

Independent Auditor’s Report To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Ain Ahlia Insurance Company P.S.C. and its subsidiary (together the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

**Independent Auditor’s Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.**

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Planned Response
Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets	
<p>As at 31 December 2023, the Group’s Insurance Contract Liabilities and Reinsurance Contract Assets are valued at AED 1,065.34 million and AED 769.86 million, respectively. (Refer note 10).</p> <p>Valuation of these Insurance contract liabilities and Reinsurance contract assets involves significant judgements and estimates particularly with respect to eligibility of measurement model and estimation of the liabilities for incurred claims and related reinsurance assets.</p> <p>These liabilities primarily include ultimate cost of claims that have been incurred but not yet paid, whether reported or not, and allocation of other incurred insurance service expenses.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows.</p> <p>As a result of the above factors, we consider valuation of these liabilities as a key audit matter.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> - Assessment of the competence, capabilities and objectivity of the management appointed actuary. - Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of Insurance contract liabilities and Reinsurance contract assets. - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows. - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied. - We independently reperformed the calculation to assess the mathematical accuracy of the Insurance contract liabilities and Reinsurance Contract Assets on selected classes of business, particularly focusing on largest and most uncertain reserves. - Evaluated and tested the data used in the impairment model calculations receivables for amounts due; and - Evaluated and tested the calculation of the allowance for expected credit loss allowance and the key assumptions and judgments used.

**Independent Auditor’s Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.**

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

Key Audit Matters (continued)

Key Audit Matter	Planned Response
Impact of Adopting IFRS 17 “Insurance Contracts” and its related disclosures	
<p>The Group adopted IFRS 17 Insurance Contracts with effect from 1 of January 2023, which resulted in changes to the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.</p> <p>We determined the disclosure for impact of adopting IFRS 17 to be a key audit matter due to the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to Note 3.1 and Note 4).</p> <p>In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17 Insurance Contracts:</p> <ul style="list-style-type: none"> - The determination of the transition approach adopted for each group of insurance contracts. - The methodology adopted, and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17. - Disclosure of the impact of restatement, in accordance with IFRS 17. 	<p>Our audit procedures, among others, include:</p> <ul style="list-style-type: none"> - Assessing whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; - Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date. - Evaluating the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluating the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and - Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.

Other Information

Management and Board of Directors is responsible for the other information contained in the consolidated financial statements which comprises the information included in the *Directors’ Report*, but which does not include the consolidated financial statements and our auditors’ report thereon. Our opinion on the consolidated 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 consolidated 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.**

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 controls 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report**To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.****Report on the Audit of the Consolidated Financial Statements (continued)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

**Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.**

Report on Other Legal and Regulatory Requirements

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

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the *Directors' Report*, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
- v) investments in shares and stocks during the year ended 31 December 2023, are disclosed in notes 8 and 9 to these consolidated financial statements;
- vi) note 16 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the Federal 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 2023; and
- viii) the Group did not make any social contributions made during the financial year ended 31 December 2023;

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



GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 22 February 2024