

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**

Condensed interim financial information (Unaudited)

For the period ended 31 March 2024

## **Review report of the Independent Auditor To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.)**

### ***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of Dubai National Insurance & Reinsurance Co. (P.S.C.) (the “Company”) as at 31 March 2024 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows for the three-month period then ended, and other related explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### ***Scope of review***

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

### ***Conclusion***

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

  


**GRANT THORNTON UAE**

**Dr. Osama El Bakry  
Registration No: 935**

**Dubai, United Arab Emirates**

**15 May 2024**

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Condensed interim statement of financial position**  
**As at 31 March 2024**

	Notes	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
<b>Assets</b>			
Property and equipment		4,533	4,739
Investment properties	4	158,480	158,480
Financial assets	5	473,569	479,366
Statutory deposit	6	10,000	10,000
Reinsurance contract assets	7	91,432	91,306
Other receivables		56,032	33,300
Deferred tax asset		328	-
Cash and bank balances	9	233,233	200,614
<b>Total assets</b>		<b>1,027,607</b>	<b>977,805</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		115,500	115,500
Legal reserve	10	57,750	57,750
General reserve	10	180,000	180,000
Reinsurance reserve	10	4,413	4,413
Fair value reserve on financial assets at fair value through other comprehensive income (FVTOCI)		162,578	168,145
Retained earnings		222,440	196,847
<b>Total equity</b>		<b>742,681</b>	<b>722,655</b>
<b>Liabilities</b>			
Employees' end-of-service benefits		4,814	4,726
Insurance contract liabilities	7	249,544	222,243
Other payables		30,568	28,181
<b>Total liabilities</b>		<b>284,926</b>	<b>255,150</b>
<b>Total equity and liabilities</b>		<b>1,027,607</b>	<b>977,805</b>

This condensed interim financial information was authorised for issue on 15 May 2024 by the Board of Directors and signed on its behalf by:

**Sultan Ahmed Al Habtoor**  
**Vice Chairman**

**Mohammed Khalaf Al Habtoor**  
**Managing Director**

The notes from 1 to 19 form an integral part of this condensed interim financial information.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Condensed interim income statement**  
**For the period ended 31 March 2024**

	Notes	(Unaudited) Three-month period ended 31 March 2024 AED'000	(Unaudited) Three-month period ended 31 March 2023 AED'000
Insurance revenue		110,136	111,090
Insurance service expenses	13	(95,319)	(90,213)
<b>Insurance service result before reinsurance contracts held</b>		<b>14,817</b>	<b>20,877</b>
Allocation of reinsurance premiums		(49,483)	(63,935)
Amounts recoverable from reinsurance for incurred claims		30,834	44,319
<b>Net expenses from reinsurance contracts held</b>		<b>(18,649)</b>	<b>(19,616)</b>
<b>Insurance service result</b>		<b>(3,832)</b>	<b>1,261</b>
Investment income	15	27,689	18,112
Insurance finance expense for insurance contracts issued	15	(1,615)	(2,750)
Reinsurance finance income for reinsurance contracts held	15	4,084	3,981
<b>Net insurance financial result</b>		<b>2,469</b>	<b>1,231</b>
Other operating expenses		(733)	(585)
<b>Profit for the period</b>		<b>25,593</b>	<b>20,019</b>
<b>Basic and diluted earnings per share</b>	11	<b>0.22</b>	<b>0.17</b>

The notes from 1 to 19 form an integral part of this condensed interim financial information.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Condensed interim statement of comprehensive income**  
**For the period ended 31 March 2024**

	(Unaudited) Three-month period ended 31 March 2024 AED'000	(Unaudited) Three-month period ended 31 March 2023 AED'000
<b>Profit for the period</b>	25,593	20,019
<b>Other comprehensive income:</b>		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Net unrealised gain / (loss) on debt investments carried at FVTOCI	1,156	(133)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net unrealised loss on equity investments carried at FVTOCI – net of tax	<u>(6,723)</u>	<u>(49,070)</u>
<b>Total other comprehensive loss for the period</b>	<u>(5,567)</u>	<u>(49,203)</u>
<b>Total comprehensive income / (loss) for the period</b>	<u>20,026</u>	<u>(29,184)</u>

The notes from 1 to 19 form an integral part of this condensed interim financial information.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Condensed interim statement of changes in equity**  
**For the period ended 31 March 2024**

	Share capital AED'000	Legal reserve AED'000	General reserve AED'000	Reinsurance reserve AED'000	Fair value reserve on financial assets at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2023, as previously reported	115,500	57,750	180,000	3,241	161,038	160,215	677,744
Impact of initial application of IFRS 17	-	-	-	-	-	8,076	8,076
Restated balance at 1 January 2023	115,500	57,750	180,000	3,241	161,038	168,291	685,820
Profit for the period	-	-	-	-	-	20,019	20,019
Other comprehensive loss for the period	-	-	-	-	(49,203)	-	(49,203)
Total comprehensive (loss)/income for the period	-	-	-	-	(49,203)	20,019	(29,184)
Balance at 31 March 2023 (Unaudited)	115,500	57,750	180,000	3,241	111,835	188,310	656,636
<b>Balance at 1 January 2024 (Audited)</b>	<b>115,500</b>	<b>57,750</b>	<b>180,000</b>	<b>4,413</b>	<b>168,145</b>	<b>196,847</b>	<b>722,655</b>
Profit for the period	-	-	-	-	-	25,593	25,593
Other comprehensive loss for the period	-	-	-	-	(5,567)	-	(5,567)
Total comprehensive (loss)/income for the period	-	-	-	-	(5,567)	25,593	20,026
<b>Balance at 31 March 2024 (Unaudited)</b>	<b>115,500</b>	<b>57,750</b>	<b>180,000</b>	<b>4,413</b>	<b>162,578</b>	<b>222,440</b>	<b>742,681</b>

The notes from 1 to 19 form an integral part of this condensed interim financial information.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Condensed interim statement of cash flows**  
**For the period ended 31 March 2024**

	(Unaudited) Three-month period ended 31 March 2024	(Unaudited) Three-month period ended 31 March 2023
Note	AED'000	AED'000
<b>Cash flows from operating activities</b>		
Net profit for the period	25,593	20,019
<i>Adjustments for:</i>		
Depreciation on property and equipment	287	89
Provision for employees' end-of-service benefits	197	188
Income from investments - net	(25,413)	(16,717)
Income from investment properties – net	(2,276)	(1,395)
Operating cash flows before changes in working capital	<u>(1,612)</u>	2,184
<i>Changes in working capital</i>		
Other receivables	(22,732)	(11,374)
Reinsurance contract assets	(126)	8,235
Insurance contract liabilities	27,301	(24,569)
Other payables	2,387	4,618
Cash generated from operation	<u>5,218</u>	(20,906)
Employees' end-of-services benefits paid	(109)	-
Net cash generated from/(used in) operating activities	<u>5,109</u>	(20,906)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(81)	(478)
Purchase of financial assets at FVTOCI	(105)	-
Net movement in fixed deposits	(19,690)	25,422
Income from investments – net	25,420	17,255
Income from investment properties - net	2,276	1,395
Net cash generated from investing activities	<u>7,820</u>	43,594
<b>Net change in cash and cash equivalents</b>		
Cash and cash equivalents, beginning of period	61,037	67,259
Cash and cash equivalents, end of period	<u>9 73,966</u>	<u>89,947</u>

The notes from 1 to 19 form an integral part of this condensed interim financial information.



# Dubai National Insurance & Reinsurance Co. (P.S.C.) Condensed interim financial information (Unaudited)

## Notes to the condensed interim financial information For the period ended 31 March 2024

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### **1 Legal status and activities**

Dubai National Insurance & Reinsurance Co. (P.S.C.) (the “Company”) is a public shareholding Company incorporated in Dubai on 6 January 1992.

The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the United Arab Emirates (“UAE”) 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.

The registered address of the Company is Dubai National Insurance Building, 3<sup>rd</sup> Floor, Sheikh Zayed Road, P.O. Box 1806, Dubai, UAE.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

### **2 Basis of preparation**

This condensed interim financial information is for the Three-month period ended 31 March 2024 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and complies with the applicable requirements of the laws in the U.A.E.

This condensed interim financial information has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income, financial assets carried at fair value through profit and loss and investment property carried at fair value which are carried at fair value.

The Company’s condensed interim statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and bank balances, financial assets at fair value through profit and loss, other receivables and other payables. The following balances would generally be classified as non-current: property and equipment and statutory deposit. 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, bank balances, fixed deposits and provision for employees’ end of service indemnity.

The condensed interim financial information does not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2023. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

### **3 Material accounting policy information**

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2023, except for application of new standards effective as of 1 January 2024 and several amendments and interpretations apply for the first time in 2024.

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



**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

**IFRS 17 Insurance Contracts**

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

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

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

***Changes to classification and measurement***

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

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

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

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

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

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

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

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

*Changes to classification and measurement (continued)*

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

*Changes to presentation and disclosure*

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

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

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

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

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

Instead, IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

***Transition***

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

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

Transition (continued)

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

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

**Insurance and reinsurance contracts classification**

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

**Insurance and reinsurance contracts accounting treatment**

***Separating components from insurance and reinsurance contracts***

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

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

***Level of aggregation***

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

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

*Level of aggregation (continued)*

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

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

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

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

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

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

***Recognition***

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

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held:

- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group The Company adds new contracts to the group when they are issued or initiated.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

*Contract boundary*

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

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

Both of the following criteria are satisfied:

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

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

**Measurement - Premium Allocation Approach**

*Insurance contracts – initial measurement*

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

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

Or

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

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

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

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



**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

*Insurance contracts – initial measurement (continued)*

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

*Insurance contracts – subsequent measurement*

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

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

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

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

*Reinsurance contracts*

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

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

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



**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

***Presentation***

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

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

The Company does not disaggregate the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

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

***Insurance revenue***

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

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

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

***Loss components***

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

***Insurance finance income and expense***

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

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

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in profit or loss. The Company's financial assets are also measured at FVTOCI.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

*Net income or expense from reinsurance contracts held*

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

**Taxation**

**Current**

Provision of current tax is based on the taxable income for the period 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 period.

Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

**Deferred taxation**

Deferred tax is accounted for in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the condensed interim income statement, except in the case of items credited or charged to condensed interim other comprehensive income or equity in which case it is included in condensed interim other comprehensive income or equity.

**Judgements and estimates**

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2023. Except for the below judgements.

*Insurance and reinsurance contracts*

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

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**3 Material accounting policy information (continued)**

**Judgements and estimates (continued)**

*Liability for remaining coverage*

For insurance acquisition cash flows, the Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for all acquisition cashflows except for commission expense which is capitalised.

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

*Liability for incurred claims*

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

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

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 EIOPA rates with volatility adjustment along with the country risk premium (inclusive of the liquidity premium).

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

	1 year		3 years		5 years		10 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Insurance issued								
AED	6.11%	5.12%	5.31%	3.98%	5.03%	3.66%	4.88%	3.47%
Reinsurance contracts held								
AED	6.11%	5.12%	5.31%	3.98%	5.03%	3.66%	4.88%	3.47%

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

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**3 Material accounting policy information (continued)**

**Judgements and estimates (continued)**

*Risk adjustment for non-financial risk*

The Company use Mack method 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 70th 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 70th 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.

*Valuation of investment properties*

Fair value of investment properties is estimated by two independent professional valuers accredited with the Royal Institution of Chartered Surveyors. The fair value is in accordance with relevant appraisal and standards issued by the Royal Institute of Chartered Surveyors (RICS) and Emirates Book Valuation standards (EBVS).

*Rights and obligations of the investments*

Quoted equity investments are in the name of the Chairman, however, are controlled by the Company. These investments are held for the beneficial interest of the Company. Management addresses the significant judgement over the rights and obligations by obtaining direct annual re-confirmation from the Chairman that the assets held in Chairman's name are for the Company's beneficial interest and receiving all risk and economic rewards associated with these investments.

*Measurement of ECL*

Under the simplified approach of IFRS 9, the Company has measured the expected credit losses on financial assets at an amount equal to the lifetime expected credit losses from default events that are possible within the 12 months after the reporting date.

*Assessment of Credit Risk:*

In determining the expected credit losses, the Company has assessed the loss rate of financial assets based on reasonable and supportable information that is relevant and available without undue cost or effort. This has included historical credit loss experience, current observable data, and forward-looking information.

*Recognition of Expected Credit Losses*

Expected credit losses have been recognized on financial assets from initial recognition, with an adjustment for changes in credit risk since the asset was initially recognized. The Company has recognized the expected credit losses as an allowance account against the gross carrying amount of the financial asset.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information**  
**For the period ended 31 March 2024**

**4 Investment properties**

	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
<b>Fair value</b>		
Opening net book value	158,480	152,125
Additions	-	914
Increase in fair value during the period/year	-	5,441
Closing net book value	<u>158,480</u>	<u>158,480</u>

On 31 December 2023, two independent and experienced professional valuers estimated the fair value of the investment properties at AED 160.5 million and AED 156.5 million. The Company has opted the average of the two investment properties valuations. The valuers hold relevant professional qualifications and experience. Management estimates that there has been no change in the fair value of investment properties during the Three-month period ended 31 March 2024.

**5 Financial assets**

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>31 March 2024 (Unaudited)</b>					
<i>Financial assets at FVTPL</i>					
Investment in quoted equity securities	(a)	1,687	-	-	1,687
<i>Financial assets at FVTOCI</i>					
Investment in quoted equity securities*	(a)	395,697	-	-	395,697
Investment in debt securities	(a)	76,185	-	-	76,185
		<u>473,569</u>	-	-	<u>473,569</u>
<b>31 December 2023 (Audited)</b>					
<i>Financial assets at FVTPL</i>					
Investment in quoted equity securities	(a)	1,773	-	-	1,773
<i>Financial assets at FVTOCI</i>					
Investment in quoted equity securities*	(a)	402,556	-	-	402,556
Investment in debt securities	(a)	75,037	-	-	75,037
		<u>479,366</u>	-	-	<u>479,366</u>

\* This comprises of quoted investments amounting to AED 14.5 million as at 31 March 2024 (31 December 2023: quoted investment amounting to AED 13.9 million) which are in the name of the Chairman held for the beneficial interest of the Company.

(a) Fair values have been determined by reference to their quoted prices at the reporting date.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**6 Statutory deposit**

	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
Held with a local bank in Dubai, UAE	<u>10,000</u>	<u>10,000</u>

Statutory deposit held with a local bank in Dubai, UAE represents deposits held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 42 of 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. The deposit cannot be withdrawn without prior approval from the Ministry of Economy and Planning.

**7 Insurance and reinsurance contracts**

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

	31 March 2024 (Unaudited)			31 December 2023 (Audited)		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
<b>Insurance contracts issued</b>	-	(249,544)	(249,544)	-	(222,243)	(222,243)
<b>Reinsurance contracts held</b>	<u>91,432</u>	-	<u>91,432</u>	<u>91,306</u>	-	<u>91,306</u>



**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**7 Insurance and reinsurance contracts (continued)**

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

	Liabilities for remaining coverage		Liabilities for incurred claims		Total (Unaudited) AED'000
	Excluding loss component (Unaudited) AED'000	Loss component (Unaudited) AED'000	Estimates of the present value of future cash flows (Unaudited) AED'000	Risk adjustment (Unaudited) AED'000	
<b>31 March 2024</b>					
Insurance contract liabilities as at 1 January	(14,281)	(4,542)	(185,774)	(17,646)	(222,243)
Insurance revenue	110,136	-	-	-	110,136
Insurance service expenses	(17,643)	(4,697)	(70,592)	(2,387)	(95,319)
Incurred claims and other expenses	-	-	(71,474)	(2,657)	(74,131)
Amortisation of insurance acquisition cash flows	(17,643)	-	-	-	(17,643)
Losses on onerous contracts and reversals	-	(4,697)	-	-	(4,697)
Changes to liabilities for incurred claims	-	-	882	270	1,152
Insurance service result	92,493	(4,697)	(70,592)	(2,387)	14,817
Insurance finance expense	-	(61)	(1,554)	-	(1,615)
<b>Total changes in the statement of comprehensive income/(loss)</b>	<b>92,493</b>	<b>(4,758)</b>	<b>(72,146)</b>	<b>(2,387)</b>	<b>13,202</b>
<i>Cash flows</i>					
Premiums received	(103,077)	-	-	-	(103,077)
Claims and other expenses paid	-	-	45,662	-	45,662
Insurance acquisition cash flows	16,912	-	-	-	16,912
<b>Total cash flows</b>	<b>(86,165)</b>	<b>-</b>	<b>45,662</b>	<b>-</b>	<b>(40,503)</b>
<b>Net insurance contract liabilities as at 31 March</b>	<b>(7,953)</b>	<b>(9,300)</b>	<b>(212,258)</b>	<b>(20,033)</b>	<b>(249,544)</b>
<b>31 December 2023 (Audited)</b>					
Insurance contract liabilities as at 1 January	(6,473)	(5,644)	(205,570)	(27,754)	(245,441)
Insurance revenue	448,353	-	-	-	448,353
Insurance service expenses	(69,098)	2,027	(306,884)	10,108	(363,847)
Incurred claims and other expenses	-	-	(208,099)	17,054	(191,045)
Amortisation of insurance acquisition cash flows	(69,098)	-	-	-	(69,098)
Losses on onerous contracts and reversals	-	2,027	-	-	2,027
Changes to liabilities for incurred claims	-	-	(98,785)	(6,946)	(105,731)
Insurance service result	379,255	2,027	(306,884)	10,108	84,506
Insurance finance expense	-	(925)	441	-	(484)
<b>Total changes in the statement of comprehensive income/(loss)</b>	<b>379,255</b>	<b>1,102</b>	<b>(306,443)</b>	<b>10,108</b>	<b>84,022</b>
<i>Cash flows</i>					
Premiums received	(453,419)	-	-	-	(453,419)
Claims and other expenses paid	-	-	326,239	-	326,239
Insurance acquisition cash flows	66,356	-	-	-	66,356
<b>Total cash flows</b>	<b>(387,063)</b>	<b>-</b>	<b>326,239</b>	<b>-</b>	<b>(60,824)</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>(14,281)</b>	<b>(4,542)</b>	<b>(185,774)</b>	<b>(17,646)</b>	<b>(222,243)</b>

Dubai National Insurance & Reinsurance Co. (P.S.C.)  
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**7 Insurance and reinsurance contracts (continued)**

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

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component (Unaudited) AED'000	Loss component (Unaudited) AED'000	Estimates of the present value of future cash flows (Unaudited) AED'000	Risk adjustment (Unaudited) AED'000	Total (Unaudited) AED'000
31 March 2024					
Reinsurance contract assets as at 1 January	(388,645)	917	463,216	15,818	91,306
An allocation of reinsurance premiums	(49,483)	-	-	-	(49,483)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	28,165	633	28,798
Loss-recovery on onerous underlying contracts and adjustments	-	2,036	-	-	2,036
Net income or expense from reinsurance contracts held	(49,483)	2,036	28,165	633	(18,649)
Reinsurance finance income	-	13	4,071	-	4,084
Total changes in the statement of comprehensive income/(loss)	(49,483)	2,049	32,236	633	(14,565)
<i>Cash flows</i>					
Premiums paid	29,976	-	-	-	29,976
Amounts received	-	-	(15,285)	-	(15,285)
Total cash flows	29,976	-	(15,285)	-	14,691
Net reinsurance contract assets as at 31 March	(408,152)	2,966	480,167	16,451	91,432

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**7 Insurance and reinsurance contracts (continued)**

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

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
31 December 2023 ( <i>Audited</i> )	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contract assets as at 1 January	(229,167)	1,382	312,130	20,020	104,365
An allocation of reinsurance premiums	(226,310)	-	-	-	(226,310)
Amounts recoverable from reinsurers for incurred claims	-	(693)	162,467	(4,202)	157,572
Amounts recoverable for incurred claims and other expenses	-	(533)	101,162	(5,138)	95,491
Loss-recovery on onerous underlying contracts and adjustments	-	(160)	61,305	936	62,081
Net income or expense from reinsurance contracts held	(226,310)	(693)	162,467	(4,202)	(68,738)
Reinsurance finance income	-	228	(3,405)	-	(3,177)
Total changes in the statement of comprehensive income/ (loss)	(455,477)	917	471,192	15,818	32,450
<i>Cash flows</i>					
Premiums paid	66,832	-	-	-	66,832
Amounts received	-	-	(7,976)	-	(7,976)
Total cash flows	66,832	-	(7,976)	-	58,856
Net reinsurance contract assets as at 31 December	(388,645)	917	463,216	15,818	91,306

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**8 Related Party**

**Related party transactions**

The nature of significant related party transactions and amounts involved were as follows:

	(Unaudited) Three-month period ended 31 March 2024 AED'000	(Unaudited) Three-month period ended 31 March 2023 AED'000
Premiums written	9,351	16,294
Claims paid	2,632	3,251
Agency / non-agency repairs	7,760	7,704
Commission paid	1,019	935
	<u>577</u>	<u>514</u>
<b>Key management personnel compensation</b>		
Short term benefits	577	489
Post-employment benefits	20	25
	<u>597</u>	<u>514</u>

Quoted investments at FVTOCI amounting to AED 14.5 million as at 31 March 2024 (31 December 2023: quoted investment amounting to AED 13.9 million) is registered in the name of the Chairman in the beneficial interest of the Company (refer to note 5).

**9 Cash and bank balances**

Cash and bank balances comprise the following statement of financial position amounts:

	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
Cash in hand and at banks	233,233	200,614

Cash at banks includes deposits with local banks carrying interest ranging from 5.20% - 5.70% (31 December 2023: 3.10% - 5.25%) per annum.

As per management's assessment, expected credit loss on cash and cash equivalents is immaterial.

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

	(Unaudited) 31 March 2024 AED'000	(Unaudited) 31 March 2023 AED'000
Cash and bank balances	233,233	199,947
Bank deposits with maturity over 3 months	(159,267)	(110,000)
Cash and cash equivalents	<u>73,966</u>	<u>89,947</u>

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information**  
**For the period ended 31 March 2024**

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**10 Reserves**

*Legal reserve*

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. (32) of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to legal reserve has been made during the period as it has already reached 50% of the paid-up share capital (31 December 2023: Nil).

*General reserve*

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors. During the period, there were no transfers from or to the general reserve (31 December 2023: no transfers)

*Reinsurance reserve*

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. 23 of 2019, concerning instructions organising reinsurance operations, the reserve is not available for distribution and will not be disposed of without prior approval from the Central Bank of United Arab Emirates.

**11 Earnings per share**

	<b>(Unaudited)</b> <b>Three-month</b> <b>period ended</b> <b>31 March</b> <b>2024</b>	<b>(Unaudited)</b> <b>Three-month</b> <b>period ended</b> <b>31 March</b> <b>2023</b>
<b>Earnings (AED'000):</b>		
Profit for the period	<u>25,593</u>	<u>20,019</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>115,500,000</u>	<u>115,500,000</u>
<b>Earnings per share (AED):</b>		
Basic and diluted	<u>0.22</u>	<u>0.17</u>

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

**12 Dividends**

The Board proposed cash dividend of 10% of paid up share capital, amounting to AED 11.55 million (AED 0.10 per share) for the year ended 31 December 2023. This was approved at the Annual General Meeting held on 25 April 2024.

During the comparative year, the Board proposed cash dividend of 10% of paid up share capital, amounting to AED 11.55 million (AED 0.10 per share) for the year ended 31 December 2022. This was approved at the Annual General Meeting held on 18 April 2023 and distributed on 9 May 2023.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information  
For the period ended 31 March 2024

**13 Insurance service expense**

	(Unaudited) Three-month period ended 31 March 2024 AED'000	(Unaudited) Three-month period ended 31 March 2023 AED'000
Incurring claims and other expenses	74,131	72,943
Amortisation of insurance acquisition cash flows	17,643	16,687
Losses on onerous contracts and reversals of those losses	4,697	322
Changes to liabilities for incurred claims	(1,152)	261
	<u>95,319</u>	<u>90,213</u>

**14 Segment information**

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

	Underwriting AED'000	Investments AED'000	Total AED'000
<b>As at 31 March 2024 (Unaudited)</b>			
Total assets	<u>111,062</u>	<u>916,545</u>	<u>1,027,607</u>
Total equity	<u>580,104</u>	<u>162,577</u>	<u>742,681</u>
Total liabilities	<u>277,257</u>	<u>7,669</u>	<u>284,926</u>
<b>As at 31 December 2023 (Audited)</b>			
Total assets	<u>113,718</u>	<u>864,087</u>	<u>977,805</u>
Total equity	<u>554,510</u>	<u>168,145</u>	<u>722,655</u>
Total liabilities	<u>246,982</u>	<u>8,168</u>	<u>255,150</u>



**Dubai National Insurance & Reinsurance Co. (P.S.C.)  
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**14 Segment information (continued)**

The Company operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance, Group life and Health Insurance. Investments segment comprises Investment Property and Financial Assets. The Group life Insurance provided by the Company is for a period of 12 months and does not include any investment portion.

	For the Three-month period ended 31 March 2024 (Unaudited)		For the Three-month period ended 31 March 2023 (Unaudited)		Total
	Underwriting AED'000	Investments AED'000	Underwriting AED'000	Investments AED'000	
Insurance revenue	110,136	-	110,136	-	111,090
Insurance service expenses	(95,319)	-	(95,319)	-	(90,213)
<b>Insurance service result before reinsurance contracts held</b>	14,817	-	14,817	-	20,877
Allocation of reinsurance premiums	(49,483)	-	(49,483)	-	(63,935)
Amounts recoverable from reinsurance for incurred claims	30,834	-	30,834	-	44,319
<b>Net expenses from reinsurance contracts held</b>	(18,649)	-	(18,649)	-	(19,616)
<b>Insurance service result</b>	(3,832)	-	(3,832)	1,261	1,261
Investment income	-	27,689	27,689	-	18,112
Insurance finance expense for insurance contracts issued	(1,615)	-	(1,615)	(2,750)	(2,750)
Reinsurance finance income for reinsurance contracts held	4,084	-	4,084	3,981	3,981
<b>Net insurance financial result</b>	2,469	-	2,469	1,231	1,231
Other operating expenses	(733)	-	(733)	(585)	(585)
<b>Profit for the period</b>	(2,096)	27,689	25,593	1,907	20,019

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
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**15 Total investment income and net insurance financial result**

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

	(Unaudited) Three-month period ended 31 March 2024 AED'000	(Unaudited) Three-month period ended 31 March 2023 AED'000
<b>Investment income</b>		
<b>Amounts recognised in the profit or loss</b>		
Net interest income and fair value gain on investments	3,182	2,312
Dividend income from financial investments	22,231	14,405
Net income from investment properties	2,276	1,395
<b>Total investment income</b>	<b>27,689</b>	<b>18,112</b>
<b>Insurance finance expense from insurance contracts issued</b>		
Interest accreted to insurance contracts using locked-in rate	1,207	(2,750)
Due to changes in interest rates and other financial assumptions	(2,822)	-
<b>Total insurance finance expense from insurance contracts issued</b>	<b>(1,615)</b>	<b>(2,750)</b>
Represented by:		
Amounts recognised in profit or loss	(1,615)	(2,750)
Amounts recognised in OCI	-	-
<b>Reinsurance finance income from reinsurance contracts held</b>		
Interest accreted to reinsurance contracts using current financial assumptions	287	3,981
Due to changes in interest rates and other financial assumptions	3,797	-
<b>Reinsurance finance income from reinsurance contracts held</b>	<b>4,084</b>	<b>3,981</b>
Represented by:		
Amounts recognised in profit or loss	4,084	3,981
Amounts recognised in OCI	-	-
<b>Total net investment income, insurance finance expense and reinsurance finance income</b>	<b>30,158</b>	<b>19,343</b>
Represented by:		
Amounts recognised in profit or loss	30,158	19,343
Amounts recognised in OCI	-	-

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
**Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information**  
**For the period ended 31 March 2024**

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**16 Commitments and contingencies**

At the statement of financial position date, the Company has commitments towards the capital work in progress of AED 51.4 million (31 December 2023: AED 57.8 million).

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

**17 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.

**Fair value of financial instruments carried at amortised cost**

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed interim financial information approximate their fair values except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 5 of this condensed interim financial information.

**Fair value of financial instruments carried at fair value**

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

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2023.

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

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

- Level 1 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the 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 maximizes 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.

**Dubai National Insurance & Reinsurance Co. (P.S.C.)**  
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**17 Fair value measurements (continued)**

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		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2023 (Unaudited) AED'000	31 December 2023 (Audited) AED'000				
Debt securities	76,185	75,037	Level 1	Quoted bid prices in an active market	None	N/A
Quoted Equity securities	397,384	404,329	Level 1	Quoted bid prices in an active market	None	N/A

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

**18 Capital risk management**

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 period. The Company is subject to solvency regulations which it has complied with during the period. 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.

	(Unaudited) 31 March 2024 AED'000	(Audited) 31 December 2023 AED'000
Minimum capital requirement (MCR)	100,000	100,000
Solvency capital requirement (SCR)	165,933	163,935
Minimum guarantee fund (MGF)	58,004	56,230
Basic own funds	380,069	356,678
MCR solvency margin – surplus	280,069	256,678
SCR solvency margin – surplus	214,135	192,743
MGF solvency margin – surplus	322,064	300,448

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100 million (31 March 2023: AED 100 million) against which the paid up capital of the Company is AED 115.5 million (31 March 2023: AED 115.5 million).

The Company and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no changes in the Company's management of capital during the period.

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**19 Subsequent event**

On 16 April 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country. The company is closely monitoring and assessing net impact of the event.