RAK INSURANCE
Simply Better

# 2024

# INTEGRATED REPORT



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## Vision

To offer "Simply Better" insurance solutions for all our customers across the UAE.

## Mission

We aim to be a leading customer-focused company in the UAE, offering convenient access to innovative and competitive insurance products across multiple channels to individuals and businesses.

## Our Values

**Integrity**

We know trust is fundamental and to be trusted we must remain competent and honest.

**Transparency**

We disclose all product Terms and Conditions with the use of simple language on our website and at various points of sale.

**Collaboration**

We build diverse teams to generate better ideas and act as responsible partners with all our stakeholders and regulators to serve the wider interests of society.

**Accountability**

We recognize that ultimately, we are accountable to our shareholders and we focus unrelentingly on maximizing long term shareholder and asset value.

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# KEY FINANCIAL REPORTS

# 2024

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**Ras Al Khaimah National Insurance Company P.S.C.**

**Directors' report for the year ended 31 December 2024**

The Board of Directors has pleasure in submitting their report and the audited financial statements for the year ended 31 December 2024.

**Incorporation and registered office**

Ras Al Khaimah National Insurance Company P.S.C. ("RAK Insurance" or the "Company") was incorporated under an Emiri Decree Number 20/76 issued by HH Ruler of Ras Al Khaimah. The address of the registered office is RAK Insurance Head Office, 6th Floor RAK Bank ROC Office, Al Riffa, Ras Al Khaimah, United Arab Emirates.

**Financial position and results**

RAK Insurance earned a profit after tax of AED 15.4 million for the year ended 31 December 2024 as compared to a profit of AED 14.5 million for the year ended 31 December 2023 (the "Previous year"). This profit after tax of AED 15.4 million resulted in the Company's equity increasing from AED 159.6 million as at 31 December 2023 to AED 176.9 million as at 31 December 2024.

Basic earnings after tax per share is AED 0.13 for the year ended 31 December 2024 on a capital base of AED 121.3 million as compared to a earnings per share of AED 0.12 in the previous year on a capital base of AED 121.3 million.

On behalf of the Board of Directors of RAK Insurance, I would like to thank the executive management and staff for their dedication, commitment, and constant hard work. The Directors would also like to acknowledge our reinsurance partners, customers and all the stakeholders of the Company.

Yours faithfully,

Sheikh Omar Bin Saqr Bin Khalid Al Qasimi
Chairman
22 January 2025

RAKINSURANCE

# Ras Al Khaimah National Insurance Company P.S.C.

Financial Statements
For the year ended 31 December 2024

# Ras Al Khaimah National Insurance Company P.S.C.

Financial statements

For the year ended 31 December 2024


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# Independent Auditor's Report

**To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Ras Al Khaimah National Insurance Company P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

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

### Key Audit Matters

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



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## Independent Auditor's Report

**To the Shareholders of Ras Al Khaimah National 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 Insurance Contract Liabilities, Reinsurance Contract Assets and Liabilities** | |
| As at 31 December 2024, the Company's insurance contract liabilities, reinsurance contract assets and liabilities are valued at AED 479.6 million, AED 231.6 million and AED 27.9 million respectively.<br><br>Valuation of insurance contract liabilities, reinsurance 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.<br><br>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.<br><br>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.<br><br>As a result of all the above factors, we consider valuation of insurance contract liabilities, reinsurance contract assets and liabilities as a key audit matter. | We performed the following procedures in conjunction with our actuarial specialists:<br>- Understood and evaluated the process, the design and implementation of controls in place to determine valuation of insurance contract liabilities, reinsurance contract assets and liabilities;<br>- Assessment of the competence, capabilities and objectivity of the management appointed actuary;<br>- Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows;<br>- 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;<br>- We independently reperformed the calculation to assess the mathematical accuracy of the insurance contract liabilities, reinsurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves; and<br>- Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used. |

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the *Directors' Report* but does not include the financial statements and our auditor's report thereon.

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 on the other information that are obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton

## Independent Auditor's Report

**To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.**

**Report on the Audit of the Financial Statements (continued)**

**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 IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and Federal Law No. (48) of 2023, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.
- 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.

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## Independent Auditor's Report

**To the Shareholders of Ras Al Khaimah National 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)**

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**

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

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

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

iii) The Company has maintained proper books of account in accordance with established accounting principles;

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

v) As disclosed in note 7 to the financial statements, the Company has not purchased or invested in shares during the year ended 31 December 2024;

vi) Note 24 to the financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) Note 22 to the financial statements discloses the social contributions made during the year ended 31 December 2024; and

viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Further, as required by the UAE Federal Law No. (48) of 2023, 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**

**22 January 2025**

## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of financial position
### As at 31 December 2024

| | Notes | 2024 AED | 2023 AED |
|---|---|---|---|
| **Assets** | | | |
| Property and equipment | 5 | **755,530** | 484,750 |
| Intangible assets | 6 | **3,736,938** | 4,469,392 |
| Financial assets | 7 | **222,517,680** | 135,184,071 |
| Statutory deposit | 8 | **10,000,000** | 10,000,000 |
| Reinsurance contract assets | 9 | **231,578,253** | 176,312,486 |
| Other receivables | 10 | **9,608,666** | 4,525,555 |
| Cash and cash equivalents | 11 | **117,508,265** | 28,505,390 |
| Deposits | 12 | **178,377,888** | 243,951,776 |
| **Total assets** | | **774,083,220** | 603,433,420 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 13 | **121,275,000** | 121,275,000 |
| Statutory reserve | 14 | **52,754,029** | 51,210,165 |
| Voluntary reserve | 14 | **20,000,000** | 20,000,000 |
| Reinsurance reserve | 14 | **5,286,768** | 3,895,720 |
| Cumulative changes in fair value of FVTOCI investments | | **(7,434,423)** | (9,324,865) |
| Accumulated losses | | **(14,999,691)** | (27,503,418) |
| **Total equity** | | **176,881,683** | 159,552,602 |
| **Liabilities** | | | |
| Provision for employees' end of service indemnity | 15 | **6,760,628** | 6,345,883 |
| Insurance contract liabilities | 9 | **479,593,598** | 364,670,292 |
| Reinsurance contract liabilities | 9 | **27,920,098** | 1,398,256 |
| Bank borrowings | 16 | **74,911,911** | 59,380,752 |
| Other payables | 17 | **6,340,729** | 12,085,635 |
| Deferred tax liability | 18 | **148,405** | - |
| Income tax payable | | **1,526,168** | - |
| **Total liabilities** | | **597,201,537** | 443,880,818 |
| **Total equity and liabilities** | | **774,083,220** | 603,433,420 |

These financial statements were authorised for issue on 22 January 2025 by the Board of Directors and signed on their behalf by:

**Sheikh Omar Bin Saqr Bin Khalid Al Qasimi**
**Chairman**

**Sanjeev Badyal**
**Chief Executive Officer**

The notes from 1 to 36 form an integral part of these financial statements.

## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of profit or loss
### For the year ended 31 December 2024

| | Notes | 2024 AED | 2023 AED |
|---|---|---|---|
| Insurance revenue | 9 | **504,064,600** | 464,373,179 |
| Insurance service expenses | 20 | **(479,215,020)** | (419,664,889) |
| **Insurance service result before reinsurance contracts held** | | **24,849,580** | 44,708,290 |
| Allocation of reinsurance premiums | | **(214,684,180)** | (203,208,109) |
| Amounts recoverable from reinsurance for incurred claims | | **201,124,906** | 158,654,208 |
| **Net expenses from reinsurance contracts held** | | **(13,559,274)** | (44,553,901) |
| **Insurance service result** | | **11,290,306** | 154,389 |
| Investment income - net | 21 | **16,601,479** | 14,903,382 |
| Insurance finance expense for insurance contracts issued | 21 | **(13,647,947)** | (10,309,987) |
| Reinsurance finance income for reinsurance contracts held | 21 | **13,292,903** | 20,944,363 |
| **Net insurance finance (expense) / income** | | **(355,044)** | 10,634,376 |
| Other operating expenses | 25 | **(13,928,136)** | (14,286,553) |
| Other underwriting income | 26 | **3,317,640** | 3,135,580 |
| **Profit for the year before tax** | | **16,926,245** | 14,541,174 |
| Income tax expense | 19 | **(1,487,606)** | - |
| **Profit for the year after tax** | | **15,438,639** | 14,541,174 |
| **Basic and diluted earnings after tax per share** | 23 | **0.13** | 0.12 |

The notes from 1 to 36 form an integral part of these financial statements.

## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of comprehensive income
### For the year ended 31 December 2024

| | Note | 2024 AED | 2023 AED |
|---|---|---|---|
| **Profit for the year after tax** | | **15,438,639** | 14,541,174 |
| **Other comprehensive income:** | | | |
| ***Items that will be reclassified subsequently to profit or loss:*** | | | |
| Net change in fair value of debt investments designated at FVTOCI – net of tax | 7 | **1,500,534** | 4,166,202 |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | | |
| Net change in fair value of equity investments designated at FVTOCI – net of tax | 7 | **389,908** | 439,830 |
| Capital reduction on equity investments | | **-** | 24,003 |
| **Total other comprehensive income for the year** | | **1,890,442** | 4,630,035 |
| **Total Comprehensive Income for the year** | | **17,329,081** | 19,171,209 |

The notes from 1 to 36 form an integral part of these financial statements.

## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of changes in equity
### For the year ended 31 December 2024

| | Share capital AED | Statutory reserve AED | Voluntary reserve AED | Reinsurance reserve AED | Cumulative changes in fair value of FVTOCI investments AED | Accumulated losses AED | Total equity AED |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | 121,275,000 | 49,756,048 | 20,000,000 | 2,802,615 | (13,954,900) | (39,395,705) | 140,483,058 |
| Profit for the year | - | - | - | - | - | 14,541,174 | 14,541,174 |
| Other comprehensive income for the year | - | - | - | - | 4,630,035 | - | 4,630,035 |
| Total comprehensive income for the year | - | - | - | - | 4,630,035 | 14,541,174 | 19,171,209 |
| Transfer to reinsurance reserve | - | - | - | 1,093,105 | - | (1,093,105) | - |
| Transfer to statutory reserve | - | 1,454,117 | - | - | - | (1,454,117) | - |
| Capital reduction in equity investment | - | - | - | - | - | (101,665) | (101,665) |
| Balance at 31 December 2023 | 121,275,000 | 51,210,165 | 20,000,000 | 3,895,720 | (9,324,865) | (27,503,418) | 159,552,602 |
| **Balance at 1 January 2024** | **121,275,000** | **51,210,165** | **20,000,000** | **3,895,720** | **(9,324,865)** | **(27,503,418)** | **159,552,602** |
| Profit for the year after tax | - | - | - | - | - | **15,438,639** | **15,438,639** |
| Other comprehensive income for the year | - | - | - | - | **1,890,442** | - | **1,890,442** |
| Total comprehensive income for the year | - | - | - | - | **1,890,442** | **15,438,639** | **17,329,081** |
| Transfer to reinsurance reserve | - | - | - | **1,391,048** | - | **(1,391,048)** | - |
| Transfer to statutory reserve | - | **1,543,864** | - | - | - | **(1,543,864)** | - |
| **Balance at 31 December 2024** | **121,275,000** | **52,754,029** | **20,000,000** | **5,286,768** | **(7,434,423)** | **(14,999,691)** | **176,881,683** |

The notes from 1 to 36 form an integral part of these financial statements.

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## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of cash flows
### For the year ended 31 December 2024

| | Notes | 2024 AED | 2023 AED |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year before tax | | **16,926,245** | 14,541,174 |
| **Adjustments for:** | | | |
| Depreciation of property and equipment | 5 | **365,564** | 709,468 |
| Amortisation of intangible assets | 6 | **1,608,543** | 1,514,318 |
| Provision for expected credit loss | | **3,829,670** | 5,392,415 |
| Provision for employees' end of service indemnity | 15 | **1,094,838** | 1,256,087 |
| Realised gain on disposal of financial asset at FVTPL equity investments | | **-** | (864,540) |
| Realised gain on disposal of property and equipment | | **(62,858)** | - |
| Write-off of property and equipment | 5 | **-** | 219,872 |
| Write-off of intangible assets | 6 | **-** | 304,465 |
| Amortisation of premium on FVTOCI debt investments | 7 | **(322,074)** | (4,172) |
| Interest income – net | | **(16,521,505)** | (14,269,694) |
| Dividend income | 21 | **(216,396)** | (239,866) |
| Interest cost on bank borrowing | | **999,439** | 2,266,303 |
| Impairment losses on financial asset at FVTOCI investments | 21 | **230,676** | 479,118 |
| Operating cash flows before changes in working capital | | **7,932,142** | 11,304,948 |
| **Changes in working capital:** | | | |
| Reinsurance contract assets and liabilities – net | | **(31,719,191)** | (51,576,757) |
| Insurance contract liabilities | | **114,105,107** | 33,935,426 |
| Other receivables | | **(3,409,155)** | (3,899,102) |
| Other payables | | **(5,261,275)** | (1,587,671) |
| **Net cash generated from/(used in) operations** | | **81,647,628** | (11,823,156) |
| Directors' remuneration paid | | **(614,000)** | - |
| Employees' end of service indemnity paid | | **(680,093)** | (1,166,963) |
| Interest paid on bank borrowings | | **(869,070)** | (1,728,328) |
| **Net cash generated from/(used in) operating activities** | | **79,484,465** | (14,718,447) |
| **Cash flows from investing activities:** | | | |
| Purchase of property and equipment | 5 | **(636,370)** | (142,475) |
| Proceeds from disposal of property and equipment | | **62,906** | - |
| Purchase of intangible assets | 6 | **(876,089)** | (646,355) |
| Purchase of financial assets at FVTOCI | 7 | **(96,544,785)** | (24,637,947) |
| Purchase of financial assets at FVTPL | 7 | **-** | (2,518,040) |
| Proceeds from maturities of financial assets at FVTOCI | 7 | **11,282,338** | 1,873,230 |
| Proceeds from disposal of financial assets at FVTPL | 7 | **-** | 3,382,580 |
| Interest received | | **17,560,239** | 16,268,645 |
| Dividend received | | **216,396** | 239,865 |
| Maturities of fixed deposits with banks with original maturities greater than three months | | **200,453,409** | 209,257,876 |
| Placements of fixed deposits with banks with original maturities greater than three months | | **(137,530,793)** | (178,863,041) |
| **Net cash (used in)/ generated from investing activities** | | **(6,012,749)** | 24,214,338 |

The notes from 1 to 36 form an integral part of these financial statements.

## Ras Al Khaimah National Insurance Company P.S.C.

### Statement of cash flows (continued)
For the year ended 31 December 2024

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| **Cash flows from financing activity** | | |
| Increase in borrowings | **15,531,159** | 9,380,752 |
| **Net cash generated from financing activity** | **15,531,159** | 9,380,752 |
| | | |
| **Net increase in cash and cash equivalents** | **89,002,875** | 18,876,643 |
| Cash and cash equivalents at beginning of the year | **28,505,390** | 9,628,747 |
| **Cash and cash equivalents at end of the year** | **117,508,265** | 28,505,390 |

The notes from 1 to 36 form an integral part of these financial statements.

# Ras Al Khaimah National Insurance Company P.S.C.

## Notes to the financial statements
## For the year ended 31 December 2024

### 1 Legal status and activities

Ras Al Khaimah National Insurance Company P.S.C. (the "Company") is a public joint-stock company, established and incorporated in the Emirate of Ras Al Khaimah by Emiri decree No. 20/76 dated 26 October 1976. The Company is subject to the regulations of the U.A.E. Federal Law No. (48) of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 7.

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

The Company is a subsidiary of National Bank of Ras Al Khaimah P.S.C. (the "Parent company") which is incorporated in the Emirate of Ras Al Khaimah, United Arab Emirates. The address of the Company's registered head office is P. O. Box 506, Ras Al Khaimah, United Arab Emirates. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange, United Arab Emirates. The principal activity of the Company is to undertake all classes of insurance business including life assurance, saving and accumulation of funds. The Company operates through its head office in Ras Al Khaimah and branch offices in Ras Al Khaimah, Dubai, and Abu Dhabi.

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Company's accounting year ends on 31 December, the first tax period is from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% on taxable profits above AED 375,000. The tax charge for the year ended 31 December 2024 is AED 1,487,606.

### 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 | Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current | 1 January 2024 |
| IAS 7 | Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements | 1 January 2024 |
| IFRS 16 | Amendment to IFRS 16 – Leases on sale and leaseback | 1 January 2024 |

These standards did not have a material impact on these financial statements.

#### 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.

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### Standards issued but not yet effective (continued)

| Standard number | Title | Effective date |
|---|---|---|
| IAS 21 | Amendments to IAS 21 Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2025 |
| IFRS 9 & IFRS 7 | Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

## 3 Statement of compliance with IFRS

These financial statements are for the year ended 31 December 2024 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. The financial statements have been prepared in accordance with IFRS Accounting Standards 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 concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

### Basis of preparation

These financial statements have been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income and financial assets carried at fair value through profit and loss which are carried at fair value and the provision for employees' end of service indemnity which is calculated in line with UAE labour laws.

The 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: cash and cash equivalents, financial assets at fair value through profit and loss, other receivables, other payables, income tax payable and bank borrowings. The following balances would generally be classified as non-current: property and equipment, intangible assets, statutory deposit, deferred tax liability and provision for employees' end of service indemnity. The following balances are of mixed nature (including both current and non-current portions): financial assets at fair value through other comprehensive income, reinsurance contract assets, insurance contract liabilities, reinsurance contract liabilities and deposits.

## 4 Material accounting policy information

### Insurance Contracts

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

IFRS 17 replaced IFRS 4 Insurance Contracts for annual years on or after 1 January 2023.

## 4 Material accounting policy information (continued)

### Insurance Contracts (continued)

#### Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts, which are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company determines at what level of granularity it has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Company without performing an individual contract assessment.

#### Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

(a) the beginning of the coverage period;
(b) the date when the first payment from the policyholder is due or actually received, if there is no due date; and
(c) when the Company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

(a) a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
    i. the beginning of the coverage period of the group; and
    ii. the initial recognition of any underlying insurance contract;
(b) all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

(c) unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised. Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

#### Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

(a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

## 4 Material accounting policy information (continued)

**Insurance Contracts (continued)**

**Contract boundary (continued)**

(b) both of the following criteria are satisfied:

i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

**Measurement**

The Premium Allocation Approach ("PAA") is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage ("LRC") is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The Company is adopting the PAA measurement model for the measurement of LRC for all its insurance contracts and reinsurance contracts. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the Liability for Incurred Claims ("LIC"), comprising the fulfillment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

## 4 Material accounting policy information (continued)

### Insurance Contracts (continued)

### Measurement (continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period, if any; and
c. decreased for the expected amounts of ceding premiums and broker fees, if any, recognised as reinsurance expenses for the services received in the period recognised in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less. The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non- performance.

### Onerous contract

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, 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. The loss component is remeasured at each subsequent reporting date.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

## 4 Material accounting policy information (continued)

### Insurance Contracts (continued)

**Insurance revenue**

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

**Insurance expense**

Insurance service expenses include the following:

- incurred claims for the period.
- other incurred directly attributable expenses.
- insurance acquisition cash flows expense.
- An element of time value of money of LIC for the period.

**Insurance acquisition costs**

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers. Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

**Insurance finance income or expenses and reissuance finance expense or income**

Insurance finance income or expenses and reinsurance finance expense or income 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 the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- interest accreted on the LIC & Assets of incurred claims ("AIC"); and
- the effect of changes in interest rates and other financial assumptions.

**Interest income and expense**

Interest income and expenses for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the statement of profit or loss.

**Dividend income**

Dividend income from investments is recognised when the Company's rights to receive payment have been established.

## 4 Material accounting policy information (continued)

### Foreign currencies

***Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency.

***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within "Investment income".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

### Employee benefits

***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 and Federal Law No. (55) of 2023 on Pension and Social Security . The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions.

***Provision for employees' end of service indemnity***

Provision is also made for the full amount of end of service indemnity due to non-UAE national employees in accordance with the UAE Labour Law and is calculated in line with the requirements of the UAE Labour Law.

### Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividend is approved by the Company's shareholders.

## 4 Material accounting policy information (continued)

### Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any identified impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

| | Years |
|---|---|
| Furniture and fixtures | 4 |
| Office equipment | 4 |
| Motor vehicles | 4 |
| Computer equipment | 4 |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Intangible assets

Intangible assets comprise computer software and are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 5 - 10 years.

### Impairment of non-financial assets

At the end of each reporting year, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

## 4 Material accounting policy information (continued)

### 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

### Leases

The Company leases various offices. Rental contracts are typically annually renewable with the option of termination during the contract year subject to serving relevant notice year.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

## 4 Material accounting policy information (continued)

### Financial assets (continued)

### 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 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 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 recognised in OCI and are never reclassified to profit or loss.

### Debt instruments at amortised cost or at FVTOCI

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

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

### 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 profit or loss.

### 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 borrowings for the proceeds received.

### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## 4 Material accounting policy information (continued)

### Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial year of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

### Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are within the scope of IFRS 9 expected credit loss calculations for the assessment of impairment.

### Fixed deposits

Fixed deposits are deposits held with banks with original maturities of more than three months, which are initially measured at fair value and subsequently measured at amortised cost. Fixed deposits are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

### Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

### Deferred taxation

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

## 4 Material accounting policy information (continued)

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above in these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***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, other receivables, bank balances and fixed deposits 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.

***Insurance and reinsurance contracts***

The Company applies the Premium Allocation Approach ("PAA") to simplify the measurement of insurance contracts. When measuring liabilities for incurred claims, the Company 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 cashflows, the company is eligible and choose to recognise the payment as an expense immediately (coverage period of a year or less) for all acquisition cashflows except for commission expense which is capitalised.

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

***Liability for incurred claims***

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

The main assumption underlying these techniques is that a 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.

## 4 Material accounting policy information (continued)

### Critical accounting judgements and key sources of estimation uncertainty (continued)

*Liability for incurred claims (continued)*

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

*Discount rates*

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

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

| | 1 year | | 3 years | | 5 years | | 10 years | | 20 years | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| Insurance contracts issued | | | | | | | | | | |
| AED | **4.72%** | 5.17% | **4.80%** | 4.42% | **4.86%** | 4.26% | **4.54%** | 4.33% | **2.24%** | 4.35% |
| Reinsurance contracts held | | | | | | | | | | |
| AED | **4.72%** | 5.17% | **4.80%** | 4.42% | **4.86%** | 4.26% | **4.54%** | 4.33% | **2.24%** | 4.35% |

*Risk adjustment for non-financial risk*

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

The risk adjustment for non-financial risk is the compensation that the 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 80th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 80th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. 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.

Ras Al Khaimah National Insurance Company P.S.C.

Notes to the financial statements
For the year ended 31 December 2024

## 5 Property and equipment

| | Furniture and fixtures AED | Office equipment AED | Motor vehicles AED | Computer equipment AED | Total AED |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 1 January 2023** | 3,046,442 | 1,203,175 | 401,556 | 5,644,390 | 10,295,563 |
| Additions during the year | 56,070 | 13,711 | - | 72694 | 142,475 |
| Disposals during the year | - | - | - | (2,950) | (2,950) |
| Write offs during the year | (252,443) | (4,505) | - | (759,442) | (1,016,390) |
| **At 31 December 2023** | 2,850,069 | 1,212,381 | 401,556 | 4,954,692 | 9,418,698 |
| Additions during the year | **-** | **-** | **554,997** | **81,373** | **636,370** |
| Disposals during the year | **-** | **-** | **(401,556)** | **(8,277)** | **(409,833)** |
| Write offs during the year | **(354,860)** | **(249,630)** | **-** | **(112,631)** | **(717,121)** |
| **At 31 December 2024** | **2,495,209** | **962,751** | **554,997** | **4,915,157** | **8,928,114** |
| **Accumulated depreciation** | | | | | |
| **At 1 January 2023** | 2,625,913 | 1,091,481 | 401,556 | 4,904,997 | 9,023,947 |
| Charge for the year | 255,509 | 66,467 | - | 387,492 | 709,468 |
| Disposals during the year | - | - | - | (2,949) | (2,949) |
| Write offs during the year | (115,150) | (2,440) | - | (678,928) | (796,518) |
| **At 31 December 2023** | 2,766,272 | 1,155,508 | 401,556 | 4,610,612 | 8,933,948 |
| Charge for the year | **37,972** | **32,964** | **57,812** | **236,816** | **365,564** |
| Disposals during the year | **-** | **-** | **(401,553)** | **(8,274)** | **(409,827)** |
| Write offs during the year | **(354,848)** | **(249,629)** | **-** | **(112,624)** | **(717,101)** |
| **At 31 December 2024** | **2,449,396** | **938,843** | **57,815** | **4,726,530** | **8,172,584** |
| **Net book value** | | | | | |
| **At 31 December 2024** | **45,813** | **23,908** | **497,182** | **188,627** | **755,530** |
| At 31 December 2023 | 83,797 | 56,873 | - | 344,080 | 484,750 |

## 6 Intangible assets

| | Computer software AED |
|---|---|
| **Cost** | |
| At 31 December 2022 | 15,595,372 |
| Additions during the year | 646,355 |
| Written offs during the year | (1,329,490) |
| **At 31 December 2023** | 14,912,237 |
| Additions during the year | **876,089** |
| **At 31 December 2024** | **15,788,326** |
| **Accumulated amortisation** | |
| At 31 December 2022 | 9,953,552 |
| Charge for the year | 1,514,318 |
| Written offs during the year | (1,025,025) |
| **At 31 December 2023** | 1,0442,845 |
| Charge for the year | **1,608,543** |
| **At 31 December 2024** | **12,051,388** |
| **Carrying amount** | |
| **At 31 December 2024** | **3,736,938** |
| At 31 December 2023 | 4,469,392 |

## 7 Financial assets

The Company's financial investments at the end of reporting year are detailed below:

| | 2024 AED | 2023 AED |
|---|---|---|
| **Investments at FVTOCI** | | |
| Quoted debt securities | **218,769,807** | 131,536,348 |
| Quoted equity securities | **4,033,534** | 3,835,742 |
| Allowance for expected credit loss | **(285,661)** | (188,019) |
| | **222,517,680** | 135,184,071 |

The composition of financial investment split between inside the UAE and outside the UAE as at 31 December 2024 and 31 December 2023 is as follows:

| | Inside UAE | | Outside UAE | | Total | |
|---|---|---|---|---|---|---|
| | **2024 AED** | 2023 AED | **2024 AED** | 2023 AED | **2024 AED** | 2023 AED |
| **FVTOCI:** | | | | | | |
| Quoted debt securities | **142,617,393** | 63,981,291 | **75,866,753** | 67,367,038 | **218,484,146** | 131,348,329 |
| Quoted equity securities | **4,033,534** | 3,835,742 | **-** | - | **4,033,534** | 3,835,742 |
| | **146,650,927** | 67,817,033 | **75,866,753** | 67,367,038 | **222,517,680** | 135,184,071 |

FVTOCI investments comprise of quoted equity and debt securities within the G.C.C. region except one investment valued at AED 9.1 million as at 31 December 2024 (31 December 2023: AED 8.7 million) which is an investment outside the G.C.C. region. The Company has designated all investments in equity securities that are not held for trading as at FVTOCI. Debt securities carry an interest rate ranging from 1.75% to 7.75% per annum (31 December 2023: 1.75% to 6.75%) and they are redeemable at par from 2025 to 2035 (31 December 2023: 2024 to 2033) based on their maturity dates. There are no significant concentration of credit risk for debt securities and the carrying amount reflected above represents the Company's maximum exposure to credit risk for such assets.

The movement in the financial investments is as follows:

| | **FVTOCI debt AED** | **FVTOCI equity AED** | **Total AED** |
|---|---|---|---|
| Balance at 1 January 2024 | **131,348,329** | **3,835,742** | **135,184,071** |
| Additions during the year | **96,544,785** | **-** | **96,544,785** |
| Matured during the year | **(11,282,338)** | **-** | **(11,282,338)** |
| Net change in fair value | **1,648,938** | **428,470** | **2,077,408** |
| Impairment charges | **-** | **(230,678)** | **(230,678)** |
| Amortisation of premium on FVTOCI debt investments to profit or loss | **322,074** | **-** | **322,074** |
| Allowance for expected credit loss | **(97,642)** | **-** | **(97,642)** |
| **Balance at 31 December 2024** | **218,484,146** | **4,033,534** | **222,517,680** |

## 7 Financial assets (continued)

| | FVTOCI debt AED | FVTOCI equity AED | Total AED |
|---|---|---|---|
| Balance at 1 January 2023 | 106,416,035 | 1,994,312 | 108,410,347 |
| Additions during the year | 22,679,567 | 1,958,380 | 24,637,947 |
| Matured during the year | (1,873,230) | - | (1,873,230) |
| Net change in fair value | 4,166,202 | 439,830 | 4,606,032 |
| Capital reduction in equity | - | (77,662) | (77,662) |
| Impairment charges | - | (479,118) | (479,118) |
| Amortisation of premium on FVTOCI debt investments to profit or loss | 4,172 | - | 4,172 |
| Allowance for expected credit loss | (44,417) | - | (44,417) |
| Balance at 31 December 2023 | 131,348,329 | 3,835,742 | 135,184,071 |

Details of provision for expected credit loss were as follows:

| | **2024 AED** | 2023 AED |
|---|---|---|
| Balance at the beginning of the year | **188,019** | 143,604 |
| Provision for expected credit loss during the year | **97,642** | 44,415 |
| **Balance at the end of the year** | **285,661** | 188,019 |

There were no reclassifications between financial investment categories during 2024 and 2023.

All the investments in scope of the expected credit loss model are in stage 1.

## 8 Statutory deposit

A deposit of AED 10 million (31 December 2023: AED 10 million) has been placed with a local bank (the "Bank"), in accordance with Article (42) of the Federal Law No. (48) of 2023. This deposit has been pledged to the Bank as security against a guarantee issued by the Bank in favour of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the CBUAE and bears an interest rate of 5.15% per annum (31 December 2023: 5.15% per annum).

## 9 Insurance and reinsurance contracts

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

| | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | **Assets AED** | **Liabilities AED** | **Net AED** | Assets AED | Liabilities AED | Net AED |
| **Insurance contracts issued** | | | | | | |
| Life and Medical | **-** | **(108,675,562)** | **(108,675,562)** | - | (148,209,844) | (148,209,844) |
| General and Motor | **-** | **(370,918,036)** | **(370,918,036)** | - | (216,460,448) | (216,460,448) |
| **Total insurance contracts issued** | **-** | **(479,593,598)** | **(479,593,598)** | - | (364,670,292) | (364,670,292) |
| **Reinsurance contracts held** | | | | | | |
| Life and Medical | **51,708,098** | **(26,787,062)** | **24,921,036** | 75,255,080 | - | 75,255,080 |
| General and Motor | **179,870,155** | **(1,133,036)** | **178,737,119** | 101,057,406 | (1,398,256) | 99,659,150 |
| **Total reinsurance contracts held** | **231,578,253** | **(27,920,098)** | **203,658,155** | 176,312,486 | (1,398,256) | 174,914,230 |

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

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

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

## 9 Insurance and reinsurance contracts (continued)

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

| 2024 | Life and Medical | | | | General and Motor | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Liabilities for remaining coverage | | Liabilities for incurred claims | | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | AED | AED | AED | AED | AED | AED | AED | AED | AED |
| Insurance contract liabilities as at 1 January | 34,353,198 | 6,361,717 | 104,322,433 | 3,172,496 | 47,557,195 | - | 158,387,942 | 10,515,311 | 364,670,292 |
| Insurance revenue | (289,534,391) | - | - | - | (214,530,209) | - | - | - | (504,064,600) |
| Insurance service expenses | 31,040,203 | (5,094,149) | 183,845,659 | (1,079,798) | 52,622,454 | 4,226,867 | 215,124,620 | (1,470,836) | 479,215,020 |
| Incurred claims and other expenses | - | - | 240,766,075 | 6,553,592 | - | - | 303,505,279 | 13,447,539 | 564,272,485 |
| Amortisation of insurance acquisition cash flows | 31,040,203 | - | - | - | 52,622,454 | - | - | - | 83,662,657 |
| (Reversal)/losses on onerous contracts | - | (5,094,149) | - | - | - | 4,226,867 | - | - | (867,282) |
| Changes to liabilities for incurred claims | - | - | (56,920,416) | (7,633,390) | - | - | (88,380,659) | (14,918,375) | (167,852,840) |
| **Insurance service result** | (258,494,188) | (5,094,149) | 183,845,659 | (1,079,798) | (161,907,755) | 4,226,867 | 215,124,620 | (1,470,836) | (24,849,580) |
| Insurance finance expenses | - | - | 3,117,215 | 146,908 | - | - | 9,719,102 | 664,722 | 13,647,947 |
| **Total changes in the statement of comprehensive income** | (258,494,188) | (5,094,149) | 186,962,874 | (932,890) | (161,907,755) | 4,226,867 | 224,843,722 | (806,114) | (11,201,633) |
| ***Cash flows*** | | | | | | | | | |
| Premiums received | 297,860,716 | - | - | - | 276,320,761 | - | - | - | 574,181,477 |
| Claims and other expenses paid | - | - | (218,097,700) | - | - | - | (136,652,410) | - | (354,750,110) |
| Insurance acquisition cash flows paid | (41,738,945) | - | - | - | (51,567,483) | - | - | - | (93,306,428) |
| **Total cash flows** | 256,121,771 | - | (218,097,700) | - | 224,753,278 | - | (136,652,410) | - | 126,124,939 |
| **Net insurance contract liabilities as at 31 December** | 31,980,781 | 1,267,568 | 73,187,607 | 2,239,606 | 110,402,718 | 4,226,867 | 246,579,254 | 9,709,197 | 479,593,598 |

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## 9 Insurance and reinsurance contracts (continued)

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

| 2023 | Life and Medical | | | | General and Motor | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Liabilities for remaining coverage | | Liabilities for incurred claims | | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | AED | AED | AED | AED | AED | AED | AED | AED | AED |
| Insurance contract liabilities as at 1 January | 59,066,072 | 427,931 | 87,122,767 | 2,418,152 | 46,581,835 | 5,267,649 | 121,587,398 | 7,411,745 | 329,883,549 |
| Insurance revenue | (304,305,933) | - | - | - | (160,067,246) | - | - | - | (464,373,179) |
| Insurance service expenses | 36,078,905 | 5,933,786 | 243,888,328 | 591,011 | 38,565,009 | (5,267,649) | 97,005,442 | 2,645,866 | 419,440,698 |
| Incurred claims and other expenses | - | - | 284,067,660 | 6,877,416 | - | - | 136,847,753 | 6,157,724 | 433,950,553 |
| Amortisation of insurance acquisition cash flows | 36,078,905 | - | - | - | 38,565,009 | - | - | - | 74,643,914 |
| Losses/(reversal) on onerous contracts | - | 5,933,786 | - | - | - | (5,267,649) | - | - | 666,137 |
| Changes to liabilities for incurred claims | - | - | (40,179,332) | (6,286,405) | - | - | (39,842,311) | (3,511,858) | (89,819,906) |
| Insurance service result | (268,227,028) | 5,933,786 | 243,888,328 | 591,011 | (121,502,237) | (5,267,649) | 97,005,442 | 2,645,866 | (44,932,481) |
| Insurance finance expenses | - | - | 3,344,771 | 163,333 | - | - | 6,344,183 | 457,700 | 10,309,987 |
| Total changes in the statement of comprehensive income | (268,227,028) | 5,933,786 | 247,233,099 | 754,344 | (121,502,237) | (5,267,649) | 103,349,625 | 3,103,566 | (34,622,494) |
| *Cash flows* | | | | | | | | | |
| Premiums received | 277,097,657 | - | - | - | 164,078,365 | - | - | - | 441,176,022 |
| Claims and other expenses paid | - | - | (230,033,433) | - | - | - | (66,549,081) | - | (296,582,514) |
| Insurance acquisition cash flows paid | (33,583,503) | - | - | - | (41,600,768) | - | - | - | (75,184,271) |
| Total cash flows | 243,514,154 | - | (230,033,433) | - | 122,477,597 | - | (66,549,081) | - | 69,409,237 |
| Net insurance contract liabilities as at 31 December | 34,353,198 | 6,361,717 | 104,322,433 | 3,172,496 | 47,557,195 | - | 158,387,942 | 10,515,311 | 364,670,292 |

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## 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

| 2024 | Life and Medical | | | | General and Motor | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets for remaining coverage | | Amounts recoverable on incurred claims | | Assets for remaining coverage | | Amounts recoverable on incurred claims | | |
| | Excluding loss recovery component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Excluding loss recovery component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | AED | AED | AED | AED | AED | AED | AED | AED | AED |
| Reinsurance contract assets as at 1 January | (97,734,272) | 3,410,024 | 167,495,655 | 2,083,673 | (47,922,094) | - | 140,820,820 | 8,158,680 | 176,312,486 |
| Reinsurance contract liabilities as at 1 January | - | - | - | - | (2,841,204) | - | 1,386,870 | 56,078 | (1,398,256) |
| **Net reinsurance contract (liabilities)/assets as at 1 January** | (97,734,272) | 3,410,024 | 167,495,655 | 2,083,673 | (50,763,298) | - | 142,207,690 | 8,214,758 | 174,914,230 |
| Allocation of reinsurance premiums | (115,741,938) | - | - | - | (98,942,242) | - | - | - | (214,684,180) |
| Amounts recoverable from reinsurers for incurred claims | - | (2,576,704) | 87,675,279 | (720,406) | - | 798,260 | 117,524,500 | (1,576,023) | 201,124,906 |
| Amounts recoverable for incurred claims and other expenses | - | - | 109,889,759 | 3,915,404 | - | - | 179,307,296 | 9,330,445 | 302,442,904 |
| (Losses)/recovery on onerous underlying contracts and adjustments | - | (2,576,704) | - | - | - | 798,260 | - | - | (1,778,444) |
| Changes to amounts recoverable for incurred claims | - | - | (22,214,480) | (4,635,810) | - | - | (61,782,796) | (10,906,468) | (99,539,554) |
| **Net income or expense from reinsurance contracts held** | (115,741,938) | (2,576,704) | 87,675,279 | (720,406) | (98,942,242) | 798,260 | 117,524,500 | (1,576,023) | (13,559,274) |
| Reinsurance finance income | - | - | 5,386,133 | 91,323 | - | - | 8,248,630 | 527,776 | 14,253,862 |
| Effect of changes in non-performance risk of reinsurers | - | - | (3,294,350) | - | - | - | 2,333,391 | - | (960,959) |
| **Total changes in the statement of comprehensive income** | (115,741,938) | (2,576,704) | 89,767,062 | (629,083) | (98,942,242) | 798,260 | 128,106,521 | (1,048,247) | (266,371) |
| ***Cash flows*** | | | | | | | | | |
| Premiums paid | 119,599,168 | - | - | - | 116,808,511 | - | - | - | 236,407,679 |
| Amounts received | - | - | (140,752,549) | - | - | - | (66,644,834) | - | (207,397,383) |
| **Total cash flows** | 119,599,168 | - | (140,752,549) | - | 116,808,511 | - | (66,644,834) | - | 29,010,296 |
| **Net reinsurance contract assets/(liabilities) as at 31 December** | (93,877,042) | 833,320 | 116,510,168 | 1,454,590 | (32,897,029) | 798,260 | 203,669,377 | 7,166,511 | 203,658,155 |
| Reinsurance contract assets as at 31 December | (43,993,342) | 833,320 | 94,147,491 | 720,629 | (29,648,118) | 797,122 | 201,654,131 | 7,067,020 | 231,578,253 |
| Reinsurance contract liabilities as at 31 December | (49,883,700) | - | 22,362,677 | 733,961 | (3,248,911) | 1,138 | 2,015,246 | 99,491 | (27,920,098) |
| **Net reinsurance contract assets/(liabilities) as at 31 December** | (93,877,042) | 833,320 | 116,510,168 | 1,454,590 | (32,897,029) | 798,260 | 203,669,377 | 7,166,511 | 203,658,155 |

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## 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)**

| 2023 | Life and Medical | | | | General and Motor | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets for remaining coverage | | Amounts recoverable on incurred claims | | Assets for remaining coverage | | Amounts recoverable on incurred claims | | |
| | Excluding loss recovery component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Excluding loss recovery component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | AED | AED | AED | AED | AED | AED | AED | AED | AED |
| Reinsurance contract assets as at 1 January | (176,792,989) | 346,066 | 223,719,817 | 1,316,637 | (57,545,527) | 1,676,865 | 149,459,094 | 4,684,407 | 146,864,370 |
| Reinsurance contract liabilities as at 1 January | - | - | - | - | (127,655,881) | 3,532 | 105,556,224 | 1,120,325 | (20,975,800) |
| Net reinsurance contract assets/(liabilities) as at 1 January | (176,792,989) | 346,066 | 223,719,817 | 1,316,637 | (185,201,408) | 1,680,397 | 255,015,318 | 5,804,732 | 125,888,570 |
| Allocation of reinsurance premiums | (123,735,434) | - | - | - | (79,472,675) | - | - | - | (203,208,109) |
| Amounts recoverable from reinsurers for incurred claims | - | 3,063,958 | 112,290,359 | 665,695 | - | (1,680,397) | 42,264,468 | 2,050,125 | 158,654,208 |
| Amounts recoverable for incurred claims and other expenses | - | - | 135,524,871 | 4,029,971 | - | - | 74,321,790 | 4,030,844 | 217,907,476 |
| Recovery/(losses) on onerous underlying contracts and adjustments | - | 3,063,958 | - | - | - | (1,680,397) | - | - | 1,383,561 |
| Changes to amounts recoverable for incurred claims | - | - | (23,234,512) | (3,364,276) | - | - | (32,057,322) | (1,980,719) | (60,636,829) |
| Net income or expense from reinsurance contracts held | (123,735,434) | 3,063,958 | 112,290,359 | 665,695 | (79,472,675) | (1,680,397) | 42,264,468 | 2,050,125 | (44,553,901) |
| Reinsurance finance income | - | - | 12,218,649 | 101,341 | - | - | 10,141,824 | 359,901 | 22,821,715 |
| Effect of changes in non-performance risk of reinsurers | - | - | (4,504,546) | - | - | - | 2,627,194 | - | (1,877,352) |
| Total changes in the statement of comprehensive income | (123,735,434) | 3,063,958 | 120,004,462 | 767,036 | (79,472,675) | (1,680,397) | 55,033,486 | 2,410,026 | (23,609,538) |
| *Cash flows* | | | | | | | | | |
| Premiums paid | 202,794,151 | - | - | - | 213,910,785 | - | - | - | 416,704,936 |
| Amounts received | - | - | (176,228,624) | - | - | - | (167,841,114) | - | (344,069,738) |
| Total cash flows | 202,794,151 | - | (176,228,624) | - | 213,910,785 | - | (167,841,114) | - | 72,635,198 |
| Net reinsurance contract assets/(liabilities) as at 31 December | (97,734,272) | 3,410,024 | 167,495,655 | 2,083,673 | (50,763,298) | - | 142,207,690 | 8,214,758 | 174,914,230 |
| Reinsurance contract assets as at 31 December | (97,734,272) | 3,410,024 | 167,495,655 | 2,083,673 | (47,922,094) | - | 140,820,820 | 8,158,680 | 176,312,486 |
| Reinsurance contract liabilities as at 31 December | - | - | - | - | (2,841,204) | - | 1,386,870 | 56,078 | (1,398,256) |
| Net reinsurance contract assets/(liabilities) as at 31 December | (97,734,272) | 3,410,024 | 167,495,655 | 2,083,673 | (50,763,298) | - | 142,207,690 | 8,214,758 | 174,914,230 |

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## 9 Insurance and reinsurance contracts (continued)

In addition to scenario testing, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Company's estimate of total liability for incurred claims for the years up to 2024.

**Gross Insurance contract liabilities at 31 December 2024**

| | 2016 and prior AED | 2017 AED | 2018 AED | 2019 AED | 2020 AED | 2021 AED | 2022 AED | 2023 AED | 2024 AED | Total AED |
|---|---|---|---|---|---|---|---|---|---|---|
| At the end of each reporting year | 1,063,379,507 | 206,708,854 | 289,482,870 | 513,297,622 | 399,077,423 | 336,940,079 | 305,201,495 | 374,069,629 | 441,747,840 | **441,747,840** |
| One year later | 1,049,998,527 | 191,259,704 | 261,270,119 | 482,305,594 | 385,519,890 | 305,803,750 | 274,240,481 | 341,938,852 | - | **341,938,852** |
| Two years later | 1,047,623,817 | 186,630,620 | 255,518,050 | 501,177,149 | 383,412,064 | 298,506,099 | 271,671,896 | - | - | **271,671,896** |
| Three years later | 1,033,651,330 | 186,389,070 | 254,421,507 | 487,632,634 | 361,017,796 | 275,892,712 | - | - | - | **275,892,712** |
| Four years later | 1,031,214,261 | 185,210,124 | 253,471,505 | 390,269,413 | 359,368,451 | - | - | - | - | **359,368,451** |
| Five years later | 1,024,881,234 | 183,898,132 | 250,802,385 | 389,503,857 | - | - | - | - | - | **389,503,857** |
| Six years later | 1,022,784,257 | 178,989,230 | 250,100,685 | - | - | - | - | - | - | **250,100,685** |
| Seven years later | 911,653,578 | 178,510,230 | - | - | - | - | - | - | - | **178,510,230** |
| Eight years later | 912,124,523 | - | - | - | - | - | - | - | - | **912,124,523** |
| Estimate of cumulative claims | 912,124,523 | 178,510,230 | 250,100,685 | 389,503,857 | 359,368,451 | 275,892,712 | 271,671,896 | 341,938,852 | 441,747,840 | **3,420,859,046** |
| Cumulative payments to date | (911,163,611) | (178,416,009) | (249,545,453) | (387,463,895) | (355,647,539) | (262,686,054) | (258,260,124) | (312,526,765) | (227,442,431) | **(3,143,151,881)** |
| Unallocated loss adjustment expense reserve | 23,240 | 2,279 | 13,428 | 53,885 | 94,539 | 323,953 | 327,577 | 800,530 | 6,307,599 | **7,947,030** |
| Claims receivable | 70,175 | 6,881 | 40,548 | 162,712 | 330,355 | 3,704,766 | 1,135,349 | 1,683,927 | 15,729,813 | **22,864,526** |
| **Total gross undiscounted liabilities for incurred claims** | 1,054,327 | 103,381 | 609,208 | 2,256,559 | 4,145,806 | 17,235,377 | 14,874,698 | 31,896,544 | 236,342,821 | **308,518,721** |
| Attributable expenses | | | | | | | | | | **6,620,589** |
| Accrued payable | | | | | | | | | | **11,434,910** |
| Effect of discounting | | | | | | | | | | **(6,807,359)** |
| **Total discounted gross reserves included in the statement of financial position** | 960,912 | 94,221 | 555,232 | 2,039,962 | 3,720,912 | 13,206,658 | 13,411,772 | 29,412,087 | 214,305,409 | **319,766,861** |
| **Risk Adjustments** | | | | | | | | | | **11,948,803** |

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## 9 Insurance and reinsurance contracts (continued)

### Net Insurance contract liabilities at 31 December 2024

| | 2016 and prior AED | 2017 AED | 2018 AED | 2019 AED | 2020 AED | 2021 AED | 2022 AED | 2023 AED | 2024 AED | Total AED |
|---|---|---|---|---|---|---|---|---|---|---|
| At the end of each reporting year | 718,231,329 | 113,561,285 | 125,097,160 | 267,264,348 | 229,561,512 | 158,645,424 | 177,133,830 | 171,226,992 | 175,693,824 | **175,693,824** |
| One year later | 721,240,889 | 105,199,030 | 112,608,458 | 256,386,377 | 224,471,018 | 153,057,798 | 167,647,611 | 166,725,820 | - | **166,725,820** |
| Two years later | 717,670,445 | 105,136,987 | 107,627,969 | 271,131,930 | 223,476,717 | 153,077,743 | 167,598,109 | - | - | **167,598,109** |
| Three years later | 713,922,637 | 100,585,664 | 107,566,657 | 259,069,664 | 222,004,134 | 151,366,375 | - | - | - | **151,366,375** |
| Four years later | 713,190,105 | 100,051,847 | 107,299,494 | 171,078,744 | 221,587,641 | - | - | - | - | **221,587,641** |
| Five years later | 711,856,838 | 99,535,024 | 106,527,746 | 168,915,423 | - | - | - | - | - | **168,915,423** |
| Six years later | 711,307,976 | 97,937,921 | 103,716,095 | - | - | - | - | - | - | **103,716,095** |
| Seven years later | 676,259,294 | 97,857,804 | - | - | - | - | - | - | - | **97,857,804** |
| Eight years later | 676,233,489 | - | - | - | - | - | - | - | - | **676,233,489** |
| Estimate of cumulative claims | 676,233,489 | 97,857,804 | 103,716,095 | 168,915,423 | 221,587,641 | 151,366,375 | 167,598,109 | 166,725,820 | 175,693,824 | **1,929,694,580** |
| Cumulative payments to date | (676,176,244) | (97,839,121) | (103,565,143) | (167,976,136) | (220,427,034) | (148,728,532) | (163,372,924) | (158,028,746) | (117,322,105) | **(1,853,435,985)** |
| Unallocated loss adjustment expense reserve | 23,240 | 2,279 | 13,428 | 53,885 | 94,539 | 323,953 | 327,577 | 800,530 | 6,307,599 | **7,947,030** |
| Claim payable – net | (676,289) | (55,516) | (293,402) | (746,487) | (10,067,406) | (4,566,465) | (16,462,880) | (50,018,019) | (30,565,033) | **(113,451,497)** |
| **Total net undiscounted liabilities for incurred claims** | (595,804) | (34,554) | (129,022) | 246,685 | (8,812,260) | (1,604,669) | (11,910,118) | (40,520,415) | 34,114,285 | **(29,245,872)** |
| Attributable expenses | | | | | | | | | | **6,620,589** |
| Accrued payable | | | | | | | | | | **11,434,910** |
| Non-performance risk of reinsurers | | | | | | | | | | **11,534,815** |
| Effect of discounting | | | | | | | | | | **(757,126)** |
| **Total discounted net reserves included in the statement of financial position** | 57,245 | 18,683 | 150,952 | 939,287 | 1,160,607 | 2,637,843 | 4,225,185 | 8,697,074 | 58,371,719 | **(412,684)** |
| **Net risk adjustments** | | | | | | | | | | **3,327,702** |

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## 10 Other receivables

| | 2024 AED | 2023 AED |
|---|---|---|
| Accrual of interest and other income | **2,726,910** | 1,063,049 |
| Advances and prepayments | **3,603,433** | 2,765,561 |
| Other receivables | **8,223,079** | 5,641,678 |
| | **14,553,422** | 9,470,288 |
| Allowance for expected credit loss | **(4,944,756)** | (4,944,733) |
| | **9,608,666** | 4,525,555 |

Other receivables pertain to an amount of AED 3.9 million (31 December 2023: AED 3.9 million) for the exposure to a foreign bank that does not meet the recognition and classification requirements of bank balances and fixed deposits.

Movement in the allowance for expected credit loss was as follows:

| | 2024 AED | 2023 AED |
|---|---|---|
| Balance at the beginning of the year | **4,944,733** | 2,751,057 |
| Charge during the year | **23** | 2,193,676 |
| **Balance at the end of the year** | **4,944,756** | 4,944,733 |

## 11 Cash and cash equivalents

| | 2024 AED | 2023 AED |
|---|---|---|
| Cash in hand | **18,298** | 23,186 |
| Current accounts with banks | **97,489,967** | 28,482,204 |
| Fixed deposits with original maturities of three months or less | **20,000,000** | - |
| | **117,508,265** | 28,505,390 |

## 12 Deposits

| | 2024 AED | 2023 AED |
|---|---|---|
| Fixed deposits with original maturities greater than three months | **177,584,958** | 243,474,313 |
| Fixed deposits under lien | **864,147** | 600,000 |
| Allowance for expected credit loss | **(71,217)** | (122,537) |
| Total fixed deposits | **178,377,888** | 243,951,776 |

Certain fixed deposits with carrying amount of AED 864,147 as at 31 December 2024 (31 December 2023: AED 600,000) are under lien against letters of guarantee amounting to AED 590,000 (31 December 2023: AED 550,000). The interest rates on fixed deposits with banks range between 4% to 5.6% per annum (31 December 2023: 3.25% to 5.65% per annum). All fixed deposits are held in local banks in the United Arab Emirates.

## 12 Deposits (continued)

As of 31 December 2024, fixed deposits with original maturities greater than three months disclosed above include deposits amounting to AED 82,855,670 (31 December 2023: AED 61,989,754) which are pledged against bank borrowings.

Details of allowance for expected credit loss as per IFRS 9 were as follows:

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| Balance at the beginning of the year | **122,537** | 138,000 |
| Reversal of expected credit loss during the year | **(51,320)** | (15,463) |
| Balance at the end of the year | **71,217** | 122,537 |

All the bank balances and fixed deposits in scope of the expected credit loss model are in stage 1 and there have been no movements between the stages during the year.

## 13 Share capital

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| Authorised, issued and fully paid:<br>121.275 million ordinary shares of AED 1 each | **121,275,000** | 121,275,000 |

(31 December 2023: 121.275 million ordinary shares of AED 1 each)

## 14 Reserves

### Statutory reserve

In accordance with the Companies Law, and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. Accordingly, during the year ended 31 December 2024, the Company transferred AED 1,543,864 to statutory reserves (31 December 2023: AED 1,454,118).

### Voluntary reserve

As per the Company's Articles of Association, voluntary reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilised for any other purpose unless approved by the Shareholders' General Assembly. No transfer to voluntary reserve was made during the year ended 31 December 2024 and 31 December 2023.

### Reinsurance reserve

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company has transferred AED 1,391,048 to the 'Reinsurance Reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2024 (year ended 31 December 2023: AED 1,093,105). The Company shall accumulate such provision year on year and shall not dispose of the reserve without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department within CBUAE.

## 15 Provision for employees' end of service indemnity

| | 2024 AED | 2023 AED |
|---|---|---|
| Balance at 1 January | **6,345,883** | 6,256,759 |
| Charge for the year | **1,094,838** | 1,256,087 |
| Payment during the year | **(680,093)** | (1,166,963) |
| Balance at 31 December | **6,760,628** | 6,345,883 |

## 16 Bank borrowings

| | 2024 AED | 2023 AED |
|---|---|---|
| Bank overdrafts | **74,911,911** | 59,380,752 |

Overdraft facilities are secured against fixed deposit with carrying value of AED 82,855,670 (31 December 2023: AED 61,989,754). The overdraft carries an interest rate of 0.5% above the interest rate earned on the fixed deposits secured against the overdraft facilities and are repayable on demand.

## 17 Other payables

| | 2024 AED | 2023 AED |
|---|---|---|
| Accrued expenses | **2,001,972** | 6,443,127 |
| Other payable balances | **2,333,622** | 973,161 |
| Due to related parties | **1,342,035** | 4,113,408 |
| Payables to suppliers | **663,100** | 555,939 |
| | **6,340,729** | 12,085,635 |

Accrued expenses relate to amounts incurred in the normal course of business such as fees payable to regulators and other professionals.

## 18 Deferred taxation

| | 2024 AED | 2023 AED |
|---|---|---|
| Deferred tax arising in respect of: | | |
| Recognised in OCI: | | |
| Net change in fair value of debt securities designated at FVTOCI | **(148,405)** | - |

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

| | Net balance at 1 January 2024 AED | Recognised in profit or loss AED | Recognised in other comprehensive income AED | Net balance at 31 December 2024 AED |
|---|---|---|---|---|
| **Deferred tax liability** | - | - | (148,405) | (148,405) |

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Notes to the financial statements
For the year ended 31 December 2024

## 19 Income tax expense

| | 2024 AED | 2023 AED |
|---|---|---|
| **Income statement:** | | |
| Current tax | (1,487,606) | - |
| **Statement of comprehensive income** | | |
| Current tax | (38,562) | - |
| Deferred tax | (148,405) | - |

Relationship between tax expense and accounting profit:

| | 2024 AED | 2023 AED |
|---|---|---|
| Profit for the year before taxation | 16,926,245 | - |
| Basic exemption limit | (375,000) | - |
| Tax applicable profit | 16,551,245 | - |
| Tax at the applicable rate of 9% | (1,489,612) | - |
| Effect of items that are not considered in determining taxable income - net | | |
| Exempt income | 19,475 | - |
| Non-deductible expenses | (17,469) | - |
| Income tax expense | (1,487,606) | - |
| Profit for the year after taxation | 15,438,639 | - |

## 20 Insurance service expenses

| | Life and Medical AED | General and Motor AED | Total AED |
|---|---|---|---|
| **For the year ended 31 December 2024** | | | |
| Incurred claims and other expenses | 247,319,667 | 316,952,818 | 564,272,485 |
| Amortisation of insurance acquisition cash flows | 31,040,203 | 52,622,454 | 83,662,657 |
| (Reversal)/losses on onerous contracts | (5,094,149) | 4,226,867 | (867,282) |
| Changes to liabilities for incurred claims | (64,553,806) | (103,299,034) | (167,852,840) |
| | 208,711,915 | 270,503,105 | 479,215,020 |
| For the year ended 31 December 2023 | | | |
| Incurred claims and other expenses | 290,945,076 | 143,005,477 | 433,950,553 |
| Amortisation of insurance acquisition cash flows | 36,078,905 | 38,565,009 | 74,643,914 |
| (Reversal)/losses on onerous contracts | 5,933,786 | (5,267,649) | 666,137 |
| Changes to liabilities for incurred claims | (46,465,737) | (43,354,169) | (89,819,906) |
| | 286,492,030 | 132,948,668 | 419,440,698 |

## 21 Total investment income and net insurance financial result

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

| For the year ended 31 December 2024 | Life and Medical | General and Motor | Total |
|---|---|---|---|
| | AED | AED | AED |
| **Investment income - net** | | | |
| **Amounts recognised in the profit or loss** | | | |
| Interest income | 4,850,202 | 11,671,303 | 16,521,505 |
| Dividend income from financial investments | - | 216,396 | 216,396 |
| Impairment losses on financial investments at FVTOCI | - | (230,676) | (230,676) |
| Other income | 62,905 | 31,349 | 94,254 |
| | 4,913,107 | 11,688,372 | 16,601,479 |
| **Insurance finance income/(expense) from insurance contracts issued** | | | |
| Interest accreted to insurance contracts using current financial assumptions | (3,328,894) | (10,396,752) | (13,725,646) |
| Due to changes in interest rates and other financial assumptions | 64,771 | 12,928 | 77,699 |
| **Total insurance finance expense from insurance contracts issued** | (3,264,123) | (10,383,824) | (13,647,947) |
| **Reinsurance finance income/(expense) from reinsurance contracts held** | | | |
| Interest accreted to reinsurance contracts using current financial assumptions | 5,578,866 | 8,645,322 | 14,224,188 |
| Changes in non-performance risk of reinsurer | (3,294,350) | 2,333,391 | (960,959) |
| Due to changes in interest rates and other financial assumptions | (101,410) | 131,084 | 29,674 |
| **Reinsurance finance income from reinsurance contracts held** | 2,183,106 | 11,109,797 | 13,292,903 |
| **Net insurance finance (expense)/income** | (1,081,017) | 725,973 | (355,044) |

## 21 Total investment income and net insurance financial result (continued)

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

| For the year ended 31 December 2023 | Life and Medical AED | General and Motor AED | Total AED |
|---|---|---|---|
| Investment income - net | | | |
| Amounts recognised in the profit or loss | | | |
| Interest income | 4,792,379 | 9,477,315 | 14,269,694 |
| Dividend income from financial investments | - | 239,866 | 239,866 |
| Realised gain on disposal of financial investments at FVTPL | - | 864,540 | 864,540 |
| Impairment losses on financial investments at FVTOCI | - | (479,118) | (479,118) |
| Other income | - | 8,400 | 8,400 |
| | 4,792,379 | 10,111,003 | 14,903,382 |
| *Insurance finance income/ (expense) from insurance contracts issued* | | | |
| Interest accreted to insurance contracts using current financial assumptions | (3,562,616) | (6,768,598) | (10,331,214) |
| Due to changes in interest rates and other financial assumptions | 54,512 | (33,285) | 21,227 |
| Total insurance finance expense from insurance contracts issued | (3,508,104) | (6,801,883) | (10,309,987) |
| *Reinsurance finance income/ (expense) from reinsurance contracts held* | | | |
| Interest accreted to reinsurance contracts using current financial assumptions | 12,774,167 | 10,818,922 | 23,593,089 |
| Changes in non-performance risk of reinsurer | 998,400 | (2,875,752) | (1,877,352) |
| Due to changes in interest rates and other financial assumptions | (454,177) | (317,197) | (771,374) |
| Reinsurance finance expense from reinsurance contracts held | 13,318,390 | 7,625,973 | 20,944,363 |
| Net insurance finance income | 9,810,286 | 824,090 | 10,634,376 |

## 22 Social contributions

Social contributions during the year ended 31 December 2024 amounted to AED 8,700 (31 December 2023: AED 15,281).

## 23 Basic and diluted earnings per share

| | 2024 | 2023 |
|---|---|---|
| Profit for the year after tax (in AED) | **15,438,639** | 14,541,174 |
| Number of shares | **121,275,000** | 121,275,000 |
| Basic and diluted earnings per share after tax (in AED) | **0.13** | 0.12 |

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

## 24 Related party balances and transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party. Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting year, amounts due from/to related parties were as follows:

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| ***Due from related parties*** | | |
| Due from Parent Company (insurance contract liabilities) | **1,726,948** | 18,640,376 |
| Due from Directors (insurance contract liabilities) | **200,602** | 1,093 |
| Due from other related parties under common control (insurance contract liabilities) | **28,638,058** | 10,160,171 |
| | **30,565,608** | 28,801,640 |
| ***Due to related parties*** | | |
| Due to Parent company (other payables) | **(1,773,553)** | (4,113,407) |

Balances receivables from related parties are interest free and repayable on demand.

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| ***Balances*** | | |
| Fixed deposits placed with Parent company | **109,484,594** | 119,797,824 |
| Bank balances placed with Parent company | **21,577,467** | 17,505,602 |
| Bank borrowing from Parent company | **(49,999,009)** | - |

## 24 Related party balances and transactions (continued)

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

| | 2024 AED | 2023 AED |
|---|---|---|
| Insurance revenue (Parent company) | **126,036,036** | 121,284,186 |
| Insurance revenue (Directors) | **118,335** | 82,150 |
| Insurance revenue (other related parties) | **82,159,719** | 46,629,211 |
| Insurance service expenses (Parent company) | **(69,505,678)** | (63,570,845) |
| Insurance service expenses (Directors) | **(42,956)** | (384,294) |
| Insurance service expenses (other related parties) | **(48,753,849)** | (44,090,114) |
| Other expenses (Parent company) | **(1,957,325)** | (3,929,816) |
| Investment income (Parent company) | **4,671,013** | 6,130,498 |

During the year ended 31 December 2024, the Company has purchased financial assets at AED 96.5 million (31 December 2023: AED 22.7 million) and no financial assets were sold (31 December 2023: 1.9 million) through the Parent company / from other related parties.

**Key management personnel compensation**

| | 2024 AED | 2023 AED |
|---|---|---|
| Board of Directors' remuneration | **1,141,979** | 1,402,269 |
| Short-term benefits | **5,757,434** | 6,794,571 |
| Long-term benefits | **284,378** | 313,694 |
| | **7,183,791** | 8,510,534 |

## 25 Other operating expenses

| | 2024 AED | 2023 AED |
|---|---|---|
| Professional fees | **5,266,958** | 3,817,777 |
| Staff cost | **3,652,051** | 3,523,656 |
| Information technology | **2,008,151** | 1,594,942 |
| Board of Directors' remuneration | **1,141,979** | 1,402,269 |
| Amortisation of intangible assets | **691,673** | 651,157 |
| Rental costs – operating leases | **399,432** | 403,282 |
| Communication expenses | **275,997** | 263,050 |
| Depreciation of property and equipment & write off | **157,203** | 371,032 |
| Utilities and maintenance | **100,655** | 79,740 |
| Administration expenses | **79,016** | 74,328 |
| Travel and entertainment expenses | **44,593** | 43,567 |
| Bank charges | **39,191** | 38,679 |
| Provision for bad debt | **36,229** | 1,989,994 |
| License expenses and membership fees | **23,841** | 28,544 |
| Marketing expenses | **11,167** | 4,536 |
| | **13,928,136** | 14,286,553 |

Other operating expenses relate to items that do not form part of insurance service result.

## 26 Other underwriting income

Other underwriting income includes admin fee earned for Credit Islamic Business on fronting arrangements with other insurance companies in the UAE.

## 27 Contingent liabilities

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| Letters of guarantee | **10,605,000** | 10,567,410 |

Letters of guarantee includes AED 10 million (31 December 2023: AED 10 million) issued in favour of the CBUAE . The above guarantees were issued in the normal course of business. The Company, in common with the significant majority of insurers, is subject to litigation in the 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.

## 28 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company writes the general, medical and life insurance contracts. General insurance contracts of the Company include Liability, Property, Motor, Fire, Marine and Engineering insurance contracts. Medical insurance contracts include both individual and group medical insurance contracts. Life insurance contracts include group, retail and credit life insurance contracts.

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

***Risk management framework***

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

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

The Company's Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit and Risk Committee is assisted in its oversight role by Internal Audit and Risk functions.

Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed on the next page.

## 28 Insurance risk (continued)

*Underwriting strategy*

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

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio.

*Reinsurance strategy*

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Company has a Reinsurance department that is responsible for setting the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy.

The Company enters into a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

*Frequency and severity of claims*

The Company manages insurance risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria, as well as the use of reinsurance arrangements.

The Company has the right not to renew individual policies, re-price the risk, impose deductibles and reject the payment of a fraudulent claim for both short and long-term insurance contracts. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

The reinsurance arrangements include excess of loss and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set limit of AED 700,000 per vehicle/event for motor insurance and AED 100,000 per member for medical insurance class of business in any policy (2023: AED 700,000 for motor insurance and AED 100,000 for medical insurance). Similarly, net loss retained for general lines of business will not exceed AED 2,250,000 and for event loss AED 4,500,000 (2023: net loss retained for business will not exceed 2,250,000 and for event loss AED 4,500,000). In addition to the overall Company reinsurance program, business units are permitted to purchase additional facultative reinsurance protection, if needed.

## 28 Insurance risk (continued)

*Frequency and severity of claims (continued)*

The following tables disclose the concentration of insurance liabilities by line of business. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from the insurance contracts:

| | As at 31 December 2024 | | |
|---|---|---|---|
| | **Gross AED** | **Reinsurance AED** | **Net AED** |
| Life and Medical | **108,675,562** | **(24,921,036)** | **83,754,526** |
| Motor and General | **370,918,036** | **(178,737,119)** | **192,180,917** |
| | **479,593,598** | **(203,658,155)** | **275,935,443** |

| | As at 31 December 2023 | | |
|---|---|---|---|
| | Gross AED | Reinsurance AED | Net AED |
| Life and Medical | 148,209,844 | (75,255,080) | 72,954,764 |
| Motor and General | 216,460,448 | (99,659,150) | 116,801,298 |
| | 364,670,292 | (174,914,230) | 189,756,062 |

***Sources of uncertainty in the estimation of future claim payments***

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until several months, quarters & sometimes years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. The Company involved an independent external actuary as well if deemed necessary. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing some claims provisions, it is possible that the final outcome will prove to be different from the original liability established.

## 28 Insurance risk (continued)

***Sources of uncertainty in the estimation of future claim payments (continued)***

The amount of insurance claims is in some cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are based on Actuarial calculation which can be based purely on historical development of claims or Expected Loss Ratios or a combination of both. The method and weightage are based on the merit of the line of business. The Expected Loss-Ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by line of business where the insured operates for current and prior year premium earned.

| | **For the year ended 31 December 2024** | | For the year ended 31 December 2023 | |
|---|---|---|---|---|
| | **Gross loss ratio** | **Net loss ratio** | Gross loss ratio | Net loss ratio |
| Motor | **106%** | **85%** | 67% | 67% |
| Marine and aviation | **12%** | **7%** | 7% | 3% |
| Medical | **79%** | **72%** | 104% | 88% |
| Life | **15%** | **2%** | 18% | 2% |
| Engineering, fire, general accidents and others | **95%** | **66%** | 59% | 40% |

The Company believes that the claim liabilities under insurance contracts outstanding at the year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact insurance service expenses as follows:

| | **For the year ended 31 December** | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| **Impact of change in loss ratio by +/- 1%** | | |
| Medical | **1,054,804** | 1,147,102 |
| Motor | **910,476** | 327,895 |
| Engineering, fire, general accidents and others | **186,830** | 96,696 |
| Life | **420,752** | 11,722 |
| Marine and aviation | **12,234** | 412 |
| | **2,585,096** | 1,583,827 |

## 28 Insurance risk (continued)

***Process used to decide on assumptions***

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Company uses assumptions based on a mixture of internal and market data to measure its claims liabilities. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Company has reviewed the individual contracts and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The Company uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year. Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market- based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that a weighted average of different techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary and independent external actuaries are also involved in the valuation of technical reserves of the Company and has used historical data for the past 9 years.

The Company did not change its assumptions for the valuation of the insurance contract liabilities during the year other than those disclosed.

***Concentration of insurance risk***

Substantially all of the Company's underwriting activities are carried out in the United Arab Emirates. 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 arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company primarily deals with reputed counter parties and monitors the receivable position from these parties on a regular basis.

## 29 Capital risk management

The Company's objectives when managing capital, which the Company considers to be the equity as shown in the statement of financial position, are:

- to comply with the insurance capital requirements required by UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations;
- to protect its policyholders' interests;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In the UAE, the CBUAE specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the minimum required capital of the Company and the total capital held.

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| Total capital held | **121,275,000** | 121,275,000 |
| Minimum regulatory capital | **100,000,000** | 100,000,000 |

The CBUAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid up capital of AED 100 million for establishing insurance companies and AED 250 million for reinsurance companies. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Company is in compliance with these rules.

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the year. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

| | **2024** | 2023 |
|---|---|---|
| | **AED** | AED |
| Minimum Capital Requirement (MCR) | **100,000,000** | 100,000,000 |
| Solvency Capital Requirement (SCR) | **88,794,091** | 68,817,200 |
| Minimum Guarantee Fund (MGF) | **68,521,539** | 69,303,442 |
| Basic Own Funds | **142,975,622** | 139,201,083 |
| MCR Solvency Margin - Minimum Capital Requirement surplus | **42,975,622** | 39,201,083 |
| SCR Solvency Margin - Solvency Capital Requirement surplus | **54,181,531** | 70,383,882 |
| MGF Solvency Margin – Minimum Guarantee Fund surplus | **74,454,083** | 69,897,640 |

## 30 Fair value measurements

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

The fair values of financial assets and financial liabilities are determined using the same valuation techniques and assumptions as those used for the year ended 31 December 2023.

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

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

| Financial assets | Fair value as at 31 December 2024 AED | Fair value as at 31 December 2023 AED | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable input | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| **FVTOCI:** | | | | | | |
| Quoted Debt securities | **218,484,146** | 131,348,329 | Level 1 | Quoted bid prices in an active market | None | N/A |
| Quoted equity securities | **4,033,534** | 3,835,742 | Level 1 | Quoted bid prices in an active market | None | N/A |

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

## 31 Financial risk

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.

### *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, other G.C.C. currencies 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.

### *Equity and debt price risk*

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

At the end of the reporting period, if the equity and debt prices are 10% higher / lower as per the assumptions mentioned below and all the other variables were held constant, the Company's other comprehensive income for the year ended 31 December 2024 would have increased by AED 22,251,768 (year ended 31 December 2023: AED 13,518,407).

Method and assumptions for sensitivity analysis:

- The sensitivity analysis has been done based on the exposure to equity and debt price risk as at the end of the reporting period.
- As at the end of the reporting period if equity and debt prices are 10% higher / lower on the market value uniformly for all equity and debt while all other variables are held constant, the impact on profit and other comprehensive income for the year has been shown above.
- A 10% change in equity and debt prices has been used to give a realistic assessment as a plausible event.

### *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 its financial investments in debt instruments 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.

## 31 Financial risk (continued)

*Interest rate risk (continued)*

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 below tables show the impact of 1% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

**31 December 2024**

| | Impact on profit gross of reinsurance | Impact on profit net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** |
| **Risk Adjustment** | | | | |
| 1% increase | **(3,377,459)** | **(1,235,804)** | **(3,377,459)** | **(1,235,804)** |
| 1% decrease | **(3,377,459)** | **(1,235,804)** | **(3,377,459)** | **(1,235,804)** |
| **Discounting** | | | | |
| 1% increase | **1,596,923** | **318,633** | **1,596,923** | **318,633** |
| 1% decrease | **(1,618,683)** | **(328,719)** | **(1,618,683)** | **(328,719)** |

31 December 2023

| | Impact on profit gross of reinsurance | Impact on profit net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| Risk adjustment | | | | |
| 1% increase | (2,581,383) | (908,511) | (2,581,383) | (908,511) |
| 1% decrease | 2,581,383 | 908,511 | 2,581,383 | 908,511 |
| Discounting | | | | |
| 1% increase | 1,182,864 | (43,898) | 1,182,864 | (43,898) |
| 1% decrease | (1,195,762) | 41,362 | (1,195,762) | 41,362 |

## 31 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 expected credit loss 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 expected credit loss 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 credit loss 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.

Of the bank balances and fixed deposits balance at the end of year, AED 121 million (2023: AED 137 million) is placed with one bank. The credit risk on liquid funds is limited because the single largest counterparty is a UAE sovereign bank.

## 31 Financial risk (continued)

*Credit risk (continued)*

The table below presents an analysis of bank balances and fixed deposits by rating agency designation at the end of the reporting period based on Moody's rating or its equivalent for the main banking relationships:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| Aa3 | **75,689,702** | 282,937 |
| A1 | **1,189** | 1,189 |
| A3 | **66,344,094** | 6,239 |
| Baa1 | **163,758,269** | 255,526,226 |
| Ba1 | **92,899** | 26,640,575 |
| | **305,886,153** | 282,457,166 |

The Company's financial assets at FVTOCI are held across various countries. The table below presents an analysis of financial assets at FVTOCI by rating agency designation at the end of the reporting period based on Moody's rating or its equivalent:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| Aa2 | **35,507,140** | 20,476,972 |
| Aa3 | **49,615,491** | 5,491,499 |
| A1 | **14,218,518** | 10,897,732 |
| A2 | **20,626,041** | 9,674,938 |
| A3 | **24,044,257** | 15,508,942 |
| Baa1 | **15,734,078** | 15,588,575 |
| Baa3 | **-** | 138,632 |
| Ba1 | **34,689,347** | 31,647,883 |
| Ba2 | **-** | 6,723,490 |
| B1 | **21,270,595** | 12,286,112 |
| Not rated | **6,812,213** | 6,749,296 |
| | **222,517,680** | 135,184,071 |

All the Company's debt investments measured at fair value through other comprehensive income are considered to have low credit risk, and the charge recognised during the year was therefore limited to 12 months' expected losses. A 10% increase / (decrease) in the probability of default and loss given default estimates as at 31 December 2024 would result in an increase / (decrease) of AED 88,077 (2023: increase / (decrease) of AED 68,302) in total expected credit loss allowances on FVTOCI investments, bank balances and fixed deposits.

*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.

## 31 Financial risk (continued)

*Liquidity risk (continued)*

The table below summarises the maturity profile of the Company's financial assets, financial liabilities, insurance contract liabilities and reinsurance contracts assets held. The maturity analysis has been presented on a contractual undiscounted cash flow basis except for insurance contract liabilities and reinsurance contract assets held which have been presented on their expected cash flows.

The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

| | Less than 1 year AED | 1-5 years AED | 5+ years AED | No maturity AED | Total AED |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| **Financial assets** | | | | | |
| FVTOCI investments – debt | **11,673,150** | **118,996,157** | **87,814,839** | **-** | **218,484,146** |
| FVTOCI investments – equity | **-** | **-** | **-** | **4,033,534** | **4,033,534** |
| Statutory deposit | **-** | **-** | **-** | **10,000,000** | **10,000,000** |
| Other receivables (excluding advances and prepayments) | **3,362,463** | **1,456,979** | **1,185,791** | **-** | **6,005,233** |
| Deposits | **168,010,091** | **10,367,797** | **-** | **-** | **178,377,888** |
| Cash and cash equivalents | **117,508,265** | **-** | **-** | **-** | **117,508,265** |
| | **300,553,969** | **130,820,933** | **89,000,630** | **14,033,534** | **534,409,066** |
| **Financial liabilities** | | | | | |
| Bank borrowings | **74,911,911** | **-** | **-** | **-** | **74,911,911** |
| Other payables (excluding accrued expenses) | **4,338,757** | **-** | **-** | **-** | **4,338,757** |
| | **79,250,668** | **-** | **-** | **-** | **79,250,668** |
| 31 December 2023 | | | | | |
| Financial assets | | | | | |
| FVTOCI investments – debt | 58,643,868 | 10,380,090 | 62,324,371 | - | 131,348,329 |
| FVTOCI investments – equity | - | - | - | 3,835,742 | 3,835,742 |
| Statutory deposit | - | - | - | 10,000,000 | 10,000,000 |
| Other receivables (excluding advances and prepayments) | 1,759,994 | - | - | - | 1,759,994 |
| Bank balances and fixed deposits | 194,497,309 | 49,454,467 | - | - | 243,951,776 |
| Cash and cash equivalents | 28,505,390 | - | - | - | 28,505,390 |
| | 283,406,561 | 59,834,557 | 62,324,371 | 13,835,742 | 419,401,231 |
| Financial liabilities | | | | | |
| Bank borrowings | 59,380,752 | - | - | - | 59,380,752 |
| Other payables (excluding accrued expenses) | 5,642,508 | - | - | - | 5,642,508 |
| | 65,023,260 | - | - | - | 65,023,260 |

## 31 Financial risk (continued)

*Liquidity risk (continued)*

| | Less than 1 year AED | 1-5 years AED | 5+ years AED | Total AED |
|---|---|---|---|---|
| **31 December 2024** | | | | |
| **Reinsurance contract assets** | **129,076,421** | **99,616,130** | **2,885,702** | **231,578,253** |
| **Insurance contract liabilities** | **329,626,174** | **144,018,836** | **5,948,588** | **479,593,598** |
| **Reinsurance contract liabilities** | **12,883,268** | **15,036,830** | **-** | **27,920,098** |
| | **342,509,442** | **159,055,666** | **5,948,588** | **507,513,696** |

| | Less than 1 year AED | 1-5 years AED | 5+ years AED | Total AED |
|---|---|---|---|---|
| 31 December 2023 | | | | |
| Reinsurance contract assets | 106,089,739 | 68,132,049 | 2,090,698 | 176,312,486 |
| Insurance contract liabilities | 260,403,343 | 101,462,579 | 2,804,370 | 364,670,292 |
| Reinsurance contract liabilities | 1,398,256 | - | - | 1,398,256 |
| | 261,801,599 | 101,462,579 | 2,804,370 | 366,068,548 |

***Operational risk***

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

## 32 Segment information

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

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

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

| | For the year ended 31 December 2024 | | |
|---|---|---|---|
| | Life and Medical AED | Motor and General AED | Total AED |
| Insurance revenue | 289,534,391 | 214,530,209 | 504,064,600 |
| Insurance service expenses | (208,711,915) | (270,503,105) | (479,215,020) |
| **Insurance service result before reinsurance contracts held** | 80,822,476 | (55,972,896) | 24,849,580 |
| Allocation of reinsurance premiums | (115,741,938) | (98,942,242) | (214,684,180) |
| Amounts recoverable from reinsurance | 84,378,169 | 116,746,737 | 201,124,906 |
| **Net (expenses)/income from reinsurance contracts held** | (31,363,769) | 17,804,495 | (13,559,274) |
| Investment income - net | 4,913,107 | 11,688,372 | 16,601,479 |
| Finance expenses from insurance contracts issued | (3,264,123) | (10,383,824) | (13,647,947) |
| Finance income from reinsurance contracts held | 2,183,106 | 11,109,797 | 13,292,903 |
| **Net insurance finance (expense)/income** | (1,081,017) | 725,973 | (355,044) |
| Other operating expenses | (6,739,569) | (7,188,567) | (13,928,136) |
| Other underwriting income | 3,317,640 | - | 3,317,640 |
| **Profit / (loss) for the year before tax** | 49,868,868 | (32,942,623) | 16,926,245 |

## 32 Segment information (continued)

| | For the year ended 31 December 2023 | | |
|---|---|---|---|
| | Life and Medical AED | Motor and General AED | Total AED |
| Insurance revenue | 304,305,933 | 160,067,246 | 464,373,179 |
| Insurance service expenses | (286,716,216) | (132,948,673) | (419,664,889) |
| Insurance service result before reinsurance contracts held | 17,589,717 | 27,118,573 | 44,708,290 |
| Allocation of reinsurance premiums | (123,735,434) | (79,472,675) | (203,208,109) |
| Amounts recoverable from reinsurance | 116,020,006 | 42,634,202 | 158,654,208 |
| Net expenses from reinsurance contracts held | (7,715,428) | (36,838,473) | (44,553,901) |
| Investment income - net | 4,792,379 | 10,111,003 | 14,903,382 |
| Finance expenses from insurance contracts issued | (3,508,104) | (6,801,883) | (10,309,987) |
| Finance income from reinsurance contracts held | 13,318,390 | 7,625,973 | 20,944,363 |
| **Net insurance finance income** | 9,810,286 | 824,090 | 10,634,376 |
| Other operating expenses | (6,734,426) | (7,552,127) | (14,286,553) |
| Other underwriting income | 3,135,580 | - | 3,135,580 |
| Profit / (loss) for the year | 20,878,108 | (6,336,934) | 14,541,174 |

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

| | **As at 31 December 2024** | | |
|---|---|---|---|
| | **Life and Medical AED** | **Motor and General AED** | **Total AED** |
| Total assets | **236,897,908** | **537,185,312** | **774,083,220** |
| Total equity | **42,615,705** | **134,265,978** | **176,881,683** |
| Total liabilities | **194,282,203** | **402,919,334** | **597,201,537** |

| | As at 31 December 2023 | | |
|---|---|---|---|
| | Life and Medical AED | Motor and General AED | Total AED |
| Total assets | 194,977,156 | 408,456,264 | 603,433,420 |
| Total equity | (1,936,594) | 161,489,196 | 159,552,602 |
| Total liabilities | 196,913,750 | 246,967,068 | 443,880,818 |

## 32 Segment information (continued)

### Gross written premium

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

| 31 December 2024 | Life Insurance AED | Fund Accumulation AED | Medical Insurance AED | Property & Liability AED | All types of Business Combined AED |
|---|---|---|---|---|---|
| Direct Written Premiums | 97,844,849 | - | 165,244,752 | 299,543,719 | 562,633,319 |
| Assumed Business | | | | | |
| Foreign | - | - | - | - | - |
| Local | - | - | - | 37,967 | 37,967 |
| Total Assumed Business | - | - | - | 37,967 | 37,967 |
| **Gross Written Premiums** | 97,844,849 | - | 165,244,752 | 299,581,686 | 562,671,286 |

| 31 December 2023 | Life Insurance AED | Fund Accumulation AED | Medical Insurance AED | Property & Liability AED | All types of Business Combined AED |
|---|---|---|---|---|---|
| Direct Written Premiums | 91,804,827 | - | 197,457,096 | 182,448,375 | 471,710,298 |
| Assumed Business | | | | | |
| Foreign | - | - | - | - | - |
| Local | - | - | - | 72,369 | 72,369 |
| Total Assumed Business | - | - | - | 72,369 | 72,369 |
| Gross Written Premiums | 91,804,827 | - | 197,457,096 | 182,520,744 | 471,782,667 |

## 33 Dividend and Directors' remuneration

At the Annual General Meeting held on 21 March 2024, the shareholders approved not paying a dividend and approved Board of Directors' remuneration of AED 400,000 and an amount of AED 10,000 as a sitting fee for each member for the board committees for the year ended 31 December 2023. (At the Annual General Meeting held on 12 April 2023, the shareholders approved not paying a dividend or Board of Directors' remuneration for the year ended 31 December 2022).

## 34 Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the year ended 31 December 2024.

## 35 Approval of the financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 22 January 2025.

## 36 Comparatives

Certain prior period amounts have been updated to conform to current period's presentation. Such regrouping did not affect previously reported profit for the year or equity.

RAKINSURANCE
Simply Better

# CORPORATE GOVERNANCE REPORT

# 2024



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# Governance, Transparency and Accountability

## Governance

Ras Al Khaimah National Insurance Company PSC (the "Company", "RAKINSURANCE", "RAKNIC") maintains a robust governance structure which is aligned to the "three lines of defense" model. This framework to embed a control culture committed to a high ethical and behavioral standard to achieve the Company's objectives. It is supported by the Company's corporate governance policy and procedures, facilitating effective and prudent management of the Company to deliver enduring success.

During 2024, RAKINSURANCE focused its efforts and resources to align the Company's governance policies, procedures and practices with the Central Bank of United Arab Emirates Regulation and Standards for Insurance Companies. Additionally, the Company ensured compliance with Decision no. 3/Chairman of 2020 issued by the Chairman of the Board of Directors of the Securities and Commodities Authority concerning Approval of Joint Stock Companies Governance Guide (the "SCA Corporate Governance Guide Decision 3/RM 2020"), and other applicable decisions and resolutions issued by regulatory authorities and international best practices.

RAKINSURANCE is committed to maintaining the highest standards of corporate governance practices. The Company continuously identifies the best business practices and sets clear policies to be implemented across the organization. These practices ensure smooth, effective and transparent operations that aim to protect shareholder's rights.

The primary role of the Board of Directors (the "Board", "Board Members", "Directors") is to protect and enhance long-term stakeholder values, including those of shareholders and clients. The Board is responsible for setting the overall Company strategy and has oversight of executive management to ensure robust corporate governance practices are followed within the Company.

Day-to-day operations are delegated to the executive management, led by the Chief Executive Officer. The executive management team is accountable for the Company's performance and is measured against a set of corporate goals and targets. The roles of the Chairman and Chief Executive Officer of the Company are clearly distinguished, with the Chairman managing the Board and the Chief Executive Officer overseeing the executive management and supervising the Company's business.

There are four (4) established Board committees: the Audit Committee, the Risk Committee, the Nomination and Renumeration Committee and the Investment Committee. The Board delegates its power and authorities as permitted by the laws, regulations and Company's Articles of Association to ensure that the operational efficiency and diligent handling of specific issues. Each committee has defined duties and authorities outlined in its Terms of Reference, duly approved by the Board.

Through its robust corporate governance, RAKINSURANCE ensures that the Company's overall business performance is properly monitored and that its Directors, management and staff act in the best interests of the Company and its stakeholders.

## Board of Directors

The Board of Directors of RAKINSURANCE is comprised of individuals with diverse skills, relevant industry knowledge, experience and professional backgrounds. These qualities contribute to the desired level of diversity for the Company.
The Board comprises of seven (7) non-executive members. Three (3) Directors are considered "non-independent" due to either the tenure of exceeding 12 years or their executive roles within the Group company. The majority of the Board members are UAE Nationals.

In 2024, the Board and its committees held a total of twenty-two (22) meetings. According to the Company's Articles of Association, the Board is required to meet at least six (6) times a year and may convene additional meetings as necessary, as determined by the Chairman or Vice-Chairman in their absence. Meetings will only take place if a quorum is reached.

Mr. Raheel Ahmed resigned as a Board member in the Board meeting dated 20th February 2024, and Mr. Dongjun Choi was appointed as a Board member in the same meeting.

The Board of Directors comprises of seven (7) members.

| | |
|---|---|
| **Name** | His Highness Shaikh Omar Saqr Khaled Humaid Alqasimi |
| **Position and Membership Capacity** | Chairman – Independent, Non-Executive |
| **Experience and qualifications** | As the Executive Manager of the Investment and Development Office of Ras Al Khaimah, H.H. Shaikh Omar Al Qasimi has built an impressive 14-year career in financial analysis, procurement, investment, and credit rating. H.H. Shaikh Omar Alqasimi's diverse range of experiences has equipped His Highness with a valuable skill set that enables His Highness to effectively handle rating-related issues and strengthen government relations. |
| **Period spent as a Board member from the date of first election** | 1 year 8 months |
| **Membership and positions at any other joint stock companies** | NIL |
| **Main positions at any other important regulatory, government or commercial entity** | - Investment and Development Office,<br>- Ras Al Khaimah- Executive Manager |

| | |
|---|---|
| **Name** | Mr. Ahmed Essa Ahmed Alnaeem |
| **Position and Membership Capacity** | Vice Chairman – Non- Independent, Non-executive |
| **Experience and qualifications** | With almost 4 decades of experience, Mr. Alnaeem has successfully headed six (6) different companies, including the Ras Al Khaimah Electricity and Water Authority, RAK National Oil Company, and RAK Gas, where Mr. Alnaeem has served as the General Manager. In addition to Mr. Alnaeem's impressive corporate achievements, Mr. Alnaeem has also held key positions in various ministries, the Ras Al Khaimah Municipal Council, and the Ras Al Khaimah Chamber of Commerce and Industry and Agriculture. |
| **Period spent as a Board member from the date of first election** | 18 years |
| **Membership and positions at any other joint stock companies** | NIL |
| **Main positions at any other important regulatory, government or commercial entity** | • Chairman – Emirates Travel Agency<br>• Chairman – Ras Al Khaimah Trade Centre<br>• Chairman – Al Naeem Mall<br>• Chairman – Al Naeem City Centre<br>• Chairman – Al Naeem Group LLC<br>• Board Member – Majan Printing and Packaging |

| | |
|---|---|
| **Name** | Mr. Bernhard Urs Schluep |
| **Position and Membership Capacity** | Board Member – Independent, Non-executive |
| **Experience and qualifications** | Mr. Schluep is an Independent Non-Executive Director & Business Transformation expert. Mr. Schluep brings a strong 30-year track record in Insurance and banking as a sought-after international corporate leader and crisis manager, working on the ground in Europe, the Middle East, Asia, Africa and the Americas. |
| **Period spent as a Board member from the date of first election** | 1 year 8 Months |
| **Membership and positions at any other joint stock companies** | NIL |
| **Main positions at any other important regulatory, government or commercial entity** | Chairman of Dextra Rechtsschutz AG |

| | |
|---|---|
| **Name** | Mr. Dongjun Choi |
| **Position and Membership Capacity** | Board Member – Non- Independent, Non-executive |
| **Experience and qualifications** | Mr. Dongjun Choi joined the National Bank of Ras Al Khaimah PSC ("RAKBANK") in March of 2022 as Chief Customer Officer and is leading the Customer & Strategic Analytics function, which includes Group Strategy, Digital Transformation & Enterprise Program Management Office, Center of Excellence (CoE) for Advanced Analytics, Brand & Marketing, and Customer Excellence & Protection functions.<br><br>Mr. Choi has a diverse portfolio of experiences across financial services. In 28+ years of international experience, Mr. Choi has managed teams in Asia-Pacific, Greater China, UK, Middle East and Africa, and the US. Mr. Choi joins RAKINSURANCE from AXA Asia where Mr. Choi was the Chief Strategy and Customer Officer of Asia & Chairman of China, accountable for all business functions and driving the growth of AXA's strategic region.<br><br>In the previous roles, Mr. Choi has held executive positions of MD Strategic Analytics CoE at Barclays UK, Chief Marketing Officer for International Markets at Cigna Corporation, and senior executive positions at Standard Chartered Bank in Dubai, Hong Kong, and Singapore.<br><br>Mr. Choi holds a Master of Business Administration degree from Northwestern University. |
| **Period spent as a Board member from the date of first election** | 10 months |
| **Membership and positions at any other joint stock companies** | Group Chief Customer Officer at RAKBANK |
| **Main positions at any other important regulatory, government or commercial entity** | NIL |

| | |
|---|---|
| **Name** | Mr. Safwan Humood Mohammed Ghaleb Alsebaiha |
| **Position and Membership Capacity** | Board Member – Non- Independent, Non-executive |
| **Experience and qualifications** | With over 23 years of industry experience, Mr. Ghaleb is a highly accomplished professional, having spent 20 years honing his skills in the Information Technology field and the past 3 years focused on Risk Management. Mr. Ghaleb possesses extensive knowledge in IT management, infrastructure, services delivery, and operations, and is also well-versed in information security, operational risk, and business continuity.<br><br>Mr. Ghaleb holds a bachelor's degree in business administration with honor second class. |
| **Period spent as a Board member from the date of first election** | 1 year 8 Months |
| **Membership and positions at any other joint stock companies** | Deputy Chief Risk Officer at RAKBANK |
| **Main positions at any other important regulatory, government or commercial entity** | NIL |

| | |
|---|---|
| **Name** | Mrs. Futooh Abdulaziz Hasan Alzayani |
| **Position and Membership Capacity** | Board Member – Independent, Non-executive |
| **Experience and qualifications** | Mrs. Alzayani has over 40 years of experience in executive management, underwriting and business development in the regional and international insurance and re-insurance industry. This includes leading roles at regulatory & development authorities in the GCC region.<br><br>Mrs. Alzayani holds a degree in Bachelor's Business Studies. |
| **Period spent as a Board member from the date of first election** | 1 year 8 Months |
| **Membership and positions at any other joint stock companies** | NIL |
| **Main positions at any other important regulatory, government or commercial entity** | NIL |

| | |
|---|---|
| **Name** | Mrs. Aarefa Saleh Hareb Alfalahi |
| **Position and Membership Capacity** | Board Member – Independent, Non-executive |
| **Experience and qualifications** | With Mrs. Alfalahi's exceptional commercial and visual awareness, Mrs. Alfalahi is dedicated to driving sales and managing profit and loss with a customer-centric approach. In addition to Mrs. Alfalahi's impressive corporate achievements, Mrs. Alfalahi holds board positions in some of the most reputable organisations in the UAE. Furthermore, Mrs. Alfalahi is actively engaged in social responsibility initiatives and is a highly respected figure in the community.<br><br>Mrs. Alfalahi holds a master's degree in business administration. |
| **Period spent as a Board member from the date of first election** | 6 years 10 months |
| **Membership and positions at any other joint stock companies** | Vice President at Mashreqbank PSC |
| **Main positions at any other important regulatory, government or commercial entity** | • Board Member, Emirates Sport Club<br>• Board Member, Ras Al Khaimah Chamber of Commerce and Industry<br>• Board Member, Saud Bin Saqr Establishment for Youth Enterprises Development<br>• Vice Chairlady, Al Mataf Traditional Boat Rowing Art Society<br>• Board Member, RAK SME Association<br>• Board Member, UAE Scout Association |

Board Gender Diversity

RAKINSURANCE highly values the importance of diverse perspectives in corporate decision-making. The Company recognizes that individuals with different backgrounds, experiences, and perspectives bring unique and valuable insights, the Company believes in actively seeking out and considering such viewpoints.
The Board of Directors of RAKINSURANCE includes Mrs. Aarefa Saleh Hareb Alfalahi and Mrs. Futooh Abdulaziz Hasan Alzayani, who are Independent, Non-Executive Board members.

Mrs. Aarefa Saleh Hareb Alfalahi and Mrs. Futooh Abdulaziz Hasan Alzayani collectively represent 29% of the Company's Board of Directors.

Board Members Remunerations and Allowances

The allowance paid to the committee members was limited to the independent Board members only who makes special efforts or performs additional work to serve the Company in addition to the regular duties as a member of the Board of Directors of the Company. The following table sets out the total Board fixed fees paid to each of the RAKINSURANCE Board of Directors during the year ended 31 December 2024:

| Board Members | Role | Remuneration paid in 2024 (AED) |
|---|---|---|
| Mr. Bernhard Urs Schluep | Director | 150,000 |
| Mrs. Futooh Abdulaziz Hasan Alzayani | Director | 150,000 |
| Mrs. Aarefa Saleh Hareb Alfalahi | Director | 100,000 |

The total remuneration paid to the Board members for the year 2023 was AED400,000. The proposed remuneration of AED400,000 for 2024 financial year will be recommended for approval by the shareholders at the 2025 GAM.

The independent Board members were paid an allowance of AED10,000 for each meeting they attended in the year 2024. No additional allowances, salaries or fees received by a Board member for the fiscal year 2024.

## 2024 Meetings

2024 Board Meetings

The RAKINSURANCE Board of Directors convened seven (7) times in 2024. The details of the Board meetings held during the 2024 fiscal year follow.

| Sl. No. | Date of Board Meeting | Number of Attendees | Details of Absent Members |
|---|---|---|---|
| 1. | 29th January 2024 | 7 | NIL |
| 2. | 20th February 2024 | 7 | NIL |
| 3. | 22nd April 2024 | 7 | NIL |
| 4. | 12th June 2024 | 7 | NIL |
| 5. | 27th August 2024 | 7 | NIL |
| 6. | 15th October 2024 | 7 | NIL |
| 7. | 10th December 2024 | 6 | Mr. Ahmed Essa Al Naeem - Absent |

Note: Mr. Raheel Ahmed resigned as a Board member in the Board meeting dated 20th February 2024, and Mr. Dongjun Choi was appointed as a Board member in the same meeting.

Board Resolutions

Outside of Board meetings, a total of five (5) written resolutions were issued and unanimously approved by the Board during the year. These resolutions were operational in nature and did not have any impact on the Company's share price.

- Resolution dated 4th January 2024: Company's High-Level Organizational Structure.
- Resolution dated 26th April 2024: Company's underwriting guidelines and manuals.
- Resolution dated 27th June 2024: Third-Party Risk Management Policy, Advisory & Regulatory Compliance Policy, and Recovery Plan.
- Resolution dated 30th September 2024: Mid-year Pricing Action Plan.
- Resolution dated 2nd October 2024: Pricing and Reserving Policies.

Annual General Assembly Meeting

In 2024, RAKINSURANCE held its Annual General Assembly Meeting on 21st March 2024. The resolution from the Annual General Assembly meeting was disclosed to the Abu Dhabi Securities Exchange (ADX) and on the Company's website.
The Annual General Assembly Meeting for the financial year ending 2024 will be held on 20th March 2025. The results and resolutions of this meeting will be published on the Company's website and will be shared with RAKINSURANCE's regulators.

## Board Committees

The Board has established the minimum permanent committees responsible for Audit, Risk, Nomination and Compensation as stipulated by applicable laws and regulations. Additionally, the Board has established an Investment Committee. The Board may also establish any specialised committee to monitor, study, or implement any matters as it deems suitable.

Audit Committee

The Board has been established the Audit Committee to assist the Board in the oversight, monitoring and review of the following for the Company and all its businesses:

1. The quality and integrity of financial statements and financial reporting.
2. The effectiveness of governance, risk management and internal control systems including compliance with laws, regulations and the Company's Code of Conduct.
3. The Company's Internal Audit ("IA") Function, the statutory audit process and the External Auditor.

The Board Audit Committee (BAC) conducted five (5) meetings during the year 2024.

| Sl. No. | Name | Title | Number of meetings attended during the financial year | Attendance % |
|---|---|---|---|---|
| 1. | Mrs. Aarefa Saleh Hareb Alfalahi | Chairlady | 5 | 100% |
| 2. | Mr. Raheel Ahmed* | Member | 2 | 100% |
| 3. | Mr. Bernhard Urs Schluep | Member | 5 | 100% |
| 4. | Mr. Dongjun Choi* | Member | 3 | 100% |

Note: Mr. Raheel Ahmed resigned as a Board member in the Board meeting dated 20th February 2024, and Mr. Dongjun Choi was appointed as a Board member in the same meeting.

The Audit Committee Chairlady's acknowledgment of her responsibility for the Committee system at the Company: Mrs. Aarefa Saleh Hareb Alfalahi, the Audit Committee Chairlady acknowledges her responsibility for the BAC system in the Company, and for the review of its work mechanism and for ensuring its effectiveness.

Risk Committee

The Board has established the Risk Committee to assist the Board of Directors in the oversight of risk appetite and risk profile in relation to capital position, capital liquidity, Company's solvency, stress tests and the effectiveness of the Company's risk management framework. In addition, to the review and monitor of the Company's financial crime risk appetites, monitoring and overseeing the brand and reputation of the Company ensuring reputation risk is consistent with Company's risk appetite.

1. The Risk Committee covers the following material risks as a minimum but not limited to:
   a. Insurance Risk
   b. Credit Risk
   c. Liquidity Risk
   d. Operational Risk
   e. Fraud Risk
   f. Information Technology and Cyber Risk
   g. Market Risks (i.e. Interest Rate Risk)
   h. Business Continuity Risk
   i. Outsourcing Risk

2. The Company's compliance framework specifically relating Compliance Risks, Anti Money Laundering, Sanctions, Regulatory Compliance, Subsidiaries Compliance, Corporate Governance and Legal including approval of policies (as relevant) relating to these areas.

3. The Committees' role is one of oversight, recognizing that management is responsible for executing the Company's risk management.

The Board Risk Committee (BRC) conducted five (5) meetings during the year 2024.

| Sl. No. | Name | Title | Number of meetings attended during the financial year | Attendance % |
|---|---|---|---|---|
| 1. | Mrs. Futooh Abdulaziz Hasan Alzayani | Chairlady | 5 | 100% |
| 2. | Mr. Bernhard Urs Schluep | Member | 5 | 100% |
| 3. | Mr. Safwan Humood Mohammed Ghaleb Alsebaiha | Member | 4 | 80% |

Note: Mr. Raheel Ahmed resigned as a Board member in the Board meeting dated 20th February 2024, and Mr. Dongjun Choi was appointed as a Board member in the same meeting.

The Risk Committee Chairlady's acknowledgment of her responsibility for the Committee system at the Company: Mrs. Futooh Abdulaziz Hasan Alzayani, the Risk Committee Chairlady acknowledges her responsibility for the BRC system in the Company, and for the review of its work mechanism and for ensuring its effectiveness.

Nomination & Remuneration Committee

The Board Nominations & Remuneration Committee (BNRC) has been established by the Board to ensure that the BNRC support the strategic aims of the business and assist the Board of Directors to enable the (i) nomination and election of Board of Directors members who have technical skills and experience required to serve the interests of the Company and (ii) recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.

The Board Nomination and Remuneration Committee conducted two (2) meetings during the year 2024.

| Sl. No. | Name | Title | Number of meetings attended during the financial year | Attendance % |
|---|---|---|---|---|
| 1. | Mr. Bernhard Urs Schluep | Chairman | 2 | 100% |
| 2. | Mrs. Futooh Abdulaziz Hasan Alzayani | Member | 2 | 100% |
| 3. | Mr. Raheel Ahmed* | Member | 1 | 100% |
| 4. | Mr. Dongjun Choi* | Member | 1 | 100% |

Note: Mr. Raheel Ahmed resigned as a Board member in the Board meeting dated 20th February 2024, and Mr. Dongjun Choi was appointed as a Board member in the same meeting.

The Nomination and Remuneration Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company: Mr. Bernhard Urs. Schluep, the Board Nomination & Remuneration Committee Chairman's acknowledges his responsibility for the BNRC system in the Company, and for the review of its work mechanism and for ensuring its effectiveness.

Investment Committee

The Board has established the Investment Committee to review the investment strategy of the, review the investment proposals, monitor the investment portfolio performance and set up action plans to achieve the investment income as per the Company's growth plans and the risk appetite.

The Board Investment Committee (BIC) conducted three (3) meetings during the year 2024.

| Sl. No. | Name | Title | Number of meetings attended during the financial year | Attendance % |
|---|---|---|---|---|
| 1. | Mr. Dongjun Choi | Chairman | 3 | 100% |
| 2. | Mr. Bernhard Urs Schluep | Member | 3 | 100% |
| 3. | Mr. Safwan Humood Mohammed Ghaleb Alsebaiha | Member | 3 | 100% |

Note: Mr. Dongjun Choi was appointed as a Board member dated 20th February 2024.

The Chairman of the Board Investment Committee acknowledgment of his responsibility for the Committee system at the Company: Mr. Dongjun Choi, the Board Investment Committee's Chairman acknowledges his responsibility for the BIC system in the Company, and for the review of its work mechanism and for ensuring its effectiveness.

The Supervision and Follow-up Committee of insider's transactions (Insiders' Committee)

The duties of the Insiders' Committee are in accordance with Article (33) of SCA Corporate Governance Guide Decision 3/RM 2020. The Insiders' Committee undertakes the following duties:

- Manage, follow-up and supervise Insiders' trading/transactions and their ownerships.
- Prepare and maintain a special and comprehensive register for all the insiders within the Company and the Group, including persons who can be considered as insiders on temporary basis and who are entitled to or have access to inside information of the Company prior to publication.
- Submit statements and reports to the Board of Directors and to Abu Dhabi Securities Exchange whenever is needed.
- Submit and recommend to the Board the rules regarding the trading of Board members and employees of the Company in the securities issued by the Company or the Group company, or any sister company (if available).
- Consider any other issues determined by the Board of Directors.

| Member's Name | Title | Number of meetings attended during the financial year | Attendance % |
|---|---|---|---|
| Sanjeev Badyal | Chairman | 1 | 100% |
| Shehreyar Azim | Member | 1 | 100% |
| Renuka Padmanabhan | Member | 1 | 100% |
| Amjad Al Hayek | Member | 1 | 100% |

Summary report on the Committee's activities during the year 2024:

- Approved the minutes from the previous Insiders Committee meeting.
- Reviewed the Insiders register for the H1 2024.
- Reviewed the updated report on the Insiders transactions for H1 2024.
- Reviewed the Shareholders list for H1 2024.

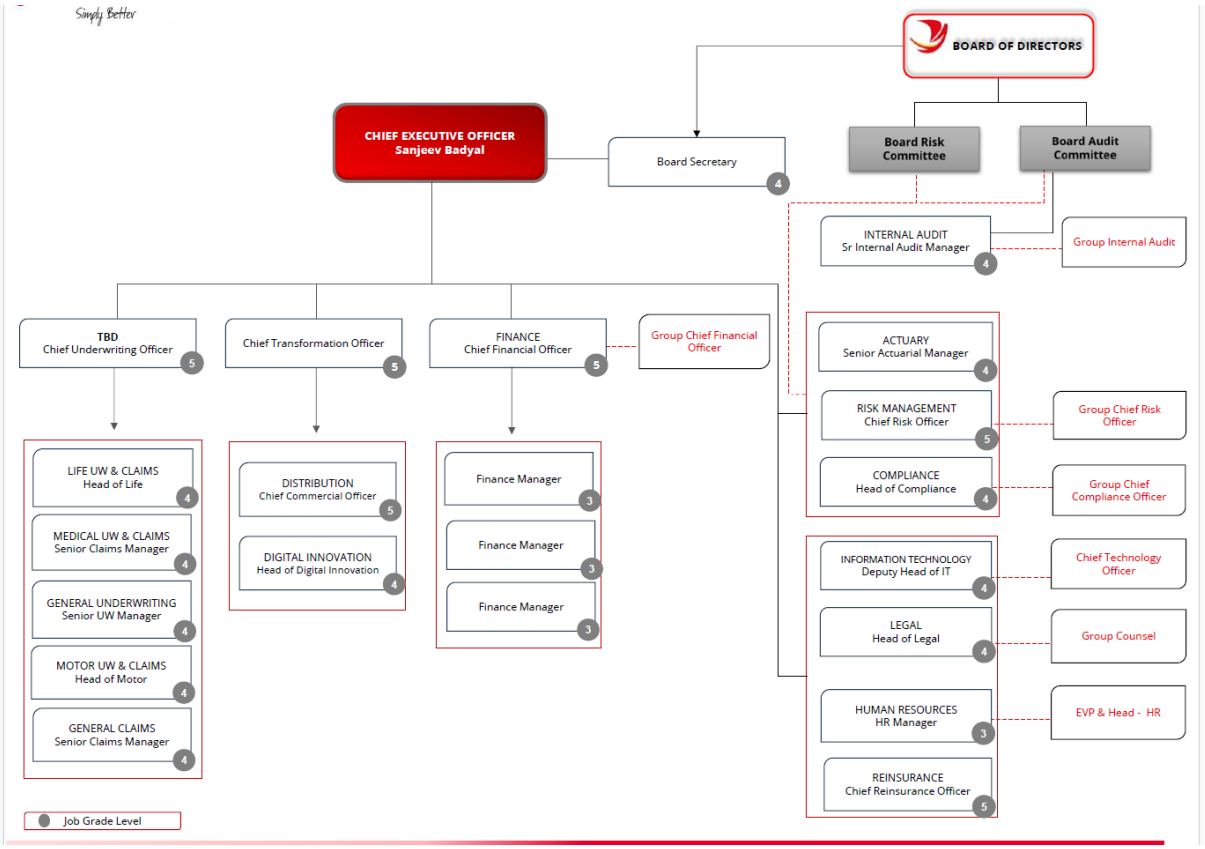
The Chairman of the Supervision and Follow-up Committee of insider's transactions acknowledgment of his responsibility for the Committee system at the Company: Mr. Sanjeev Badyal, the Chairman of Insider's Committee acknowledges his responsibility for the Insiders Committee's system in the Company, and for the review of its work mechanism and for ensuring its effectiveness.

## Executive Management

Board and Senior Management roles and responsibilities are clearly defined, creating a transparent and trusting environment. This allows the Board to effectively challenge and guide Management.

Senior Management works within a structured framework and authorisations set by the Board. The Executive Management team assists the Chief Executive Officer (CEO) in developing strategies, budgets, and policies, while also managing key operational issues and ensuring smooth internal communication. The Board delegates authority to the CEO through a power of attorney who, with the Executive Management team's support, oversees the Company's day-to-day operations.

Organizational Structure



Statement of the Senior Executive in the first and second grade according to the Company's organisational structure

| Sl. No. | Position | Date of Appointment | Total salaries and allowances paid in 2024 (AED) | Total bonuses paid for 2024 | Any other Bonuses in cash/in kind for 2024 or due to be paid in the future |
|---|---|---|---|---|---|
| 1. | Chief Executive Officer | 18-Aug-22 | 1,190,000 | These bonuses will be determined after review and approval by the Board | NIL |
| 2. | Chief Financial Officer | 01-Oct-20 | 789,300 | | |
| 3. | Chief Commercial Officer | 02-Nov-96 | 695,120 | | |
| 4. | Chief Reinsurance Officer | 02-Feb-20 | 638,278 | | |
| 5. | Chief Risk Officer | 01-Oct-24 | 210,000 | | |
| 6. | Head of Motor Underwriting and Claims | 07-Nov-22 | 536,880 | | |
| 7. | Head of Life | 26-Jan-14 | 474,540 | | |
| 8. | Head Of General Underwriting[1] | 04-Jul-22 | 123,540 | | |
| 9. | Senior Actuarial Manager | 25-Feb-20 | 651,600 | | |

[1] The Head of General Underwriting separated from RAKINSURANCE on 1st April 2024

Significant events that took place in the Company in 2024

In February 2024, RAKINSURANCE employees were invited to a delightful feast to celebrate the Company's annual year-end staff gathering. RAKINSURANCE CEO, Mr. Sanjeev Badyal, shared some valuable insights into the overall Company strategy for 2024 and its way forward. One of the highlights of the evening was the presentation of the Service Loyalty award. A total of 20 employees were recognised for their exceptional contribution and dedication to the Company. Certificates were provided for 10-year service awardees while plaques of appreciation were handed over to employees who have served the Company for 15 years and more.

During the Holy month of Ramadan, RAKINSURANCE hosted two separate Iftar dinners exclusively for the staff at the Radisson Hotel in Ras Al Khaimah and for its Partners at the Sofitel Dubai (The Obelisk) in Wafi City. Both events were well attended, especially the Partners' Iftar where over 130 partners came to grace the occasion.

In November 2024, RAKINSURANCE had its 53rd UAE National Day office celebration. A "Best Lens Contest" was announced week prior to the occasion. It aimed to encourage all employees to participate and submit a photo highlighting the beauty of the UAE, its rich culture, vast heritage and how it progresses from its humble beginning to a well-developed nation. A total of 10 entries were submitted and deliberated. The winner was declared during the event. A small presentation was prepared by the Emirati staff and employees were invited to enjoy an authentic Arabic cuisine after.

RAKINSURANCE organised its Annual Partners Meet in December 2024 held at the Topgolf. Esteemed partners and brokers from the insurance and reinsurance industries joined together for one lively event. This gathering proved to be a refreshing break from the usual office routine for everyone in attendance.

## Transactions with Related Parties

Statement of the details of transactions made with the related parties in 2024

During the year 2024, the Company entered into the following transactions:

| SN | The Related Party and the nature of relationship | Type of transaction | Total Value of all transactions |
|---|---|---|---|
| 1 | Board Members and Shareholders | Insurance revenue (other related parties) | 82,159,719 |
| 2 | Board Members and Shareholders | Insurance revenue (directors) | 118,335 |
| 3 | Board Members and Shareholders | Insurance service expenses (directors) | 42,956 |
| 4 | Board Members and Shareholders | Insurance service expenses (other related parties) | 48,753,849 |
| 5 | Parent Company | Insurance revenue (parent company) | 126,036,036 |
| 6 | Parent Company | Insurance service expenses (parent company) | 69,505,678 |
| 7 | Parent Company | Fixed Deposit placements | 109,484,594 |
| 8 | Parent Company | Bank balances | 21,577,467 |
| 9 | Parent Company | Other expenses (Parent company) | 1,957,325 |
| 10 | Parent Company | Interest income on fixed deposits | 4,671,013 |
| 11 | Parent Company | Due from Parent company (insurance contract liabilities) | 1,726,948 |
| 12 | Parent Company | Due to Parent company (Overdraft balance) | 49,999,009 |
| 13 | Board Members and Shareholders | Due from Directors (insurance contract liabilities) | 200,602 |
| 14 | Board Members and Shareholders | Due from other related parties under common control (insurance contract liabilities) | 28,638,058 |
| 15 | Parent Company | Due to Parent company (other payables) | 1,773,553 |

Statement of the transactions carried out by the company with the related parties during 2024 that are equal to 5% or more of the Company's capital

| SN | Name of the party | Type of transaction | Amount |
|---|---|---|---|
| 1 | National Bank of Ras Al Khaimah | Fixed deposit placements | 51,856,903 |
| 2 | National Bank of Ras Al Khaimah | Fixed deposit maturities | 66,726,808 |
| 3 | National Bank of Ras Al Khaimah | Bond purchases | 19,657,070 |
| 4 | Island 3 AMI FZ-LLC | Insurance premium booked | 56,552,173 |
| 5 | Island 3 AMI FZ-LLC | Premium collection | 44,020,423 |
| 6 | Stevin Rock L.L.C. | Claims reserve | 24,999,999 |
| 7 | National Bank of Ras Al Khaimah | Overdraft settlement | 50,000,000 |
| 8 | National Bank of Ras Al Khaimah | Overdraft drawdown | 50,000,000 |
| 9 | National Bank of Ras Al Khaimah | Premium collection | 41,771,179 |

## Internal Controls

### Internal Control System

**The Internal Control System** is developed with a disciplined approach to ensure integrity, ethical values and competence while adapting to regulatory and market changes. Aligned with the COSO Internal Control Framework, it follows the "three lines of defense" model, where the second line—comprising Risk, Compliance, and Actuarial functions—oversees material risks and maintains a robust control environment. This includes ensuring compliance and the reliability of financial and non-financial information, ultimately providing reasonable assurance regarding the achievement of objectives in operations, reporting, and compliance.

**Risk Based Approach:** A detailed risk assessment methodology has been established as part of the risk management strategy which is set out in the Risk Management Strategy and Framework Document to assess the Internal Control environment of the Company and its business activities. Aligned to the organisational risk management processes, this methodology enables Risk & Compliance to be strategically and operationally aligned with the risks facing the organisation.

**Control Environment**: RAKINSURANCE's control environment establishes the foundation for internal control through standards, processes, and structures. The Company is committed to a strong **tone at the top**, emphasizing integrity, accountability, and ethical conduct.

To uphold a robust control environment, RAKINSURANCE shall implement the following:

1. **Integrity & Ethical Values:**
    - Maintain and enforce high ethical standards.
    - Ensure all employees comply with codes of conduct.
2. **Board Oversight:**
    - The Board shall exercise independent oversight of internal control.
    - Senior Management will enforce a comprehensive code of conduct.
3. **Structure & Responsibilities:**
    - Define and communicate organizational structure, reporting lines, and authority delegation.
4. **Human Resources:**
    - Implement policies to attract, develop, and retain competent employees.
    - Establish HR procedures for performance management.
5. **Accountability:**
    - Hold individuals accountable for internal control responsibilities.
    - Ensure employees possess the necessary skills and understanding of internal controls.

Acknowledgement by the Board of its responsibility for the Company's Internal Control System, review of its work mechanism and ensuring its effectiveness.

In response to the requirement of Article 8 of the Ministerial Resolution No. 518 of 2009 in regard to the Internal Control, the Compliance, Risk and Internal Control/Audit function of the Company was established in 2010. However, the management is concentrating the efforts to update the respective policy on the Internal Controls in order to comply with the provisions pertaining to Article 68 of the SCA Corporate Governance Guide Decision 3/RM 2020 and Article 7 of the CBUAE Regulation and Standards for Insurance Companies. The Policy will be submitted to the Board of Directors to be acknowledged and approved as the Board is responsible for the application, review and efficiency of RAKINSURANCE's internal control system. The Board Audit Committee & the Board Risk Committee in conjunction with the Internal Auditor, the Compliance Officer and the Risk Officer shall ensure the adequacy of the internal control framework within the Company.

## External Auditor

Grant Thornton (GT) is a global network with over 73,000 professionals in member firms in over 150 countries. They provide assurance services in Audit, Advisory and Tax. GT has been established in the UAE region for more than 55 years servicing public and private entities and with 3 offices across the UAE and over 700 employees, GT has become one of the leading professional services firms in the country.

The external auditor is completely independent from the executive management and the Board of Directors. No other external auditors were appointed other than the current external auditor during the year ended 31 December 2024.

The fees and costs for the audit or services from the external auditor are detailed in the schedule below.

| **Name of the audit office** | Grant Thornton Audit and Accounting Limited (Dubai Branch) | **Name of the audit partner** | Dr.Osama El Bakry |
|---|---|---|---|
| Number of years served as the company's external auditor. | | Two years | |
| Number of years of the Engagement Partner auditing the financial statements | | One year | |
| Total fees for auditing the (Interim and annual) financial statements of 2024. | | IFRS Financial statements (3 quarterly review and one year end audit) under IFRS 17<br>**Total Audit and Reviews – AED309,000** | |
| Fees and costs of the special services other than the auditing of the financial statements in 2024 (in AED), if any, and in case there are no other fees, this shall be expressly stated. | | Agreed upon procedures such as AML, E-forms, Separate Financials Life & Non-Life, ICFR Audit etc.<br>**AED 123,600** | |
| Details and nature of other services provided (if any). If there are no other services, this shall be expressly stated. | | No other services provided | |
| Statement of the other services that an **External Auditor** other than the Company's accounts auditor provided during 2024 (if any). In the absence of another external auditor, this matter is explicitly stated. | | Name: N/A<br>Details: There is no external auditor other than the Company's accounts auditor. | |

There were no reservations mentioned by the auditors in their opinion on the financial statements for the year ended 31 December 2024.

Compliance Officer, qualifications and date of appointment

Mrs. Renuka Padmanabhan, the Head of Compliance was appointed on 19th September 2023. Mrs. Padmanabhan holds a master's degree in commerce & accounting from the University of Madras, India. Commencing her banking career at Citibank Dubai, Mrs. Padmanabhan transitioned to RAKBANK in 2002. Over the course of 21 years, Mrs. Padmanabhan has navigated through various divisions including Compliance within RAKBANK.

Internal Auditor, qualifications and date of appointment

Mr. Deepak Kumar, the Senior Manager Internal Audit (SMIA) was appointed by the Board Audit Committee on 25th April 2024. Mr. Kumar is a certified internal audit professional with over 12 years of internal audit, governance and risk management experience across regional markets. Mr. Kumar leads a team of dedicated, qualified internal audit staff with adequate regional financial services experience.

How the Internal Control Department dealt with any major problems at the company, or those that were disclosed in the annual reports and accounts

**The Risk Function:** is the second line of defense which includes Risk, Compliance, Finance and Legal functions. The key objectives of the Risk function are to implement, embed and maintain strong risk governance and controls. This is achieved through regular reviews of the most critical risks, reporting to the Board Risk Committee and the Board. The Risk Dashboard provides a comprehensive overview of top risks, including their associated mitigating actions and a risk scoring system (probability and impact scores) to determine their severity. Furthermore, emerging risks are closely monitored and reported. Currently, the Company is recruiting efforts are underway to enhance the risk framework, aiming to fortify the governance and control environment.

## Internal Audit

Internal audits and control effectiveness reviews are conducted throughout the year as per the Audit Plan approved by the Board Audit Committee. Key audit observations are captured in audit reports that are issued periodically. These reports are presented to the Board Audit Committee on a quarterly basis and summarise audit observations and opportunities for process and control improvement, implications from a risk perspective as well as management responses and action plans.

All audit observations are logged and tracked via the Internal Audit system to completion. Regular follow-up is done with Management to ensure that remedial actions are completed, and open risks identified by Internal Audit are adequately mitigated. Long outstanding audit observations are reported to the Board Audit Committee.

## Whistleblowing

A Whistleblowing policy is designed as a control to help safeguard the integrity of RAKINSURANCE financial reporting, its business dealings and to support adherence with its code of conduct. Protocols by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, business conduct or relevant matters are defined within the policy, including procedures for the following:

- The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

- The confidential submission by employees of the Company (which may be anonymous) of concerns on any matter, including those regarding questionable accounting or auditing matters.

Investigations and Resolution

All whistleblower cases will be recorded, reviewed and investigated under the direction of the Head of Compliance who evaluates the complaint in accordance with the policy and reports findings to Audit Committee as appropriate.

Number of reports issued by the Internal Control Department to the Company's Board of Directors

Internal Audit issued six (6) auditing reports to the Company's Board Audit Committee during 2024.

Details of the Violations committed during the year 2024
RAKINSURANCE had two (2) violations, one from DOH and the other from DHA against which penalties totaling to AED 20,000/- was levied. We had appealed against the DOH penalty, but this was declined.

## 2024 Cash and In-Kind Contributions for Community Development and Environment Preservation

RAKINSURANCE acknowledges the significance of giving back to the community it serves and striving to create a meaningful impact on society as part of its corporate social responsibility.

Throughout 2024, RAKINSURANCE made significant contributions focusing on fostering environmentally conscious practices in business, prioritizing the health and wellness of its employees.

Internally, RAKINSURANCE consistently reminded all employees about the Company's 'paperless' initiative. This endeavor aims to raise awareness about the value of paper conservation by encouraging employees to reconsider before printing. In addition, RAKINSURANCE has partnered with Endoshred, a company specializing in proper paper disposal and recycling. To date, RAKINSURANCE has spent AED3200 towards this cause, thereby saving a total of 7 trees from destruction.

In November 2024, RAKINSURANCE actively participated in the RAK Terry Fox Run, with fifty (50) staff members and their families joining the cause. An amount of AED4500 was donated for the registration and t-shirts of RAKINSURANCE participants. The Terry Fox Run for Cancer Research is endorsed by HH Sheikh Saud Bin Saqr Al Qasimi, Supreme Council Member and Ruler of Ras Al Khaimah, in collaboration with the Saqr Bin Mohammed Al Qasimi Charity and Humanitarian Foundation. All proceeds from this event were contributed to the UAE University in Al Ain to support ongoing cancer research projects funded by Terry Fox.

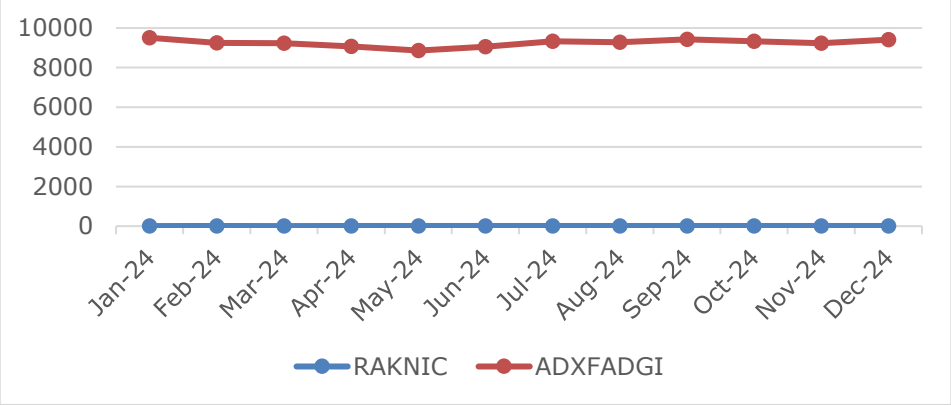
To prioritize the health and well-being of its employees, RAKINSURANCE, in collaboration with RAK Hospital and NAS Neuron, recently concluded its 'RAKINSURANCE Wellness Day 2024.' Various activities were organised for employees, including blood pressure and blood sugar testing, BMI checks, optical screenings with doctor consultations. In addition, a 45-minute Yoga session (incorporating standing and sitting exercises) was organised at the 9/F RAKBANK Auditorium. An expenditure of AED1000 was allocated for this event.

## Investor Relations

a. Statement of the company's market share price (closing price, high, low) at the end of each month during the fiscal year 2024

| Month | High | Low | Close |
|---|---|---|---|
| 31-Jan | 3.7 | 3.7 | 3.7 |
| 29-Feb | 3.0 | 3.0 | 3.0 |
| 29-Mar | 2.7 | 2.7 | 2.7 |
| 30-Apr | 3.1 | 2.7 | 3.1 |
| 31-May | 3.0 | 3.0 | 3.0 |
| 28-Jun | 3.0 | 3.0 | 3.0 |
| 31-Jul | 3.0 | 3.0 | 3.0 |
| 30-Sept | 3.0 | 3.0 | 3.0 |
| 31-Oct | 3.0 | 3.0 | 3.0 |
| 29-Nov | 3.3 | 3.3 | 3.3 |
| 30-Dec | 3.3 | 3.3 | 3.3 |

b. Statement of the comparative performance of the company's shares with the general market index and the financials index for year 2024




| Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADXFADGI | 9508.32 | 9254.81 | 9228.09 | 9067.42 | 8862.58 | 9060.73 | 9338.96 | 9284.93 | 9425.49 | 9327.92 | 9234.8 | 9416.4 |
| RAKNIC | 3.7 | 3 | 2.7 | 3.1 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.3 | 3.3 |

a. Statement of Shareholders distribution as of 31st December 2024 (Individuals, companies, governments) classified as follows: Local, GCC, Arab or Foreign

| Sl. No. | Shareholder Classification | Number of Shares | | | |
|---|---|---|---|---|---|
| | | **Individuals** | **Companies** | **Governments** | **Total** |
| 1 | Local | 20.6% | 79.40% | 0.00% | 100.00% |
| 2 | GCC | 0.00% | 0.00% | 0.00% | 0.00% |
| 3 | Arab | 0.00% | 0.00% | 0.00% | 0.00% |
| 4 | Foreign | 0.00% | 0.00% | 0.00% | 0.00% |
| | **Total** | 20.6% | 79.40% | 0.00% | 100.00% |

b. Statement of shareholders owning 5% or more of the Company's capital as at 31 December 2024

| Sl. No. | Name | Number of Shares | Percentage % of shares |
|---|---|---|---|
| 1 | National Bank of Ras Al Khaimah PSC | 96,088,366 | 79.23% |
| 2 | Ahmed Issa Ahmed Al Naeem | 19,410,000 | 16.00% |

c. Statement of ownership and transactions of the Board of Directors' members, and their spouses and children in the Company securities during 2024, according to the following schedule

| SN | Name | Position / Kinship | Shares owned as on 31-Dec-2024 | Total sale | Total purchase |
|---|---|---|---|---|---|
| 1 | Ahmed Essa Ahmed Alnaeem | Vice Chairman | 19,410,000 | - | 126,688 |
| 2 | Sally Ahmed Essa Alnaeem | Daughter of the Vice Chairman | 400 | - | 400 |

c. Statement of shareholders distribution by the size of equity as 31 December 2024, as per the following

| Sl. No. | Share Ownership | Shareholders number | Owned Shares | Percentage % of Shares |
|---|---|---|---|---|
| 1 | Less than 50,000 | 27 | 202,883 | 0.0017% |
| 22 | From 50,000 to less than 500,000 | 9 | 1,727,576 | 1.42% |
| 3 | From 500,000 to less than 5,000,000 | 6 | 3,846,175 | 3.17% |
| 4 | More than 5,000,000 | 2 | 115,498,366 | 95.24% |

d. Statement of measures taken regarding the controls of investor relationships

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

The name and contact details of the Investor's Relations Manager:

| | |
|---|---|
| Name | : Ms. Fatema Adnan Alnuaimi |
| Email | : investorrelations@rakinsurance.com |
| Mobile/WhatsApp No. | : +971 528099284 |

The link of the Investor Relations webpage on the website of the Company:
Website page: https://www.rakinsurance.com/investor-relations/

## Emiratization

Statement of Emiratization in the Company at the end of 2022,2023,2024

Reference to Notice No.2705/2022, Central Bank of the UAE has allocated the new target below. The target points are segregated into operational target points and recruitment target points.

The Company has fully completed the Emiratization targeted points for the year 2024.

| Target Points | 2024 | Achieved Points |
|---|---|---|
| Operational | 71 | 105 |
| Recruitment | 11 | 11 |

The Company's Emiratization percentage for year 2024 is 24.44%. As for the previous years, the Company achieved Emiratization percentages of 20% in 2023 and 12% in 2022.

## Innovative Projects and Initiatives implemented or under development by the Company in 2024

Innovation and continuous improvements have been at core of our values to optimize processes and enhance customer experience. Transformation journey has witnessed great momentum in the year 2024 encompassing new initiatives & existing projects including:

- B2B digital portal (RAKConnect) for retail insurance including Motor insurance, Travel insurance, individual Life insurance and Individual medical insurance. Our digital portal enables our partners to generate a quotation, make payment and issue a policy instantly. We have also introduced new products and policy servicing/endorsements on motor insurance as a value add.

- Complaints management system- Development of complaints management system to improve complaints resolution/turnaround time and data analysis to reduce complaints.

- WhatsApp FNOL (first notification of loss) for Motor claims where a customer can report a claim via WhatsApp. Considering WhatsApp is one of the most popular messaging apps in the world, our FNOL services on WhatsApp would be a great value add to our customer.

- Direct to customer /B2C sales channel to buy retail insurance via WhatsApp or mobile responsive RAKINSURANCE website. B2B Digital portal for sales & services (RAKConnect): Our digital portal referred as "RAKConnect" has empowered our sales partners to perform end to end process of generating a quotation, making online payment, and issuing an insurance policy within 2-3 minutes of turnaround time. Each product journey is specifically designed with minimal underwriting questions to reduce turnaround time and competitive pricing for better conversions of sales enquiries.

The platform is equipped with document upload and KYC functionality with compliance to UAE central bank regulations. Additionally, we are using Optical character Recognition (OCR) to extract data for validation and on-boarding of a customer. Our digital B2B portal currently offers pre underwritten products for;

- Motor insurance
- Travel insurance
- Individual life insurance
- Individual/Family medical insurance with instant e-health cards.

This portal has been further updated to provide self-service options for endorsements /midterm adjustments as per the defined business rules, MIS for business dashboard & reports.

API integration is a very common practice in the current digital market and we have successfully integrated our products with various aggregators and affinity partners in the UAE. API integration has been very effective to onboard sales partners with quick turnaround time and minimal efforts.
These initiatives have created a very successful value stream for us to increase market penetration and enhance our digital presence leading to revenue and brand awareness.

RAKINSURANCE continues to re-energies its efforts to bring innovation in its process, systems, and other areas to enhance customer services, employee satisfaction and fulfill our responsibility towards society.






RAK INSURANCE
Simply Better



# SUSTAINABILITY REPORT

# 2024

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**Introduction**

# Message from the CEO



**Dear Stakeholders**,

As we continue to adapt to the changing landscape of the insurance industry, I am delighted to reflect on **RAKINSURANCE'**s continued dedication to **sustainability** and our efforts to create **positive, lasting change**.

Sustainability is embedded in the heart of our operations, and this year marks an important step forward in advancing our **sustainability objectives**. With a focus on **environmental stewardship**, **social progress**, and **sound governance**, we are not only aligning with our core business goals but also reinforcing **our commitment** to delivering exceptional service and protection to our customers.

In **2024**, we took significant strides in enhancing customer relationships and earning their trust. By embracing **digital solutions**, we improved the **customer experience** and increased internal efficiency. RAKINSURANCE has become one of the **leading insurers**, driving **innovation** in new products and solutions. Our inclusion as a Participating Insurer of **Medical Insurance for low-salaried workers** in Dubai and our partnership with **RAKEZ** for **Workers Protection Insurance** reflect our commitment to promoting financial inclusion and protecting the well-being of individuals and businesses.

As we work to secure a prosperous future for the **UAE** and foster community well-being, we are increasingly focused on minimizing our environmental impact**. Climate change** presents new challenges for the **insurance sector**, and mitigating these risks is now one of our top priorities. The shift toward a green economy brings new regulatory and consumer expectations, making sustainability central to our business strategy.

This report provides a comprehensive overview of our **Environmental, Social,** and **Governance** (ESG) initiatives, designed to create long-term value for all **stakeholders**. Thank you for your continued support as we pursue a **sustainable future**.

Sincerely,
Sanjeev Badyal
Chief Executive Officer

## About This Report

This 2024 Sustainability Report marks a pivotal milestone for RAKINSURANCE, as we broaden our commitment to transparency and stakeholder engagement. The content herein provides a comprehensive overview of our **Environmental, Social, and Governance (ESG)** approach, illustrating how sustainability is embedded into our strategic objectives, daily operations, and forward-looking ambitions.

### Scope & Framework

- This report covers the period from **January 1 to December 31, 2024**, reflecting our key achievements, challenges, and areas of focus during the past year.
- We draw guidance from internationally recognized standards, including the **Global Reporting Initiative (GRI)** and **Task Force on Climate-related Financial Disclosures (TCFD)**, ensuring our disclosures align with global best practices.
- Where historical data is relevant, we provide comparative information to show trends and progress over time.

### Intended Audience & Material Topics

1. The report is designed for **shareholders, customers, employees, regulators, and other partners**, showcasing how we address material issues such as governance integrity, climate resilience, workforce development, and digital innovation.
2. To determine these topics, we continuously engage with internal and external stakeholders—aligning our efforts with **key strategic pillars** of sustainable growth, risk management, and customer-centric solutions.

### Accuracy & Commitment to Improvement

- All data and statements within this report are **based on the best available information** at the time of publication.
- We recognize the importance of **evolving our reporting capabilities** and will continue refining our ESG metrics, enhancing data accuracy, and broadening our disclosures in subsequent reports.

RAKINSURANCE remains committed to **continuous improvement** in how we serve our stakeholders and safeguard our shared future. This report stands as both a testament to what we have achieved and a promise of what is yet to come.

**Business Overview**

# Who We Are

**Ras Al Khaimah National Insurance Company P.S.C. (RAKINSURANCE)**, one of the oldest and most established insurers in the United Arab Emirates, has been a trusted name in the UAE's insurance sector since its inception in 1978. Known for its commitment to innovation, customer service, and operational excellence, RAKINSURANCE has built a strong reputation as a reliable and forward-thinking insurer. In 2024, the company reported insurance revenue of **AED 504.1** million, reflecting its consistent growth and solid market presence.

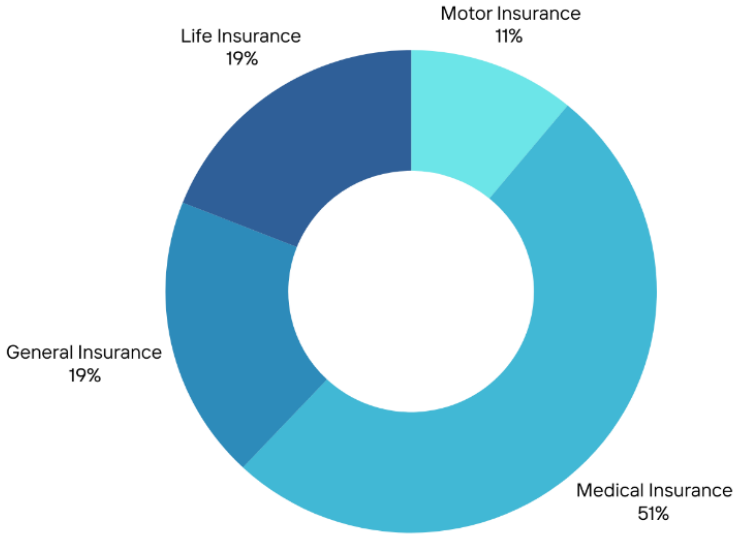
As a public joint stock company, RAKINSURANCE is majority-owned by RAKBANK Group, holding a **79.2% stake**, with its shares publicly traded on the **Abu Dhabi Securities Exchange (ADX)**. Over the years, the company has expanded its reach and influence within the UAE insurance market, offering comprehensive solutions to a diverse client base across various sectors.

RAKINSURANCE places a strong emphasis on compliance and regulatory standards, ensuring that its operations adhere to both local and international frameworks. The company has established a robust **Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT)** framework, actively educating its workforce through regular **AML & Sanctions Training** sessions. These programs align with regulatory guidelines issued by the **Central Bank of the UAE (CBUAE)** and other key authorities, ensuring that RAKINSURANCE remains vigilant in safeguarding its services from illicit activities.

In addition to its focus on compliance, RAKINSURANCE upholds a strong corporate governance structure, adhering to the "**three lines of defense**" model to promote transparency, accountability, and ethical practices across the organization. The **Board of Directors**, comprising seven members, oversees strategic decisions, while specialized committees manage key areas such as audit, risk, investment, and remuneration. The company's governance framework is fully aligned with the **Securities and Commodities Authority (SCA**) Corporate Governance Guide, ensuring adherence to the highest industry standards.

RAKINSURANCE has also demonstrated a clear commitment to **sustainability** and **ESG (Environmental, Social, and Governance)** principles. In its Sustainability Report **2023**, the company highlighted its alignment with the **United Nations Sustainable Development Goals (SDGs)**, focusing on responsible operations, stakeholder engagement, and community support. In **2024**, RAKINSURANCE further strengthened its focus on employee and community well-being by launching wellness programs, promoting mental health awareness, and supporting local initiatives aimed at enhancing quality of life.

The company's strong financial performance and adherence to regulatory excellence have been complemented by its focus on **digital transformation** and **customer-centric innovation**. Through continuous improvement and the adoption of advanced technologies, RAKINSURANCE strives to enhance customer experiences, streamline operations, and stay ahead in the dynamic UAE insurance market.
With over four decades of expertise, a solid governance framework, and a clear focus on sustainability, compliance, and well-being, RAKINSURANCE continues to strengthen its position as a trusted and progressive insurer, committed to driving long-term value for its stakeholders while contributing to the UAE's evolving insurance landscape.




## Mission

We aim to be a leading customer – focused insurer in the UAE, offering convenient access to innovative and competitive insurance products across multiple channels to individuals and businesses.

## Vision

To offer 'Simply Better' insurance solutions for all our customers across the UAE.

Being one of the oldest and established insurers in the country, RAKINSURANCE strives to continuously provide and develop insurance products and services in the UAE thereby creating additional value for our customers.

## Our Values

### Integrity

We know trust is fundamental and to be trusted we must remain competent and honest.

### Transparency

We disclose all product Terms and Conditions with the use of simple language on our website and at various points of sale.

### Collaboration

We build diverse teams to generate better ideas & act as responsible partners with all our stakeholders & regulators to serve the wider interests of society.

### Accountability

We recognize that ultimately, we are accountable to our shareholders, and we focus unrelentingly on maximizing long term shareholder and asset value.

## Our Strategy

### Balanced Risk Profile
- Develop a resilient risk profile that balances growth and stability
- Focus on deepening customer loyalty through tailored solutions

### Goal-Oriented Employee Engagement
- Promote a culture of goal-driven performance
- Engage employees in achieving organizational objectives

### Digital & Technological Innovation
- Invest in continuous development of the mobile app and online portal
- Leverage technology to boost operational efficiency and customer experience

### Sustainable Growth Initiatives
- Prioritize sensible, sustainable growth through continuous improvement
- Focus on long-term value creation over short-term gains

## Our Commitments

### Customer-Centric Approach
- Dedication to meeting the needs and expectations of customers across the UAE
- Ensure easy access to products and seamless claims management through digital platforms

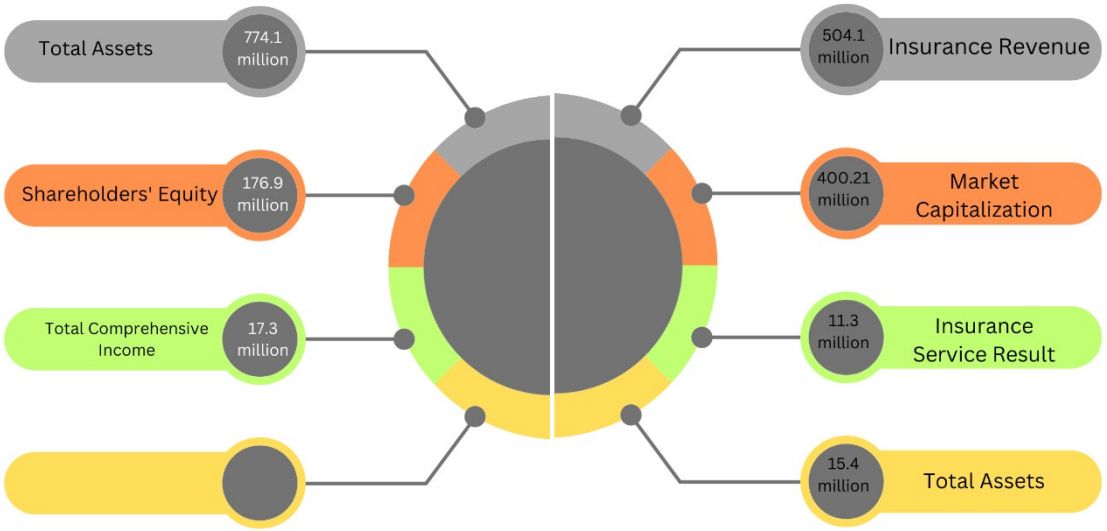
### Continuous Improvement
- Ongoing efforts to enhance products, services, and processes
- Strive for operational excellence in every aspect

### Enterprise Risk Management (ERM)
- Strengthen the ERM Framework to ensure robust risk controls and compliance

### Employee Development & Emiratisation
- Invest in staff engagement and continuous employee development
- Support the Emiratisation strategy by empowering UAE national employees

**Key Highlights**

# Sustainability Highlights



# Financial Highlights

1. Since **1978** In Business 
2. Insured Customers **500,000+** 
3. Rated **BBB+** Stable S&P Credit Ratings 
4. Emiratisation: **24%** 
5. Female employees in workforce: **51%** 
6. Digitalization ›**90%** (Paperless practices) 

# Awards

**2025**

- RAKBANK WAVE Summit
  Awesome Customer Experience (Team – Bronze)

**2024**

- RAKBANK WAVE Summit
  Winning Performance (Team – Silver)

**2019**

- Customer Happines Summit and Awards 2019
  Best Contact Center (Runner up)



**2018**

- MENA IR Insurance Awards 2018
  Insurance Awards 2018



- Frost and Sullivan Best Practice Awards 2018
  UAE Medical Insurance Company of the Year

- Insights Middle East Call Centre Awards 2018
  Best New Call Centre Best Call Centre for Financial Services



**2016**

- Best Corporate Governance Insurance Middle East 2015 & 2016
  by the Ethical Boardroom Corporation, UK



**2015**

- Most Innovative Insurer – Technology
  by the MENA IR Insurance Awards 2015



**2014**

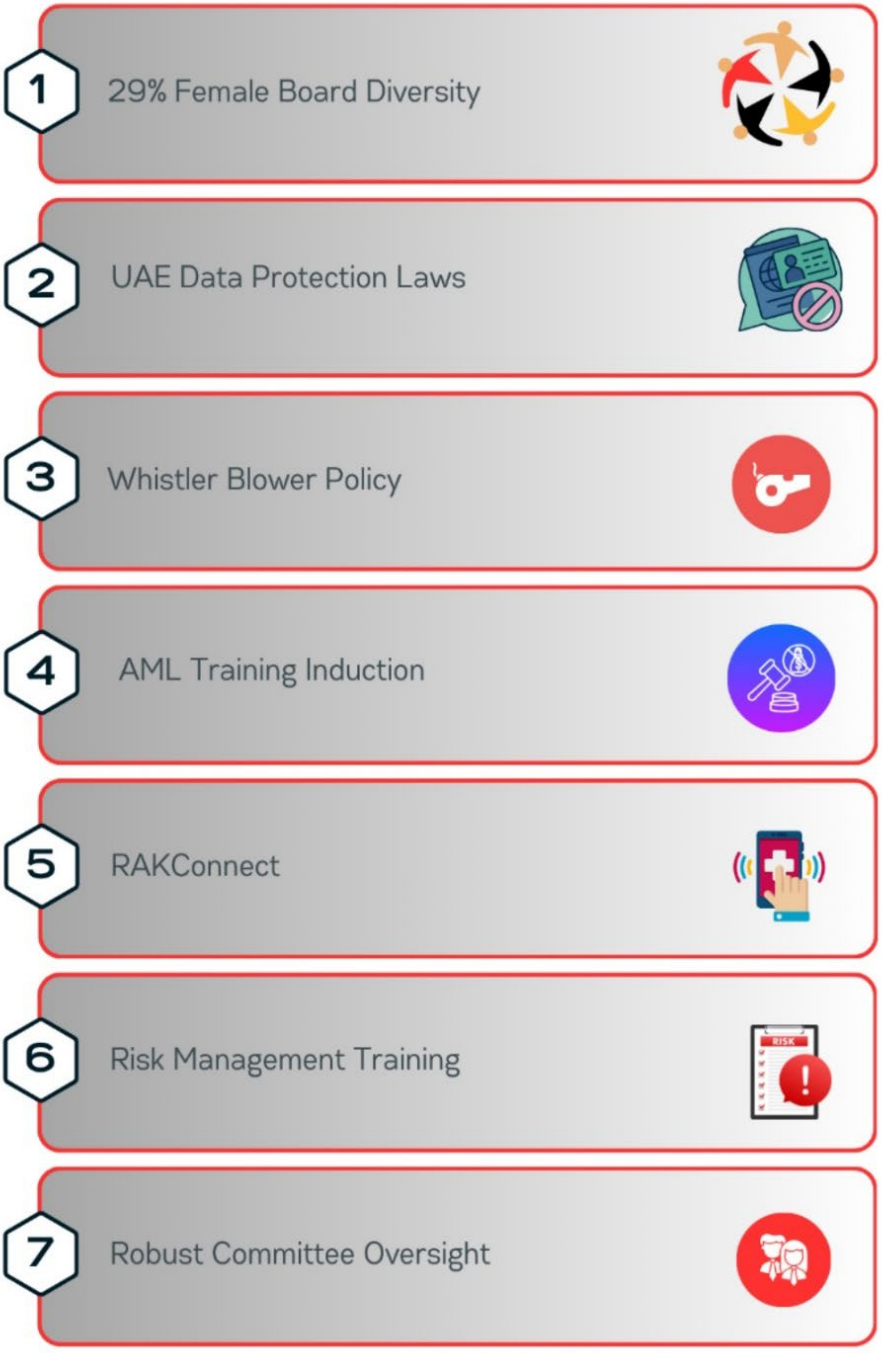
- Best Corporate Governance (GCC)
  By the Capital Finance International (CFi) Insurance Awards, UK



## Our Partners

## 1. Ethical Governance - Cultivating Success

**Highlighting Our Dedication to Governance**



## Board of Directors

**Governance, Transparency & Accountability**
At RAK Insurance, strong corporate governance is fundamental to achieving our strategic objectives and maintaining transparency, integrity, and accountability. The Board of Directors plays a pivotal role in steering the company's strategic direction, ensuring regulatory compliance, and integrating sustainability principles into decision-making.

**Board Composition & Leadership**
The RAK Insurance Board of Directors comprises **seven (7) members**, a combination of independent and non-independent directors with diverse industry experience. The Board is responsible for setting company policy, ensuring financial and operational oversight, and aligning corporate governance with international best practices. The governance structure is designed to uphold the highest ethical standards, fostering accountability and trust among stakeholders.

**Key Board Members:**

- **Chairman:** His Highness Sheikh Omar Saqr Khaled Al Qasimi (Independent, Non-Executive)

  The Chairman provides strategic oversight and ensures governance frameworks are upheld, maintaining a clear separation between governance and management functions.

- **Vice Chairman:** Mr. Ahmed Essa Ahmed Alnaeem (Non-Independent, Non-Executive)

- **Board Members:**
  - Mr. Bernhard Urs Schluep (Independent, Non-Executive)
  - Mr. Dongjun Choi (Non-Independent, Non-Executive)
  - Mr. Safwan Humood Mohammed Ghaleb Alsebaiha (Non-Independent, Non-Executive)
  - Mrs. Futooh Abdulaziz Hasan Alzayani (Independent, Non-Executive)
  - Mrs. Aarefa Saleh Hareb Alfalahi (Independent, Non-Executive)

## Diverse Governance Structure

### LEADERSHIP TEAM

### BOARD OF DIRECTORS



**1) Sheikh Omar Saqr Khaled Al Qasimi**

**Independent, non-executive**
Chairman



**2) Ahmed Essa Al Naeem**

**Non-independent, non-executive**
Vice Chairman



**3) Dongjun (DJ) Choi**

**Non-independent, non-executive**

Board member



**4) Safwan Ghaleb**

**Non-independent, non-executive**

Board member



**5) Aarefa Saleh Al Falahi**

**Independent, non-executive**
Board member



**6) Futooh Al Zayani**

**Independent, non-executive**

Board member



**7) Bernhard Schluep**

**Independent, non-executive**

Board member

## Management Team

**1) Sanjeev Badyal**
Chief Executive Officer



**2) Amol Shah**
Chief Transformation Officer



**3) Shehreyar Azim**
Chief Financial Officer



**4) Claude Zoghbi**
Chief Commercial Officer



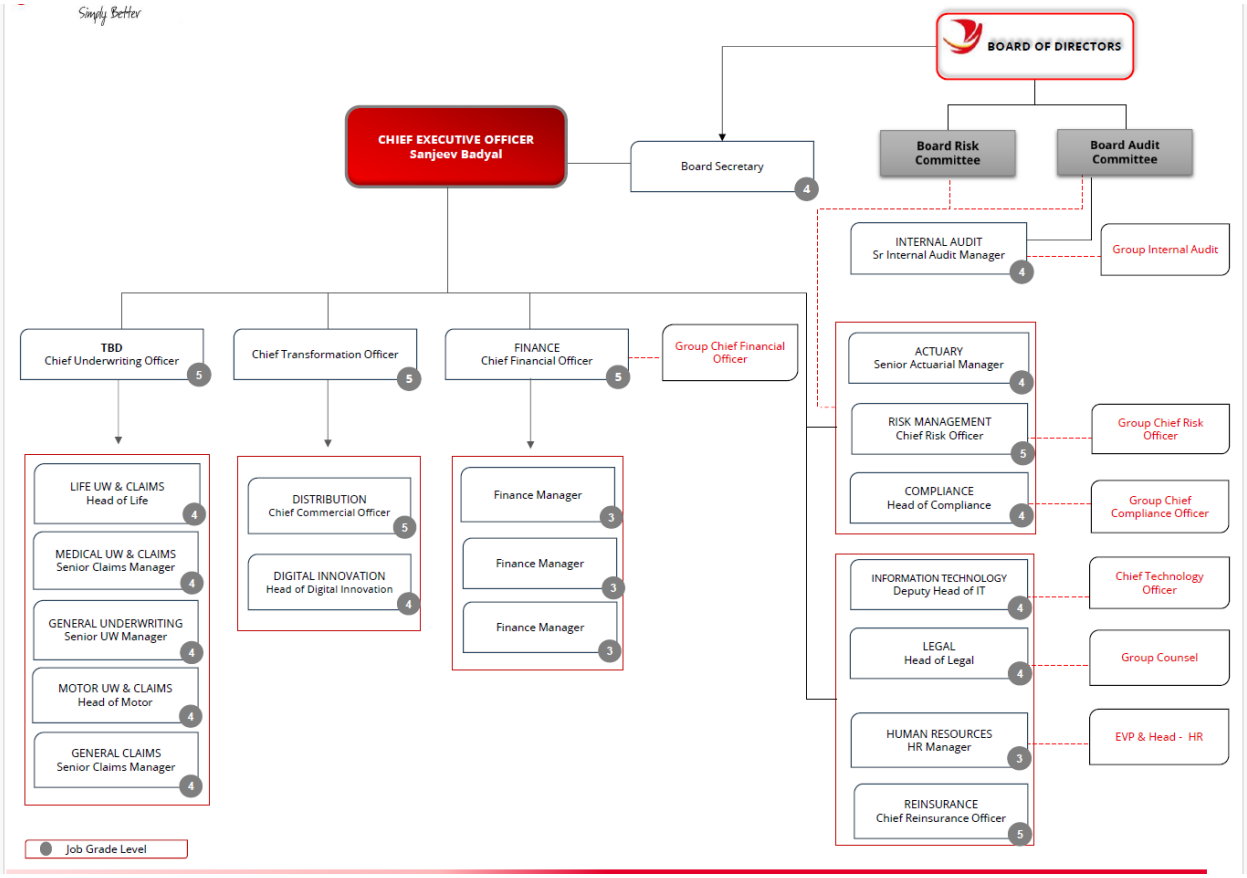
**5) Adnan Abu Alhaija**
Chief Risk Officer



**6) Zohaib Arshad**
Chief Reinsurance Officer



## ORGANIZATIONAL STRUCTURE:




### Role of the Board Committees in Governance

The Board operates through specialized committees to ensure effective oversight and decision-making:

1. **Audit Committee** – Responsible for financial integrity, internal controls, and compliance.
2. **Risk Committee** – Oversees risk appetite, financial crime prevention, and ESG issues.
3. **Nomination & Remuneration Committee** – Focuses on executive appointments, gender diversity, and board evaluations.
4. **Investment Committee** – Reviews investment strategies and aligns them with long-term sustainability goals.
5. **Insiders' Committee** – Ensures compliance with insider trading regulations and ADX governance frameworks.

### Ethics and Corruption

RAKINSURANCE upholds a strong **ethical foundation**, ensuring that all business operations are conducted with **integrity, fairness,** and **accountability**. The company is dedicated to preventing **corruption** and unethical practices at all levels. The company is committed to fostering a culture of integrity, transparency, and accountability through the following key policies:

**1. Code of Conduct**

The Code of Conduct sets forth the ethical principles and behavioral expectations for all employees, executives, and Board members. It ensures:

- Ethical decision-making in daily business operations.
- Compliance with legal and regulatory requirements.
- Protection against conflicts of interest.
- Fair and responsible interactions with stakeholders.

**2. Whistleblower Policy**

RAKINSURANCE encourages a transparent and responsible workplace where unethical activities can be reported without fear of retaliation. The Whistleblower Policy:

- Provides employees and stakeholders with a confidential channel to report concerns.
- Ensures anonymity and protection for whistleblowers.
- Is reviewed periodically to strengthen governance and internal controls.

**3. Anti-Money Laundering (AML) & Combating the Financing of Terrorism (CFT)**

RAKINSURANCE fully complies with UAE laws and global best practices to prevent financial crimes. The company:

- Conducts rigorous due diligence on clients and business partners.
- Implements AML/CFT training programs for employees.
- Enforces strict monitoring and reporting mechanisms to detect and prevent financial misconduct.

**4. Fraud Risk Management Policy and Framework**

The Fraud Risk Management Framework serves as a comprehensive system to protect the organization's assets, reputation, and stakeholders by preventing, detecting, and mitigating fraudulent activities. It aims to create a structured approach to manage fraud risks effectively. The specific objectives may include:

- Developing measures to minimize the occurrence of fraud and deter potential perpetrators.
- Implementing processes, tools, and systems to identify and uncover instances of fraud at an early stage.
- Establishing protocols for timely and thorough investigations of suspected fraud incidents
- Implementing risk mitigation strategies, and continuously evaluating the effectiveness of control measures.
- Promoting a culture of fraud awareness and providing relevant training to employees at all levels

## Customer Privacy & Data Security

At RAKINSURANCE, protecting customer data is a cornerstone of our governance framework. We are dedicated to maintaining the **confidentiality, integrity**, and **security** of personal information, fully complying with **UAE Data Protection Laws**, including the **UAE Federal Data Protection Law (Decree Law No. 45 of 2021)**, the **Central Bank Consumer Protection Regulations (Circular No. 8 of 2020)**, and the **Federal Decree-Law No. (48) of 2023** Regulating Insurance Activities.

**Data Collection and Responsible Usage:** We collect, process, and store personal data solely to provide and enhance our services. The data collected includes:

- **Contact Information:** Name, phone numbers, email, and addresses.
- **Identification Details:** Passport, Emirates ID, date of birth, and gender.
- **Financial and Medical Data:** Banking details, insurance coverage, medical history, and health status.
- **Behavioral Data:** Browsing history, IP addresses, and customer preferences.

We prioritize transparency in data collection, ensuring customers are informed about how their data is used and stored. Consent is always obtained before processing sensitive information, empowering customers to control their personal data.

**Robust Data Protection Measures:** RAKINSURANCE employs advanced technical and organizational safeguards to protect personal data from unauthorized access, breaches, and cyber threats:

- **Encryption:** All data is encrypted during transit and at rest, including when stored outside the UAE.
- **Access Control:** Strict protocols ensure only authorized personnel can access sensitive data.
- **Multi-Factor Authentication (MFA):** Reinforces account security with multiple verification steps.
- **Training & Awareness:** Regular staff training to prevent data breaches and recognize cyber threats.
- **Patch Management:** Continuous updates to software and systems to close security vulnerabilities.

**Advanced Security Tools**

- **Endpoint Detection and Response (EDR)**
- **Data Loss Prevention (DLP)**
- **Next-Generation Firewalls**
- **Intrusion Prevention System (IPS)**
- **Web Application Firewall (WAF)**
- **DDoS Protection**

**Regulatory Compliance & Data Privacy:** RAKINSURANCE ensures full compliance with data privacy laws, both locally and internationally:

- **International Data Transfers:** Adheres to UAE laws with appropriate safeguards for data sent abroad.
- **Cookies & Tracking:** Transparent use of cookies and analytics tools, with clear opt-out options.

**Anti-Money Laundering (AML) & Sanctions Compliance:** Our AML framework aligns with **Federal Law No. (20) of 2018** and **Cabinet Decision No. 10 of 2019**:

- **Customer Due Diligence (CDD):** Robust verification including KYC, PEP screening, and sanctions compliance.
- **Suspicious Transaction Reporting (STR):** Use of **Go AML** platform for reporting to the Financial Intelligence Unit.
- **Sanctions Screening:** Continuous monitoring against global sanctions lists.
- **Employee Training:** Regular AML and sanctions compliance training.

**Governance & Accountability** We have dedicated Data Protection and Compliance Officers overseeing data privacy and AML compliance. Regular audits and reviews ensure adherence to regulatory standards and best practices.

**Customer Privacy & Support**: At RAKINSURANCE, safeguarding **customer data** and ensuring privacy are at the core of our values. We recognize the trust **our customers** place in us and are deeply **committed to** protecting their personal information at every **touchpoint.** Maintaining the highest standards of **data protection** is not just a compliance requirement—it's a responsibility we take seriously. We go above and beyond **regulatory obligations** to ensure that all customer data is managed securely, transparently, and with the utmost care. Every initiative we undertake is built around **protecting the privacy** of our customers and providing them with safe and seamless interactions**.**

- **Regulatory Compliance: Ensuring full adherence to UAE Central Bank regulations with robust security protocols across all digital platforms to protect customer data.**
- **Secure Communication: Utilizing encrypted channels like WhatsApp FNOL for Motor Claims, enabling customers to report incidents safely and effortlessly.**
- **Efficient Data Handling: Integrating OCR technology in the RAKConnect B2B portal for accurate data extraction and validation, ensuring secure and streamlined information processing.**
- **Customer-Centric Systems: Implementing a dedicated complaints management system for faster resolutions while continuously upgrading security frameworks to counter evolving threats.**

Through robust privacy protocols, advanced security measures, and a customer-focused approach, RAKINSURANCE remains committed to protecting personal data while fostering transparency and trust.

## 1) Sustainability at RAKINSURANCE

### RAKINSURANCE Commitment to Sustainable Development Goals (SDGs) and Global Reporting Initiatives (GRIs)

**Safeguarding today, empowering tomorrow –** *shaping a sustainable future by protecting lives, promoting well-being, and fostering environmental stewardship***.**

This section highlights RAKINSURANCE's sustainability performance, reflecting the environmental, social, and economic impacts of its operations and activities. The report is aligned with international best practices and sustainability standards to demonstrate RAKINSURANCE's dedication to responsible business conduct and transparency.

RAKINSURANCE's commitment to sustainability is deeply rooted in its purpose of safeguarding lives, assets, and businesses. The company believes that by protecting what matters most, it not only creates value for its customers but also contributes to a more inclusive and resilient society. This commitment is driven by the understanding that sustainable business practices are essential for long-term success and positive societal impact.

The sustainability reporting process is guided by RAKINSURANCE's ESG framework, which is overseen by senior management and supported by cross-functional teams. The report serves as a communication tool for stakeholders, including investors, regulators, employees, clients, business partners, and communities, reflecting RAKINSURANCE's dedication to building long-term value and transparency.

The **UN 2030 Agenda for Sustainable Development** provides a comprehensive framework to address critical environmental, social, and economic challenges. RAKINSURANCE recognizes the importance of the **Sustainable Development Goals (SDGs)** and is dedicated to aligning its ESG strategy with the global sustainability agenda. As an insurance provider, RAKINSURANCE plays a fundamental role in strengthening societal resilience by offering protection against unforeseen risks, supporting economic stability, and promoting well-being.

RAKINSURANCE's approach to sustainability is aligned with the **applicable UN Sustainable Development Goals (SDGs)**, recognizing the interconnected nature of environmental, social, and economic challenges. The company aims to integrate sustainability across its operations, supporting value creation for both stakeholders and society while contributing to **relevant sustainable development objectives**.

**Environmental stewardship** is one of the main topics of RAKINSURANCE's sustainability discussion. The company aims to comply with environmental related regulation. Additionally, RAKINSURANCE recognizes the **importance of climate action** and continues to evaluate its business operations to **mitigate environmental impacts** and support the transition to a **low-carbon economy**.

**Social responsibility** remains a cornerstone of RAKINSURANCE's business philosophy. The company actively promotes employee well-being, diversity, and inclusion while supporting community development initiatives. Through strategic partnerships and philanthropic programs, RAKINSURANCE contributes to education, health, and social welfare projects that empower communities and enhance quality of life.

**Governance** plays a critical role in RAKINSURANCE's sustainability framework. The company upholds the highest standards of corporate governance, business ethics, and regulatory compliance. **Transparent decision-making processes, risk management practices, and stakeholder engagement** are integral to maintaining trust and accountability across its operations. RAKINSURANCE is committed to aligning its sustainability disclosures with the **Global Reporting Initiative (GRI) framework**, enhancing transparency and ensuring comprehensive ESG reporting.

RAKINSURANCE is dedicated to enhancing transparency and aligning its sustainability disclosures with **the Abu Dhabi Securities Exchange (ADX**) sustainability-related disclosure requirements. This dedication reflects the company's proactive approach to embedding responsible business practices and ensuring that its ESG performance is communicated in a clear and measurable manner. By aligning with these regulatory frameworks, RAKINSURANCE aims to strengthen its contribution to the UAE's broader sustainability agenda.

## Stakeholder Engagement

At RAKINSURANCE, stakeholders are central to our sustainability journey. Representing diverse groups impacted by our operations, they play a vital role in shaping our business practices. We are committed to open communication, fostering transparency, and integrating their insights into our decision-making processes.

Engaging with stakeholders helps us understand their expectations, address concerns, and align our strategies with evolving needs. This collaborative approach strengthens our commitment to ESG (Environmental, Social, and Governance) principles, enhancing business resilience, mitigating risks, and driving long-term value for both the company and society.

Stakeholder engagement not only helps us address key concerns but also unlocks opportunities for innovation, partnerships, and shared value creation. By aligning our sustainability priorities with stakeholder expectations, we aim to strengthen our market position, explore new business avenues, and contribute to the collective advancement of sustainable development.

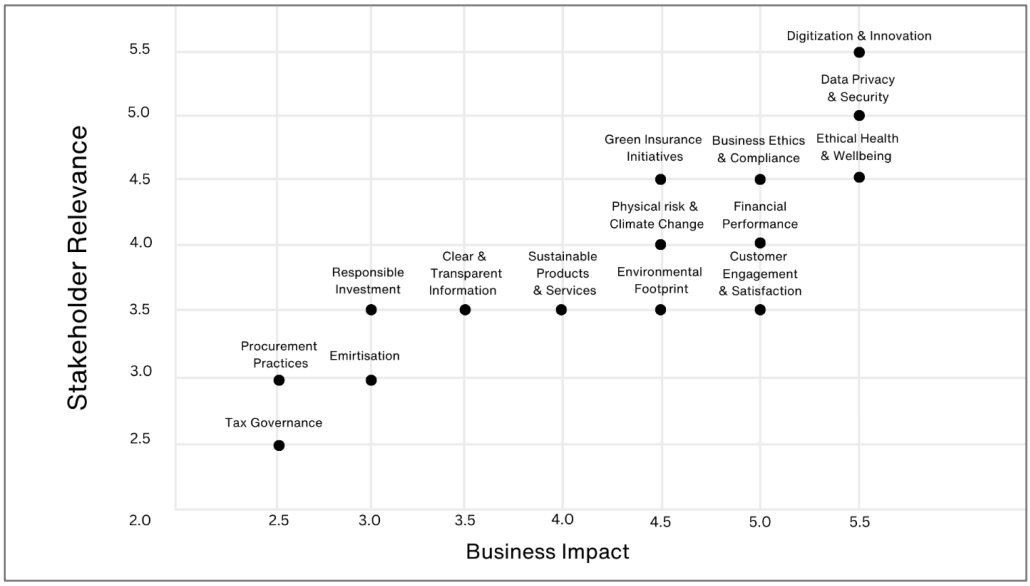
| Stakeholder Category | Why We Engage | Engagement Methods | Purpose of Engagement |
|---|---|---|---|
| Customers | To foster a positive work environment, understand employee needs, improve well-being, and enhance retention | Industry Benchmarking | Enhance customer satisfaction |
| | | Complaint and Suggestion Portal | Gather insights for service improvements |
| | | Regular Communication | Promote sustainable insurance products |
| | | Digital Engagement (Mobile App, social media) | Build trust through transparent communication |
| | | Website interactions | |
| Management & Employees | To understand customer expectations, improve service quality, and ensure customer satisfaction | Company events | Foster an inclusive workforce |
| | | Open Door Policy | Drive internal sustainability initiatives |
| | | Internal Company Announcements | Improve workplace well-being |
| | | Performance Appraisals | Enhance employee retention |
| | | Exit Interviews | Support employee well-being |
| | | Mental Health & Wellbeing | |
| | | Regular Meeting | |
| | | Company's Portal | |
| | | Training & Development Initiatives | |
| Shareholders | To maintain transparency, communicate financial performance, and address concerns regarding business strategy, sustainability practices, and long-term value creation | 4 shareholders on the Board with frequent interactions | Align ESG strategies with financial growth |
| | | Engagement during AGM | Maintain transparency in business performance |
| | | Disclosures | Address shareholder expectations on ESG matters |
| | | Investor Relations | |
| | | Annual Reports & Sustainability Reports | |
| Regulatory & Industry Bodies | To ensure compliance with legal and regulatory requirements and maintain ethical business practices | Regular reporting and meetings with Central Bank of UAE | Ensure adherence to financial and sustainability regulations |
| | | Quarterly financial reporting with SCA | Align business practices with market-driven ESG standards |
| | | Regular reporting | Demonstrate accountability and transparency |
| | | Compliance Audit | |
| | | Webinars | |
| | | Announcements with ADX | |
| | | | |
| | | | |

| | | | |
|---|---|---|---|
| Business & Financial Partners | To build long-term partnerships, ensure responsible business practices, and foster collaboration on sustainability initiatives | Regular business coordination with Reinsurers | Promote ethical claims management |
| | | Day to day business activities | Encourage sustainable underwriting practices |
| | | Partnerships & Collaborations | Foster digital innovation |
| Rating Agencies | To improve governance transparency, enhance ESG practices, and demonstrate the company's commitment to sustainable business practices | Annual interactions for rating review | Improve governance transparency |
| Improve governance transparency | To improve the quality of life for underserved groups, deliver social impact, and align CSR initiatives with community needs | Community-related initiatives | Support community well-being |
| | | Donations | Engage in sustainability awareness |
| | | Volunteering | Enhance corporate reputation through social impact |
| | | CSR Initiatives | |

## Materiality Assessment

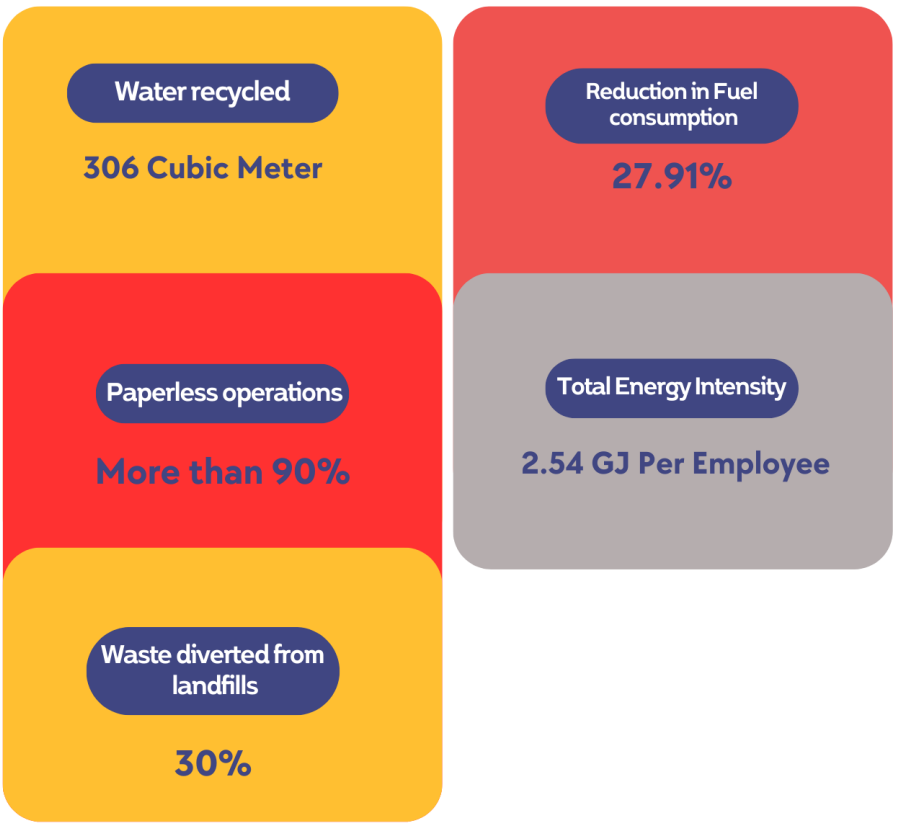
RAKINSURANCE's materiality assessment plays a pivotal role in identifying and prioritizing ESG factors that significantly impact its operations, stakeholders, and long-term sustainability. The assessment process involves active engagement with key stakeholders, including customers, employees, shareholders, regulators, and society, to gain insights into their expectations and concerns. Through this process, RAKINSURANCE evaluates various ESG topics such as data privacy and security, business ethics, environmental footprint, customer satisfaction, and employee well-being to determine their relevance and potential impact on the company's business model and strategic objectives.

The results of the materiality assessment help RAKINSURANCE align its sustainability strategy with both stakeholder priorities and regulatory requirements. High-priority topics, including ethical governance, digital innovation, environmental sustainability, and customer engagement, form the foundation of the company's ESG initiatives. This approach enables RAKINSURANCE to address the most pressing issues, enhance stakeholder trust, and contribute to the broader sustainability agenda, reinforcing its approach to responsible business practices and long-term value creation.




## 2) Environment – Nurturing Nature, Securing the Future

***Highlighting Our Dedication to Environment***



## Preserving Our Planet

**Sustaining Tomorrow, Protecting Today — Empowering Progress through Responsible Resource Management and Climate Resilience**

At RAKINSURANCE, we recognize that our role extends beyond providing insurance solutions—it involves being a responsible corporate citizen committed to preserving the environment. Our approach to environmental management is shaped by the belief that small, consistent actions can create a significant positive impact on our planet. By embedding sustainability into our daily operations, we are taking deliberate steps to minimize our environmental footprint and contribute to a greener future.

Fuel consumption plays a notable part in our environmental impact, particularly through our company vehicles. Understanding this, we continuously evaluate our operational needs to optimize fuel usage. Whether through route optimization, carpooling initiatives, or maintaining fuel-efficient vehicles, we strive to reduce our emissions while meeting business requirements. The table below illustrates our fuel consumption in liters over the years:

| Year | Fuel Consumption (Liters) |
|---|---|
| 2022 | 8,610 |
| 2023 | 5,678 |
| 2024 | 4,093 |

Business travel is another aspect of our operations where we are making conscious efforts to reduce emissions. While business travel remains necessary for fostering relationships and business growth, we actively promote virtual meetings and digital collaboration to minimize travel-related emissions.

Electricity consumption forms a crucial part of our environmental performance. While our electricity consumption has increased due to operational needs, we remain committed to optimizing energy efficiency through various initiatives, including the installation of LED lighting, automated HVAC systems, and double-glazed windows—enhancing comfort while lowering energy usage in the long run. The table below highlights our electricity consumption in recent years:

| Year | Electricity Consumption (KWH) |
|---|---|
| 2023 | 72,535 |
| 2024 | 83,053 |

To further encourage sustainable practices, we have implemented energy-saving policies that empower employees to take part in our environmental journey—whether by switching off unused equipment or maximizing natural light. As these measures continue to take effect, we anticipate a gradual reduction in electricity consumption, supported by our energy monitoring system, which helps us track usage patterns and pinpoint areas for improvement.

RAKINSURANCE is dedicated to the responsible consumption of water resources. Our water conservation efforts include the installation of low-flow fixtures and regular maintenance to prevent leakages. By embedding water-saving practices into our daily routines, we actively work to reduce our water footprint. In 2024, we recycled approximately **306 m³** of water annually through our partnership with RAKBANK, contributing to the sustainable management of this essential resource. Our total annual water consumption for 2024 was approximately **493 m³**, reflecting our commitment to efficient water use.

RAKINSURANCE is also committed to reducing waste generation and promoting responsible waste management practices. As part of our commitment to paperless operations and digital transformation, more than **90%** of our insurance-related documents, including policy wordings, insurance cards, policy forms, proposal forms, and contracts, are now electronically communicated with clients. Additionally, agreements such as contracts and non-disclosure agreements (NDAs) are securely signed through electronic signature solutions, ensuring efficiency, security, and sustainability in our processes. Policy documentation, including endorsements, is created via the ESKA system and converted to PDF for electronic communication with clients and brokers. Physical printouts are only generated in rare instances, such as for bank mortgage endorsements or government department requirements, resulting in approximately 95% of documents being processed electronically.

In 2024, our paper consumption decreased by **29.7%** compared to the previous year, underscoring our dedication to minimizing resource use. Additionally, we have implemented waste segregation systems to ensure proper disposal of recyclable materials. Looking ahead, we are exploring partnerships with recycling vendors to enhance our waste management efforts and further minimize our environmental impact.

Looking ahead, RAKINSURANCE will be exploring **Optimum Utilization of Energy** as part of our broader sustainability vision. By blending innovation with environmental responsibility, we aim to create a more sustainable future where business success goes hand in hand with protecting the planet.
At RAKINSURANCE, sustainability is not just a corporate obligation—it's a collective journey where every small step brings us closer to a greener tomorrow.

## Climate Risk Management Oversight: Strengthening Resilience Across Insurance Practices

RAKINSURANCE acknowledges the profound impact of climate change on the insurance industry and is committed to integrating climate risk considerations into its business practices. The company has adopted comprehensive measures to assess, mitigate, and manage climate-related risks across its products, underwriting processes, and claims management framework. This proactive approach not only strengthens climate resilience but also aligns with RAKINSURANCE's broader sustainability objectives.

### 1. Climate-Related Insurance Solutions

RAKINSURANCE offers a diverse range of insurance products designed to protect clients against climate-related risks and environmental hazards:

- **Natural Catastrophe Coverage:** The comprehensive "all-risk" policy protects clients against natural catastrophes, including storms, floods, and water damage. As the policy does not explicitly exclude climate change-related events — such as intensified storms or rainfall influenced by cloud seeding in the UAE — clients benefit from extensive protection.
- **Named Perils Coverage:** The Policies provide coverage against specified risks such as fire, lightning, explosion, storm, flood, earthquake, and water damage. By offering coverage on a named-perils basis, the company maintains greater control over its exposure to high-risk climate-related events.

- **Pollution Liability Coverage:** While standalone environmental liability and renewable energy insurance are not currently offered, accidental pollution endorsements embedded within liability policies provide limited coverage against pollution incidents. This includes recent claims related to pollution clean-up under oil risk coverage.

**2. Climate-Related Claims Experience**

RAKINSURANCE's claims experience highlights the growing financial impact of climate change:

- A notable AED 96 million claim was recorded last year due to extreme weather events, reflecting the increasing severity and frequency of climate-related losses.
- While pollution-related claims remain minimal, the company continues to monitor emerging environmental risks and maintain coverage through pollution endorsements under liability policies.

**3. Climate Risk Integration in Underwriting**

RAKINSURANCE has embedded climate risk considerations into its underwriting practices to enhance risk management:

- **Policy Wordings for Risk Control:**
  - Provides comprehensive protection without explicitly excluding climate-related risks.
  - This enables more controlled risk exposure by limiting coverage to named perils, particularly in regions prone to natural catastrophes.
- **Risk-Based Underwriting Decisions:** Coverage for high-risk properties — such as those with substandard construction or open-air storage — is restricted to named perils to minimize exposure.
- **Dynamic Pricing and Risk Assessment:** The company regularly reviews its pricing models to reflect the evolving nature of climate risks, adjusting premiums and deductibles in high-exposure areas like flood-prone regions.

**4. Strengthening Climate Resilience**

RAKINSURANCE continues to provide solutions that support climate resilience through strategic initiatives:

- **Expanded Coverage Offerings:** Exploring opportunities to introduce environmental liability and renewable energy insurance products to support climate action goals.
- **Data-Driven Risk Management:** Leveraging climate data and weather pattern analysis to refine underwriting guidelines and anticipate emerging risks.
- **Sustainable Business Growth:** Aligning product development strategies with broader sustainability objectives, including potential partnerships to promote climate-resilient solutions.

By integrating climate risk management into its core business functions, RAKINSURANCE reinforces its commitment to both client protection and environmental responsibility. This forward-looking approach strengthens the company’s resilience against climate change while supporting a more sustainable future.

## 3) Social - Empowering Communities, Enriching Lives

### Highlighting Our Dedication to Society




**Fostering an Inclusive Workforce:**
Embracing Gender Diversity and Inclusion at RAKINSURANCE

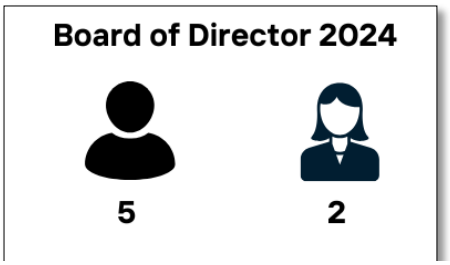
At RAKINSURANCE, **our people** are our greatest asset, building an **inclusive workforce** lies at the heart of our sustainability vision. Diversity is not only acknowledged but **celebrated**, forming a core element of our corporate identity. We are dedicated to **fostering a workplace culture** where gender diversity and inclusion are deeply embedded, ensuring **equal opportunities** for all employees, regardless of gender, background, or identity.

Our approach to gender diversity is centered on creating equitable pathways for **professional growth, leadership**, and **participation**. We have implemented policies that promote work-life balance, guarantee equal pay, and uphold strict anti-discrimination standards. These measures empower employees to thrive in an environment that values and respects their individuality. Women are **well-represented** across various levels of the organization, including management and **senior leadership roles**, reflecting our commitment to fostering a diverse leadership pipeline.

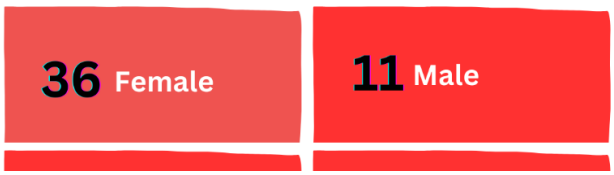
**Inclusion** is reflected in our daily practices and organizational culture. We cultivate a workplace where **every voice is heard**, and diverse perspectives contribute to innovation and progress**. Training programs, awareness initiatives**, and **inclusive leadership** practices are in place to reduce unconscious bias and strengthen a sense of belonging. Post-training outcomes are monitored to ensure tangible results, such as promotions and certifications, supporting continuous professional growth.

RAKINSURANCE's **Human Resources** team plays a vital role in **embracing gender diversity**, ensuring that inclusivity is embedded in every aspect of the employee journey. HR has established fair **hiring and promotion** practices that focus on merit and potential, **guaranteeing equal opportunities** for all candidates. Equal pay and benefits are maintained across the organization, with employee benefits determined by job grade level rather than gender. HR actively supports **career growth** for all employees, providing development opportunities regardless of gender. HR actively promotes career growth for all employees by offering development opportunities irrespective of gender; while also ensuring they can maintain a healthy balance between their personal and professional lives.

At RAKINSURANCE, fostering an inclusive **workforce strengthens** not only our company but also the communities we serve. Gender diversity and inclusion form the foundation of a **resilient**, **forward-thinking** organization committed to **sustainable growth**. By investing in **our people**, we aim to create long-lasting, positive impacts that extend beyond the workplace and into **society**.




**Total Number of New Hired Employee by Gender and Status**

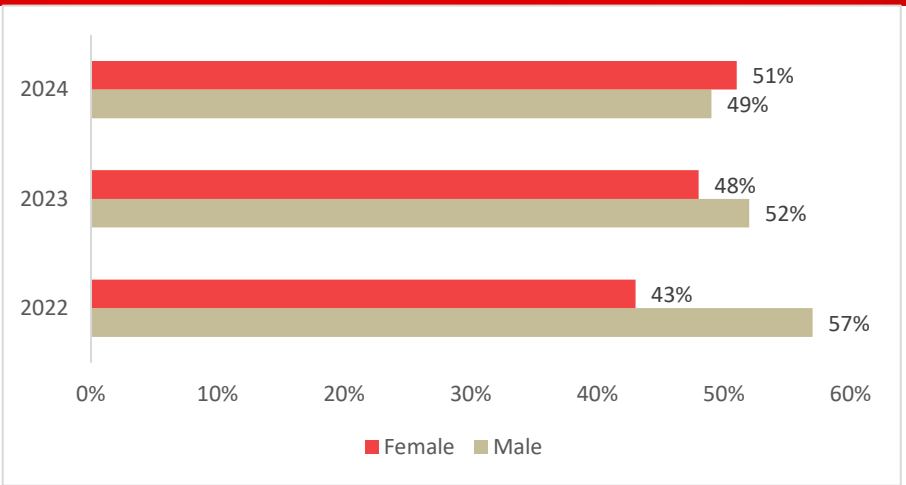



**Total Employee Count**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Employees | 201 | 162 | 180 |

**Gender Breakdown**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Male | 115 | 84 | 88 |
| Female | 86 | 78 | 92 |




## Driving Fairness, Equity and Loyalty:
**Linking Pay Structures to Workforce Success**

### We nurture an inclusive, equitable culture where all employees feel truly valued and empowered

At **RAKINSURANCE**, we are deeply committed to fostering an environment where every employee **feels valued**, **compensated**, and **motivated** to grow. A key element of this commitment is ensuring equitable pay structures that reflect not just market standards but also the contributions of our people at every level.

In **2024**, our **CEO pay ratio** stood at **17.86**, a rise from 12.86 in 2023. While this increase highlights evolving leadership responsibilities and market dynamics, we remain focused on maintaining a balance that ensures competitive and fair wages across the organization. **Pay equity** isn't just about numbers; it's about reinforcing trust and **transparency**, ensuring that **leadership success** resonates throughout the entire company.

This commitment to fairness is mirrored in our approach to employee retention. In 2024, our **employee turnover** rate was **18%**, a significant improvement from 30% in 2023. This notable reduction reflects our continuous efforts to create a supportive environment—where professional growth, **inclusion**, and **well-being** remain at the core of our values. Despite industry challenges, this decrease underscores the positive impact of our initiatives on **employee satisfaction** and **loyalty**.

We recognize that compensation and retention are deeply interconnected. By aligning leadership rewards with the broader workforce experience, we strive to **cultivate a workplace** where **ambition is nurtured**, contributions are recognized, and every employee sees a clear path forward. Our goal is to not only attract top talent but also to **retain** and **empower** them, ensuring that **RAKINSURANCE** remains a place where people feel valued and inspired to thrive.

## Employee Turnover Ratio

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| Employees | 21% | 30% | 18% |

**Note:** The turnover rate here accounts for both voluntary and non-voluntary departures.

### Embracing Global Talent
**Bridging Cultures and Expertise at RAKINSURANCE**

At RAKINSURANCE, we recognize that the strength of any organization lies in **its people**. Our commitment to fostering a workplace that **embraces global talent** is rooted in the belief that **diversity of thought**, **culture**, and **experience drives innovation** and **long-term success**. We are proud to cultivate an environment where individuals from various backgrounds come together to share **ideas, collaborate, and grow.**

This commitment begins at the top. Our board and **senior leadership team embody** the spirit of global diversity, with members who bring a wide range of cultural, educational, and professional experiences to the table. This mix of backgrounds ensures that our **strategic decisions** are informed by global perspectives, helping us navigate complex markets and better understand the diverse needs of our stakeholders. Having leaders who have worked across different regions and industries **enriches** our decision-making processes and **strengthens our ability** to respond to a rapidly evolving world.

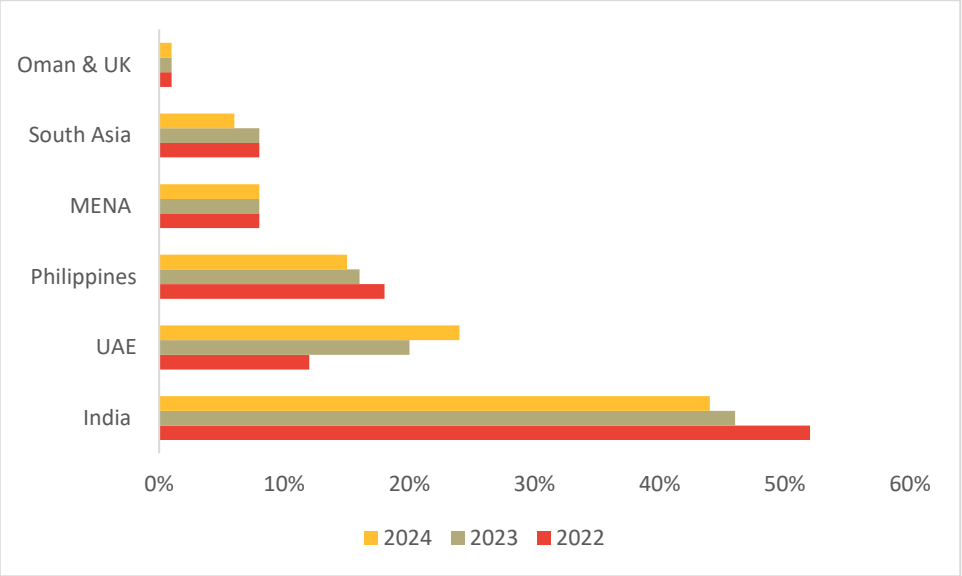
Our workforce reflects this same commitment to **diversity.** With employees representing various **nationalities, cultures,** and **regions**, RAKINSURANCE thrives on a blend of perspectives that fuels creativity and innovation. This **cultural mosaic** enables us to approach challenges from multiple angles, **fostering solutions** that are inclusive and impactful. It also allows us to better serve our diverse customer base, as we understand the unique needs and expectations of different **communities**.

We don't view **diversity** as a simple **statistic**—it's a core value that shapes how we operate. We strive to create an **inclusive environment** where everyone **feels seen**, **heard**, and **valued**. Our policies and practices are designed to ensure **equal opportunities** for growth and advancement, regardless of background or **nationality**. By **championing** this inclusive approach, we foster a sense of belonging that **empowers our employees** to perform at their best.

At RAKINSURANCE, embracing global talent isn't just about building a diverse workforce—it's about creating a dynamic ecosystem where ideas **flourish**, people **feel empowered**, and **innovation thrives**. We believe that by fostering a culture of inclusion and respect, we not only strengthen our organization but also contribute positively to the broader community we serve.

**Global Talent Presence**

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| **India** | 52% | 46% | 44% |
| **UAE** | 12% | 20% | 24% |
| **Philippines** | 18% | 16% | 15% |
| **MENA** | 8% | 8% | 8% |
| **South Asia** | 8% | 8% | 6% |
| **Oman & UK** | 1% | 1% | 1% |




## Health & Wellbeing

**Fostering a Culture of Care and Community**

At RAKINSURANCE, we believe that the **health and wellbeing** of our employees and community are fundamental to our long-term success. Our commitment extends beyond the workplace, **promoting holistic wellness** and **fostering a supportive environment** where individuals can thrive **physically, mentally, and socially**.
In **2024**, RAKINSURANCE undertook several initiatives to promote **health, wellness**, and **community engagement**. As part of our dedication to employee wellbeing, we organized the RAKINSURANCE **Wellness Day** 2024 in collaboration with **RAK Hospital and NAS Neuron**. The event featured **comprehensive health screenings**, including blood pressure and sugar tests, BMI checks, and optical screenings with doctor consultations. To encourage **mindfulness** and **stress relief**, a 45-minute **yoga session** was held at the RAKBANK Auditorium, focusing on simple standing and seated exercises.

Recognizing the importance of community and togetherness, we celebrated key cultural and corporate milestones. Our annual year-end **staff gathering** in February 2024 brought employees together for a **festive evening of camaraderie and reflection**. The event featured a company strategy update from our CEO, **Mr. Sanjeev Badyal**, and honored **20 dedicated** employees with **Service Loyalty Awards**, recognizing 10 and 15+ years of service.

During the holy month of Ramadan, RAKINSURANCE hosted two **Iftar dinners** — one for staff at the Radisson Hotel in Ras Al Khaimah and another for partners at Sofitel Dubai (The Obelisk). These gatherings celebrated the **spirit of unity and gratitude**, with the partners' Iftar welcoming over **130 attendees**.

Our focus on community engagement was further reflected through participation in the **RAK Terry Fox Run** in **November 2024**. Fifty employees and their families joined the event, contributing AED4,500 towards **cancer research**. This initiative, endorsed by HH Sheikh **Saud Bin Saqr Al Qasimi**, emphasizes our dedication to societal wellbeing and health-focused causes.

In line with our commitment to environmental wellbeing, RAKINSURANCE continued its **paperless initiative**, encouraging employees to adopt **sustainable practices**. Partnering with **Endo shred** for proper **paper recycling**, we invested towards this cause.

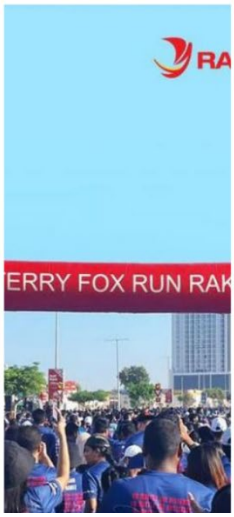
In 2024, RAKINSURANCE celebrated its **53rd UAE National Day** at the office, fostering cultural appreciation and employee engagement. A "**Best Lens Contest**" was announced a week before the occasion, encouraging employees to **capture the beauty of the UAE**, its **rich culture**, and **vast heritag**e. Ten entries were submitted, with the winner announced during the celebration. Emirati staff prepared a special presentation, and employees enjoyed **authentic Arabic cuisine**, **strengthening bonds** and **promoting** a sense of community.

These initiatives reflect RAKINSURANCE's **holistic** approach to health and wellbeing, focusing on fostering a supportive and **inclusive workplace** while positively impacting the wider community.














## Emiratisation

At RAKINSURANCE, we recognize the importance of contributing to the **UAE's national development goals** by actively supporting Emiratisation. Our commitment goes beyond meeting regulatory requirements; it reflects our dedication to **empowering local talent**, fostering inclusive growth, and contributing to the sustainable development of the nation's economy.

In alignment with Notice No. 2705/2022 issued by the **Central Bank of the UAE**, RAKINSURANCE has consistently worked towards achieving and **surpassing Emiratisation targets**. The **Central Bank's** framework divides targets into operational and **recruitment points**, guiding companies in their efforts to **integrate Emirati talent** into their workforce meaningfully.

In **2024**, RAKINSURANCE successfully fulfilled its Emiratisation goals, surpassing expectations. We achieved **105 operational points** against a target of 71, demonstrating our proactive approach to integrating Emirati talent into key operational roles. Additionally, we met the recruitment target by securing all **11 recruitment points**, reflecting our focus on attracting and onboarding qualified Emirati professionals.

Our Emiratisation rate reached **24.44%** in 2024, marking a significant **improvement** over previous year. This upward trajectory highlights the continuous progress we've made, with a **notable increase** from 2022 to 2023 and a further **positive shif**t from 2023 to 2024. These results showcase our long-term commitment to **nurturing** local talent and **promoting** the active participation of UAE Nationals across various levels of the organization.

Beyond meeting numerical targets, RAKINSURANCE focuses on creating meaningful **career pathways** for Emirati employees. We invest in **training, mentorship programs**, and **professional development opportunities** to empower our Emirati workforce to thrive and advance within the company. Our goal is to foster an environment where **UAE Nationals** can contribute to strategic initiatives, gain leadership experience, and play a pivotal role in **shaping the future** of the company.

At RAKINSURANCE, Emiratisation is more than a policy—it's a core part of our vision to support the UAE's **socio-economic development**. We will continue to build on this momentum, striving to create more **opportunities** for Emirati talent and contributing to a **diverse, inclusive**, and **forward-thinking** workplace.

**Empowering Emirati Talent**

**Focused Recruitment:** Attracting and onboarding qualified Emirati talent aligned with national Emiratisation goals.
**Skill Development:** Providing tailored training, mentorship, and upskilling programs to enhance professional growth.
**Career Progression:** Establishing clear pathways for advancement into key operational and leadership roles.
**Inclusive Work Culture:** Fostering a supportive environment that promotes diversity, engagement, and empowerment.

**Emiratisation Rate**

| Years | 2022 | 2023 | 2024 |
|---|---|---|---|
| UAE Employees | 12% | 20% | 24% |

## Training & Development

At RAKINSURANCE, we recognize that continuous **learning** and **skill development** are essential for both personal and organizational growth. Our comprehensive **training** and **development programs** are designed to enhance employee capabilities, ensure workplace safety, promote regulatory compliance, and foster leadership across all levels.

**Health and Safety Training:** We prioritize the well-being of our employees by providing dedicated health and safety training. Each employee receives between 4 to 5 hours of focused instruction, ensuring they are equipped to handle potential workplace hazards and maintain a safe working environment.

**Leadership Development:** To cultivate future leaders, RAKINSURANCE offers specialized leadership training. This program empowers employees with essential management skills, promotes strategic thinking, and encourages proactive decision-making. All eligible employees have access to these sessions, fostering a culture of leadership at every level. Senior management also receives subscription access to the LinkedIn Training Portal, enabling them to further develop their skills through a wide range of online courses.

**Technical Skills Enhancement:** Staying ahead in a dynamic industry requires strong technical competencies. Our technical skills training programs are designed to upskill employees, ensuring they remain adept with the latest tools, technologies, and industry best practices. These sessions are available to all team members, supporting their professional growth and enhancing overall operational efficiency.

**Anti-Money Laundering (AML) Training:** As part of our commitment to regulatory compliance and ethical practices, RAKINSURANCE provides comprehensive Anti-Money Laundering (AML) training. This program educates employees on identifying and mitigating money laundering risks, understanding legal obligations, and implementing effective reporting procedures. The AML training strengthens our organizational defenses against financial crimes and ensures adherence to global compliance standards.

**Risk Management Training:** To enhance our risk mitigation strategies, RAKINSURANCE provides risk management training that equips employees with the knowledge to identify, assess, and manage various business risks. This training supports our commitment to maintaining operational resilience and safeguarding the company against potential threats.

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