash equivalents, trade and other payables, and re-insurance balance payables. The Company does not enter into derivative transactions.

The main risks arising from the Company's financial instruments are market risk credit risk, liquidity risk, foreign currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Market risk

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

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

Foreign currency risk

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

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is not significantly exposed to interest rate risk on investments in bonds and term deposits since they carry fixed interest rates. As such, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company generally manages to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Company is exposed to interest rate risk on:

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

The tables in the next page shows the impact of change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27B Financial risk (continued)

Interest rate risk (continued)

31 December 2023

	<u>Impact on profit gross of reinsurance</u>	<u>Impact on profit net of reinsurance</u>	<u>Impact on equity gross of reinsurance</u>	<u>Impact on equity net of reinsurance</u>
	AED	AED	AED	AED
Risk Adjustment				
5% increase	684,874	160,179	684,874	160,179
5% decrease	(684,874)	(160,179)	(684,874)	(160,179)
Discounting				
0.5% increase	(801,463)	(203,399)	(801,463)	(203,399)
0.5% decrease	809,521	205,245	809,521	205,245

31 December 2022

	<u>Impact on profit gross of reinsurance</u>	<u>Impact on profit net of reinsurance</u>	<u>Impact on equity gross of reinsurance</u>	<u>Impact on equity net of reinsurance</u>
	AED	AED	AED	AED
Risk adjustment				
5% increase	800,163	311,613	800,163	311,613
5% decrease	(800,163)	(311,613)	(800,163)	(311,613)
Discounting				
0.5% increase	(733,870)	(260,785)	(733,870)	(260,785)
0.5% decrease	742,203	264,155	742,203	264,155

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27B Financial risk (continued)

Credit risk

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

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

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

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

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

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

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

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

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27B Financial risk (continued)

Liquidity risk

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

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

The table on the next page summarises the maturity of the assets and liabilities of the Company based on remaining contractual settlement dates.

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27B Financial risk (continued)

Liquidity risk (continued)

	31 December 2023			31 December 2022				
	Less than one year AED	More than one year AED	No term AED	Total AED	Less than one year AED	More than one year AED	No term AED	Total AED
ASSETS								
Property and equipment	-	7,187,505	4,578,908	11,766,413	-	17,193,410	5,767,450	22,960,860
Investment properties	-	-	46,639,999	46,639,999	-	-	46,783,999	46,783,999
Investments at fair value through profit or loss (FVTPL)	155,987,108	-	-	155,987,108	103,295,993	-	-	103,295,993
Investments at fair value through other comprehensive income (FVTOCI)	113,580,481	-	-	113,580,481	122,132,728	-	-	122,132,728
Reinsurance contract assets	212,801,173	-	-	212,801,173	150,466,850	-	-	150,466,850
Insurance contract assets	-	-	-	-	78,986	-	-	78,986
Prepayments and other assets	4,539,292	-	-	4,539,292	3,369,402	-	-	3,369,402
Statutory deposits	-	-	10,000,000	10,000,000	-	-	10,000,000	10,000,000
Other receivables	2,126,240	-	-	2,126,240	2,841,297	-	-	2,841,297
Bank balances and cash	76,228,358	-	-	76,228,358	58,736,058	-	-	58,736,058
TOTAL ASSETS	565,262,652	7,187,505	61,218,907	633,669,064	440,921,314	17,193,410	62,551,449	520,666,173

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

27 Risk management (continued)

27B Financial risk (continued)

Liquidity risk (continued)

	31 December 2023			31 December 2022 (Restated)			Total AED
	Less than one year AED	More than one year AED	No term AED	Less than one year AED	More than one year AED	No term AED	
Liabilities							
Employees' end of service benefits	-	4,484,362	-	-	4,149,775	-	4,149,775
Insurance contract liabilities	465,498,527	-	-	340,608,736	-	-	340,608,736
Reinsurance contract liabilities	5,442,405	-	-	7,500,602	-	-	7,500,602
Other payables	16,745,449	-	-	14,631,319	-	-	14,631,319
Lease liability	-	7,187,505	-	-	17,567,692	-	17,567,692
Total liabilities	487,686,381	11,671,867	-	362,740,657	21,717,467	-	384,458,124

United Fidelity Insurance Company (P.S.C.)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

28 Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 19th March, 2024.