Integrated Report
2021

عمـــان للتأميــن
Oman Insurance

Contents

Waves of Change

Heraclitus, the Greek philosopher once said, “Change is the only constant in life.” We have been witnessing this philosophy throughout our personal and professional lives. The United Arab Emirates is one of the best examples to reference this philosophy to. In the last 50 years, the nation has achieved numerous milestones to protect, empower and inspire its citizens and residents. We are proud to be part of this journey and to protect people's lives and possessions for almost 50 years as a leading insurer in this region. This report is dedicated to all such transformations achieved by the UAE and Oman Insurance, which have set waves of change.

Vision, Mission and Values

Vision

Our vision is to provide outstanding insurance solutions that help create and protect wealth and well-being.

Mission

Our mission is to develop superior insurance propositions that: Customers recommend to family and friends, Owners buy for their businesses, Brokers select for their clients, Employees are proud of and Shareholders seek for long-term returns.

Values

We are guided in everything we do by five core values:

Constant Improvement

We are fast, agile and constantly thinking of new ways to enhance customer experience.

Integrity

We keep our promises, take personal accountability and earn the trust of our customers.

Customer First

We put our customers at the heart of all we do.

Collaboration

We work together as one team to make a difference.

Excellence

We believe quality is never an accident, it's a deliberate practice.

Company at a Glance

47 years
of expertise in the region

3.54 billion
AED revenue in 2021

830,000 clients
trust us

7.57 billion
AED total assets

Listed
on Dubai Stock Market

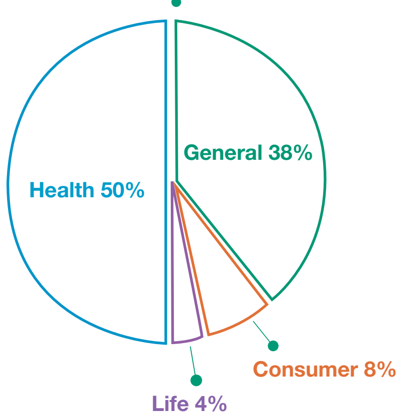
650 professionals
ready to serve you

206.1 million
AED net profits

Some things you plan.
Some things you don't.
We're with you for both.

9 branches
ready to welcome you

3 countries
UAE, Oman and Turkey



Business in % of 2021 GPW

A
by AM Best

A-
by S&P

A2
by Moody's

Partners

Bupa, Generali, coface, QBE, Berkshire Hathaway Specialty Insurance, The Hartford

Oman Insurance Company provides a wide range of comprehensive insurance solutions for individuals and commercial clients in Life, Healthcare and General categories. If the need arises, our clients count on us to have their business up and running again as quick as possible.

عمان للتأمين
Oman Insurance

16th Nov 2020

We launched a new vibrant logo to synchronize our forward looking vision with our identity, while retraining and enhancing some key elements like the green colour from our old logo.

Chairman's Statement

On behalf of the members of the Board, it is my pleasure to present the 2021 Integrated Report for Oman Insurance Company.

2021 has been another good year for the company. Net profit reached AED 206.1 million, its highest level over the last 7 years, showing a growth of 5% compared to the previous year. This result has been supported by solid investment income, lower expenses and a well-controlled underwriting result despite the volatile environment. Similarly, the solvency has reached a new high at 275% reflecting the very strong foundations of the company. Additionally, in terms of customer satisfaction - a key focus of Oman Insurance, the company reached its highest-ever level of customer satisfaction with 89% of customers stating they were satisfied or very satisfied with the company's services. Finally, in 2021, Oman Insurance maintained its strong financial ratings of 'A' by AM Best, 'A-' by Standard & Poor's with positive outlook and 'A2' by Moody's. These achievements reflect the company's robust financial strength, strong operating performance, and razor-sharp focus on customer service.

2021 was also a noteworthy year for Oman Insurance in terms of its digital transformation. Strategic investments in hosting of applications on Cloud, Zero-code platforms to empower business teams to build customer offerings quickly and independently, remote technologies to allow anywhere secure connectivity to OIC systems or API's to allow seamless data flow between different applications and organizations – all this enabled the company to launch innovative and award-winning digital solutions and ensured continuous service availability. Oman Insurance also augmented its existing digital channels and launched seamless, touchless, and paperless solutions across business lines that helped reduce turnaround time and improve overall customer satisfaction. The 50% turnaround time reduction achieved in motor claims processing with end-to-end integration, the exceptional 99.9% of IT Service availability, and the enablement of medical reimbursement claim submission by partners leveraging our API's, are just some of the key highlights in this regard.

On top of its digital strategy, Oman Insurance has successfully worked on new key business initiatives: selection of its new health insurance medical management system based on the state-of-the-art Munich Re medical solution; the launch of a unique Middle East medical solution; the approval to launch the first Lloyd's Syndicate in the Gulf Cooperation Council; the launch of Straight Through Processing for its life insurance policies with partnering banks and brokers.

Oman Insurance also received 19 awards in 2021, notably: Best Health Insurance Provider UAE, Life Insurance Company of the Year, Digital Initiative of the Year, Insurance Customer Satisfaction & Happiness– UAE, among others. These awards are a testament to the efforts and commitment to constantly providing tailored insurance solutions while minimizing risk, and they reinforce the company's position as a reference in the region for customer excellence.

In the past 3 years, the company has strategically focused on strengthening its foundations, improving its solvency and digitalizing its processes and the 2021 results reflect very well these investments. Going forward, the teams will now build on these assets to improve further customer satisfaction, technical expertise and its operating profitability. In parallel, the company will continue to enhance its claims management framework and increase efficiency through lean management initiatives.

I would like to place on record my appreciation for all our employees, shareholders and other stakeholders for their dedication and support. I would also like to thank our Board for the vision and leadership with which they have guided and steered the company through the year 2021.

Abdul Aziz Abdulla Al Ghurair
Chairman, Oman Insurance Company

Board of Directors

Abdul Aziz Abdulla Al Ghurair
Chairman

Ali Rasheed Lootah
Vice Chairman

Ali Lakhraim Al Zaabi
Board Member

Nabeel Waheed Rashed Waheed
Board Member

Rashed Saif Al Jarwan
Board Member

Badr Abdulla Al Gurair
Board Member

Dr. Muna Tahlak
Board Member

Report to the Board of Directors

Dear Shareholders,

We have the pleasure in presenting you the 45th Annual Report of Oman Insurance Company for the year-ended 31 December 2021.

2021 witnessed global economic growth momentum and a similar upward economic activity trend was observed in the United Arab Emirates (UAE). The Expo 2020 Dubai has also cemented the UAE's place as a key global player in a number of fields, showcasing its strengths to the world and further attracting tourists and business investments alike. Coupled with a rapid vaccination roll-out drive carried out under the leadership of the UAE Government, this has led to sharp rebound in the economic activity. We are indebted and extremely thankful to the UAE Leadership for their swift and decisive actions to protect the safety and well-being of UAE citizens, residents, and visitors. As a result, the UAE ranks among the top 3 countries worldwide as per the Bloomberg Covid Resilience Ranking.

However, there has been uncertainty surrounding COVID-19 variants emerging throughout 2021 which has partially offset this optimism. The insurance industry overall, dropped premium rates for motor and medical business lines in anticipation of lower claim frequency and utilization respectively. Claim frequency and medical service utilization is at pre-covid levels, whereas the premiums are not adequately adjusted to this swing. It is very important for the UAE insurance market to readjust especially motor pricing considering that the road traffic is back to pre-covid levels. Oman Insurance management pre-empted this trend and are slowly readjusting premiums upwards whilst ensuring par excellence customer service and sustainable financial results.

The management continued to make excellent progress with Group's 2021-2023 strategic pillars (i) be obsessed by customer satisfaction; (ii) improve our underwriting and reinsurance technical expertise and focus on risks having the right pricing; (iii) be leaner, more efficient and less costly by revisiting all the processes of our value chain; (iv) relentless and non-compromised focus on cash collection and free cash flow generation; (v) in-depth review and improvement of our technological platforms and implementation of our digital transformation strategy.

The adopted strategies have delivered excellent sustainable profitable results for the Year 2021 even during the challenging environment with downward pressure on prices, as we embrace the digital transformation that will further extend our competitive advantage to significantly enhance the customer experience for our valued clients and partners to ensure sustainable profitability for years to come.

I have the pleasure to inform you that Oman Insurance has received "in principle"' approval from Lloyd's to launch Syndicate 2880 under the Syndicate-in-a-Box (SIAB) initiative. This will be the first Lloyd's Syndicate in the GCC and reflects the high standards of OIC. Lloyd's is one of the most prestigious brands in the insurance industry and there are only less than 100 syndicates worldwide.

I am pleased to report that the Group has posted a Profit for the year of AED 206.1 million in 2021 as against AED 196.5 million in 2020. It is worth mentioning that 2021 Profit for the year is the highest net profit reported over the past 7 years. Our strong and sustainable results over the years demonstrate how we are advancing on our strategic pillars and delivering best in class customer experience for our customers and valued partners.

In terms of its operations, Oman insurance has undertaken lean management initiatives to ensure continuous efficiency and deliver more enhanced value to our valued customers and partners. This initiative has already started to reflect in our General and administrative expenses which stood at AED 282.6 million in 2021.

On top of this business performance, the Group has consistently focused on strengthening its balance sheet and solvency. As a result, our solvency capital requirement before proposed dividend has now reached its highest level approximately at 275% (minimum regulatory requirement:100%) which is an increase of around 15% compared to the last year, reaffirming our extremely strong ability to meet our policyholders' obligations. Our capital flexibility position us well for continued growth in 2022 and over the long-term. Our last 3 years strategic focus on further strengthening the foundations have been achieved. Oman Insurance shall use these foundations for its next steps towards digital transformation, further improving the technical expertise and sustainable operating profitability.

The strength of Oman Insurance's balance sheet was also reflected by the rating agencies. The Group has gained 'A- Positive Outlook' rating by Standard & Poor's Global Rating Agencies and 'A Excellent' by AM Best. S&P Global ratings further mentioned in its report that the company's capital adequacy is well above the 'AAA' level, and the liquidity position

is 'exceptional'. This is a result of our focused efforts in de-risking the investment portfolio with a deleveraged balance sheet. Moody's, the largest rating agency worldwide alongside S&P, assigned an A2 Insurance Financial Strength to Oman Insurance. Moody's noted that this A2 rating reflects our strong market position in the Middle East and North African (MENA) region as well as the fact that Oman Insurance has strengthened its operating profit over the past three years due to actions taken to improve underwriting quality, lower expenses and improve recurring investment income.

Life and Medical Insurance Segment: Gross premium written in the Life and Medical insurance segment increased by 5.9% at AED 1.90 billion against AED 1.80 billion in 2020. This has been coupled with strong claims management, which curtailed the net incurred claims to AED 745.5 million in 2021 against AED 776.1 million in 2020. Net underwriting income stood at AED 177.5 million against AED 207.3 million in 2020.

General Insurance Segment: Gross premium written in the General Insurance segment decreased by 8.5% at AED 1.63 billion against AED 1.79 billion in 2020. Net underwriting income stood at AED 221.5 million against AED 233.6 million in 2020.

Receivables and Investments: Our enhanced receivables and credit management has delivered the strongest performance by generating free cash flow in 2021 which was partially utilized by further investing into financial investments. This has led to a 3.6% increase in the Group's invested assets to AED 3.93 billion against AED 3.80 billion in 2020. Net receivables have further reduced by 4.9% to AED 545.9 million in 2021. Our net receivables ratio at the lowest ever at 15.4% and one of lowest amongst listed insurance companies in the UAE market.

Net Investment Income stands at AED 138.3 million in 2021. Our resilient and balanced investment portfolio is consistently delivering sustainable investment income even during the pandemic due to prudent, timely and tactical allocation strategies which proved to be the right decision.

Total assets of the Group at the end of year 2021 stood at AED 7.57 billion as against AED 7.61 billion at the end of year 2020.

Total shareholders' equity of the Group at the end of year 2021 stood at AED 2.23 billion as against AED 2.07 billion at the end of year 2020.

Board of Directors Recommendations

The Board of Directors recommends shareholders do the following:

1. Approve the Board of Directors' Report.
2. Approve the Balance Sheet and Profit and Loss Account for the year ended 31 December 2021 and approve the auditors' report thereon for the mentioned period.
3. Discharge the Auditors from their liabilities arising out of audit work and re-appoint PricewaterhouseCoopers as auditors for the financial year 2022 and approve their remuneration.
4. Discharge the Board of Directors from their liabilities for their management of the Company during 2021.
5. Approve the Board's recommendation regarding the remuneration of the Board members.
6. Approve the Board's recommendation with regards to the distribution of dividends for the financial year 2021.

We would like to put on record our sincere appreciation and gratitude towards all stakeholders of OIC. We continue to draw inspiration and guidance from our valued customers and partners whose trust and confidence helps us to continue the journey untiringly. We would like to thank our management and staff of the company for their sincere and dedicated contribution to the successful growth of the Company.

May God; the Almighty; guide our steps.

On behalf of the Board,

Abdul Aziz Abdulla Al Ghurair
Chairman
9 February 2022

Independent Auditor's Report

The Shareholders, Oman Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oman Insurance Company P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have Audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our Audit Approach

Overview

Key Audit Matters

- Valuation of insurance contract liabilities
- Impairment losses on insurance and reinsurance receivables
- Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

PricewaterhouseCoopers (Dubai Branch), License no. 102451,
Emaar Square, Building 5, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

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 current period. 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	How our Audit Addressed the Key Audit Matter
Valuation of insurance contract liabilities As disclosed in note 11 to these consolidated financial statements, the Group's gross insurance contract liabilities amounted to AED 4.57 billion as at 31 December 2021. Note 11 to these consolidated financial statements describes the elements that make up the insurance contract liabilities balance. We comment on the most judgemental elements below: Outstanding claims: Outstanding claims is a material balance within the consolidated financial statements and is also highly judgmental and can be complex to calculate in certain instances. The outstanding claims are a best estimate of all claims incurred but not settled at the reporting date. Incurred but not reported claims reserves: This reserve represents the liability for claims incurred but not reported at the end of the reporting year which is determined through an internal and external independent actuarial valuation, considering the Group's historical loss experience. Significant assumptions are applied in the valuation of claims that have been incurred at the reporting date but have not yet been reported to the Group. In addition, lines of business where there is a greater length of time between the initial claim event and the settlement tend to display greater variability between initial estimates and final settlement amounts. Life assurance fund: This reserve represents the liability for the life insurance policies which is determined through an internal and external independent actuarial valuation, considering future policy benefits at the end of each reporting period. It involves complex and subjective judgements and uncertainty about future events for which changes in the assumptions can result in a significant impact to the estimate. The valuation of other elements of the Group's insurance contract liabilities was also carried out by the Group's internal actuarial team and reviewed by independent external actuaries. We consider the valuation of insurance contract liabilities a key audit matter because of the complexity involved in the estimation process and the significant judgements that management make in determining the reasonableness and adequacy of the insurance contract liabilities.	As part of our audit procedures, we: • understood, evaluated and tested key controls relating to the review process of quarterly and annual reserves by management, the Group's internal actuarial team and external appointed actuary; • understood, evaluated and tested key controls relating to the reserve setting process of the Group. For outstanding claims, we: • checked on a sample basis the outstanding claims reserves against supporting documentation, such as loss adjusters' reports; • compared on a sample basis the outstanding claims reserves with the subsequent payments, if settled or subsequent reserve amounts, if unsettled. For incurred but not reported claims reserve and life assurance fund, we: • re-performed reconciliations between the data used in the actuarial reserving calculations and the underlying accounting records of the Group; • evaluated the competence, objectivity and independence of the Group's appointed external actuaries as well as our internal actuarial experts; • using our internal actuarial experts, we applied our industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. In particular we: » checked whether the data used and checks applied to it is reasonable and sufficient to determine the Group's actuarial reserves; » assessed the reasonableness of assumptions and methods used in underlying calculations of reserves; » assessed the effect on the current year's reserves estimate based on the review performed by the Group on the incurred but not reported claims reserve at prior year end in the light of subsequent development /settlement of these claims; » understood and assessed the reasonableness of life assurance fund and performed recalculation on a sample basis for the valuation of the life assurance fund; » recalculated incurred but not reported claims reserve on a sample basis for major lines of business; and • checked the appropriateness of the disclosures made in relation to the valuation of insurance contract liabilities included in these consolidated financial statements.

Key Audit Matter (continued)	How our Audit Addressed the Key Audit Matter (continued)
Impairment losses on insurance and reinsurance receivables As disclosed in note 12 to these consolidated financial statements, the Group's insurance and reinsurance receivables amounted to AED 968 million and the related provision for impairment amounted to AED 423 million as at 31 December 2021. The insurance and reinsurance receivables are measured under IFRS 4 by applying the principles of IFRS 9. The Group makes complex and subjective judgements over both the timing of recognition of impairment of insurance and reinsurance receivables and the estimation of the amount of such impairment using the expected credit loss model, which includes determining the probability of default, loss given default, exposure at default, discounting and use of practical expedient. We consider the calculation of impairment losses on insurance and reinsurance receivables as a key audit matter because of the significance of the insurance and reinsurance receivables balance (representing 7% of the total assets as at 31 December 2021), the related estimation uncertainty to the consolidated financial statements and the significance of the judgements used in applying the requirements of IFRS 9.	As part of our audit procedures, we: • understood, evaluated and tested key controls relating to management's review and approval of the impairment provisions; • tested the completeness and accuracy of the input data used in the impairment model calculations; • given that there were no changes in the methodology and assumptions relating to impairment provision as per IFRS 9 model during the year ended 31 December 2021 as compared to 31 December 2020, we have relied on our prior period internal expert's report which covered the following: » methodology applied by the Group in calculating the impairment provision to assess its consistency with the requirements of IFRS 9; » the "Expected Credit Loss ("ECL")" impairment model prepared by management which included testing the appropriateness and reasonableness of key assumptions and judgments used. evaluated the competence, objectivity and independence of our internal experts; • for balances determined to be individually impaired, we tested a sample to assess the reasonableness of management's estimated provisions; and • checked the appropriateness of the disclosures made in relation to the impairment of insurance and reinsurance receivables included in these consolidated financial statements.
Valuation of investment properties As disclosed in note 7 to these consolidated financial statements, the Group's investment properties comprise of land and residential apartments amounting to AED 463 million as at 31 December 2021 and are measured at fair value. The valuation of the Group's investment properties, as detailed in note 7 to these consolidated financial statements, is inherently subjective due to, among other factors, the nature of each property, its location and the expected future rental income or selling value for that particular property. The valuation of the Group's investment properties were carried out by independent third party valuers ("valuers"). We consider the valuation of investment properties a key audit matter, given the significant assumptions and judgements involved in estimating the fair values.	As part of our audit procedures, we: • evaluated the competence, objectivity and independence of the management appointed valuers as well as our internal valuation experts; • evaluated the appropriateness of the valuers' work by considering the nature and scope of the instructions provided to the valuers by the Group; • evaluated the completeness and accuracy of source data used in the calculation of fair values, when used; • engaged our internal valuation experts to evaluate the methodologies and the appropriateness of the key assumptions used by the valuers; and • checked the appropriateness of the disclosures made in relation to the valuation of investment properties included in these consolidated financial statements.

Other Information
The directors are responsible for the other information. The other information comprises the Report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, as amended, the UAE Federal Law No. (6) of 2007, as amended, and the related Financial Regulations for Insurance Companies issued by the Central Bank of the United Arab Emirates ("CBUAE") (formerly, the "Insurance Authority" ("IA")), 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 within 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 to 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements
Further, as required by the UAE Federal Law No. (2) of 2015, as amended, we report that:

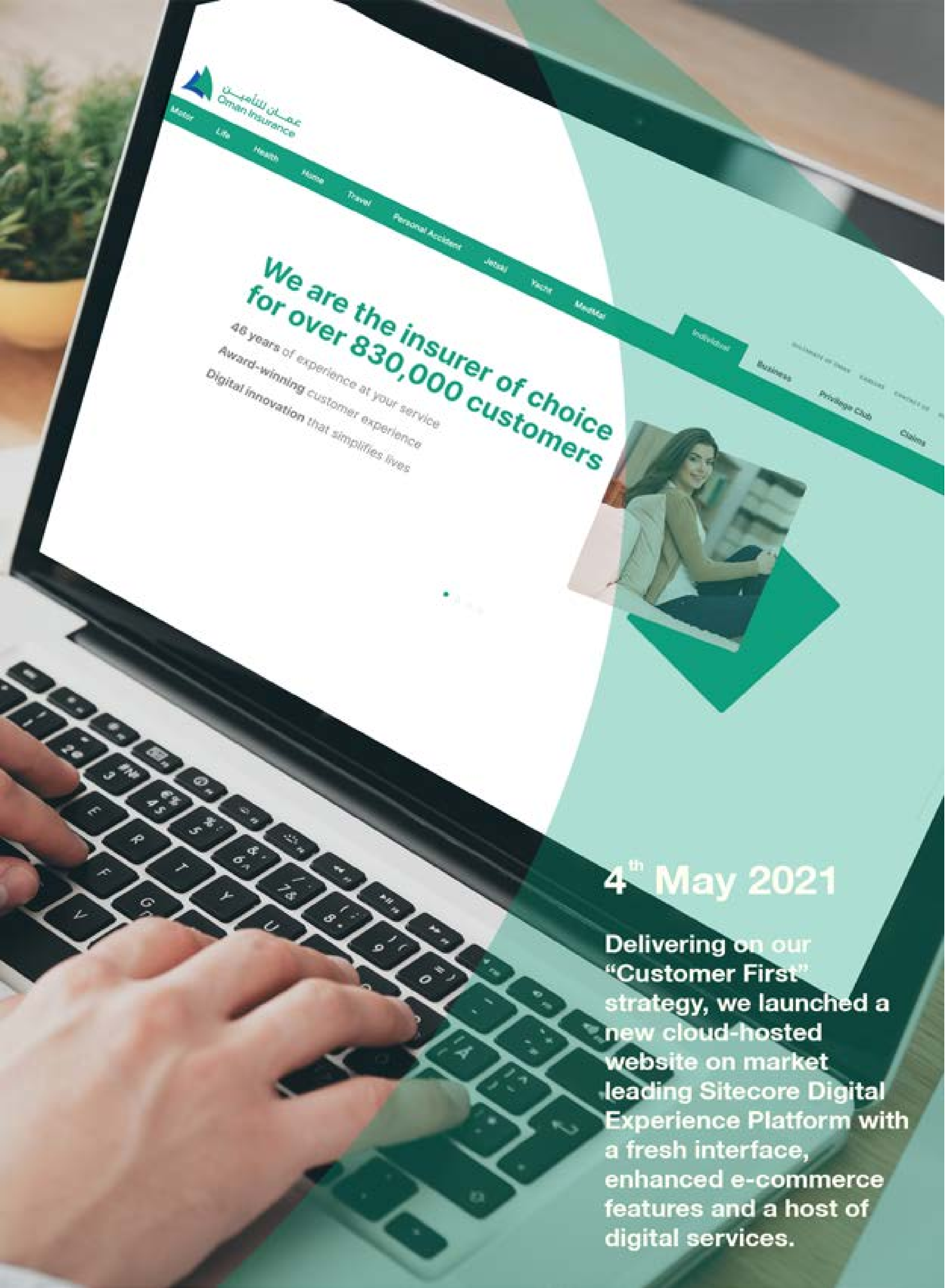
1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, as amended;
3. the Group has maintained proper books of account;
4. the financial information included in the Report of the Board of Directors is consistent with the books of account of the Group;
5. as disclosed in note 10 to the consolidated financial statements the Group has purchased and invested in shares during the year ended 31 December 2021;
6. note 23 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
7. 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 year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015, as amended or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021; and
8. note 35 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

Further as required by the UAE Federal Law No. (6) of 2007, as amended, and the related Financial Regulations for Insurance Companies issued by the Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority), we have obtained all the required information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers

9 February 2022

Rami Sarhan
Registered Auditor Number 1152
Place: Dubai, United Arab Emirates



4th May 2021

Delivering on our "Customer First" strategy, we launched a new cloud-hosted website on market leading Sitecore Digital Experience Platform with a fresh interface, enhanced e-commerce features and a host of digital services.

Consolidated Statement of Financial Position at 31 December 2021

	Note	2021 AED'000	2020 AED'000
Assets			
Property and equipment	5	**49,407**	48,604
Intangible assets	6	**79,123**	75,763
Investment properties	7	**462,829**	449,715
Goodwill		**4,008**	8,358
Deferred tax assets		**4,586**	1,651
Statutory deposits	9	**172,446**	171,982
Financial investments at amortised cost	10.4	**1,660,273**	1,679,238
Financial investments at fair value through other comprehensive income (FVTOCI)	10.3	**613,386**	443,194
Financial investments at fair value through profit or loss	10.2	**446,916**	394,008
Reinsurance contract assets	11	**2,699,966**	2,869,140
Deferred acquisition costs	8	**150,381**	154,765
Insurance and reinsurance receivables	12	**545,855**	574,063
Prepayments and other receivables	13	**99,944**	79,848
Deposits with banks	14	**359,413**	396,458
Cash and cash equivalents	14	**216,582**	261,123
Total assets		**7,565,115**	7,607,910
Equity and liabilities			
Equity			
Share capital	15	**461,872**	461,872
Other reserves	16	**1,493,743**	1,483,398
Cumulative changes in fair value of securities		**(166,503)**	(236,311)
Foreign currency translation reserve		**(75,963)**	(55,599)
Retained earnings		**515,709**	417,560
Net equity attributable to the owners of the Company		**2,228,858**	2,070,920
Non-controlling interests		**-**	850
Total equity		**2,228,858**	2,071,770
Liabilities			
Employees' end of service benefits	17	**39,737**	39,090
Insurance contract liabilities	11	**4,566,602**	4,724,999
Deferred commission income	19	**74,144**	81,295
Other payables	18.2	**157,059**	176,321
Reinsurance deposits retained		**113,068**	142,850
Insurance and reinsurance payables	18.1	**385,647**	371,585
Total liabilities		**5,336,257**	5,536,140
Total equity and liabilities		**7,565,115**	7,607,910

The notes on pages 27 to 88 form an integral part of these consolidated financial statements.

These consolidated financial statements were approved for issue by the Board of Directors on 9 February 2022 and signed on their behalf by:

Abdul Aziz Abdulla Al Ghurair
Chairman

Jean-Louis Laurent-Josi
Chief Executive Officer

Consolidated Income Statement for the Year Ended 31 December 2021

	Note	2021 AED'000	2020 AED'000
Gross insurance premium	24.1	**3,538,930**	3,585,104
Less: Insurance premium ceded to reinsurers	24.1	**(1,953,527)**	(1,952,002)
Net retained premium		**1,585,403**	1,633,102
Net change in unearned premium, life assurance fund and unit linked liabilities	24.1	**(31,791)**	(939)
Net earned insurance premium		**1,553,612**	1,632,163
Gross claims settled	24.2	**(2,641,143)**	(2,283,953)
Insurance claims recovered from reinsurers	24.2	**1,517,068**	1,327,160
Net claims settled		**(1,124,075)**	(956,793)
Net change in outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expenses reserve		**25,457**	(147,343)
Net claims incurred		**(1,098,618)**	(1,104,136)
Reinsurance commission income	19	**228,609**	195,032
Commission expenses	8	**(327,286)**	(324,485)
Other income relating to underwriting activities		**42,701**	42,368
Net commission and other income		**(55,976)**	(87,085)
Net underwriting income		**399,018**	440,942
Interest income from financial assets at amortised cost	20.1	**103,088**	95,551
Realised gains on sale of financial investments at amortised cost		**86**	3,387
Other investment income/(expense) - net	20.2	**35,149**	(8,642)
Net investment income		**138,323**	90,296
Total income		**537,341**	531,238
General and administrative expenses	21	**(282,631)**	(282,841)
Board of directors' remuneration	23.3	**(2,250)**	(2,250)
Charge for expected credit losses on insurance and reinsurance receivables	12.3	**(23,905)**	(13,441)
Loss on disposal of a subsidiary	32	**(3,569)**	-
Other expenses – net		**(18,049)**	(35,272)
Profit before tax		**206,937**	197,434
Income tax expenses		**(812)**	(886)
Profit for the year		**206,125**	196,548
Attributable to:			
Owners of the Company		**206,392**	194,258
Non-controlling interests		**(267)**	2,290
		206,125	196,548
Earnings per share (AED)	22	**0.45**	0.42

The notes on pages 27 to 88 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 AED'000	2020 AED'000
Profit for the year		**206,125**	196,548
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value gains / (losses) on revaluation of investments designated at FVTOCI	10.5	**64,284**	(8,890)
Items that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of foreign operations		**(20,364)**	(10,570)
Total other comprehensive income / (loss) for the year		**43,920**	(19,460)
Total comprehensive income for the year		**250,045**	177,088
Attributable to:		**250,312**	177,751
Owners of the Company		**(267)**	(663)
Non-controlling interests		**250,045**	177,088

The notes on pages 27 to 88 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Share capital AED'000	Other reserves AED'000	Cumulative changes in fair value of securities AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Net equity attributable to the owners of the Company AED'000	Non-controlling interests AED'000	Total equity AED'000
At 1 January 2020	461,872	1,356,684	(250,990)	(47,982)	373,585	1,893,169	22,518	1,915,687
Profit for the year	-	-	-	-	194,258	194,258	2,290	196,548
Other comprehensive loss for the year	-	-	(8,890)	(7,617)	-	(16,507)	(2,953)	(19,460)
Total comprehensive (loss) / income for the year	-	-	(8,890)	(7,617)	194,258	177,751	(663)	177,088
Transfer to contingency reserve (note 16.4)	-	1,370	-	-	(1,370)	-	-	-
Transfer to reinsurance regulatory reserve (note 16.5)	-	344	-	-	(344)	-	-	-
Transfer to general reserve (note 16.3)	-	125,000	-	-	(125,000)	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	23,569	-	(23,569)	-	-	-
Transaction with non-controlling interest (note 32)	-	-	-	-	-	-	(21,005)	(21,005)
At 31 December 2020	461,872	1,483,398	(236,311)	(55,599)	417,560	2,070,920	850	2,071,770
Profit for the year	-	-	-	-	**206,392**	**206,392**	**(267)**	**206,125**
Other comprehensive income / (loss) for the year	-	-	**64,284**	**(20,364)**	-	**43,920**	-	**43,920**
Total comprehensive income / (loss) for the year	-	-	**64,284**	**(20,364)**	**206,392**	**250,312**	**(267)**	**250,045**
Transfer to contingency reserve (note 16.4)	-	**1,872**	-	-	**(1,872)**	-	-	-
Transfer to reinsurance regulatory reserve (note 16.5)	-	**8,358**	-	-	**(8,358)**	-	-	-
Transfer to statutory reserve (note 16.1)	-	**115**	-	-	**(115)**	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	**5,524**	-	**(5,524)**	-	-	-
Dividend paid (note 34)	-	-	-	-	**(92,374)**	**(92,374)**	-	**(92,374)**
Elimination on disposal of a subsidiary (note 32)	-	-	-	-	-	-	**(583)**	**(583)**
At 31 December 2021	**461,872**	**1,493,743**	**(166,503)**	**(75,963)**	**515,709**	**2,228,858**	-	**2,228,858**

The notes on pages 27 to 88 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	Note	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the year before tax		**206,937**	197,434
Adjustments for:			
Depreciation and amortisation	21	**28,065**	22,708
Unrealised fair value (gains) / losses on investment properties	7	**(13,114)**	23,876
Unrealised (gains) / losses on financial investments at FVTPL (excluding unit linked investments)	20.2	**(3,052)**	114
Provision for employees' end of service benefits	17	**5,917**	6,246
Charge for expected credit losses on insurance and reinsurance receivables	12.3	**23,905**	13,441
Allowance for / (release of) impairment of financial investments at amortised cost	10.6	**455**	(72)
(Release of) / allowance for impairment of bank balances and deposits		**(241)**	99
Dividend income from financial investments at FVTPL and FVTOCI	20.2	**(21,368)**	(23,979)
Interest income from financial assets		**(109,170)**	(100,952)
Amortisation of financial assets measured at amortised cost		**6,082**	5,401
Realised (gains) / losses on sale of financial investments at FVTPL	20.2	**(157)**	2,276
Realised gains on sale of financial investments at amortised cost		**(86)**	(3,387)
Interest expense on lease liability		**1,220**	850
Other investment expenses	20.2	**9,986**	14,176
Rental income from investment properties	20.2	**(7,658)**	(7,848)
Loss on disposal of a subsidiary	32	**3,569**	-
Operating cash flows before changes in working capital and payment of employees' end of service benefits and income tax		**131,290**	150,383
Changes in working capital			
Decrease / (increase) in reinsurance contract assets		**169,174**	(288,821)
(Increase) / decrease in insurance and other receivables		**(15,324)**	17,184
Decrease / (increase) in deferred acquisition costs		**4,384**	(22,565)
(Decrease) / increase in insurance contract liabilities		**(193,017)**	417,432
Increase / (decrease) in insurance and other payables		**2,145**	(96,688)
(Decrease) / increase in reinsurance deposits retained		**(29,782)**	15,572
(Decrease) / increase in deferred commission income		**(7,151)**	13,731
Increase in unit linked investments		**(34,631)**	(59,384)
Increase in unit linked liabilities		**34,620**	59,377
Net cash generated from operations		**61,708**	206,221
Employees' end of service benefits paid	17	**(5,270)**	(5,308)
Income tax paid		**(2,875)**	(1,807)
Net cash generated from operating activities		**53,563**	199,106

The notes on pages 27 to 88 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021 **(continued)**

	Note	2021 AED'000	2020 AED'000
Cash flows from investing activities			
Purchases of financial investments at FVTOCI	10.5	**(260,675)**	(120,981)
Proceeds from sale of financial investments at FVTOCI	10.5	**154,767**	143,273
Purchases of financial investments at FVTPL (excluding unit linked investments)		**(20,136)**	(2,995)
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)		**5,068**	43,620
Proceeds from disposals/maturities of financial investments at amortised cost		**156,693**	356,219
Purchases of financial investments at amortised cost	10.5	**(144,042)**	(408,640)
Dividends received from financial investments at FVTPL and FVTOCI		**20,481**	24,215
Interest received from deposits and financial investments		**113,005**	103,250
Rental income received from investment properties		**7,657**	7,560
Other investment expenses paid		**(11,640)**	(16,308)
Purchase of property and equipment and intangible assets		**(35,221)**	(27,607)
Placements of term deposits with original maturities of more than three months		**(346,330)**	(501,891)
Maturities of term deposits with original maturities of more than three months		**379,403**	371,207
Increase in statutory deposits		**(464)**	(16,702)
Disposal of a subsidiary, net of cash ceded	32	**(1,381)**	-
Net cash generated from / (used in) investing activities		**17,185**	(45,780)
Cash flows from financing activities			
Dividend paid	34	**(92,374)**	-
Principal elements of lease payments		**(5,074)**	(5,095)
Interest elements of lease payments		**(492)**	(850)
Transaction with non-controlling interest	32	**-**	(21,005)
Net cash used in financing activities		**(97,940)**	(26,950)
Net (decrease) / increase in cash and cash equivalents		**(27,192)**	126,376
Cash and cash equivalents at the beginning of the year	14	**261,900**	144,968
Effects of exchange rate changes on the balances of cash held in foreign currency		**(17,590)**	(9,444)
Cash and cash equivalents at the end of the year	14	**217,118**	261,900

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents are before the allowance for impairment as per IFRS 9 as disclosed in note 14.

During the year ended 31 December 2021, the principal non-cash transactions relate to the disposal of the lease liability and right-of-use of asset amounting to AED 737 thousand each and to the additions of the lease liability and right of use asset amounting to AED 938 thousand each (31 December 2020: the principal non-cash transactions relate to the addition to the lease liability and right-of-use of asset amounting to AED 31,987 thousand each).

The notes on pages 27 to 88 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

1. General Information

Oman Insurance Company P.S.C., (the "Company") is a public shareholding company, which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai. The Company is registered under the UAE Federal Law No. (2) of 2015, as amended, relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations, as amended, and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, UAE Insurance Authority ("IA")). under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C. and its subsidiaries (note 32). The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

The Company was required, for the year ended 31 December 2021, to be in compliance with the provisions of the UAE Federal Law No. 2 of 2015, as amended. However, on 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Company has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

Federal Decree Law No. (24) of 2020 which amends certain provisions of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations, as amended was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the Central Bank of the UAE ("CBUAE").

The licensed activities of the Company are issuing short term and long term insurance contracts and trading in securities. The insurance contracts are issued in connection with property, engineering, energy, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products.

The Company also operates in Sultanate of Oman, State of Qatar, Kingdom of Bahrain (operated till 14 December 2021) and Republic of Turkey.

2. Application of New and Revised International Financial Reporting Standards ("IFRS")

2.1 New and Revised IFRSs and Interpretations Applied on the Consolidated Financial Statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in the consolidated financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (Effective for annual periods beginning on or after 1 June 2020) - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

2.2 New and Revised IFRS Issued but Not Yet Effective and not Early Adopted

Amendment to IFRS 16, 'Leases' – COVID-19 Related Rent Concessions - Extension of the Practical Expedient (Effective for Annual Periods Beginning on or After 1 April 2021) - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Narrow scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (Effective for annual periods beginning on or after 1 January 2022) - Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (Effective for annual periods beginning on or after 1 January 2023) - The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendments to IAS 1, 'Presentation of financial statements' – Classification of liabilities as current or non-current (Deferred until accounting periods starting not earlier than 1 January 2024) - These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (Effective for annual periods beginning on or after 1 January 2023) - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023) - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

Amendments to IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023) - The IASB issued the amendments to IFRS 17, 'Insurance contracts', on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB's targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17.

IFRS 17 should be applied to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted, and the amendments should be applied at the same time.

On 28 October 2021, the IASB ('Board') redeliberated the Exposure Draft proposing a narrow-scope amendment relating to the presentation of comparative information on initial application of both IFRS 9, 'Financial Instruments', and IFRS 17, 'Insurance Contracts', considering the feedback from the comment letters received.

The amendment would permit an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17 and IFRS 9. The overlay would allow such assets to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. Following feedback on the proposals, the Board extended the scope of the overlay to include all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. The overlay could also be applied by entities that already apply IFRS 9. The Board issued this amendment to IFRS 17 on 9 December 2021.

Management expects that the adoption of IFRS 17 will have an impact on the amounts reported and disclosures made in these consolidated financial statements in respect of its insurance contracts issued and reinsurance contracts held. However, it is still not practical to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review. The Group is also implementing IFRS 17 calculation solution to ensure the relevant accounting standards adoption.

Majority of the contracts issued by the Group will be eligible for the premium allocation approach measurement model, while for the eligible individual life insurance contracts the general measurement model will be applied.

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on or after 1 January 2021 that would be expected to have a material impact on the consolidated financial statements.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

3.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") an interpretation issued by the IFRS Interpretation Committee ("IFRSIC") applicable to companies under IFRS as issued by the International Accounting Standards Board ("IASB") and the applicable requirements of United Arab Emirates (U.A.E.) Federal Law No. (2) of 2015, as amended, the United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations as amended and the CBUAE (formerly the UAE Insurance Authority) Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies. The consolidated financial statements comply with IFRS.

3.2 Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, financial investments classified as at fair value through profit or loss ("FVTPL") and as at fair value through other comprehensive income ("FVTOCI") and unit linked liabilities that are being measured at fair value.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, reinsurance deposits retained and insurance and reinsurance payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, investment properties, goodwill, deferred tax assets and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): financial investments, prepayments and other receivables, deferred acquisition costs, deferred commission income, reinsurance contract assets, insurance contract liabilities, other payables, insurance and reinsurance receivables, deposits with banks and employees' end of service benefits.

The consolidated financial statements are presented in Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") except when otherwise indicated.

3.3 Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, i.e. its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voteholders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and/or ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Management has carried out an impairment test for goodwill at the year end and has concluded that no impairment has taken place.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

3.6 Insurance Contracts

3.6.1 Product Classification

Insurance contracts are those contracts that the Group (the insurer) has accepted the significant insurance risk from another party (policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 110% of the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable provided in case of a non-financial variable, that the variable is not specific to a party to the contract.

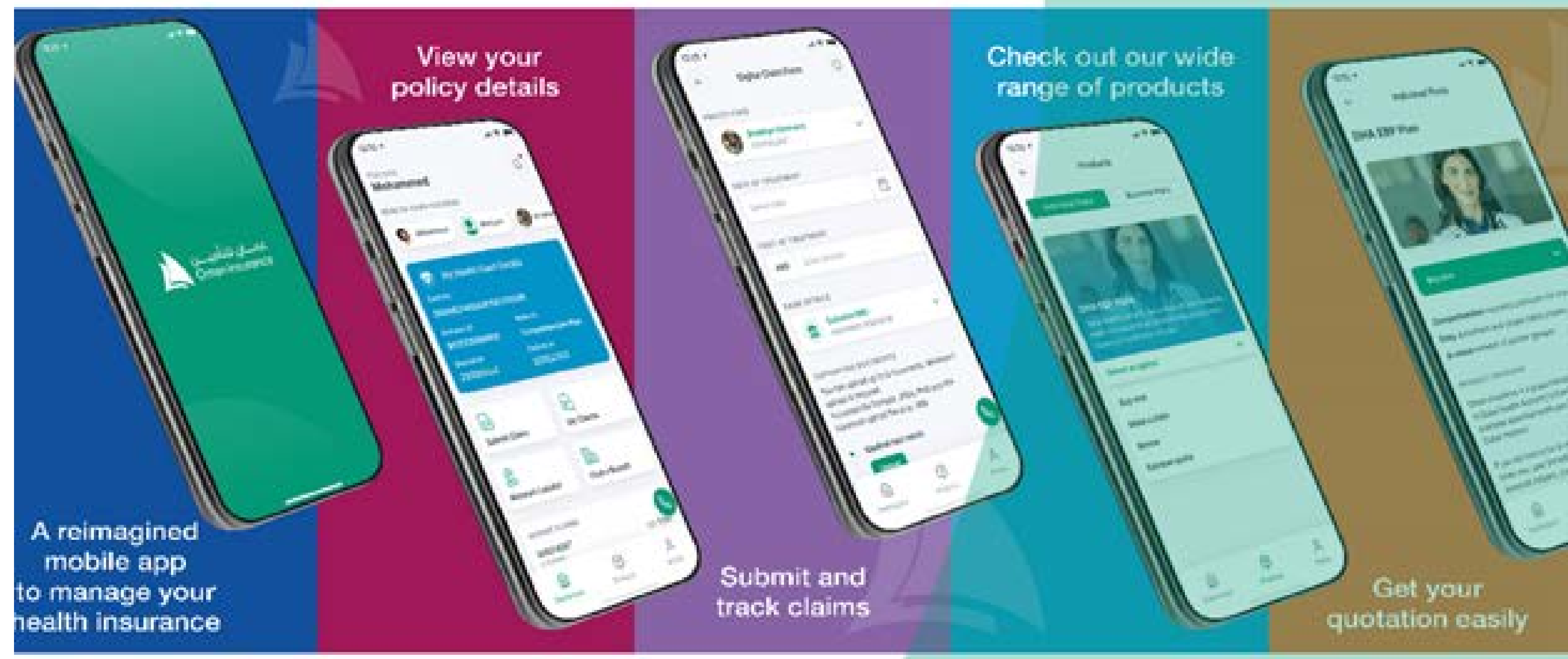
Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime even if the insurance risk reduces significantly during this period unless all rights and obligations are extinguished or expired. An investment contract can however be classified as an insurance contract after its inception if the insurance risk becomes significant.

Some insurance contracts and investment contracts contain discretionary participating features (DPF) which entitle the contract holder to receive, as a supplement to the standard guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer; and
- that are contractually based on:
  - i. the performance of a specified pool of contracts or a specified type of contract;
  - ii. realised / unrealised investment returns on a specified pool of assets held by the issuer; or,
  - iii. the profit or loss of the Group, fund or other entity that issues that contract.

Under IFRS 4, DPF can be either treated as an element of equity or as a liability or can be split between the two elements. The Group's policy is to treat all DPF as a liability within insurance or investment contract liabilities.

The policyholder bears the financial risks relating to some insurance contracts or investment contracts. Such products are usually unit-linked contracts.



20th MAY 2021

Continuing our award winning Customer First digital strategy, we launched a mobile app on the cloud, to significantly enhance the user experience of our medical cutomers.

3.6.2 Recognition and Measurement

Insurance contracts are classified into three main categories, depending on the duration of risk.

i. Short-term insurance contracts

These contracts are short-term General Insurance, Medical as well as short-duration Life insurance contracts.

Short-duration Life insurance contracts protect the Group's customers from the consequences of events such as, but not limited to, death or disability.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks, at the end of the reporting period, is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to the consolidated income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated based on assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

ii. Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Policy benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality and investment performance. A conservative approach is used to determine the assumptions so as to ensure adequate margin in the results.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

iii. Long-term unit linked insurance contracts

These contracts insure human life events (for example, death or survival) over a long duration. Liabilities are set equal to the policyholders' account value in addition to liabilities calculated against the insurance risk embedded in the products. These account values are affected by factors including but not limited to; payment of policy premiums, changes in the unit prices, policy administration fees, mortality charges, surrender charges and any withdrawals.

The liability for these contracts includes any amounts necessary to compensate the Group for services to be performed over future periods. This is the case for contracts where the policy administration charges are higher in the initial years than in subsequent years. The mortality charges deducted in each period from the contract holders as a group are considered adequate to cover the expected total death benefit claims in excess of the contract account balances in each period; no additional liability is therefore established for these claims.

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of investments. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets. The unit linked investments are designated at inception as at fair value through profit or loss. The Group designates these investments at fair value through profit or loss because it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

a. Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses, when incurred. The DAC is subsequently amortised, as per the below:

- For short term insurance contracts, DAC is amortised over the term of the policy as premium is earned;
- For long-term insurance contracts, DAC is amortised over a period of time, which is determined based on the expected life of the contract.

b. Liability adequacy test

At the end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities (net of related DAC). In performing these tests, current best estimates of future contractual cash flows and associated expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the consolidated income statement by establishing a provision for losses arising from liability adequacy tests.

c. Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets.

These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a regular basis. The Group assesses that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

The Group also assumes reinsurance risk in the normal course of business for life insurance and general insurance contracts where applicable. Premium and claims on assumed reinsurance contracts are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

d. Receivables and payables related to insurance and reinsurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers, insurance contract holders and reinsurance companies.

The insurance and reinsurance receivables are measured as per IFRS 4. The Group assess the receivables impairment loss as per the impairment model in IFRS 9 applicable for financial assets at amortised cost.

e. Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

3.7 Revenue Recognition

a. Interest income and expense

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

b. Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

c. Insurance contracts revenue and insurance commission income

Premiums are recognised as revenue (earned premium) on time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability.

Premium on life assurance policies are accounted for on the date of writing of policies and on subsequent due dates.

Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.

d. Rental income

Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

3.8 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.8.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The tax currently payable is calculated in accordance with fiscal regulations of Sultanate of Oman and Turkey.

3.8.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

The carrying of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.8.3 Current and Deferred Tax for the Year

Current and deferred tax are recognised in the consolidated income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur which form part of the net investment in a foreign operation, and which are recognised initially in the foreign currency translation reserve and recognised in the consolidated income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United Arab Emirates Dirhams ("AED"), using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve. Such exchange differences are recognised in the consolidated income statement in the period in which the foreign operation is disposed.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that does not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each period. Exchange differences arising are recognised in equity.

3.10 Property and Equipment

Capital work in progress is carried at cost, less any recognised impairment loss. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Other property and equipment are stated at cost less accumulated depreciation and any identified accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipment and leasehold improvements	3 - 9
Motor vehicles	5

3.11 Intangible Assets

Intangible assets including software are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 3 - 10 years.

Cost includes expenditures that can be reliably measured and are directly attributable to the acquisition or development of technically feasible assets management intends to complete and use. This includes the cost of software, perpetual licenses, employee costs and any other cost directly attributable to the design and testing of identifiable software. These assets are controlled by the group and capitalized only if it will generate probable future economic benefits. Capitalised development costs are recorded as intangible asset and amortised from the point at which asset is available for use.

3.12 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

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

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes

3.13 Impairment of Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

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

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Employee Benefits

a. Defined contribution plan

UAE national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme (the "scheme") pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs towards the scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The contributions are charged to consolidated income statement.

b. Annual leave and leave passage

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

c. Provision for employees' end of service benefits

The provision for employees' end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law is calculated annually using the projected unit credit method in accordance with IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Provisions for employees' end of service indemnity for the employees working with the entities domiciled in other countries are made in accordance with local laws and regulations applicable in these countries.

3.16 Borrowing Costs

Interest expense is recognised in the consolidated income statement as it accrues and is calculated by using the effective interest rate method.

3.17 Dividend Distribution

Dividend distribution to the Shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Shareholders.

3.18 Financial Instruments

a. Investments and other financial assets

i. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Also refer note 3.6.2 (iii).

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

» Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the consolidated income statement.

» FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

» FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated income statement and is presented net within 'Net investment income' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'Net investment income' when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

iv. Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

For insurance and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the historical credit losses experienced.

Insurance and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

b. Insurance and other receivables

Insurance and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the insurance and other receivables with the objective to collect the contractual cash flows.

c. Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting of financial assets and liabilities

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

d. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

e. Deposits with banks with original maturities of more than three months

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

3.19 Leases

Leases are recognised as a right-of-use asset, within "Property and equipment", and a corresponding liability, within "Other payables", at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis which ranges between 3 to 9 years.

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate of 3.5% (2020: 3.5%) is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Extension and termination options are included in several leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable through a mutual agreement between the Group and the lessor. Payments associated with short-term leases of premises are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4. Critical Accounting Judgements and Key Sources of Estimation of Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

4.1 Measurement of the Expected Credit Loss Allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 31 (b).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4.2 Investment Properties

The Group values its investment properties at fair value on the basis of market valuations prepared by independent property consultants. The valuations are based on assumptions which are mainly based on market conditions existing at each reporting date. Therefore, any future change in the market conditions could have an impact on the fair value. For further details of the judgments and assumptions made, refer to note 7.

4.3 The Ultimate Liability Arising from Claims Made Under Insurance Contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will eventually pay for such claims. Estimates have to be made at the end of the reporting period for both the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. Claims requiring court or arbitration decisions are estimated individually. At the end of the reporting period, previous claims estimates are reassessed for adequacy and changes are made to the provision, as and when required.

4.4 Actuarial Valuation of Life Assurance Fund

Liabilities pertaining to the long-term insurance contracts are determined based on standard actuarial principles. The liability is determined based on the actuarial present value of future cashflows. These cashflows are based on factors, including but not limited to; policy benefits, expected future mortality and the structure of the product. Additional liabilities are determined for supplementary benefits attached to the base policy.

The Group bases the mortality & morbidity estimates on standard tables that best reflect historical experience, adjusted where appropriate to reflect the Group's own experience. 100% A67 – 70 Ultimate Mortality Table of Assured Lives and a discount rate of 4% and 3% are used for the purpose of discounting the endowment and term liabilities respectively (31 December 2020: 4% and 3% respectively).

5. Property and Equipment

	Furniture and equipment AED'000	Motor Vehicles AED'000	Leasehold Improvements AED'000	Capital work in progress AED'000	Right-of-use assets AED'000	Total AED'000
Cost						
Balance at 1 January 2020	98,532	755	-	-	8,110	107,397
Additions during the year	270	-	-	12,750	33,840	46,860
Transfer during the year	6,319	-	-	(6,319)	-	-
Disposals during the year	(482)	-	-	-	-	(482)
Effect of foreign currency exchange differences	(976)	-	-	-	-	(976)
Balance at 31 December 2020	103,663	755	-	6,431	41,950	152,799
Additions during the year	408	360	-	12,902	938	14,608
Transfer during the year	7,523	-	8,204	(15,727)	-	-
Disposals during the year	(6,898)	-		-	(3,032)	(9,930)
Elimination on sale of a subsidiary	(2,115)	-	-	-	(639)	(2,754)
Effect of foreign currency exchange differences	(1,434)	-	-	-	(703)	(2,137)
Balance at 31 December 2021	**101,147**	**1,115**	**8,204**	**3,606**	**38,514**	**152,586**
Accumulated depreciation						
Balance at 1 January 2020	93,237	709	-	-	3,135	97,081
Charge for the year	4,582	25	-	-	3,936	8,543
Disposals during the year	(482)	-	-	-	-	(482)
Effect of foreign currency exchange differences	(947)	-	-	-	-	(947)
Balance at 31 December 2020	96,390	734	-	-	7,071	104,195
Charge for the year	5,177	32	684	-	5,145	11,038
Disposals during the year	(6,898)	-	-	-	(2,295)	(9,193)
Elimination on sale of a subsidiary	(880)	-	-	-	(224)	(1,104)
Effect of foreign currency exchange differences	(1,411)	-	-	-	(346)	(1,757)
Balance at 31 December 2021	**92,378**	**766**	**684**	-	9,351	103,179
Net carrying amount						
Balance at 31 December 2021	**8,769**	**349**	**7,520**	**3,606**	**29,163**	**49,407**
Balance at 31 December 2020	7,273	21	-	6,431	34,879	48,604

6. Intangible Assets

	Computer software AED'000	Capital work in progress AED'000	Total AED'000
Cost			
Balance at 1 January 2020	107,522	17,650	125,172
Additions during the year	1,102	11,632	12,734
Transfers during the year	11,082	(11,082)	-
Balance at 31 December 2020	119,706	18,200	137,906
Additions during the year	-	20,613	20,613
Transfers during the year	9,700	(9,700)	-
Elimination on sale of a subsidiary (note 32)	-	(226)	(226)
Balance at 31 December 2021	**129,406**	**28,887**	**158,293**
Accumulated amortisation			
Balance at 1 January 2020	47,978	-	47,978
Charge for the year	14,165	-	14,165
Balance at 31 December 2020	62,143	-	62,143
Charge for the year	17,027	-	17,027
Balance at 31 December 2021	**79,170**	-	**79,170**
Net carrying amount			
Balance at 31 December 2021	**50,236**	**28,887**	**79,123**
Balance at 31 December 2020	57,563	18,200	75,763

Capital work-in-progress includes advances paid to consultants and providers of information technology solutions for the improvements to computer software of the Group's IT infrastructure.

7. Investment Properties

The Group's investment properties are measured at fair value. The Group holds 7 plots of land located in Dubai, UAE, unit of a building located in DIFC, Dubai, UAE and units of a building located in Motor City, Dubai, UAE.

	Plots of land AED'000	Buildings AED'000	Total AED'000
Fair value hierarchy	Level 3	Level 3	
Fair value at 1 January 2020	357,275	116,316	473,591
Net decrease in fair value during the year (note 20.2)	(17,865)	(6,011)	(23,876)
Fair value at 31 December 2020	339,410	110,305	449,715
Net increase in fair value during the year (note 20.2)	**9,809**	**3,305**	**13,114**
Fair value at 31 December 2021	**349,219**	**113,610**	**462,829**

Valuation Processes

The Group has complied with the requirements of the CBUAE Board Decision No. (25) of 2014 with regards to the valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The Group's investment properties were valued as at 31 December 2021 by independent external professionally qualified valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value is in accordance with relevant appraisal and valuation standards issued by the Royal Institute of Chartered Surveyors ("RICS").

Valuation Techniques Underlying Management's Estimation of Fair Value

Valuation of the Group's investment properties was determined using either of Discounted Cash Flow ("DCF"), Residual valuation, Income capitalisation or sales comparison methods based on the available inputs.

DCF method of valuation considers expected net cash flow discounted using discount rates which reflect current market conditions. Residual method considers construction costs for development, capitalisation rate based on the location, size, quality of the properties and market data, operational cost estimates to maintain the property for its useful life and estimated vacancy rates. Income capitalisation method considers contracted rental income and capitalisation rate. Sales comparison approach consider value of comparable properties in close proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

Sensitivity on the fair value of investment properties based on each methodology is as follows:

For the sales comparison method, if the prices of the comparable properties were to increase / decrease by 1%, the fair value would increase / decrease by AED 1,843 thousand (31 December 2020: AED 580 thousand). For the DCF method, if the discount rate were to increase / decrease by 0.25% and considering all other assumptions to remain constant, the fair value would increase/decrease by 3% (31 December 2020: 1%). For the residual valuation method, if the capitalization rate were to increase / decrease by 0.25% and considering all other assumptions to remain constant, the fair value would increase / decrease by +4%/-4% (31 December 2020: for the residual valuation or income capitalisation method, if the capitalization rates were to increase / decrease by 0.25% and considering all other assumptions to remain constant, the fair value would increase / decrease by +7%/-6%).

8. Deferred Acquisitioncosts

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	154,765	132,200
Acquisition costs paid during the year	322,902	347,050
Amortisation charge for the year	(327,286)	(324,485)
Balance at the end of the year	150,381	154,765

9. Statutory Depositscosts

	2021 AED'000	2020 AED'000
Bank deposit maintained in accordance with Article 42	10,000	10,000
of U.A.E. Federal Law No. 6 of 2007, as amended		
Amount under lien with Capital Market Authority –		
Sultanate of Oman	117,844	116,597
Amounts under lien with the Qatar Central Bank	35,303	35,295
Amounts under lien with Turkish Treasury, Turkey	9,299	10,090
	172,446	171,982

The interest rates on statutory deposits with banks range from 0.55% to 18.75% (31 December 2020: 1.1% to 15.0%) per annum.

10. Financial Investments

10.1 Composition of Financial Investments

The Group's financial investments at the end of reporting period are detailed below.

	2021 AED'000	2020 AED'000
At fair value through profit or loss (note 10.2)	446,916	394,008
At fair value through other comprehensive income (note 10.3)	613,386	443,194
Measured at amortised cost	1,664,686	1,683,196
Less: Allowance for impairment as per IFRS 9 (note 10.6)	(4,413)	(3,958)
	2,720,575	2,516,440

10.2 Financial Investments at Fair Value Through Profit or Loss

	Inside UAE		Outside UAE		Total	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Quoted equity	-	356	20,801	2,168	20,801	2,524
Unit linked investments	6,542	6,872	419,573	384,612	426,115	391,484
	6,542	7,228	440,374	386,780	446,916	394,008

10.3 Financial Investments at Fair Value Through other Comprehensive Income

	Inside UAE		Outside UAE		Total	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Quoted equity	279,650	250,344	237,469	149,043	517,119	399,387
Quoted fund	-	-	55,514	-	55,514	-
Unquoted equity	15,797	22,280	5,048	4,998	20,845	27,278
Private equity fund	-	-	19,908	16,529	19,908	16,529
	295,447	272,624	317,939	170,570	613,386	443,194

The Group has designated all investments in equity instruments that are not held for trading as FVTOCI. For the year ended 31 December 2021, the Group sold equity investments held at fair value through other comprehensive income amounting to AED 153,648 thousand at the time of sale (31 December 2020: AED 133,058 thousand) in line with the Group's investment strategy. The Group realised losses of AED 6,411 thousand (31 December 2020: losses of AED 26,778 thousand) which were transferred to retained earnings.

10.4 Financial investment measured at amortized cost

	Inside UAE		Outside UAE		Total	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Investments in quoted bonds	873,047	974,899	787,226	704,339	1,660,273	1,679,238

These bonds carry interests at the rates of 1.63% to 7.50% (31 December 2020: 1.63% to 7.50%) per annum. The Group holds these investments with the objective of receiving the contractual cash flows over the instrument's life. The bonds are redeemable at par from 2022 to 2055 (31 December 2020: 2021 to 2055) based on their maturity dates.

During the year, the Group has reviewed its portfolio of financial assets measured at amortised cost and made certain disposals within the guidelines of the standard, which did not have an impact on the business model.

10.5 Movements in Financial Investments

The movements in financial investments are as follows:

	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total AED'000
At 1 January 2020	377,639	474,376	1,628,211	2,480,226
Purchases	124,899	120,981	408,640	654,520
Disposals	(192,344)	(143,273)	(206,503)	(542,120)
Maturities	-	-	(146,329)	(146,329)
Amortisation	-	-	(5,401)	(5,401)
Movement in accrued interest	-	-	548	548
Changes in fair value	83,814	(8,890)	-	74,924
Release of impairment	-	-	72	72
At 31 December 2020	394,008	443,194	1,679,238	2,516,440
Purchases	**170,541**	**260,675**	**144,042**	**575,258**
Disposals	**(124,076)**	**(154,767)**	**(17,195)**	**(296,038)**
Maturities	**-**	**-**	**(139,412)**	**(139,412)**
Amortisation	**-**	**-**	**(6,082)**	**(6,082)**
Movement in accrued interest	**-**	**-**	**137**	**137**
Changes in fair value	**6,443**	**64,284**	**-**	**70,727**
Allowance for impairment	**-**	**-**	**(455)**	**(455)**
At 31 December 2021	**446,916**	**613,386**	**1,660,273**	**2,720,575**

There were no reclassifications between financial investments categories during the year ended 31 December 2021 and 2020.

10.6 Movement in the Allowance for Impairment of Financial Investments Measured at Amortised Cost During the Year was as Follows:

	2021 AED'000	2020 AED'000
At the beginning of the year	**3,958**	4,030
Charge / (release) during the year	**455**	(72)
Balance at the end of the year	**4,413**	3,958

As of 31 December 2021 and 2020, there were no significant concentrations of credit risk for debt instruments measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.

11. Insurance Contract Liabilities and Reinsurance Contract Assets

	2021 AED'000	2020 AED'000
Insurance contract liabilities		
Outstanding claims	**2,222,370**	2,295,448
Incurred but not reported claims reserve ("IBNR")	**450,645**	601,209
Life assurance fund	**113,442**	133,755
Unearned premium (note 24.1)	**1,346,425**	1,295,244
Unit linked liabilities (note 11.3)	**426,321**	391,701
Unallocated loss adjustment expenses reserve ("ULAE")	**7,399**	7,642
	4,566,602	4,724,999
Reinsurance contract assets		
Outstanding claims	**(1,740,575)**	(1,838,783)
Incurred but not reported claims reserve ("IBNR")	**(221,412)**	(321,632)
Life assurance fund	**(21,502)**	(24,981)
Unearned premiums (note 24.1)	**(716,477)**	(683,744)
	(2,699,966)	(2,869,140)
Insurance contract liabilities – net		
Outstanding claims	**481,795**	456,665
Incurred but not reported claims reserve ("IBNR")	**229,233**	279,577
Life assurance fund (note 11.2)	**91,940**	108,774
Unearned premiums (note 24.1)	**629,948**	611,500
Unit linked liabilities (note 11.3)	**426,321**	391,701
Unallocated loss adjustment expenses reserve ("ULAE")	**7,399**	7,642
	1,866,636	1,855,859

The technical reserves have been certified by the Appointed Actuary of the Company according to the Financial Regulations issued by the CBUAE (formerly, the IA). A summary of the technical provisions is disclosed in note 33 to the consolidated financial statements.

11.1 Movement in the Provision for Outstanding Claims, IBNR and ULAE

	2021		2020	
	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
At 1 January	**2,904,299**	**743,884**	2,432,482	596,541
Claims incurred during the year (note 24.2)	**2,417,258**	**1,098,618**	2,755,770	1,104,136
Claims settled during the year (note 24.2)	**(2,641,143)**	**(1,124,075)**	(2,283,953)	(956,793)
At 31 December	**2,680,414**	**718,427**	2,904,299	743,884

11.2 Life assurance fund

	Gross AED'000	Net AED'000
At 1 January 2020	172,799	142,302
Movement during the year	(39,044)	(33,528)
At 31 December 2020	133,755	108,774
Movement during the year	(20,313)	(16,834)
At 31 December 2021	**113,442**	**91,940**

11.3 Unit Linked Liabilities

	AED'000
At 1 January 2020	332,324
Movement during the year	59,377
At 31 December 2020	391,701
Movement during the year	34,620
At 31 December 2021	**426,321**

The following table presents the sensitivity of the value of insurance contract liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance contract liabilities. For liabilities under long-term insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. No losses arose in either 2021 or 2020, based on the results of the liability adequacy test. The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

		Increase / (decrease) on net life assurance fund	
Scenario	Change in assumptions	2021 AED'000	2020 AED'000
Mortality / morbidity	+10%	518	620
Discount rate	+75 bps	(2,541)	(3,149)
Mortality / morbidity	-10%	(522)	(625)
Discount rate	-75 bps	2,735	3,400

23rd May 2021

Oman Insurance moved its Head Office to a modern, technology enabled 6-storey building located next to Al Ghurair Mall in Deira.

12. Insurance and Reinsurance Receivables

	2021 AED'000	2020 AED'000
Due from policyholders and brokers	**497,803**	481,652
Less: Charge for expected credit losses	**(165,959)**	(191,133)
Net due from policyholders and brokers	**331,844**	290,519
Due from insurance/reinsurance companies	**470,611**	506,592
Less: Charge for expected credit losses	**(256,600)**	(223,048)
Net due from insurance/reinsurance companies	**214,011**	283,544
Total insurance and reinsurance receivables	**545,855**	574,063

12.1 Insurance and Reinsurance Receivables by Location

Inside UAE	2021 AED'000	2020 AED'000
Due from policyholders and brokers	**399,109**	387,447
Less: Charge for expected credit losses	**(133,472)**	(155,580)
Net due from policyholders and brokers	**265,637**	231,867
Due from insurance/reinsurance companies	**408,811**	451,286
Less: Charge for expected credit losses	**(232,585)**	(203,486)
Net due from insurance/reinsurance companies	**176,226**	247,800
Total insurance and reinsurance receivables inside UAE	**441,863**	479,667

Outside UAE	2021 AED'000	2020 AED'000
Due from policyholders and brokers	**98,694**	94,205
Less: Charge for expected credit losses	**(32,487)**	(35,553)
Net due from policyholders and brokers	**66,207**	58,652
Due from insurance/reinsurance companies	**61,800**	55,306
Less: Charge for expected credit losses	**(24,015)**	(19,562)
Net due from insurance/reinsurance companies	**37,785**	35,744
Total insurance and reinsurance receivables outside UAE	**103,992**	94,396

12.2 Ageing of Insurance and Reinsurance Receivables

		Past Due by Number of Days				
At 31 December 2021	**Not yet due AED'000**	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	68,732	20,766	8,137	3,387	428	101,450
Due from insurance companies	13,568	5,048	6,735	7,360	6,819	39,530
Due from reinsurance companies	125,937	12,397	13,424	10,628	12,095	174,481
Due from brokers	192,643	36,020	14,723	2,417	(16,722)	229,081
Other receivables	512	254	52	423	72	1,313
Insurance and reinsurance receivables - net	**401,392**	**74,485**	**43,071**	**24,215**	**2,692**	**545,855**

		Past Due by Number of Days				
At 31 December 2020	**Not yet due AED'000**	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	56,175	10,972	4,721	1,230	(2,362)	70,736
Due from insurance companies	13,713	9,135	5,395	8,455	20,820	57,518
Due from reinsurance companies	108,121	31,017	28,286	48,652	9,950	226,026
Due from brokers	184,910	27,036	25,714	(5,565)	(13,144)	218,951
Other receivables	191	162	94	-	385	832
Insurance and reinsurance receivables - net	363,110	78,322	64,210	52,772	15,649	574,063

12.2.1 Ageing of Insurance and Reinsurance Receivables by Location

Inside UAE		Past Due by Number of Days				
At 31 December 2021	**Not yet due AED'000**	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	66,120	13,942	5,947	2,445	(629)	87,825
Due from insurance companies	3,224	2,579	2,384	6,857	3,555	18,599
Due from reinsurance companies	120,163	(1,146)	14,620	10,303	13,687	157,627
Due from brokers	147,636	33,245	13,493	(243)	(17,640)	176,491
Other receivables	522	254	52	423	70	1,321
Insurance and reinsurance receivables - net	337,665	48,874	36,496	19,785	(957)	441,863

		Past Due by Number of Days				
At 31 December 2020	**Not yet due AED'000**	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	55,732	6,672	4,203	1,072	(3,634)	64,045
Due from insurance companies	(884)	4,934	3,118	5,361	17,721	30,250
Due from reinsurance companies	107,497	29,592	27,529	47,425	5,507	217,550
Due from brokers	146,704	22,259	22,552	(8,658)	(15,891)	166,966
Other receivables	191	162	89	21	393	856
Insurance and reinsurance receivables - net	309,240	63,619	57,491	45,221	4,096	479,667

12.2.1 Ageing of Insurance and Reinsurance Receivables by Location

Outside UAE		Past Due by Number of Days				
At 31 December 2021	**Not yet due AED'000**	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	2,612	6,824	2,190	942	1,057	13,625
Due from insurance companies	10,344	2,469	4,351	503	3,264	20,931
Due from reinsurance companies	5,774	13,543	(1,196)	325	(1,592)	16,854
Due from brokers	45,007	2,775	1,230	2,660	918	52,590
Other receivables	(10)	-	-	-	2	(8)
Insurance and reinsurance receivables - net	63,727	25,611	6,575	4,430	3,649	103,992

		Past Due by Number of Days				
At 31 December 2020	**Not yet due AED'000**	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	443	4,300	518	158	1,272	6,691
Due from insurance companies	14,597	4,201	2,277	3,094	3,099	27,268
Due from reinsurance companies	624	1,425	757	1,227	4,443	8,476
Due from brokers	38,206	4,777	3,162	3,093	2,747	51,985
Other receivables	-	-	5	(21)	(8)	(24)
Insurance and reinsurance receivables - net	53,870	14,703	6,719	7,551	11,553	94,396

12.3 Movement in the Expected Credit Losses

The closing expected credit losses on insurance and reinsurance receivables reconciles to the opening expected credit losses as follows:

	2021 AED'000	2020 AED'000
Opening expected credit losses as at 1 January	**414,181**	441,071
Charge for expected credit losses recognised in profit or loss during the year	**23,905**	13,441
Amounts written off as uncollectible during the year	**(12,652)**	(39,771)
Foreign currency exchange movements	**(2,875)**	(560)
Closing expected credit losses as at 31 December	**422,559**	414,181

13. Prepayments and other Receivables

	2021 AED'000	2020 AED'000
Accrued income	**2,311**	3,427
Prepayments	**33,086**	24,213
Staff debtors and advances	**5,836**	6,658
Other receivables	**75,508**	62,347
Less: allowance for impairment as per IFRS 9	**(16,797)**	(16,797)
	99,944	79,848

14. Bank Balances and Cash

	2021 AED'000	2020 AED'000
Deposits with banks with original maturities of more than three months	**359,413**	396,458
Deposits with banks with original maturities within three months	**155,572**	149,826
Current accounts and cash	**61,546**	112,074
Less: Allowance for impairment as per IFRS 9	**(536)**	(777)
	216,582	261,123
Total bank balances and cash	**575,995**	657,581
Less: Deposit with banks with original maturities of more than three months	**(359,413)**	(396,458)
Add: Allowance for impairment as per IFRS 9	**536**	777
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**217,118**	261,900

The interest rates on fixed deposits and call accounts with banks range from 0.1% to 18.25% (31 December 2020: 0.1% to 15.5%) per annum. Bank balances amounting to AED 427,985 thousand (31 December 2020: AED 443,955 thousand) are held in banks in the United Arab Emirates.

Certain bank balances and deposits with carrying amount of AED 4,396 thousand at 31 December 2021 (31 December 2020: AED 12,812 thousand) are subject to lien in respect of guarantees.

15. Share Capital

	2021 AED'000	2020 AED'000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2020: 461,872,125 shares of AED 1 each)	**461,872**	461,872

16. Other Reserves

	Statutory reserve AED'000	Strategic reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Reinsurance regulatory reserve AED'000	Total AED'000
Balance at 1 January 2020	230,936	303,750	808,051	13,947	-	1,356,684
Transfer from retained earnings to general reserve (note 16.3)	-	-	125,000	-	-	125,000
Transfer from retained earnings to contingency reserve (note 16.4)	-	-	-	1,370	-	1,370
Transfer from retained earnings to reinsurance regulatory reserve (note 16.5)	-	-	-	-	344	344
Balance at 31 December 2020	230,936	303,750	933,051	15,317	344	1,483,398
Transfer from retained earnings to statutory reserve (note 16.1)	115	-	-	-	-	115
Transfer from retained earnings to contingency reserve (note 16.4)	-	-	-	1,872	-	1,872
Transfer from retained earnings to reinsurance regulatory reserve (note 16.5)	-	-	-	-	8,358	8,358
Balance at 31 December 2021	**231,051**	**303,750**	**933,051**	**17,189**	**8,702**	**1,493,743**

16.1 Statutory Reserve

In accordance with the Commercial Companies Law of the United Arab Emirates and the Company's Articles of Association, 10% of profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law. The shareholders had resolved to discontinue the appropriation as the statutory reserve reached 50% of share capital. Accordingly, no transfer was made during the year for the Company.

In accordance with the Turkish Commercial Code ("TCC"), the statutory reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the subsidiary's (Dubai Sigorta A.S.) paid-in share capital. Accordingly, a transfer has been made during the year ended 31 December 2021.

16.2 Strategic Reserve

The strategic reserve may be utilised for any purpose to be determined by a resolution of the Shareholders of the Company at the general assembly meeting, on the recommendation of the Board of Directors. No transfers have been made to the strategic reserve during the years 2021 and 2020.

16.3 General Reserve

In accordance with the amended Articles of Association, 10% of net profit for the year is required to be transferred to a general reserve. The Company may discontinue such annual transfers by a resolution of the general assembly as recommended by the Board, or when the general reserve reaches 50% of the paid up share capital. The Company has discontinued the appropriation as the general reserve reached 50% of paid up share capital.

At the Annual General Meeting held on 9 March 2020, the shareholders approved to transfer AED 125 million from retained earnings to the general reserve.

16.4 Contingency Reserve – Oman Branch

In accordance with Article 10 (bis) (2) (c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, of Sultanate of Oman, 10% of the net outstanding claims and IBNR in case of the general insurance business and 1% of the gross life assurance premiums for the year in case of life insurance business at the end of the reporting period is transferred from retained earnings to a contingency reserve until the provision is equal to RO 5 million. In case of insufficient retained earnings or accumulated loss position, the deficit in transfer will be adjusted against retained earnings of future years. The reserves shall not be used without the prior approval of the Capital Market Authority of Sultanate of Oman.

16.5 Reinsurance Regulatory Reserve – UAE Operations

In accordance with Article 34 of the CBUAE's (formerly, the UAE Insurance Authority) Board of Directors Decision No. (23) of 2019 effective eighteen months from 15 May 2019, the Group has created a reinsurance regulatory reserve amounting AED 8,358 thousand for the year ended 31 December 2021 (for the month of December 2020: AED 344 thousand), being 0.5% of the total reinsurance premiums ceded by the Group in the United Arab Emirates in all classes of business. The Group shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the Central Bank of UAE (formerly, the UAE Insurance Authority).

17. Employees' End of Service Benefits

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**39,090**	38,152
Charge for the year	**5,917**	6,246
Paid during the year	**(5,270)**	(5,308)
Balance at the end of the year	**39,737**	39,090

18. Insurance and other Payables

18.1 Insurance and Reinsurance Payables

	2021			2020		
	Inside UAE AED'000	Outside UAE AED'000	Total AED'000	Inside UAE AED'000	Outside UAE AED'000	Total AED'000
Due to policyholders and brokers	**66,365**	**62,847**	**129,212**	81,081	56,750	137,831
Due to insurance companies	**3,125**	**3,407**	**6,532**	2,733	899	3,632
Due to reinsurance companies	**181,867**	**31,299**	**213,166**	184,204	21,014	205,218
Premiums collected in advance	**256**	**2,134**	**2,390**	256	4,157	4,413
Other insurance payables	**30,494**	**3,853**	**34,347**	16,146	4,345	20,491
	282,107	**103,540**	**385,647**	284,420	87,165	371,585

18.2 Other Payables

	2021 AED'000	2020 AED'000
Accruals for staff costs	**23,981**	21,249
Other payables and accruals	**133,078**	155,072
	157,059	176,321

19. Deferred Commission Income

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**81,295**	67,564
Commission received during the year	**221,458**	208,763
Commission income earned during the year	**(228,609)**	(195,032)
Balance at the end of the year	**74,144**	81,295

20. Net Investment Income

20.1 Interest Income from Financial Assets at Amortised Cost

	2021 AED'000	2020 AED'000
Interest income from financial investments at amortised cost	**65,463**	67,716
Interest income from bank deposits	**37,625**	27,835
	103,088	95,551

20.2 Other Investment Income/(expense) - Net

	2021 AED'000	2020 AED'000
Dividend income from financial investments at FVTPL and FVTOCI	**21,368**	23,979
Rental income from investment properties	**7,658**	7,848
Fair value gains / (losses) on investment properties (note 7)	**13,114**	(23,876)
Fair value gains / (losses) on financial investments at FVTPL (excluding unit linked investments)	**3,052**	(114)
Realised gains / (losses) on sale of financial investments at FVTPL	**157**	(2,276)
Other investment expenses	**(9,986)**	(14,176)
Allowance for impairment on financial investments at amortised cost and bank balances and deposits as per IFRS 9 (notes 10 and 14)	**(214)**	(27)
	35,149	(8,642)

21. General and Administrative Expenses

	2021 AED'000	2020 AED'000
Staff costs	**(192,590)**	(193,437)
Depreciation and amortisation	**(28,065)**	(22,708)
Rental costs – short-term leases	**(4,905)**	(6,408)
Other miscellaneous expenses	**(57,071)**	(60,288)
	(282,631)	(282,841)

22. Earnings per Share

	2021	2020
Profit for the year attributable to the owners of the Company (AED'000)	**206,392**	194,258
Weighted average number of shares	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.45**	0.42

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the Company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

23. Related Party Transactions and Balances

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

23.1 Balances with Related Parties Included in the Consolidated Statement of Financial Position are as Follows:

	2021 AED'000	2020 AED'000
Balances with Major shareholder:		
Cash and bank balances	**55,222**	85,186
Financial investments	**62,324**	57,477
Statutory deposits	**10,000**	10,000
Due from/(to) Major shareholder:		
Net insurance receivables	**2,078**	2,726
Net insurance and other payables	**(2,587)**	(4,932)
Due from/(to) Directors and businesses over which they exercise significant management influence:		
Net insurance receivables	**10,245**	19,637
Net insurance and other payables	**(2,271)**	(2,191)

23.2 Transactions with Related Parties During the Year are as Follows:

	2021 AED'000	2020 AED'000
Transactions arising from insurance contracts with Major shareholder:		
Gross insurance premiums	**70,641**	67,670
Gross claims settled	**(62,238)**	(47,368)
Other transactions with Major shareholder:		
Interest income	**328**	835
Dividend income	**-**	2,144
Other expenses	**(2,738)**	(8,283)
Rental expense	**(6,382)**	(3,992)
Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:		
Gross insurance premiums	**26,727**	39,269
Gross claims settled	**(14,586)**	(21,811)
Other transactions with Directors and businesses over which they exercise significant management influence:		
Other expenses	**(6,034)**	(5,626)

The Group has entered into above transactions with related parties which were made on substantially the same terms, as those prevailing at the same time for comparable transactions with third parties.

23.3 Compensation of Key Management Personnel

	2021 AED'000	2020 AED'000
Directors' fees	**(2,250)**	(2,250)
Salaries and benefits	**(4,822)**	(4,822)
End of service benefits	**(478)**	(351)
	(7,550)	(7,423)

24. Segment Information

For management purposes, the Group is organised into three business segments, general insurance, life insurance including medical and investments. The general insurance segment mainly comprises property, engineering, energy, motor, general accident, aviation and marine risks. The life assurance segment includes individual life (participating and non-participating), medical, group life and personal accident as well as investment linked products. Investment comprises investments (financial and non-financial), deposits with banks and cash management for the Group's own accounts.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker.

24.1 Segment revenue

	General insurance			Life assurance and medical			Total		
	Gross AED'000	Reinsurance AED'000	Net AED'000	Gross AED'000	Reinsurance AED'000	Net AED'000	Gross AED'000	Reinsurance AED'000	Net AED'000
2021									
Insurance premium	1,634,285	(1,055,868)	578,417	1,904,645	(897,659)	1,006,986	3,538,930	(1,953,527)	1,585,403
Movement in provision for unearned premium, life assurance fund and unit linked liabilities	26,653	13,187	39,840	(116,513)	44,882	(71,631)	(89,860)	58,069	(31,791)
Insurance premium earned	1,660,938	(1,042,681)	618,257	1,788,132	(852,777)	935,355	3,449,070	(1,895,458)	1,553,612
Unearned premium as at 31 December 2021	**631,560**	**(395,340)**	**236,220**	**714,865**	**(321,137)**	**393,728**	**1,346,425**	**(716,477)**	**629,948**
2020									
Insurance premium	1,786,508	(1,100,982)	685,526	1,798,596	(851,020)	947,576	3,585,104	(1,952,002)	1,633,102
Movement in provision for unearned premium, life assurance fund and unit linked liabilities	(69,863)	22,260	(47,603)	88,120	(41,456)	46,664	18,257	(19,196)	(939)
Insurance premium earned	1,716,645	(1,078,722)	637,923	1,886,716	(892,476)	994,240	3,603,361	(1,971,198)	1,632,163
Unearned premium as at 31 December 2020	690,783	(407,490)	283,293	604,461	(276,254)	328,207	1,295,244	(683,744)	611,500

24.2 Segment Claims

	General insurance			Life assurance and medical			Total		
	Gross AED'000	Reinsurance AED'000	Net AED'000	Gross AED'000	Reinsurance AED'000	Net AED'000	Gross AED'000	Reinsurance AED'000	Net AED'000
2021									
Claims settled	888,247	(557,531)	330,716	1,752,896	(959,537)	793,359	2,641,143	(1,517,068)	1,124,075
Changes in provision for outstanding claims	(46,717)	69,980	23,263	(26,361)	28,228	1,867	(73,078)	98,208	25,130
Movement in IBNR and ULAE reserve	1,970	(2,879)	(909)	(152,777)	103,099	(49,678)	(150,807)	100,220	(50,587)
Claims incurred	**843,500**	**(490,430)**	**353,070**	**1,573,758**	**(828,210)**	**745,548**	**2,417,258**	**(1,318,640)**	**1,098,618**
2020									
Claims settled	808,278	(576,847)	231,431	1,475,675	(750,313)	725,362	2,283,953	(1,327,160)	956,793
Changes in provision for outstanding claims	413,108	(331,622)	81,486	(58,127)	14,936	(43,191)	354,981	(316,686)	38,295
Movement in IBNR and ULAE reserve	(4,671)	19,751	15,080	121,507	(27,539)	93,968	116,836	(7,788)	109,048
Claims incurred	1,216,715	(888,718)	327,997	1,539,055	(762,916)	776,139	2,755,770	(1,651,634)	1,104,136

24.3 Segment Results

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	General AED'000	Life assurance and medical AED'000	Total AED'000	General AED'000	Life assurance and medical AED'000	Total AED'000
Net earned insurance premium	**618,257**	**935,355**	**1,553,612**	637,923	994,240	1,632,163
Net claims incurred	**(353,070)**	**(745,548)**	**(1,098,618)**	(327,997)	(776,139)	(1,104,136)
Reinsurance commission income	**142,051**	**86,558**	**228,609**	144,592	50,440	195,032
Commission expenses	**(187,140)**	**(140,146)**	**(327,286)**	(217,049)	(107,436)	(324,485)
Other income / (expenses) relating to underwriting activities	**1,410**	**41,291**	**42,701**	(3,862)	46,230	42,368
Net commission and other expenses	**(43,679)**	**(12,297)**	**(55,976)**	(76,319)	(10,766)	(87,085)
Net underwriting income	**221,508**	**177,510**	**399,018**	233,607	207,335	440,942
Net investment income			**138,323**			90,296
General and administrative expenses			**(282,631)**			(282,841)
Board of directors' remuneration			**(2,250)**			(2,250)
Charge for expected credit losses on insurance and reinsurance receivables			**(23,905)**			-
Loss on disposal of a subsidiary (note 32)			**(3,569)**			(35,272)
Other expenses – net			**(18,049)**			197,434
Profit before tax			**206,937**			(886)
Income tax expenses			**(812)**			196,548
Profit for the year			**206,125**			
Attributable to						194,258
Owners of the Company			**206,392**			2,290
Non-controlling interests			**(267)**			196,548
			206,125			

24.4 Segment Results by Geographical Distribution

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	GCC AED'000	Turkey AED'000	Total AED'000	GCC AED'000	Turkey AED'000	Total AED'000
Net earned insurance premium	1,524,576	29,036	1,553,612	1,600,363	31,800	1,632,163
Net claims incurred	(1,063,330)	(35,288)	(1,098,618)	(1,077,615)	(26,521)	(1,104,136)
Reinsurance commission income	207,623	20,986	228,609	173,692	21,340	195,032
Commission expenses	(308,652)	(18,634)	(327,286)	(304,307)	(20,178)	(324,485)
Other income / (expenses) relating to underwriting activities	42,286	415	42,701	42,961	(593)	42,368
Net commission and other (expenses) / income	(58,743)	2,767	(55,976)	(87,654)	569	(87,085)
Net underwriting income / (expenses)	402,503	(3,485)	399,018	435,094	5,848	440,942
Net investment income	113,161	25,162	138,323	75,955	14,341	90,296
General and administrative expenses	(268,489)	(14,142)	(282,631)	(265,059)	(17,782)	(282,841)
Board of directors' remuneration	(2,250)	-	(2,250)	(2,250)	-	(2,250)
Charge for expected credit losses on insurance and reinsurance receivables	(23,905)	-	(23,905)	(13,441)	-	(13,441)
Loss on disposal of a subsidiary (note 32)	(3,569)	-	(3,569)	-	-	-
Other expenses – net	(22,590)	4,541	(18,049)	(39,724)	4,452	(35,272)
Profit before tax	194,861	12,076	206,937	190,575	6,859	197,434
Income tax credit / (expenses)	2,749	(3,561)	(812)	(1,331)	445	(886)
Profit for the year	197,610	8,515	206,125	189,244	7,304	196,548
Attributable to						
Owners of the Company	197,877	8,515	206,392	189,483	4,775	194,258
Non-controlling interests	(267)	-	(267)	(239)	2,529	2,290
	197,610	8,515	206,125	189,244	7,304	196,548

24.5 Segment Assets and Liabilities

	As at 31 December 2021				As at 31 December 2020			
	General insurance AED'000	Life assurance and medical AED'000	Investments AED'000	Total AED'000	General insurance AED'000	Life assurance and medical AED'000	Investments AED'000	Total AED'000
Assets								
Property and equipment	30,138	19,269	-	49,407	29,648	18,956	-	48,604
Intangible assets and goodwill	50,710	32,421	-	83,131	51,313	32,808	-	84,121
Investment properties	-	-	462,829	462,829	-	-	449,715	449,715
Financial investments	-	426,115	2,294,460	2,720,575	-	391,484	2,124,956	2,516,440
Reinsurance contract assets	2,144,179	555,787	-	2,699,966	2,223,430	645,710	-	2,869,140
Insurance and reinsurance receivables	332,972	212,883	-	545,855	350,178	223,885	-	574,063
Deferred acquisition costs	70,968	79,413	-	150,381	76,179	78,586	-	154,765
Bank balances and cash and deposits with banks with original maturities of more than three months and statutory deposits	456,549	291,892	-	748,441	506,033	323,530	-	829,563
Prepayments and other receivables and deferred tax assets	63,763	40,767	-	104,530	49,714	31,785	-	81,499
Total assets	3,149,279	1,658,547	2,757,289	7,565,115	3,286,495	1,746,744	2,574,671	7,607,910
Liabilities								
Employees' end of service benefits	24,240	15,497	-	39,737	23,845	15,245	-	39,090
Insurance contract liabilities	2,788,468	1,778,134	-	4,566,602	2,892,450	1,832,549	-	4,724,999
Insurance and reinsurance payables	235,245	150,402	-	385,647	226,667	144,918	-	371,585
Deferred commission income	43,170	30,974	-	74,144	50,362	30,933	-	81,295
Other payables and reinsurance deposits retained	164,777	105,350	-	270,127	194,695	124,476	-	319,171
Total liabilities	3,255,900	2,080,357	-	5,336,257	3,388,019	2,148,121	-	5,536,140

24.6 Geographical Information of Segment Assets and Liabilities

	As at 31 December 2021			As at 31 December 2020		
	GCC AED'000	Turkey AED'000	Total AED'000	GCC AED'000	Turkey AED'000	Total AED'000
Assets	7,271,887	293,228	7,565,115	7,326,292	281,618	7,607,910
Liabilities	5,071,484	264,773	5,336,257	5,296,501	239,639	5,536,140

25. Contingent Liabilities

At 31 December 2021, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 72 million (31 December 2020: AED 86 million).

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Group's consolidated financial performance or consolidated statement of financial position.

26. Commitments

26.1 Purchase Commitments

	2021 AED'000	2020 AED'000
Commitments in respect of uncalled subscription of certain shares held as investments	7,960	7,960
Capital commitments towards acquisitions of property and equipment and intangible assets	22,086	10,064

27. Insurance Risk

The Group has a robust process for managing risks in accordance with the groupwide risk appetite. Enterprise Risk Management (ERM) department supervises the Executive Risk Committee and the Risk Management Framework. The Executive Risk Committee is deliberately designed to be a second line of defense body but composed of members who are also in a position to take immediate executive actions to address risk issues. The Executive Risk Committee convenes at least on a quarterly basis. The Group has an ongoing commitment to maintain an effective risk culture, as it is critical to the Group's success in maintaining and developing an effective risk management system. Accountabilities for the implementation and oversight of particular risk are aligned with individual executives. The risk owners are responsible for ensuring that the proper level of review and confirmation of the risk and control ratings/evaluations have been undertaken.

The Group assess the exposure to climate changes risk by implementing scenario analysis and stress testing based on outcome of the modeling of natural catastrophic events exposure and by reviewing an impact on group's profitability and solvency. The scenarios analysis covers different lines of businesses, countries, perils and return data. Overall, the outcome shows that the Group is well capitalised to reasonably absorb most of the shocks from the various scenarios included into the stress test.

The Group established Board Risk Committee ("BRC") in 2021, which validates Enterprise Risk management framework and Risk Appetite of the Company before submitting them to the Board, provides oversight of the management of risks within the Risk management framework and risk appetite approved by the Board.

The Executive Committee oversees the management of insurance risks through its Risk Committee, Reinsurance Committee, Reserve Committee, Large and strategic accounts Forum and Audit Committee. Each of these committees has a distinct role to play within the risk governance framework.

Insurance risk is the risk arising from the uncertainty around the actual experience and/or policyholder behavior being materially different than expected at the inception of an insurance contract. These uncertainties include the amount and timing of cash flows from premiums, commissions, expenses, claims and claim settlement expenses paid or received under a contract.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

27.1 Frequency and Severity of Claims

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

The Group has the right not to renew individual policies, to re-price the risk, to impose deductibles and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Group's strategy limits the total exposure to any one territory and the exposure to any one industry.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer net insurance losses of a set minimum limit of AED 4,000 thousand in any one event estimated at 1:10 years and 1:200 years. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

27.2 Sources of Uncertainty in the Estimation of Future Claim Payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The amount of insurance claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The loss ratios for the current and prior year, before and after reinsurance are summarised below by type of risk:

Type of risk	2021		2020	
	Gross loss ratio	**Net loss ratio**	Gross loss ratio	Net loss ratio
General insurance	**50.8%**	**57.1%**	72.2%	51.4%
Life assurance and medical	**88.0%**	**79.7%**	81.6%	78.1%

Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of reinsurance recoveries would be as follows:

	2021		2020	
	Gross AED'000	**Net AED'000**	Gross AED'000	Net AED'000
Impact of an increase of 1% in loss ratio	**(34,491)**	**(15,536)**	(36,034)	(16,322)
Impact of a decrease of 1% in loss ratio	**34,491**	**15,536**	36,034	16,322

The sensitivity related to life insurance contracts is disclosed in note 11.3 of these consolidated financial statements.

27.3 Process Used to Decide on Assumptions

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

The Group uses several statistical methods and actuarial techniques to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Chain-Ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

The Group uses standard actuarial techniques to estimate its loss provisions as mentioned above. Actuarial techniques and/or methodologies used to estimate the loss provisions could vary based on the specific nature of the lines of business. The general excluding motor and group life business typically have a lower frequency and higher severity of claims while the medical and motor business are more attritional in nature i.e., higher frequency and lower severity. For the attritional lines, any inconsistencies in the claims processes could impact the loss development experience assumed in the technical provisions calculation and hence is one of the key assumptions in the estimation of the technical provisions. For the less attritional lines, typically the loss ratio assumptions under the Bornhuetter-Ferguson technique is a key assumption in the estimation of the technical provisions. The Group monitors closely and validates the key assumptions in the estimation of the technical provisions on a periodic basis.

27.4 Claims Development Process

The following table reflects the development of the gross outstanding and incurred but not reported claims at the end of each year together with cumulative payments subsequent to the year of accident:

Accident year	Before 2017 AED'000	2017 AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	Total AED'000
Estimate of cumulative claims - gross:							
At the end of each reporting period							
2017	14,032,897	2,568,488	-	-	-	-	16,601,385
2018	13,881,966	2,462,309	2,895,277	-	-	-	19,239,552
2019	13,840,268	2,513,354	2,915,518	2,523,549	-	-	21,792,689
2020	13,784,609	2,471,149	2,895,530	2,600,733	2,756,859	-	24,508,880
2021	13,747,227	2,455,237	2,844,386	2,542,169	2,849,821	2,463,002	26,901,842
Current estimate of cumulative claims	13,747,227	2,455,237	2,844,386	2,542,169	2,849,821	2,463,002	26,901,842
Cumulative payments to date - gross	(13,568,541)	(2,328,698)	(2,613,106)	(2,184,096)	(1,919,857)	(1,616,286)	(24,230,584)
Total gross outstanding and incurred but not reported claims recognised in the consolidated statement of financial position	**178,686**	**126,539**	**231,280**	**358,073**	**929,964**	**846,716**	**2,671,258**

27.4 Claims Development Process

The following table reflects the development of the net outstanding and incurred but not reported claims at the end of each year together with cumulative payments subsequent to the year of accident:

Accident year	Before 2017 AED'000	2017 AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	Total AED'000
Estimate of cumulative claims - net:							
At the end of each reporting year							
2017	6,690,731	1,072,824	-	-	-	-	7,763,555
2018	6,628,084	1,051,171	1,333,980	-	-	-	9,013,235
2019	6,734,501	1,126,006	1,202,685	1,053,623	-	-	10,116,815
2020	6,729,585	1,117,086	1,226,242	1,073,083	1,036,285	-	11,182,281
2021	6,726,788	1,121,211	1,215,712	1,114,206	1,017,095	1,063,266	12,258,278
Current estimate of cumulative claims	6,726,788	1,121,211	1,215,712	1,114,206	1,017,095	1,063,266	12,258,278
Cumulative payments to date – net	(6,682,734)	(1,094,057)	(1,162,737)	(1,029,251)	(831,122)	(748,015)	(11,547,916)
Total net outstanding and incurred but not reported claims recognised in the consolidated statement of financial position	**44,054**	**27,154**	**52,975**	**84,955**	**185,973**	**315,251**	**710,362**

27.5 Concentration of Insurance Risk

The Group's underwriting business is based entirely within the UAE, other GCC countries and Turkey.

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

The concentration of insurance risk before and after reinsurance by location is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance):

	2021		2020	
	Gross AED'000	**Net AED'000**	Gross AED'000	Net AED'000
United Arab Emirates	**4,210,037**	**1,771,934**	4,360,610	1,758,415
Other GCC countries	**167,372**	**44,915**	190,840	44,213
Turkey	**189,193**	**49,787**	173,549	53,231
Total	**4,566,602**	**1,866,636**	4,724,999	1,855,859

27.6 Impact of Covid-19

The World Health Organization ("WHO") declared novel coronavirus (COVID-19) in March 2020 a global pandemic. Rapid spread of COVID-19 across the globe caused disruptions to businesses and economic activity. The Group assessed the impact of COVID-19 on business continuity, claims and reserving, control environment, credit risk, fair value of investment properties (refer to Note 7), impairment of financial investments measured at amortised cost, liquidity and solvency.

The Group has enabled remote connectivity for more than 95% of its employees as part of its business continuity management initiative to ensure that there is no interruption to client servicing and operations. Currently, the Group is working from the office at 80% capacity. This has resulted in the Group delivering service level commitments to its customers across multiple lines of business.

The Group mainly noticed an increase in health care claims and developments in existing Business Interruption claims due to COVID-19. The Group is monitoring the loss experience and has appropriately calculated its technical reserves as at 31 December 2021. The net impact on life insurance was minimal.

Since 2019, the Group has developed a robust risk appetite framework and capital thresholds based on the pandemic risk and other risk stress scenarios. The Group updated the stress scenarios for the year ended 31 December 2021. Having considered the impact of COVID-19, the Group conducts more regular reviews on its reinsurers in relation to the counterparty credit ratings, financial metrics, credit outlook and changes to their structures, if any. Also, the Group has updated its reinsurer security list in order to address the impact of COVID-19. The current security list has more than 90% of "A" and above rated reinsurance securities.

In parallel, the Group continues to have a robust collection and credit control process. Further the Group's continuous adoption of automation led enhancements and developments to strengthen the processes and credit controls have resulted in an efficient receivable management. Hence, despite the uncertain economic conditions, the Group continued to have robust collections. The measures taken have contributed to controlled and healthy receivable book during the year ended 31 December 2021.

Similarly, the Group's investment portfolio measured at amortised cost has been assessed using a robust ECL model with updated inputs as of the reporting date and based on the results, the Group had taken adequate provisions for impairment losses.

The Group assessed the unquoted equity investments portfolio against the latest available inputs. Accordingly, the Group believes the fair values reported for unquoted equity investments reflect the current market conditions as of 31 December 2021.

The liquidity position of the Group remains strong. Furthermore, the Group has carried out stress testing to assess the resilience of its solvency compliance, which also remains strong after considering the impact of the shocks. As the situation continues to develop, the Group will continue to monitor the situation closely and take the necessary actions.

28. Capital Management

The Group's objectives when managing capital are summarised as follows:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of Its Operations as amended, and those required by the regulators of the insurance industry where the entities within the Group operate;
- to protect its policy holders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- to provide an adequate return to the shareholders by pricing insurance contracts commensurately with the level of risk.

The solvency regulations identify the required solvency margin to be held in addition to insurance liabilities. The required solvency must be maintained at all times throughout the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these regulations.

Based on the CBUAE (formerly, the IA) regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2020: AED 100 million) against which the paid up capital of the Company is AED 462 million (31 December 2020: AED 462 million).

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

29. Classification of Financial Assets and Liabilities

a. The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2021:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Bank balances and cash	-	-	216,582	216,582
Deposits with banks with original maturities of more than three months	-	-	359,413	359,413
Statutory deposits	-	-	172,446	172,446
Financial investments measured at fair value	446,916	613,386	-	1,060,302
Financial investments measured at amortised cost	-	-	1,660,273	1,660,273
Insurance and reinsurance receivables measured at amortised cost	-	-	545,855	545,855
Other receivables measured at amortised cost	-	-	66,858	66,858
Total	446,916	613,386	3,021,427	4,081,729
Financial liabilities:				
Re-insurance deposits retained	-	-	113,068	113,068
Insurance and reinsurance payables	-	-	385,647	385,647
Other payables	-	-	157,059	157,059
Total	-	-	655,774	655,774

b. The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2020:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Bank balances and cash	-	-	261,123	261,123
Deposits with banks with original maturities of more than three months	-	-	396,458	396,458
Statutory deposits	-	-	171,982	171,982
Financial investments measured at fair value	394,008	443,194	-	837,202
Financial investments measured at amortised cost	-	-	1,679,238	1,679,238
Insurance and reinsurance receivables measured at amortised cost	-	-	574,063	574,063
Other receivables measured at amortised cost	-	-	55,635	55,635
Total	394,008	443,194	3,138,499	3,975,701
Financial liabilities:				
Re-insurance deposits retained	-	-	142,850	142,850
Insurance and reinsurance payables	-	-	371,585	371,585
Other payables	-	-	176,321	176,321
Total	-	-	690,756	690,756

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values, except for the financial investments measured at amortised cost of which fair value is determined and disclosed in note 30.3 of these consolidated financial statements.

30. Fair Value Measurements

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2020.

Fair value of the Group's financial assets and liabilities that are measured at fair value on recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period.

30.1 The Following Table Gives Information About How the Fair Values of These Financial Assets and Liabilities Measured at Fair Value are Determined:

	Fair Value as at 31 December 2021 AED'000	2020 AED'000	Fair Value Hierarchy	Valuation techniques and Key Inputs	Significant Unobservable Input	Relationship of Unobservable Inputs to Fair Value
Financial assets measured at FVTPL						
Unit linked investments	**426,115**	391,484	Level 2	Quoted prices in secondary market	None	Not applicable
Quoted equity investments	**20,801**	2,524	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial assets measured at FVTOCI						
Quoted equity investments	**517,119**	399,387	Level 1	Quoted bid prices in an active market	None	Not applicable
Quoted fund	**55,514**	-	Level 2	Quoted prices in secondary market	None	Not applicable
Unquoted equity and private equity fund	**40,753**	43,807	Level 3	Multiple based approach and net assets as per financial statements	Price to book value multiple	Price to book value multiple for similar companies will directly impact the fair value calculation.
Liabilities measured at FVTPL						
Unit linked liabilities	**426,321**	391,701	Level 2	Quoted prices in secondary market	None	Not applicable

There were no transfers between each of the levels during the year. There are no other financial liabilities which should be categorised under any of the levels in the above table.

30.2 Reconciliation of Level 3 fair value measurement of financial assets measured at FVTOCI.

	2021 AED'000	2020 AED'000
At 1 January	**43,807**	53,298
Disposals	**(1,119)**	(10,215)
Changes in fair value	**(1,935)**	724
At 31 December	**40,753**	43,807

30.3 Fair Value of Financial Instruments Measured at Amortised Cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements to approximate their fair values as these are substantially short term in nature and carry market rates of interest.

	Carrying amount AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2021				
Financial assets:				
Quoted debt investments	**1,660,273**	**1,718,101**	**-**	-
31 December 2020				
Financial assets:				
Quoted debt investments	1,679,238	1,790,960	**-**	-

30.4 Fair Value Sensitivity Analysis

The following table shows the sensitivity of fair values to 1% increase or decrease in market price as at 31 December 2021 and 31 December 2020 on the consolidated income statement:

	Favourable change AED'000	Unfavourable change AED'000
31 December 2021		
Financial assets:		
Quoted debt investments	**17,181**	(17,181)
31 December 2020		
Financial assets:		
Quoted debt investments	**17,910**	(17,910)

31. Financial Risk

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

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods. The Executive Committee oversees the management of financial risks through its Investment Committee and Credit Committee.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance liabilities. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

a. Market risk

Market risk quantifies the adverse impact due to broad, systemic movements in one or more market risk drivers. Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates.

The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, credit spreads, changes in interest rate and changes in foreign currency rates.

i. Foreign currency exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. There are no significant exchange rate risks as substantially all monetary assets and monetary liabilities of the Group are denominated in the local currencies of the countries where the Group operates or US Dollars to which local currencies are fixed.

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

ii. Price risk

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

At the end of the reporting period, if the prices of quoted equity and quoted fund investments are 1% higher / lower as per the assumptions mentioned below and all the other variables were held constant, the Group's other comprehensive income would have increased / decreased by AED 5,726 thousand (31 December 2020: AED 3,994 thousand) in the case of the financial investments at fair value through other comprehensive income and the Group's profit for the year ended 31 December 2021 would increase / decrease by AED 208 thousand (31 December 2020: AED 25 thousand) in the case of the financial investments at fair value through profit or loss.

Method and assumptions for sensitivity analysis:

- The sensitivity analysis has been done based on the exposure to equity and fund price risk as at the end of the reporting period.
- As at the end of the reporting period if equity or net asset value of the fund prices are 1% higher / lower on the market value uniformly for all equity while all other variables are held constant, the impact on other comprehensive income has been shown above.
- A 1% change in equity prices has been used to give a realistic assessment as a plausible event.

With respect to unquoted equity and private equity fund, if the net asset value were to increase / decrease by 1% and considering all other assumptions to remain constant, the fair value would increase/decrease by AED 408 thousand (31 December 2020: 437 thousand).

iii. Cash flow and fair value interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its financial investments measured at amortised costs and term and statutory deposits that carry fixed interest rates.

The Group generally manages to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing financial assets and liabilities assuming the amount of assets and liabilities at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would increase/decrease by AED 22,804 thousand (31 December 2020: AED 23,306 thousand).

b. Credit risk

Credit risk is the risk of loss arising from counterparties that has a financial obligation to the Group and is either unable or unwilling to meet its obligation in full and when it becomes due. The Group has no significant concentrations of credit risk.

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

- reinsurance contract assets;
- insurance and reinsurance receivables;
- other receivables;
- financial investments;
- deposits with banks with original maturities of more than three months;
- statutory deposits; and
- bank balances and cash

The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of their counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of expected credit losses on insurance and reinsurance receivables and subsequent write-offs. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The fair value of cash and bank balances and bank deposits as at 31 December 2021 and 31 December 2020 approximates their carrying value.

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

The following financial assets of the Group are subject to the expected credit loss model:

- insurance and reinsurance receivables;
- debt investments carried at amortised cost;
- deposits with banks with original maturities of more than three months;
- statutory deposits; and
- bank balances and cash

For insurance and reinsurance receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all insurance and reinsurance receivables. The expected loss rates are based on the historical credit losses experienced. On that basis, the impairment provision as at 31 December 2021 and 31 December 2020 was determined as follows for insurance and reinsurance receivables:

	Not yet due	<30 days	30-90 days	91-180 days	≥181 days	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2021						
Expected loss rate	0.9%	5.7%	3.4%	21.7%	99.3%	
Gross carrying amount - insurance and reinsurance receivables	405,234	79,012	44,587	30,915	408,666	968,414
Expected credit losses (note 12.3)	(3,842)	(4,527)	(1,516)	(6,700)	(405,974)	(422,559)
	401,392	74,485	43,071	24,215	2,692	545,855

	Not yet due	<30 days	30-90 days	91-180 days	≥181 days	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2020						
Expected loss rate	0.7%	4.2%	3.8%	10.3%	96.2%	
Gross carrying amount - insurance and reinsurance receivables	365,707	81,796	66,772	58,810	415,159	988,244
Expected credit losses (note 12.3)	(2,597)	(3,474)	(2,562)	(6,038)	(399,510)	(414,181)
	363,110	78,322	64,210	52,772	15,649	574,063

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a large number of financial institutions.

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the impairment charge recognised during the year was therefore limited to 12 months' expected losses.

The impact on ECL due to changes in the loss rates increase / decrease by 1% as at 31 December 2021 and 31 December 2020 would result in an ECL increase / decrease by AED 91 thousand and AED 85 thousand respectively.

The reinsurance contract assets and reinsurance receivables are with highly rated reinsurers based on the Group internal Risk management framework. The insurance and other receivables include some unrated policy holders, however, exposures to policyholders and intermediaries with credit facilities are mitigated by ongoing credit evaluation of their financial condition including credit control policies adopted by the Group. The credit risk on deposits with banks with original maturities of more than three months, statutory deposits and bank balances and cash is limited because the counterparties are licensed banks with sound financial positions. Management considers low credit risk for listed bonds to be an investment grade credit rating with at least one major rating agency.

The below table summarises the staging for financial assets using the general approach:

	2021			2020		
	Stage 1 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000	Stage 3 AED'000	Total AED'000
Financial investments at amortised cost	1,662,481	2,205	1,664,686	1,680,991	2,205	1,683,196
Allowance for impairment	(2,208)	(2,205)	(4,413)	(1,753)	(2,205)	(3,958)
Cash and bank balances, deposits with banks and statutory deposits	748,977	-	748,977	830,340	-	830,340
Allowance for impairment	(536)	-	(536)	(777)	-	(777)

c. Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. The Group manages the liquidity risk through a risk management framework for the Group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and bank facilities, to ensure that funds are available to meet their commitments for liabilities as they fall due.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The table below summarises the maturity profile of the Group's financial assets including interest receivables, financial liabilities, unearned premiums, life assurance fund and unit linked reserves within insurance contract liabilities and reinsurance contract assets is based on remaining undiscounted contractual obligations and outstanding claims and incurred but not reported claims reserve within insurance contract liabilities and reinsurance contract assets is based on their expected cash flows.

2021	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposits	172,446	3,482	8,631	-	172,446	184,559
Financial investments at amortised cost	1,660,273	311,627	643,035	1,094,121	-	2,048,783
Financial investments at FVTOCI	613,386	-	-	-	613,386	613,386
Financial investments at fair value through profit or loss	446,916	426,115	-	-	20,801	446,916
Reinsurance contract assets	2,699,966	1,895,047	784,923	19,996	-	2,699,966
Deferred acquisition costs	150,381	124,133	26,140	108	-	150,381
Insurance and reinsurance receivables	545,855	541,949	3,906	-	-	545,855
Other receivables (excluding prepayments)	66,858	66,858	-	-	-	66,858
Deposits with banks	359,413	351,558	8,662	-	-	360,220
Bank balances and cash	216,582	217,600	-	-	-	217,600
Total	6,932,076	3,938,369	1,475,297	1,114,225	806,633	7,334,524
Liabilities						
Insurance contract liabilities	4,566,602	3,080,779	1,081,108	404,715	-	4,566,602
Deferred commission income	74,144	71,320	2,781	43	-	74,144
Reinsurance deposits retained	113,068	113,068	-	-	-	113,068
Insurance and reinsurance payables	385,647	385,647	-	-	-	385,647
Other payables (excluding lease liabilities)	129,745	129,745	-	-	-	129,745
Lease liabilities	27,314	4,926	20,822	4,544	-	30,292
Total	5,296,520	3,785,485	1,104,711	409,302	-	5,299,498

2020	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposits	171,982	6,890	-	-	171,982	178,872
Financial investments at amortised cost	1,679,238	201,514	857,895	1,049,576	-	2,108,985
Financial investments at FVTOCI	443,194	-	-	-	443,194	443,194
Financial investments at fair value through profit or loss	394,008	391,484	-	-	2,524	394,008
Reinsurance contract assets	2,869,140	1,862,880	961,356	44,904	-	2,869,140
Deferred acquisition costs	154,765	112,656	6,970	35,139	-	154,765
Insurance and reinsurance receivables	574,063	567,991	6,072	-	-	574,063
Other receivables (excluding prepayments)	55,635	55,635	-	-	-	55,635
Deposits with banks	396,458	395,571	10,604	-	-	406,175
Bank balances and cash	261,123	261,513	-	-	-	261,513
Total	6,999,606	3,856,134	1,842,897	1,129,619	617,700	7,446,350
Liabilities						
Insurance contract liabilities	4,724,999	3,019,125	1,266,366	439,508	-	4,724,999
Deferred commission income	81,295	77,432	3,842	21	-	81,295
Reinsurance deposits retained	142,850	142,850	-	-	-	142,850
Insurance and reinsurance payables	371,585	371,585	-	-	-	371,585
Other payables (excluding lease liabilities)	143,696	143,696	-	-	-	143,696
Lease liabilities	32,625	5,294	21,769	8,871	-	35,934
Total	5,497,050	3,759,982	1,291,977	448,400	-	5,500,359

32. Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 and 2020 are as follows:

Name of Subsidiary	Place of Incorporation and Operation	Proportion of Legal Ownership Interest		Proportion of Voting Power Held	Principal Activity
		2021	2020		
Equator Insurance Agency L.L.C.*	Dubai - U.A.E.	99.97%	99.97%	100%	Insurance agency.
Dubai Sigorta A.S. (Formally known as Dubai Starr Sigorta A.S.) **	Istanbul – Turkey	100%	100%	100%	Issuing short-term and long-term insurance contracts.
ITACO Bahrain Co W.L.L***	Manama – Kingdom of Bahrain	-	60%	60%	Brokerage and call center services.
Synergize Services FZ L.L.C****	Dubai - UAE.	100%	100%	100%	Management Information technology and transaction processing.

* The Company holds the remaining equity in Equator Insurance Agency L.L.C, beneficially through nominee arrangements.

** Dubai Sigorta A.S. was founded in 2012 and major lines of business include the underwriting of accident and health insurance.

Transactions with Non-Controlling Interests:

On 28 July 2020, Oman Insurance Company (P.S.C.) completed the 100% acquisition of its subsidiary, Dubai Sigorta A.S. by acquiring an additional 49% of the issued and outstanding share capital for a cash consideration of AED 21,005 thousand. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interest in Dubai Sigorta A.S. was AED 21,005 thousand. The Group recognised a decrease in non-controlling interest of AED 21,005 thousand and there was no impact on equity attributable to owners of the Company.

*** ITACO Bahrain Co W.L.L was acquired by the Company on 16 September 2015.

Disposal of a Subsidiary

On 14 December 2021, the Company completed the transaction for the sale of its subsidiary, ITACO Bahrain Co W.L.L., based on the terms and conditions in the agreement signed with the counterparty dated 27 October 2021 after obtaining approval from Ministry of Industry, Commerce and Tourism, Bahrain (Regulator) and subsequently the shares were transferred on 14 December 2021. The said transaction resulted to a payment by the Group amounting to AED 793 thousand. The Group derecognised the non-controlling interest and goodwill amounting to AED 583 thousand and AED 1,900 thousand respectively.

	2021 AED'000
Consideration paid:	
Cash paid	(793)
Add: carrying amount of bank balance and cash	(588)
	(1,381)
Non-controlling interest	583
Goodwill	(1,900)
Carrying amount of net assets value (excluding bank balance and cash)	(871)
Loss on disposal of a subsidiary recognised in the consolidated income statement	(3,569)

The carrying amounts of assets and liabilities (excluding bank balance and cash) were:

	2021 AED'000
	1,650
Assets	226
Property and equipment	419
Intangible assets	2,295
Prepayments and other receivables	
Liabilities	(1,424)
Other payables	871

**** Synergize Services FZ L.L.C was incorporated on 24 January 2014 in Dubai Outsource Zone, UAE and is engaged in the business of providing management information technology and transaction processing services.

Summarised financial information of the Group's subsidiary – Dubai Sigorta A.S., Turkey is set out below before inter-group eliminations.

Dubai Sigorta A.S.	2021 AED'000	2020 AED'000
Current assets	151,505	158,855
Non-current assets	141,723	122,763
Current liabilities	75,579	66,090
Non-current liabilities	189,194	173,549
Equity attributable to Owners of the Company	28,455	41,979

	2021 AED'000	2020 AED'000
Net cash outflows from operating activities	(1,945)	(3,681)
Net cash inflows/(outflows) from investing activities	626	(278)
Net cash inflows from financing activities	25,605	17,394
Net cash inflows	24,286	13,435

33. Summary of the Actuary's Report on the Technical Provisions

This note provides a summary of the gross of reinsurance technical provisions and related reinsurance assets.

Insurance activity and technical provisions category	2021			2020		
	Gross AED'000	**RI AED'000**	**Net AED'000**	Gross AED'000	RI AED'000	Net AED'000
Personal Insurance and Fund Accumulation Operations						
Outstanding claims provisions (OS)	49,902	(36,752)	13,150	86,768	(63,197)	23,571
Provisions for unearned premiums (UPR)	29,453	(14,475)	14,978	27,414	(12,898)	14,516
Provisions for claims incurred but not reported (IBNR)	17,664	(10,694)	6,970	111,257	(80,006)	31,251
Unallocated loss adjustment expenses reserve (ULAE)	272	-	272	314	-	314
Unit linked liabilities	426,321	-	426,321	391,701	-	391,701
Life assurance fund	113,442	(21,502)	91,940	133,755	(24,981)	108,774
Sub-Total	637,054	(83,423)	553,631	751,209	(181,082)	570,127
Property and Liability Insurance						
Outstanding claims provisions (OS)	2,172,468	(1,703,823)	468,645	2,208,680	(1,775,586)	433,094
Provisions for unearned premiums (UPR)	1,316,972	(702,002)	614,970	1,267,830	(670,846)	596,984
Provisions for claims incurred but not reported (IBNR)	432,981	(210,718)	222,263	489,952	(241,626)	248,326
Unallocated loss adjustment expenses reserve (ULAE)	7,127	-	7,127	7,328	-	7,328
Sub-Total	3,929,548	(2,616,543)	1,313,005	3,973,790	(2,688,058)	1,285,732
Total	4,566,602	(2,699,966)	1,866,636	4,724,999	(2,869,140)	1,855,859

a. Personal insurance and fund accumulation operations

This category includes Individual Life, Group Life and Credit Life business. Generally acceptable actuarial techniques were implemented in the determination of the gross and net technical provisions figures.

Assumptions used are based where possible on recent experience investigations and market information where necessary. For individual life business, technical provisions are most sensitive to assumptions regarding discount rates and mortality/morbidity rates. The discount rate assumption used is within the range of assumptions used by market peers and is reasonable with regard to the actual earnings based on the year-to-date asset information and analysis after allowing for risk adjustment. A crude estimate of the expected net mortality cost indicated that the expected mortality rate used is materially higher than the realised mortality claims in recent years proving that the basis includes sufficient prudency margins.

Under the net premium method used, the premium taken into account in calculating the technical provisions is determined actuarially, based on the valuation assumptions regarding discount rates, mortality and disability. The difference between this premium and the actual premium payable provides sufficient margin for expenses. An expense adequacy test has also been performed indicating that available implicit expense margins in the valuation basis is adequate to cover the total projected expenses. The technical provisions determined based on the underlying assumptions are expected to be prudent.

b. Property and liability insurance operations

This category includes medical and general insurance lines of business (LOBs). No discounting of technical provisions was employed.

Outstanding claims provisions are estimated based on known facts at the date of estimation. Case estimates are set by claims technicians and established case setting procedures. Ultimate claims are estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the past claims development experience can be used to project future claims development and hence ultimate claims. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident period.

Claim development is separately analysed for each LOB. The assumptions used in most non-life actuarial projection techniques, including future rates of claims inflation or loss ratio assumptions, are 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 the future, for example, 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 conditions and claims handling procedures in order to arrive at a point estimate for the ultimate cost of claims that represents the likely outcome, from a range of possible outcomes, taking into account all the uncertainties involved.

34. Dividends

At the Annual General Meeting held on 21 April 2021, the shareholders approved a cash dividend distribution of 20% of the share capital amounting to AED 92,374 thousand (AED 20 fils per share) for the year ended 31 December 2020 (31 December 2019: Nil).

The Board of Directors proposes a cash dividend distribution of 20% amounting to AED 92,374 thousand (AED 20 fils per share) for 2021.

The proposed dividends above are subject to the approval of the Shareholders at the Annual General Meeting and have not been included as a liability in the consolidated financial statements.

35. Social Contributions

The Group made social contributions amounting to AED 502 thousand during the year ended 31 December 2021 (31 December 2020: AED 289 thousand).

36. Other information

The Group established operations in Qatar on 6 January 2008 through an agency agreement entered with a local sponsor valid for an indefinite period. On 25 February 2019, the Qatar Central Bank ("QCB") did not accept the Group's application to open a foreign branch. Accordingly, the Group's management has taken the decision to no longer issue new policies in the State of Qatar. The Group will continue to service the existing policies as per the applicable conditions of the underlying contracts.

37. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 February 2022.

1. Corporate Governance System at Oman Insurance Company (OIC) During 2021

The Board of Directors of Oman Insurance Company (P.S.C) – believes in strong corporate governance practices. OIC considers Corporate Governance very important to achieve sustainable long-term growth and prosperity for the company as the Board of Directors is committed to enhance the value of shareholders' rights while being aware of the interests of all the concerned parties, including but not limited to employees, clients, suppliers, business partners and the community as a whole where OIC carries on its business.

Corporate governance in OIC is not only a goal but also a continuous trip towards development and excellence in business. Based on this fact, the Board of Directors has continued to improve the corporate governance standards at OIC during 2021 in accordance with the "Chairman Resolution of Securities and Commodities Authority's no. (3) of 2020 Concerning approval of Public Joint Stock Companies Governance Guide" and the other relevant resolutions issued from time to time by the Securities and Commodities Authority "Authority". The Chief Executive Officer and the senior executive teamwork towards enhancing and strengthening the internal control system which is considered as a conclusive factor in the framework of corporate governance at OIC.

OIC has created a framework for corporate governance in order to conduct its business inside and outside the company and to verify the existence of an accurate framework which accurately identifies the responsibilities and obligations of the board of directors and the executive management, together with protecting rights of all concerned parties.

The main components of the "Corporate Governance framework" embedded with OIC consists of the following:

Corporate Governance Framework at OIC - 3 Pillars		
Board of Directors	**Committees**	**Internal Control System**
Active	Audit Committee	Compliance
Independent	Remuneration and Nomination Committee	Risk Management
Non-executive	Investment Committee	Internal Audit
	Risk Committee	

2. Statement of Transactions of the Board Members and Their First-Ddegree Relatives in Relation to OIC's Securities During 2021 are Described Below

Transactions (sale/purchase) by any of the Board members or their first-degree relatives in relation to OIC's securities during 2021 are as follows:

Trade Summary ملخص التداولات					
القيمة الإجمالية Total Amount	إجمالي عدد الأوراق المالية المتداولة Total Number of Traded Securities	إجمالي قيمة الشراء Total Buy Value	إجمالي قيمة البيع Total Sell Value	إجمالي حجم الشراء Total Buy Volume	إجمالي حجم البيع Total Sell Volume
37,500	15,000	37,500	0.00	15,000	0.00

Investor's Balance By Company رصيد المستثمر الشركة واحدة							
شركة عمان للتأمين المسابهمة العامه Oman Insurance Company	: Company - الشركه				على راشد احمد لوتاه	: Investor name - اسم المستثمر	
OIC	: Symbol - رمز التداول				0022884801	: Investor No - رقم المستثمر	
AED 2.600	: Security Price - سعر الورقه المالية				31/12/2021	: Position Date - كمافى تاريخ	
القيمة السوقية Market Value	الرصيد Balance	المعلق Pending	المجمد Frozen	المعروض Offered	المتوفر Available	رقم الحساب A/C No.	عضو التداول Tranding Member
346,912.80	133,428	0	0	0	133,428	32676874	MASQ المشرق للاوراق المالية MASHREQ SECURITES / MASQ
346,912.80	133,428	0	0	0	133,428	-	Total المجموع

3. Board of Directors Formation

a. Board of Directors' and related information

No.	Name	Type of Directorship	Experience	Qualifications	Duration of Membership From Date of Appointment	Other Membership and Positions in Other PJSC	Other Positions in Regulatory, GVT Bodies and other Significant Business Entities
1	Abdul Aziz Abdulla Al Ghurair	Non-Executive/ Non-Independent	Banking and financial	Bachelor Degree in Industrial Engineering	11 years and 6 months	Chairman of Mashreq Bank PJSC	1-Chairman of UAE Banks Federation 2-Vice Chairman of Al Ghurair Investment 3-Chairman of Masafi LLC 4-Chairman of Abdullah Al Ghurair Education Foundation 5-Chairman of AbdulAziz Abdullah Al Ghurair Refugee Education Fund 6-Board member of the Emirates Foundation 7-Emiratus Chairman and Board member of Family Business Council-Gulf 8-Governing Council Member of the Global Muslim Philanthropy Fund for Children in partnership with UNICEF and Islamic Development Bank 9- Chairman Dubai Chamber
2	Ali Rashed Lootah	Non-Executive/ NON-Independent	Real Estate and Financial	Bachelor Degree in Civil Engineering	11 years and 6 months	1. V. Chairman of Mashreq Bank PSC 2. V. Chairman and the Director of Osool Finance Co. PSC 3. Board Member of Badr Al Islami Co. PSC	1.Honorary vice Chairman of Italian Business Council 2.Member of the UAE Civil Engineers Society
3	Ali Lakhraim Al Zaabi	Non-Executive/ Independent	Hospitality & Properties	Bachelor degree in Science & Engineering	2 years 10 months	Chairman of Arady Properties P.J.S.C	1-Chairman & Founder of Lakhraim Business Group
4	Rashed Saif Al - Jarwan	Non-executive/ Non-Independent	Gas/ Petroleum	Bachelor Degree in in Petroleum and Gas Engineering	11 years and 6 months	1.Board Member of Mashreq Bank 2.Vice Chairman of Dana Gas	1.Chairman of Al Ghurair Holding 2.Board member of Emirates Petrolium Corporation "EMARAT" 3.Board member of Gulf Marine Services
5	Badr Al - Ghurair	Non-executive/ Independent	Properties	Bachelor Degree in Economics	9 years and 11 months	CEO-Carstaxi	None
6	Muna Abdul Razzaq Tahlak	Non-executive/ Independent	Consultant Obstetrics and Gyneco -logy , Head of the Departm -ent of Obstetrics and Gynecol -ogy,	1-American Board in Obstetrics and Gynecology 2-Fellowship in Obstetrics and Gynecology	2 years 10 Months	None	CEO Latifa Women and Children Hospital
7	Nabeel Waheed	Non-executive/ Non-Independent	Banking/ Financial	Bachelor Degree in Science; Finance	8 years and 5 months	Group Head Treasury & Finance- Al Ghurair Investment LLC	1-Board Member, A G Melco. 2- Director Reem Finance

b. Female representation percentage in the Board of Directors for 2021

Presently female representation in the Board of Directors is one female out of seven Board Members (14%).

c. Reasons for not Nominating any Woman for the Board Membership

(Not Applicable)

d. Remuneration

- Remunerations paid to the board members for the year 2020

Board Member Name	Amount in AED
Abdul Aziz Abdulla Al Ghurair	450,000
Ali Rashed Ahmed Lootah	300,000
Rashed Saif Al- Jarwan Al- Shamsi	300,000
Ali Lakhraim Al Zaabi	300,000
Badr Abdulla Al Ghurair	300,000
Munak Tahlak	300,000
Nabeel Waheed	300,000
Total Remuneration	**2,250,000**

- Remunerations proposed for the Board Members in 2021, Subject to the Approval of Annual General Assembly

Board Member Name	Amount in AED
Abdul Aziz Abdulla Al Ghurair	450,000
Ali Rashed Ahmed Lootah	300,000
Rashed Saif Al- Jarwan Al- Shamsi	300,000
Ali Lakhraim Al Zaabi	300,000
Badr Abdulla Al Ghurair	300,000
Munak Tahlak	300,000
Nabeel Waheed	300,000
Total Remuneration	**2,250,000**

- Details of remunerations and allowances received by Board Members other than for attending committee meetings

None

- Details of the allowances received by Board Members for attending the Board meetings and committees emanating from the Board for the fiscal year of 2021.

OIC held meetings in relation to Investment Committee, Audit Committee, Nomination & Remuneration Committee and Risk Committee: the details of these meetings will be presented in the next sections. No remunerations have been paid to the Board members for the same.

e. Number of Board meetings held during the fiscal year 2021 and the relevant details

Board Member	Board Meetings			
	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	10 February 2021	10 May 2021	28 July 2021	10 November 2021
Abdul Aziz Abdulla Al Ghurair	✓	✓	✓	✓
Ali Rashed Ahmed Lootah	✓	✓	✓	✓
Rashed Saif Al- Jarwan Al- Shamsi	✓	✓	✓	✓
Ali Lakhraim Al Zaabi	A	✓	✓	✓
Badr Abdulla Al Ghurair	✓	✓	✓	A
Muna AbulRazzaq Tahlak	A	✓	✓	✓
Nabeel Waheed	✓	✓	✓	✓

✓ - Present in person; A- Absent with valid reason;

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

The CEO performs his duties pursuant to the authority delegated to him by the Chairman by virtue of a notarized power of Attorney. The CEO shall be supported by the senior executive team who are responsible for managing the day-to-day business of OIC, in line with the Annual Action Plan approved by the Board of Directors.

Name	Delegated Authorities	Term of Delegation
Jean-Louis Laurent Josi	All the management duties that form part of the daily conduct of the Company's Business and the implementation of its purposes including, but not limited to, representation of the Company before governmental, non-governmental entities and third parties, the conclusion of contracts on behalf of the Company and monitoring the annual budget.	Unlimited unless cancelled

g. Details of the transactions made with the related parties (stakeholders) showing the nature of the relationship and type of transaction.

Description	Amount (AED)	Total (AED)
Gross Insurance Premiums		
Mashreq Bank & Group	70,641,194	
Al-Ghurair Group	22,958,023	
Masafi Co (LLC)	3,723,542	
Carstaxi	16,617	
Mr. Ali Hamad Lakhraim Al Zaabi	27,743	
Mr. Badr Abdullah Ahmad Al Ghurair	557	
Rashed Saif Saeed Aljarwan & Group	34,125	
Total Gross Insurance Premium		97,368,567

Description	Amount (AED)	Total (AED)
Gross Claims Settled		
Mashreq Bank & Group	62,237,620	
Al-Ghurair Group	11,473,041	
EMARAT	52,286	
Mr. Ali Hamad Lakhraim Al Zaabi	22,235	
Mr. Badr Abdullah Ahmad Al Ghurair	291	
Masafi Co (LLC)	2,630,642	
Zain Capital	59,846	
Carstaxi	347,244	
Total Gross Insurance Claims		76,823,205

Description	Amount (AED)	Total (AED)
Other Transactions		
Interest Income (Mashreq Bank)	327,916	
Investment & Other general expenses (Mashreq Bank)	2,738,153	
Rental expense (Mashreq bank)	6,382,255	
Other investment expenses (Mashreq Capital (DIFC) Limited)	6,034,383	
Total other Transactions		15,482,707

h. OIC Organizational Structure

No.	Employee Name	Position
1	Jean-Louis Laurent Josi	Chief Executive Officer
2	Hammad Khan	Executive Vice President, Finance and Administration
3	Julien Audrerie	Executive Vice President, Head of Consumer Lines
4	Christopher Paul Wildee	Executive Vice President, Head of Commercial Lines
5	Emmanuel Deschamps	Executive Vice President Head of Individual Life and Workplace Saving.
6	Yasser Mohamed Abdulhamid Khalifa	Executive Vice President, Head of Employee Benefits
7	Ranji Sinha	Executive Vice President, Head of Distribution, UAE

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

No.	Name	Position	Date of Appointment	Total Salaries and Allowances Paid for 2021 (AED	Total Bonuses Paid for 2020 (AED)	Any other Cash/in-kind Allowances for 2021 or payable in the future
1	Jean-Louis Laurent Josi	Chief Executive Officer	1-April-18	2,746,475	-	374,630
2	Hammad Khan	EVP, Finance and Administration	5- Mar -18	1,121,216	-	139,397
3	Julien Rene Audrerie	EVP – Head of Consumer	02-jun-13	1,103,644	-	130,685
4	Christopher Paul Wildee	Executive Vice President, Head of Commercial Lines	3-Jan-18	1,097,175	-	139,397
5	Emmanuel Deschamps	Executive Vice President, Head of Reinsurance, ERM, Actuarial, Data, & Individual Life	1-Jul-14	978,826	-	114,684
6	Yasser Mohamed Abdulhamid Khalifa	Executive Vice President, Head of Employee Benefits	13-April-14	1,117,802	-	132,811
7	Ranji Sinha	Executive Vice President, Head of Distribution, UAE	27-Aug-2006	1,158,256	-	161,527

4. External Auditor

a. The External Auditors of OIC are Pricewater House Coopers (PwC Middle East), one of the major firms operating in the field of professional services in the region. It provides audit, insurance, consulting, tax and legal advisory services. PWC Middle East is an affiliate of PricewaterhouseCoopers International Limited, established in the Middle East (ME) 40 years ago, and has more than 6000 employees in 12 countries across the ME: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia and the United Arab Emirates. PWC operates independently from the OIC's Board of Directors and Executive Management.

b. Fees and Costs of the Audit or Services provided by the External Auditor

Name of the Audit Office	**PricewaterhouseCoopers (PWC Middle)**
Number of years served as **External Auditor** of OIC	Four years (2018, 2019,2020, 2021)
Total audit fees for the financial statements of 2021 (AED)	990,151 AED
Fees and costs for services other than auditing the financial statements of 2021 (AED); if there are no other fees, this shall be expressly indicated.	73,046 AED
Details and nature of other services provided (if any). If there are no other services, this should be expressly indicated	External Auditor's Assurance review of Design Phase of IFRS 17 Implementation
The other services provided by another external auditor other than the OIC's Auditor during 2021 (if any). If there is no other external auditor, this should be expressly indicated.	**Total Sum of AED 308,835 in relation to auditing and taxation services of foreign branches and subsidiary** 1. **Oman Insurance Company – OMAN Branch** Auditing the financial statements and Ministerial returns for the financial year 2021: PricewaterhouseCoopers LLC, Sultanate of Oman 2. **Oman Insurance Company (P.S.C) – Qatar Office** Audit of the Financial statements of the financial year 2021: Russell Bedford & Partners, State of Qatar 3. **Dubai Sigorta A.S - Turkey Subsidiary:** Auditing the financial statements: E&Y Turkey Corporate Income tax services: PwC Turkey

c. OIC's Auditor Reservations included in the Interim and Annual Financial Statements of 2021

No reservations or exceptions have been included by the external auditors within the Interim or the Annual Financial Statements of 2021.

5. Audit Committee (AC)

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

Mr. Badr Abdulla Ahmad Al Ghurair, Chairman of the Audit Committee within Oman Insurance Company P.S.C, herby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. Names of the Audit Committee Members, and its Competencies and Duties

The Audit Committee is formed of two Non-Executive Board members and an expert in internal audit & compliance, who is not a Board member:

Audit Committee Members	Position
Badr Abdulla Al Ghurair	Chairman
Nabeel Waheed Rashed Waheed	Member
Nasser Paracha	Member

The Audit Committee is governed by the Audit Committee Charter. The Audit Committee Charter outlines the purpose, roles and responsibilities of the Audit Committee and is reviewed and updated as may be required. The Audit Committee Charter was reviewed, updated and approved by the Audit Committee and the Board of Directors.

- **Audit Committee Purposes**

The Audit Committee is formed as a board committee. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities, namely (a) reviewing the Internal Controls, Risk Management System, Regulatory Compliance, and integrity of the Financial Statements, (b) the External Auditors' qualifications & Independence; and (c) the performance of the OIC Internal Audit Department.

- **Audit Committee Responsibilities**

The Board of Directors shall identify the scope of the Audit Committee responsibilities outlined in the Audit Committee Charter. The key tasks and responsibilities of the Audit Committee are:

- **Internal Control, Risk Management System and Regulatory Compliance**

i. To re-consider the effectiveness of the Company's financial controls, internal control and risk management system.

ii. To discuss the Internal Control System with the Management and to discuss the Internal and External audit reports on the significant findings, recommendations and managements responses;

iii. To consider compliance with the listing and disclosure rules issued by the Authority including other legal requirements applicable to financial statements.

- **Financial Information Review**

i. Discuss the annual audited financial statements with the external auditors to ensure the integrity of the financial statements, while emphasizing that: any changes to the accounting policies and practices, aspects subject to judgment or estimation, substantial adjustments resulting from the audit, going concern and, compliance with the International Financial Reporting Standards;

ii. To consider any significant and unusual matters to be reported in the financial statements and to address concerns raised by the CFO, Compliance Officer or External Auditors;

iii. To review the OIC financial and accounting policies and procedures;

iv. To ensure compliance with listing rules and other legal requirements in relation to financial reporting.

- **Relations with External Auditors**

i. To review the scope and the approach proposed for audit by external auditors, including coordinating audit efforts with the Internal Audit Department

ii. To review the performance of External Auditors and make a recommendation to the Board of Directors on the appointment or discharge of External Auditors. Appointment shall be made and remuneration shall be fixed by a resolution by the General Assembly of OIC.

iii. To check and ensure that the external auditors are independent by obtaining data from auditors on the relationships between the auditors and the Company, including the non-audit services, and discussing the relationships with the auditors.

iv. To consider and approve the External Auditor's remuneration and appointment period.

v. To ensure that significant findings and recommendations of the external auditors and managements' proposed responses are received, discussed and appropriately acted on.

vi. To regularly meet with the External Auditors to discuss any matters that the Committee or auditors believe should be discussed in particular.

- **Internal Audit Department**

i. To approve the Internal Audit Charter

ii. To approve the annual audit plan, audit the budget and the resource plan, all major changes thereto and to review the internal audit activities' performance related to its plan

iii. To discuss the internal audit budget, resource plan, activities, and organizational structure of the internal audit with the Chief Internal Audit Executive.

iv. To ensure that the internal audit is adequately resourced and has an appropriate standing within the Company;

v. To monitor the compliance with the codes of professional conduct.

vi. To consider the results of the investigations initiated by the Board of Directors.

vii. To ensure that there is coordination between Internal and External Auditors.

viii. To ensure that the duties and responsibilities under the Charter are fulfilled.

ix. To ensure that the significant findings and recommendations made by the Internal Auditors and management's proposed responses are received and discussed and appropriately acted upon.

x. To submit a report to the Board of Directors on the Committee's compliance with the duties and responsibilities outlined in this Charter.

xi. To regularly and separately meet with the Chief Internal Audit Executive to discuss any matters that the Committee or Internal Audit Department believes should be discussed in particular.

- **Compliance**

i. To review the effectiveness of the system of monitoring compliance with laws and regulations and the results of the management's investigation and monitoring (including the disciplinary actions) in any cases of non-compliance;

ii. To review the findings of any inspections by regulatory bodies and any notes by the Auditor.

iii. To review the process of communicating the Code of Conduct to the company employees and monitor compliance with such Code.

iv. To obtain regular updates from the management and OIC's legal counsel on compliance.

- **Reporting Responsibilities**

i. To regularly report to the Board of Directors on the Committee's activities and the relevant issues and recommendations.

ii. To provide an open communication platform among the Internal Auditor, External Auditors and the Board of Directors.

iii. To submit annual reports to shareholders on the Committee's formation, responsibilities and management and any other information as may be required by the applicable laws, including approval of non-audit services.

iv. To review any other reports by the Company relating to the Committee's responsibilities.

- **Other Responsibilities**

i. To perform any other activities related to this charter as requested by the Board of Directors.

ii. To annually review and assess the adequacy of the Committee's Charter, apply for the Board's approval on the proposed changes and ensure appropriate disclosure, as may be required by law or regulations.

iii. To annually ensure that all the responsibilities outlined in this Charter have been performed.

iv. To develop and supervise the special investigations as may be required.

v. To regularly evaluate the performance of committee members and individuals.

c. Audit Committee Meetings during 2021

The Audit Committee held 4 meetings during 2021. At each meeting, the Committee receives a written report from the Head of the Internal Audit Department outlining the audit findings of the Internal Audit Department and the adequacy of OIC's management response to address the issues raised in the report, including the key issues raised and the management planned to resolve, and the time taken to resolve such raised issues. The Internal Audit Committee questions the OIC management where the Committee believes that no sufficient progress has been made.

Relations with External Auditors and Actuarial Experts

During the first meeting of 2021, the Audit Committee reviewed the scope and findings of the audit conducted by PriceWaterhouseCoopers (PWC Middle East) for the 2020 financial statements. It also discussed the Auditor's letter to the management and management response, as well as the corrective actions taken. The Audit Committee, then, held meetings with representatives of PricewaterhouseCoopers (PWC Middle East) to approve the audit plan, scope and timelines for 2021, and also discussed status update from them.

Furthermore, the Audit Committee engaged with external Actuary experts to perform an independent review of the liabilities to ensure adequacy of the Reserves of all lines of business. During 2021, the Audit Committee held a meeting with the external actuaries' experts to discuss the results of their review.

Audit Committee Meetings Attendance Record for the year 2021

Committee Member Name	Audit Committee Meetings			
	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	9 Feb 2021	9 May 2021	8 September 2021	6 Dec 2021
Badr Al Ghurair	✓	✓	✓	✓
Nabeel Waheed Rashed Waheed	✓	✓	✓	✓
Nasser Paracha	A	✓	✓	✓

✓ -Present in person – A - Absent with valid reason

6. Nomination and Remuneration Committee (N&R C)

a. N&R C Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness

Mr. Ali Rashed Lootah Chairman of the N&R C within Oman Insurance Company P.S.C, herby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. Details of Nomination and Remuneration Committee members are as follows:

Name	Position
Mr. Ali Rashed Ali Ahmed Lootah	Chairman
Mr. Rashed Saif Al Jarwan	Member
Mr. Badr Abdullah Al Ghurair	Member
Mr. Ali Raza Khan	Member

c. Statement of duties, duties and responsibilities

- Development

i. Develop the company's wage policies and revise the same annually;

ii. Organize and follow up the procedures for nomination to the Board of Directors;

iii. Identify the number of executives required and develop human resources policies for the company.

- Supervision

i. Reviewing executives' remuneration to ensure its reasonableness

d. Number of meetings held by the Committee during the fiscal year and the dates of those meetings, indicating the number of times of personal attendance of all members of the Committee.

Attendance Record of the meetings of the Nominations and Remuneration Committee

Member Name	Meeting 1
	16th February 2021
Mr. Ali Rashed Ali Ahmed Lootah (Chairman)	✓
Mr. Rashed Saif Al Jarwan	✓
Mr. Badr Abdullah Al Ghurair	✓
Mr. Ali Raza Khan	✓
Mr. Jean-Louis Laurent Josi	✓
Mr. Andreas Grammas	✓

✓- Present in person – A - Absent with valid reason

7. Investment Committee (IC)

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

Mr. Ali Al Zaabi Chairman of the Investment Committee within Oman Insurance Company P.S.C, herby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. Details of Investment Committee members are as follows

The Investment Committee shall consist of five members, whose names shall be indicated as follows:

Name	Position
Mr. Ali Hamad Lakhraim Al Zaabi	Chairman
Mr. Badr Abdullah Al Ghurair	Member
Mr. Nabeel Waheed Rashed Waheed	Member
Jean-Louis Laurent Josi	Member
Hammad Khan	Member

c. Responsibilities of the Investment Committee

The main responsibilities of the Investment Committee are summarized below:

- Develop asset allocation and distribution strategy
- Review and sign investment policy statement
- Continuous evaluation of the implementation of investment policies
- Monitor the performance of the comprehensive investment profile
- Review the stress testing framework
- Approval of delegation of authority to senior management

1. Meetings of the Investment Committee during 2021 (Dates and registration of attendance for each member)

Member Name	Meetings		
	Meeting 1	Meeting 2	Meeting 3
	18th March 2021	8th July 2021	2nd November 2021
Mr. Ali Hamad Lakhraim Al Zaabi	✓	✓	✓
Mr. Badr Abdullah Al Ghurair	✓	✓	✓
Mr. Nabeel Waheed Rashed Waheed	✓	✓	✓
Jean-Louis Laurent Josi	✓	✓	✓
Hammad Khan	✓	✓	✓

✓ - Personally attending, A-Absent with valid reason

8. Committee Concerned with Following up and Supervising Transactions of the "Insiders" Persons

a. Committee members are as follows

Name	Position
Mrs. Louise O'Donnell	Member
Mr. Anwar El Khatib	Member

b. Ms. Louise O'Donnell and Mr. Sheikh Anwar El Khatib members of the Insiders Committee within Oman Insurance Company P.S.C, herby acknowledge their responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

c. Statement of duties, duties and responsibilities

The Insiders Committee oversees the implementation of an effective process to regularly maintain an updated register for Insiders and monitor their adherence to the Insiders' trading policy and shall have the following duties.

- Prepare a special and comprehensive register for all Insiders, who are entitled or have access to the Company's internal information prior to publication;
- Manage, monitor and supervise the transactions of Insiders and their ownerships if any and keep a special register therefor;
- Notify the Authority and the Market of the updated list of Insiders upon their request and of any amendments thereto during the financial year;
- Comply with any other requirements as determined by the Authority

During 2021 no meeting has been conducted but the Committee continued to maintain and update the register of Insiders and to notify the same to the Market whenever requested.

9. Risk Committee

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

Mr. Nabeel Waheed Chairman of the Board Risk Committee within Oman Insurance Company P.S.C, herby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. Details of Board Risk Committee members are as follows

The Board Risk Committee shall consist of four members, whose names shall be indicated as follows:

Name	Position
Mr. Nabeel Waheed	Chairman
Mr. Rashed Saif Al-Jarwan	Member
Mr. Anuratna Chadha	Member
Mr. Vincent Pluchet	Member

Standing Invitees of the Committee are as follows:

Name	Position
Mr. Jean-Louis Laurent Josi	Standing Invitee
Mrs. Louise O'Donnell	Standing Invitee
Miss Zhanar Tukeyeva	Standing Invitee

c. Responsibilities of the Board Risk Committee

The main responsibilities of the Board Risk Committee are summarized below:

- Review and agree on the risk management framework including risk appetite proposed by the Executive Risk Committee in order to further submit to the Board for approval;
- Monitor the compliance of the actual risk profile against the risk management framework and risk appetite of the Company approved by the Board:
  a. Make recommendations to the Executive Risk Committee;
  b. Receive reports back from Executive Risk Committee on their actions in order to ensure that the risk profile of the Company remains within risk appetite;
- Assess the relevance and the efficiency of the defined risk management framework including risk appetite and propose amendments to the Board when needed
- Establish, and delegate authority to Executive Risk Committee to carry out any of its responsibilities.

d. Meetings of the Board Risk Committee during 2021 (Dates and registration of attendance for each member)

Member Name	Meetings	
	Meeting 1	Meeting 2
	29th April 2021	26th October 2021
Mr. Nabeel Waheed	✓	A
Mr. Rashed Saif Al-Jarwan	✓	✓
Mr. Anuratna Chadha	✓	✓
Mr. Vincent Pluchet	✓	✓
Standing Invitee Name		
Mr. Jean-Louis Laurent Josi	✓	✓
Mrs. Louise O'Donnell	✓	✓
Miss Zhanar Tukeyeva	✓	✓

✓ - Personally attending, A-Absent with valid reason

10. Internal Control System

The Board of Directors acknowledges its responsibility for the Company's internal control system and for checking the same and ensuring its effectiveness through the Internal Audit Section and the Anti-Fraud Section.

- **Internal Audit**: Mr. Biju Varma, appointed in 1 June 2021 as Head of Internal Audit, is responsible for overseeing the internal audit section. He is a Chartered Accountant, certified by the Institute of Chartered Accountants of India, and a Fellow of Life Management Institute (FLMI), certified by the Life Office Management Association (LOMA, USA) and possesses 22+ years of audit, including 13+ years of Insurance industry Internal Audit experience. During the first half of 2021, Internal Audit section was overseen by Mr. Amey Masurkar a Chartered Accountant Certified by the Institute of Chartered Accountants of India, and Certified Internal Auditor by Institute of Internal Auditors, USA, who was appointed in February 2019.
- **Compliance**: Mrs. Dima Fakhoury is the Head of the Compliance Section and she is responsible for overseeing regulatory compliance and money laundering activities. She holds a CRMA from the Charted Institute of Internal Auditors, an International Compliance Officer certification from the Charted Institute for Securities and Investments, and an Insurance certificate from the Charted Institute of Insurance. She was appointed in January 2019.
- **The Internal Control deals with critical issues**

The Internal Control through its relevant structures assesses internal controls on an ongoing basis, whether they are effective or not, if they are operating as planned, and monitors whether management has taken or takes action to address any deficiencies or weaknesses that are detected. The Board monitors the activities of the Internal Control system. The results are presented to the shareholders / regulators to which the Company is subject to in the form of an Annual Corporate Governance report and in the form of disclosures submitted in compliance with inclusion/regulatory requirements. In 2021, the Internal Control has not faced any significant problems in the company.

11. Details of the Violations Committed During the Fiscal Year, the Reasons and Actions Taken by the Company

Oman Insurance Company has not committed any serious violations or breaches during the year of 2021. In the event of any violation or breach, the company takes the corrective action(s) required to avoid the violation committed and is keen to implement the same.

12. Statement of Cash and In-Kind Contributions Made by the Company During 2021 for Community Development and Environmental Conservation.

During 2021, Oman Insurance Company has contributed to community development through the below initiative

Ramadan Motor Campaign

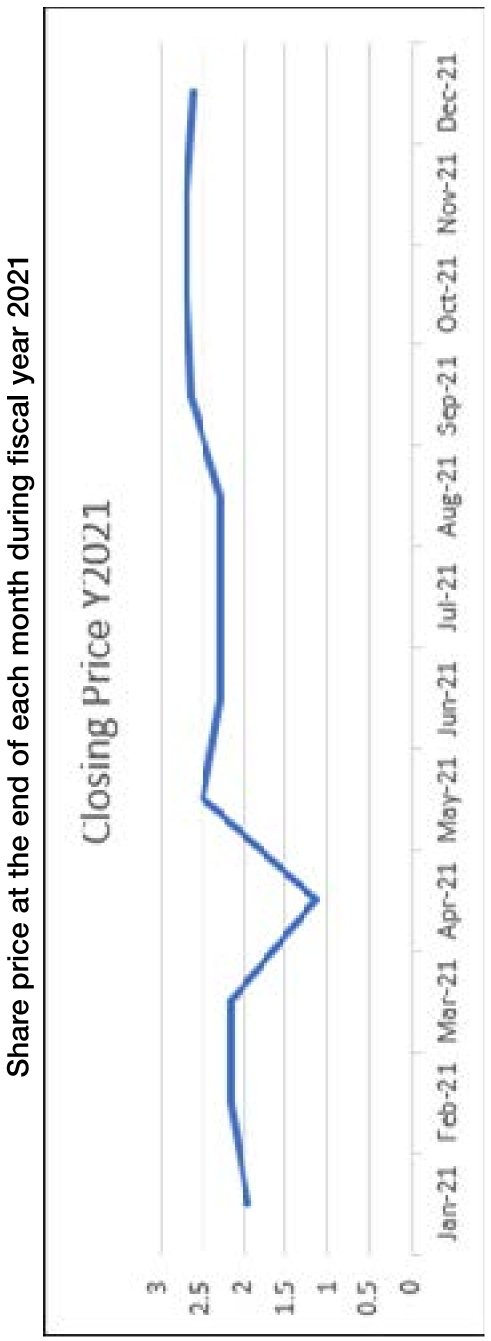
Oman Insurance Company launched an initiative during Ramadan 2021 in collaboration with Emirates Red Crescent (ERC) to support families in need of essential food supplies. The Company contributed AED 50 to Emirates Red Crescent for every motor insurance policy sold directly via our website during the Holy month. Total amount paid to ERC was AED 25,000.

13. General Information

a. Statement of the Company's market share price (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2021

Month	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
Highest Price	N/A	2.150	N/A	N/A	2.500	2.480	2.3	N/A	2.640	2.700	2.700	2.700
Lowest Price	N/A	2.100	N/A	N/A	2.230	2.300	2.3	N/A	2.640	2.700	2.700	2.600
Closing	1.95	2.15	2.15	2.15	2.5	2.3	2.3	2.3	2.64	2.7	2.7	2.6

Share price at the end of each month during fiscal year 2021



b. Comparative performance of the company's shares with the general market index and sector index to which the company belongs (insurance sector) during 2021

1. Company's share performance compared to the general market index in 2021

Month	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
OIC's Share	1.95	2.15	2.15	2.15	2.5	2.3	2.3	2.3	2.64	2.7	2.7	2.6
Dubai Financial Market Index	2654.06	2551.54	2550.23	2605.38	2797.52	2810.56	2765.71	2902.97	2845.49	2864.21	3072.91	3195.91

2. Company's share performance compared to the insurance sector in the United Arab Emirates

Month	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021
OIC's Share	1.95	2.15	2.15	2.15	2.5	2.3	2.3	2.3	2.64	2.7	2.7	2.6
Insurance Index	2017.14	2188.75	2246.37	2183.31	2239.52	2246.81	2213.56	2267.46	2201.85	2220.52	2265.67	2262.63

c. Distribution of Shareholders' Equity as of 31/12/2021

Shareholder Class	Shareholding Percentage				
	Individuals	Companies	Bank	Government	Total
Local	125,896,357	37,236,083	298,739,685	0	100%
Arab	0	0	0	0	0
Foreign	0	0	0	0	0
Total	27.2578	8.0620	64.6802	0	100%

d. Statement of Shareholders holding 5% of the Company's capital as of 31/12/2021

No.	Name	No. of Shares	Percentage in Capital
1	Mashreq Bank	297,739,685	64.4637%

e. Statement of the distribution of the shareholders according to the size of their ownership as of 31/12/2021

NO.	Name	No of Shareholders	No. of Shares	Percentage in Capital
1	Less than 50,000	47	456,835	0.099%
2	From 50,000 to 500,000	32	6,786,403	1.469%
3	From 500,000 to 5,000,000	36	78,631,271	17.025%
4	More than 5,000,000	10	375,997,616	81.407%

f. Statement of actions taken with regard to investor relations controls, which presents the following

Name of Investor Relations Officer and his/her contact information.

Mr. Hammad Khan

hammad.khan@omaninsurance.ae

Link to Investor Relations webpage on the company website: http://www.omaninsurance.ae/en/about-us/investor-relations

Dir: 04 2337100

g. Statement of the Special Resolutions put forward for discussion at the General Assembly meeting held in 2021 and the actions taken thereon

The Company held its Annual General Assembly during 2021 on the 21st of April 2021 and no Special Resolutions have been passed therein.

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

Mr. Sheikh Anwar Al Khatib, General Counsel and Rapporteur of the Board of Directors Meetings, he holds a Law degree from Beirut Arab University. He was appointed on January 23, 2012, and he is a Certified Board Secretary since 2018 from the Institute of Corporate Governance "Hawkamah". His main responsibilities and duties as the Board Secretary are as follows:

- Prepare the agenda for the Board meetings in coordination with the Chairman of the Board.
- Provide the members of the board with the material of the meetings
- Prepare the minutes of the Board Meetings.
- Follow up with the Executive Management on the implementation of the Resolutions issued by the Board.
- Upload the disclosures related to the Board Meetings on Dubai Financial Market's s website.
- Maintain the minutes of the Board Meetings and the General Assemblies of shareholders in addition to the Board Committee meetings.

i. Statement of important events during 2021

The Company has gained 'A- Positive Outlook' rating by Standard & Poor's Global Rating Agencies and 'A Excellent' by AM Best. S&P Global ratings further mentioned in its report that the company's capital adequacy is well above the 'AAA' level, and the liquidity position is 'exceptional'. This is a result of our focused efforts in de-risking the investment portfolio with a deleveraged balance sheet. Moody's, the largest rating agency worldwide alongside S&P, assigned an A2 Insurance Financial Strength to Oman Insurance. Moody's noted that this A2 rating reflects our strong market position in the Middle East and North African (MENA) region as well as the fact that Oman Insurance has strengthened its operating profit over the past three years due to actions taken to improve underwriting quality, lower expenses and improve recurring investment income.

The Company has received "in principle" approval from Lloyd's to launch Syndicate 2880 under the Syndicate-in-a-Box (SIAB) initiative. This will be the first Lloyd's Syndicate in the GCC. With less than 100 Lloyd's syndicates worldwide, OIC's SIAB initiative reflects our pedigree in the global insurance industry.

j. Statement of the percentage of Emiratization at the company for the year 2021

The Emiratization rate at Oman Insurance Company during the past year is as follows:

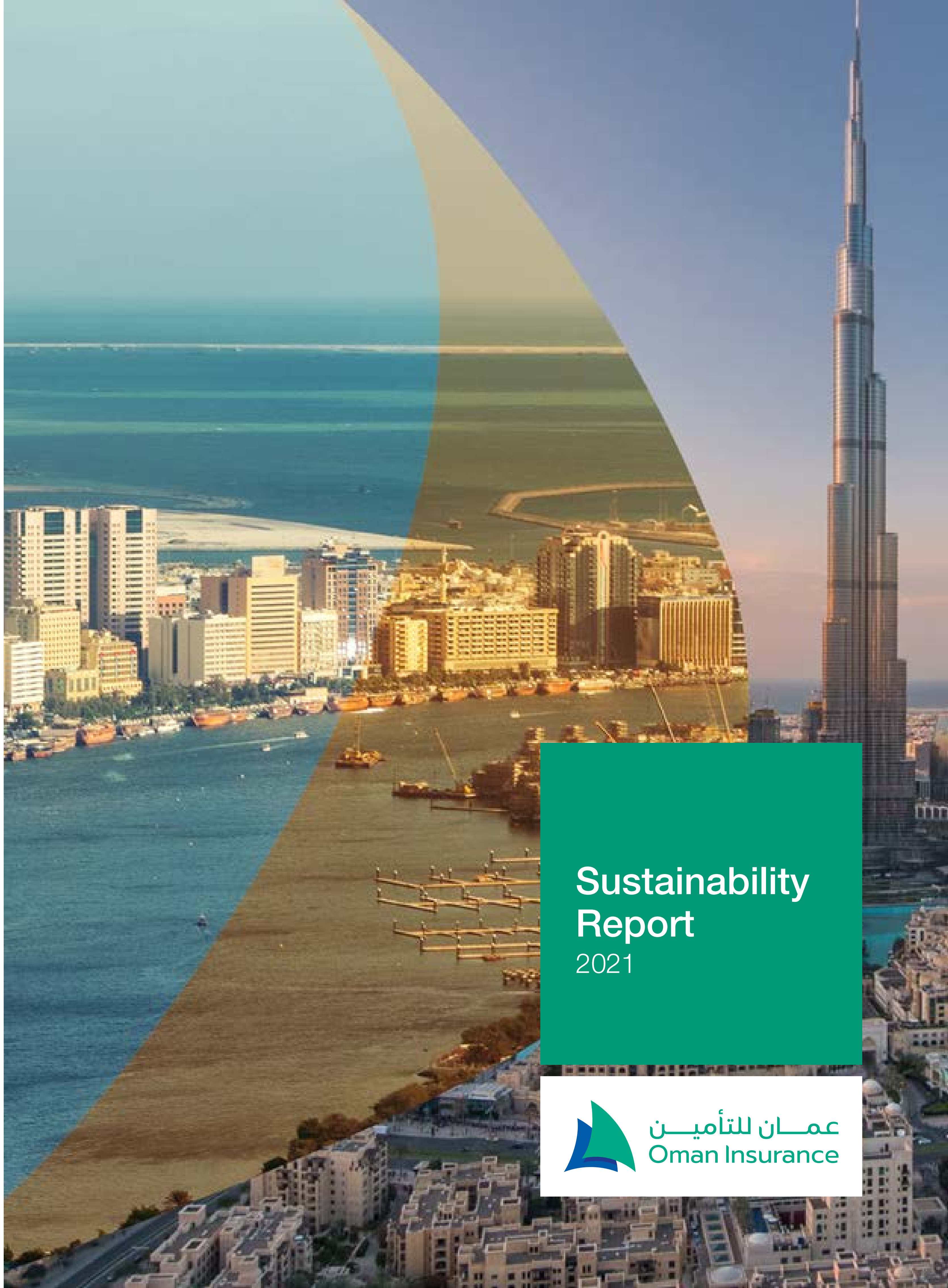
- 2017: 6.90 %
- 2018: 10.2%
- 2019: 14.4%
- 2020: 14.6%
- 2021: 14.1%

k. Statement of innovative projects and initiatives undertaken by the Company or under development in 2021

A number of initiatives have been undertaken during 2021 in this respect and further detailed in the ESG report of the Company

Mr. Abdul Aziz Abdulla Al Ghurair Chairman of the Board of Directors	Mr. Badr Al Ghurair Chairman of Audit Committee	Mr. Ali Rasheed Lootah Chairman of Nomination & Remuneration Committee	Mr. Biju Varma Head of Internal Audit
Signature:	Signature:	Signature:	Signature:

Company's Official Seal



CEO's Message

I am pleased to present the second edition of Oman Insurance Company's Environmental, Social and Governance report for 2021. The report showcases our key performance highlights, achievements, and best practices for the year, resonating the vision, mission and values of our organization in contributing to our key stakeholder's success.

Even before the publication of first Sustainability Report in 2020, Oman Insurance was attuned to the global call for sustenance through various economic, social and governance initiatives. With our inaugural publication, we laid resilient groundwork on which we continue to build best practices to achieve the sustenance goals aligned to DFM guidelines and GRI standards. With unwavering support and guidance from our board of Directors, we have continued to remain committed to operating our business in a sustainable manner, empowering our communities; employees & customers, using advanced technologies to respond to market dynamics and manage our resources consciously and efficiently.

Oman Insurance did remarkably well in 2021 in terms of increasing our shareholder's value by declaring net income of AED 206 M which was the highest in the last 7 years. Our local solvency margin exceeded 270% which speaks for the successful strategies we have implemented for a resilient risk transfer mechanism. Our global customer satisfaction index stands at 89%, which implies that we are true in our commitment to be the region's reference point of customer service. One of our strongest strategies have always been to explore new & unique growth avenues and be a market leader in our practices. It was indeed a proud moment for Oman Insurance to be the first in the UAE to receive Lloyd's approval to launch Syndicate 2880 under Syndicate In A Box (SIAB) initiative. Our technological and digital solution prowess continued in its accomplishments. This year, API gateway to onboard broker/ partner was delivered. We also launched a brand new mobile application for our healthcare members. In addition, we launched medical transformation platform for our healthcare insurance. This goes a long way to show how we intend to support our community by empowering our partners and customers alike.

The accolades we won for our efforts surpassed last year's achievements as we won 19 awards in 2021. These included 'customer satisfaction and happiness', 'digital initiative' and 'Insurance Solution Provider for the year'. If there is one common factor behind winning these prestigious and coveted recognitions in the market, it is our employees. I am elated by the dedication and innovation brought by our employees to this organization. Emerging from post covid-19 world, we equipped ourselves with technology to continue empowering our employees. This year we held 45 virtual training sessions for our employees. Our wellness, diversity and learning and development programs continued through employee wellness plans, LivFit, Women's Network initiative. Oman Insurance was awarded 'Outstanding company in the application of Emiratization regulations' from CBUAE (Insurance Authority) as a recognition for our efforts in contributing to national development.

As we look forward to 2022, we are confident that our sustainable goals will continue to bring dividends to our stakeholders, while we invest in our people and contribute to our society through green solutions ever committed to have a balanced socio, economic, human and environmental sustainability.

Jean-Louis Laurent Josi
CEO, Oman Insurance Company

Our 2021 Key Accomplishments

1. **Customer Service**
   a. Won 19 accolades in 2021
   b. Customer satisfaction at the best: 89%

2. **Free Cash Flows**
   a. 100 M Free Cashflow generated.
   b. Highest Investment income in the last 10 years.

3. **Employee Wellbeing**
   a. 37% Women Representation in workforce
   b. 45 Virtual Training sessions Programs under Learning & Development
   c. Employee Wellness
   d. LivFit
   e. Women's Network

4. **Increased Shareholder Value**
   a. Highest Net Profit in the last 7 years.
   b. Double digit ROE ~ 10%
   c. Shareholder's equity increased by 8% to ~ 2B

5. **Digitization**
   a. Brand new Mobile Application for Medical claims
   b. API Gateway to onboard brokers & partners
   c. Live Web chat to provide enhanced customer experience

As a testimonial to the remarkable endeavor towards its shareholder, the commitment towards its customer, people and community, OIC bagged 19 awards in 2021.

Oman Insurance – 2021 Awards

Best Implementation of Digital & Social	Motor Insurer of the Year	General & Life Insurer of the Year	Best Health Insurance Company
Digital Insurer of the Year	Best Insurance Solutions Provider of the Year	Life Insurer of the Year	Health Insurer of the Year
Building Public Trust - Consumer Marketing and Awareness	Digital Initiative of the Year	General Insurer of the Year	Insurance Customer Satisfaction & Happiness– UAE
	Health Insurer of the Year		

Our Strategic Pillars

We pledge to continue to be true to our mission, vision & values to bring assurance to our stakeholders' wealth & wellbeing and to be their preferred & trusted partner.

Customer Centric

Reliability

Expertise

Employer of Choice

47 years
of expertise in the region

3.54 billion
AED revenue in 2021

830,000 clients
trust us

7.57 billion
AED total assets

Listed
on Dubai Stock Market

650 professionals
ready to serve you

206.1 million
AED net profits

1. Well Managed by an Experienced Team

a. Leading positions in the UAE: among top 3 players in most of the LOB's and a household brand

b. Leading positions in the GCC: engineering among the largest in the region

c. 650 strong, versatile employees

2. Strong Market Position

a. Financially prudent - rated A2 by Moody's, A by AM Best and A- Positive by S&P

b. Profitable franchise with significantly high solvency at >270% as at Dec 31, 2021

c. Significant reinsurance business in upstream and downstream Energy and a profitable international Aviation account

d. Members of Emirates Insurance Association & Gulf Insurance Federation

e. First company in the UAE to have Lloyd's syndicate ever in the region. "In principle"' approval has been received from Lloyd's to launch Syndicate 2880 under the Syndicate-in-a-Box initiative (SIAB). The Syndicate will operate on the Lloyd's platform under the Dubai International Financial Centre (DIFC)

3. Robust Customer Satisfaction

a. Rated as #1 insurance company

b. 89% of customers being satisfied or very satisfied with our services

c. Winner of 19 awards in 2021 including: "customer satisfaction and happiness"; "digital initiative" and "Insurance Solutions Provider of the year"

4. Digital Innovator

a. Brand New Mobile Application for Medical Claims

b. API Gateway to onboard brokers/ partners delivered

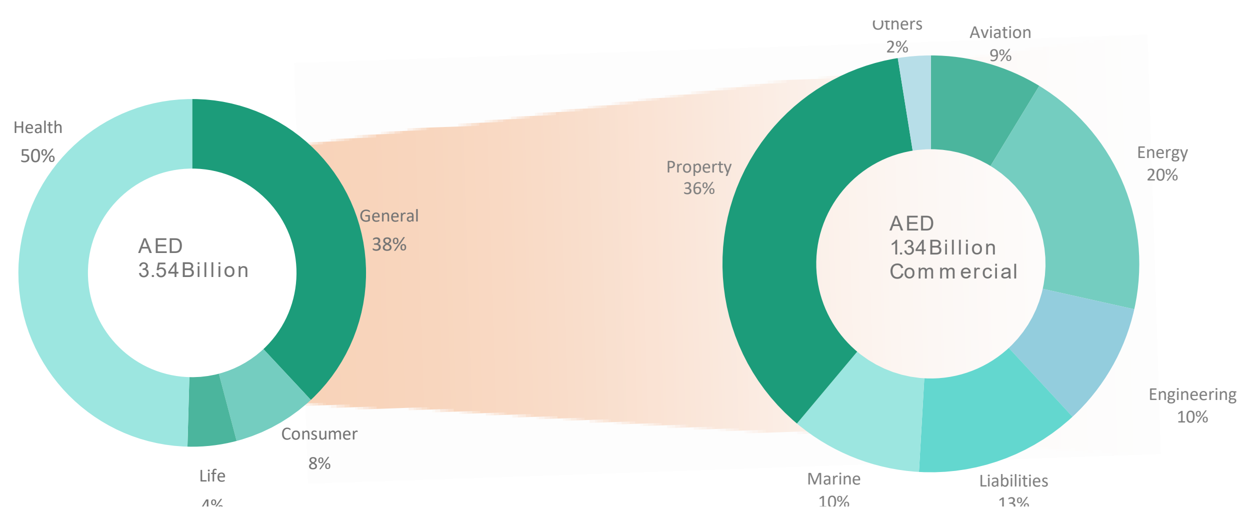
c. Live web chat to provide enhanced customer experience

d. Medical Platform transformation Programme launched.

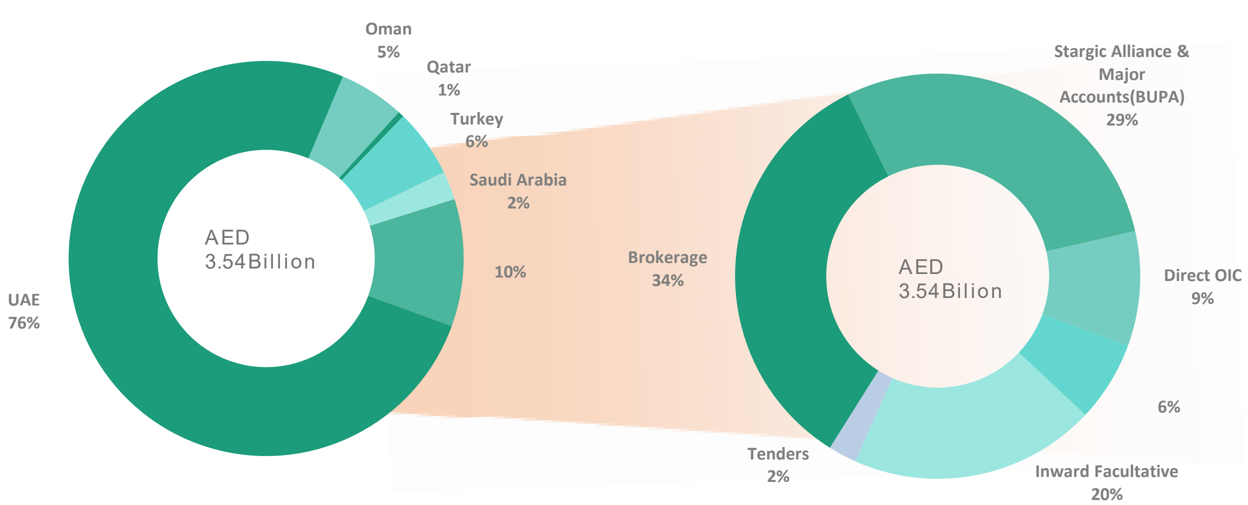
A Well-Diversified Business Model

Oman Insurance Company, a public shareholding company established in 1976, prides itself in being one of the oldest regional insurance provider in the UAE. As a market leader, our solutions ranges from Life, Healthcare, Consumer & Commercial Insurances. Head-quartered in Dubai, UAE, our well diversified business model has its presence not only in the UAE but Oman & Turkey as well. Our diversified business channel operations include Brokerage & Agency, Strategic Alliance, Inward Facultative, Tenders as well as Major Accounts and Direct Channels. This bears testament for Oman Insurance Company for being Market's choice for profitable business and underwriting flexibility.

Gross Written Premium by Line of Business - 2021



Gross Written Premium by Geography and Distribution Channel - 2021



Stakeholder Engagement

We reviewed internally and externally our stakeholder's perspectives and opinions. The process identified the impact we have on each stakeholder group as well as the level of influence each stakeholder group has on our business. We communicate with our stakeholders through multiple channels, listening and seeking their feedback. We have listed below our key stakeholder groups and our engagement methods along with the frequency of engagement.

Shareholders & Investors

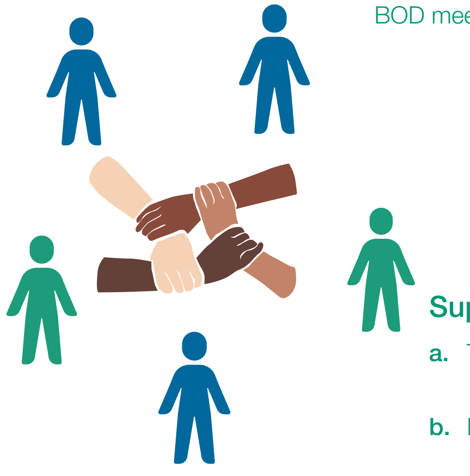
a. Board of Directors Meetings, Market Disclosures, General Assembly, Investor Relations.

b. KPI: Financial Performance, Minimum of 4 BOD meetings annually,

Customer

a. Customer satisfaction surveys at key touchpoints Monitored Monthly .

b. KPI: > 90 % satisfied customer



Suppliers & Business Partners

a. Tenders & RFPs, Broker Portals, Trainings & Workshop

b. KPI: Fair Business Practices & Selection.

Employees

a. Employee Engagement Programmes

b. Intranet, Townhalls, Inhouse Trainings.

c. KPI: EE> 4

Regulators, Media & Others

a. Regulatory Reporting to UAE IA, DHA, HAAD, Communication with Regulators (DFM, SCA)

b. KPI: Compliance to all regulations.

Materiality

The above review helped us in understanding the correlation and the impact each has on the assessment of materiality. As a result of stakeholder engagement, we identified material topics based on the significance of economic, environmental & social influence it has on our stakeholders. By focusing on materiality, we aim to achieve our sustainable development goals which is also built into our overall strategic objectives and pillars identified for the coming years.

Assessment Process & Identification of Key ESG Issues & Impact

ESG: Our Priotities

In our first Environment, Social & Governance report, we demonstrated the adoption of United Nation's Sustainable Development Goals (SDGs) in our operational strategies. In our second report for 2021, we continue to show our commitment in working towards developing business sustainably and in line with our goal to become a reference point in the region for customer service.

In our continued efforts, we have adopted SDG goals in our insurance activities, aligned to our business models through digitization, prioritizing risks and opportunities that supports the growth of sustainable business. We at Oman Insurance are committed to bring gains for our stakeholders in the longer run, promote wellbeing of our employees, contributing to our community and adding value to our customer experience. Based on the Global Reporting Index (GRI) reference, material issues identified were factored into our operational and governance framework.

Our mission to protect one's wealth & well-being is redefined through our many initiatives to care for our people and our community alike, through our wellness programs. Explore our LivFit program, Employee Wellness, Women's Network initiatives to know more.

As an Industry Leader, we have been a pioneer in innovating insurance products through technology adding to our stakeholder's values as well as empowering our customers, partners, and employees to support sustainable development. See our Technology & Innovation to learn more.

We aim to empower our employees through an array of professional courses under our Learning & Development, Diversity & Nationalization programs.

We at OIC make conscious efforts to bring equality in our Workforce & Workplace. We are committed to improving gender representation at Senior Management & Board as well as focusing on Women's Wellness. Know more about our Diversity, Women's Network, and our Women's Leadership.

We aim to inculcate the culture of responsible spending for a sustainable community and Social responsibility towards the growth of the community. We engage in many social activities in giving back to the community.

We are committed to investing in Corporate Governance for ensuring operational excellence and long-term gains for our stakeholders and sustainable operations. We ensure we are compliant with regulations and have high ethical standards for our employees.

Governance and Risk Management

With our strong corporate governance framework, we diligently follow local regulations and laws, while maintaining a robust corporate governance framework

OIC considers corporate governance as a critical element in creating a sound working environment that supports achieving the overall long-term goals for all stakeholders. Risk management & corporate governance is key to making us perform sustainably.

Governance structures are put well in place to reduce and manage risk in line with achieving OIC's strategic objectives and to contribute to building strong ESG goals & action plans. There are key policies which are outlined in the policy section which support us in operating a dynamic risk & governance framework. Furthermore, there are audits done by external and internal to ensure adherences to best practices.

1. Pillars of corporate governance framework

a. Board of Directors

- Active
- Independent
- Non-executive

b. Committees

- Audit Committee
- Nomination & Remuneration Committee
- Investment Committee
- Risk Committee

c. Internal Control System

- Compliance
- Risk Management
- Internal Audit

(First insurance company in the UAE, awarded and recognized by the Institute of Internal Audit to be in compliance with its International Standards)

2. Board of Directors

The election of our Board Members shall take place every three years. The next board election is scheduled on Apr 12, 2022. The election of the board members will be conducted during the Annual General Assembly meeting, where shareholders elect the board members by way of vote. Nomination & Election process is duly approved by SCA disclosed to DFM and published in the local newspaper and on the company website.

Our Board of Directors meets at least every quarter. Responsibility for administrating all-risk policies and management of risk are delegated to the Executive management. The Board is appraised on a regular basis to significant risks for OIC and manages overall response plans. Board Member evaluation will be conducted as we progress in our commitment to governance principles.

3. Board of Directors Committees

a. Board Risk Committee (Meets Semi-Annually)

The first in the market committee was established in 2020. Incudes 2 Board members , two independent experts, CEO, and the Head of ERM, validates the Company's ERM framework & Risk Appetite.

b. Nomination and Remuneration Committee (Meets Annually)

The committee includes 3 Board members & is chaired by an independent member.

Responsible for developing & reviewing the remuneration policies, reviews the bonus of Executive Management and developing procedures for the nomination of Board Members.

c. Audit Committee (Meets Quarterly)

The committee includes 2 Board members & an audit expert, chaired by an independent member.

Responsible for reviewing external, internal audit reports, disclosures & financial statements.

d. Investment Committee (Meets Quarterly)

The committee includes 3 Board members , CEO and is chaired by an independent member. Head of Investment, Finance & Risk attend all meetings.

Responsible for strategy, review & execution of company investments.

4. Management Committees

a. Executive Risk Committee (Meets Quarterly)

Established by the CEO, committee serves as the senior management committee to assess all significant risk issues & to protect OIC reputation & intrinsic values. It oversees OIC's risk management.

b. Credit Committee (Meets Monthly)

Established & chaired by the Head of Finance, committee oversees and supports the management and control of credit risk.

It oversees administration of OIC's credit portfolios.

c. Executive Committee (Meets Bi-Monthly)

This committee was established by the CEO.

It serves as the Executive Management level committee to discuss key strategic & business issues.

Risk Management Governance

As OIC continues to be the leading insurance company in the UAE and GCC and to have a strong market position, the maintenance of a strong governance framework, ensuring the right overview and control at each level of our structure, is central to everything we do. This is achieved through Risk Management Policies & committees steering them.

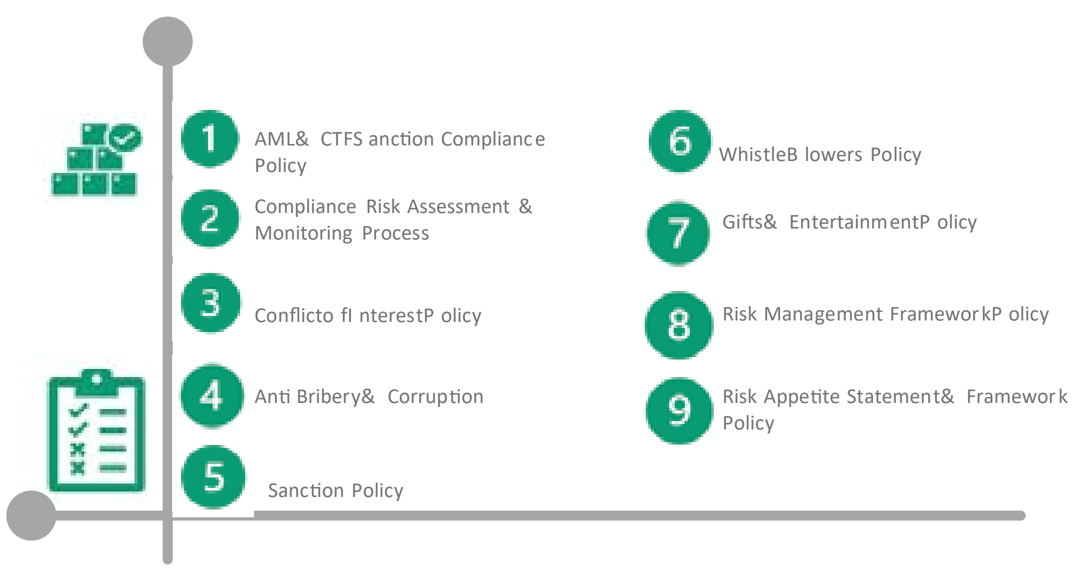
Effective governance is much more than committees: it is about ensuring the stability, consistency, and innovativeness of our business to make sure our customers' expectations are met and exceeded.

OIC has two levels of risk committee Board Risk Committee (BRC) & Executive Risk Committee (ERC). ERC's role is defined to challenge, oversee, and monitor the management of risks within OIC to ensure they are being managed within the risk governance requirements and risk appetite. There are four committees that further report to ERC. Validation of the ERM framework and risk appetite set by ERC is done by BRC. They also work as a channel of communication between the Board & ERC. With these committees, OIC can assess different severe (but plausible) events and scenarios to understand the financial and capital implications on the Company, proactively monitor and regulate reinsurance exposures and structures, large & unusual transactions. They also ensure that adequate and reasonable reserves are in place for insurance exposures along with the appropriateness of credit risk associated with insurance receivables/ reinsurance recoverable.

1. Compliance Policies

OIC's compliance policies are aimed to guide employees to a higher ethical standard, support the organization in its strategies, and ensuring compliance to local & international regulatory guidelines.

The compliance policies are reviewed and updated annually. The key focus areas are AML, CTF Sanctions, Risk assessment framework, conflict of interest, anti-corruption & bribery, and whistleblower policies. The policies are structured through procedures, processes, training & awareness to OIC employees.



Technology and Innovation

We at OIC have undergone a massive digital transformation and delivered various Industry-level first innovative solutions. We strongly believe in capitalizing on the digital era to bring healthy returns to our shareholders and truly empower our customers, employees, and partners. We continue to enable a traditional supply chain with digital channels & leverage the external ecosystem as part of our digital strategy.

1. Strengthening Our Foundations

a. Technologies

- Modernised and resilient IT estate resulting in 99.9% service availability over the last 24 months
- Payment Gateway / API Gateway solutions
- Digital workspace with 40% on Cloud (Greenfield) & Remote connectivity enabled for 95% of the staff to tackle Covid-19 lock down
- Implemented ZeroCode platform and enabled Dynamic pricing
- Single Sign On enabled to provide the best-in-class experience
- Innovative and Industry-first rule-based Motor Claims Automation
- Launched corporate website on industry leading Digital Experience Platform
- Reimagined and launched Medical claims on Progressive Web Application

b. Digital Channel

- 16 portals to enable self-service across the business domains
- Mobile Apps for Medical and Motor assistance for recovery
- Bancassurance (Mashreq & RAKbank)
- Affinity (Shukran, Gargash, Gulf Oaisis & Afia)

c. Analytics

- Created Golden Record and implemented Single Customer View on Cloud
- Data Lake and AI based pricing implementation in plan

2. Key Initiatives for 2021-2023

a. e-Commerce

- 100% STP for New Business & Renewals of Fleet
- Predictive Analytics – Enable Personalization for Up-Sell/Cross-Sell
- Rationalisation of 16 portals to one with Single Sign On

b. e-Services

- Enable Self-Servicing for Fleet Endorsements and Claims
- Opti channel Experience – API Channel for Brokers & Partners

c. e-Partners

- Leading and innovative Medical Ecosystem
- Customer 360- Data Mining & Analytics enabled FWA & Wellness
- Digitisation of Non-Motor Claims

3. Information Security

At OIC, security is an integral part of the architecture guidelines. In the last 3 years, we have implemented multiple security products and secured ISO 27001 certification in Dec 2021.

a. Key Initiatives: 2018- 2021

- IT Regulatory Compliance
- Protection of Business & Privacy Information
- Encryption & Backup for Data Security
- Secured Login Mechanism
- Centralized Log maintenance
- Privilege Access management
- Fortification against SPAM, Phishing, Malware
- Improved Threat Detection
- 24 x 7 security monitoring & response

Operational Excellence

OIC's robust financial strength and strong operating performance are reflected in our 2021 Performance. Despite the challenging market, efficient management of expenses and claims led to higher underwriting profit. OIC posted a net income of AED 206.1 M in 2021, which is the highest in the last 7 years.

1. Claims Management Highlights for 2021

a. Commercial Claims

- Write down in Gross Reserves AED 320 M following review of claims and loss mitigation efforts
- Successful Gross recovery of AED 12.3 M from Third parties
- 11,700 claims processed, AED 617 M paid out

b. Motor Claims

- 98% of Recovery outstanding within 12 months – best amongst UAE Insurers
- 47% salvage realized – highest ever
- Garage Repair cost lowest in 4 years
- 42,000 claims processed, AED 254 M paid out

c. Medical Claims

- AED 18 M cost avoidance through automated clinical rules and case management
- AED 12 M Audit Recovery from Medical providers
- 3 M claims processed with AED 1 B payout
- New Age Mobile App launched
- Chronic Disease Management Program implemented
- IP complex case management utilizing roving doctors

Our Focus For 2022

1. Commercial Claims

a. Strengthening claim adjudication process through prudent and expert claim handling

b. Effective Claims management from Lloyds platform as a syndicate

c. ECMS implementation to digitize claim documents

2. Motor Claims

a. Optimize Fraud Waste & Abuse Controls

b. Reduction in repair cost through preferential rates from partnership garages

3. Medical Claims

a. Continuous optimization of Fraud Waste & Abuse controls

b. Future Ready and Scalable Mobile App Platform

c. Strengthen Payer - Provider relationship

d. Transition to an advanced Medical Platform

e. Implement Provider Portal

f. Strengthening Early Warning Indicators via Data Analytics

Customer Engagement

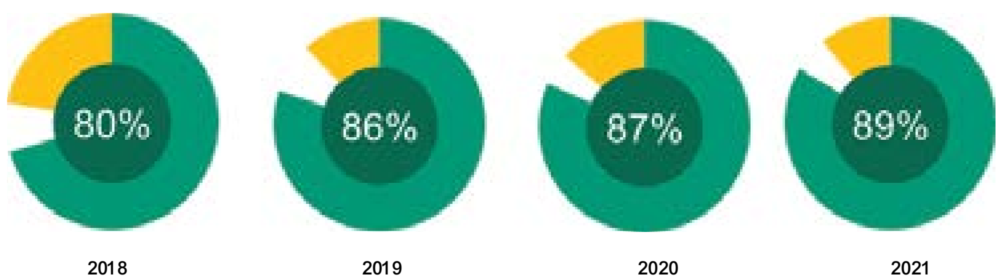
Customer Centricity is at the Core of our ambition. We believe that customer satisfaction is not only the basis for profitable growth but also a key driver for employee engagement. They are also the ones defining design principles for digitalization and for setting a benchmark for technical excellence.

Our "Customer is First" value has led us to venture digitally to provide quality, personalized and value-propositioned services. From mobile applications to the digital platforms to seeking customer surveys, we are constantly in the search of the next wow factor for our customers. In addition, to the inevitable digital world, we are moving to, we boast a highly skilled at the same time empathetic team of insurance professionals to support our customers through a well-managed Call centers, Email support, Customer Service Desk & Complaints Unit for direct and intermediary channels.

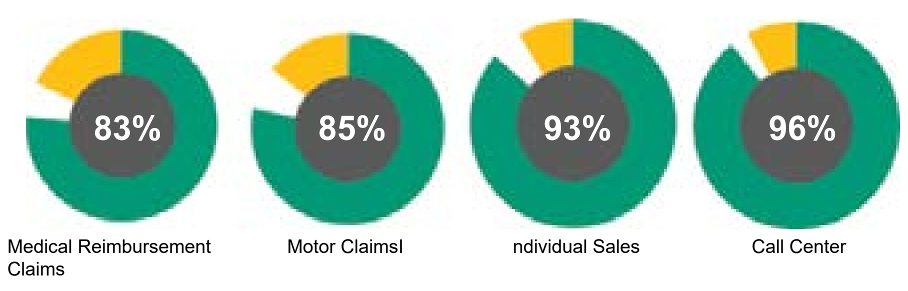
1. Customer Satisfaction Survey

We passionately seek our customer feedback through monthly surveys. The Satisfaction indicators are reported monthly and form the base of measurement as well as enhancements for our products & services.

a. Global Satisfaction Index - Yearly Indicators



b. Department Indicator



Customer Empowerment

Digitally empowering customers is aimed to provide a seamless customer experience. We have launched a digital platform for our customers through mobile apps, online accesses, eCommerce platform which is truly changing the way traditional insurance processes work. The tedious task of purchasing insurance, finding the right product, seeking assistance, or submitting claims are all now a click away!

1. Individual Life

Online client portfolio platform

2. Medical Online Portal

OICare – an online portal to assist members with policy administration and medical claims reimbursements

3. e-Commerce

Online purchasing and renewal of insurance policies:

a. Motor Insurance

b. DigiTerm & Critical Illness

c. DHA Plus

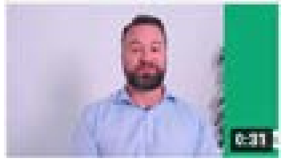
4. Mobile Apps

a. IMC - Emergency Motor Roadside Assistance

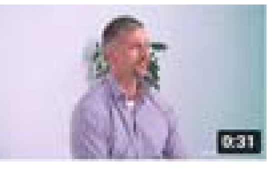
b. myOIC- Medical Network Geo-localization & Reimbursement Claims

c. LivFit- Wellness App

Connecting the engagement cycle through a digital outreach program, you can hear what our customer's say about us through customer testimonials.



Join the most trusted brand



We won the best insurer in UAE

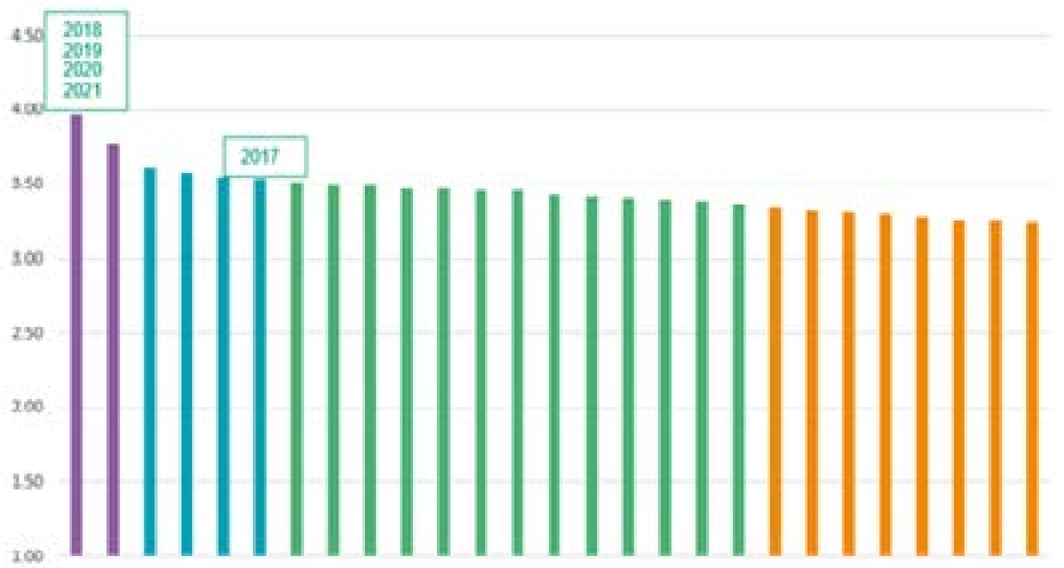
Buying a new car?


96% customers vouch for us

Partner Engagement

A similar empowerment strategy has been thought of for our partners. We launched a survey for our brokerage channel which forms 37% of our distribution channel.

The brokers' survey (including 371 responses from 92 brokers) outcome indicated an increase across all 20 dimensions. OIC was rated #1 Company to deal with, which highlights the "Service Excellence" of the Company which is at the core of its business. Measured across all variables from Sales, Policy Servicing, Claims & Finance



In line with our Continuous Improvement value, we extended digital platforms to our partners that included the B2B platform, self-service platforms for brokers and healthcare providers for policy administration, online pre-authorization management, and portfolio management (for individual life).

1. SME & EBP Medical

Online process from quotation to policy

2. B2B Platform

Stabilization of the broker platform for motor policies

3. Self-Service Administration

Medical member addition or deletion feature

4. Online Pre-Authorization Portal

Online pre-authorization request tool for medical providers

5. Individual Life

Portfolio management platform

Brand Awareness

To propagate brand awareness and capitalize on the limitless potential of online customers, we actively use online platforms for campaigns such as digital and social marketing and digital PR campaigns. Here are some numbers from our recent brand campaign.

1.9M **Article readership on Gulf News**

199M **Impressions (number of times our ads were seen across all Google platforms)**

9.5M **Video views across YouTube**

LivFit: A Comprehensive Wellness Programme

Another addition to our impressive examples of technological prowess applied to bring. LivFit is a wellness program that we launched to promote a healthier lifestyle. It is now a full-fledged wellness platform for our customers and employees alike. Sessions are aimed at health, lifestyle & awareness, and chronic disease management. In the pre-pandemic era, we held wellness workshops, visiting our employees and customer. Due to the limited social movement in the current time, we quickly adapted, and brought in our online platform to continue to care for our stakeholders and community. LivFit videos and sessions were made available to our customers on our websites, social media platforms as well as our LivFit app.

22M **Impressions on FB**

955,385 **Impressions on LinkedIn**

7.1M **Impressions on Instagram**

1. Health

a. Health Risk Assessment

b. Health Screening

c. Vaccination (Flu)

d. Mental Well- being

2. Lifestyle & Awareness

a. Virtual Coaching

b. Mobile App Fitness Plan

c. Tobacco Cessation

d. Weight Loss Support

e. Awareness Literature

f. Wellness Fair/ Webinars

g. Virtual Fitness Classes

h. Discount & Offers

3. Chronic Diseases Management

A Care program to manage conditions & improve quality of life:

a. Diabetes

b. Hypertension

c. Hyperlipidemia

Employee Engagement

As the customer is at the heart of it all, our employees are the cornerstone of OIC. We have done a great deal to ensure that our employees are happy, healthier, and dedicated to bringing a delightful experience to our customers. Our dynamic and diverse company culture advocates communication, transparency and accentuates employee engagement.

We aim to create a healthy, cooperative, and friendly environment, empowering employees and helping them flourish throughout their career.

Attracting, developing, and retaining the right talent is the foundation of OIC's approach to its people. OIC continuously promotes itself as an employer of choice to acquire strong candidates.

Year	Tenor	Attrition
2018	4	15%
2019	4	13%
2020	5	8%
2021	5.89	14%

1. Employee Reward & Recognition

OIC has a variety of engagement initiatives to further enhance an engaged workforce:

a. Line managers have the option to attend workshops on the topic

b. A dedicated champions team acts as a support for line managers in their team engagement activities

c. Virtual town halls are held

d. Wellness initiatives covering both physical and mental health

e. High performing employees are awarded in quarterly award ceremonies

f. Most recently OIC has moved to its modern and airy new head office to promote agile and cooperative ways of working.

2. Employee Wellness

OIC launched its Wellness program in 2019 and enhanced it further in 2021. Both physical, as well as mental health, were in focus during the pandemic. With its three internal qualified coaches, OIC also launched the Coaching during challenging times initiative, open for anyone benefiting from 1:1 conversation.

a. Wellness Programs

- Surviving and thriving in an on-line world - Osborne Training
- Emotional agility during uncertain times - Lighthouse Arabia

b. Wellness Webinars

- Ergonomics

3. Women's Network

OIC launched its Women's Network in 2019 with a launch night with 100+ OIC employees in attendance and a Panel Discussion with our CEO & Senior Women of OIC. The Women's Network is built on the four pillars of Career development, Mentoring, Balance for better and Giving. In 2020, Women's network welcomed Google initiative #IamRemarkable to support women's success and career progress. In 2021, Sessions were conducted on Mastering Stress, Avoiding Burnt Out, Thriving in the changing world.

4. Some of the celebrated highlights of 2021 were

a. Women's International Day

b. Emirati & Omani Women's Day

c. Mother's Day

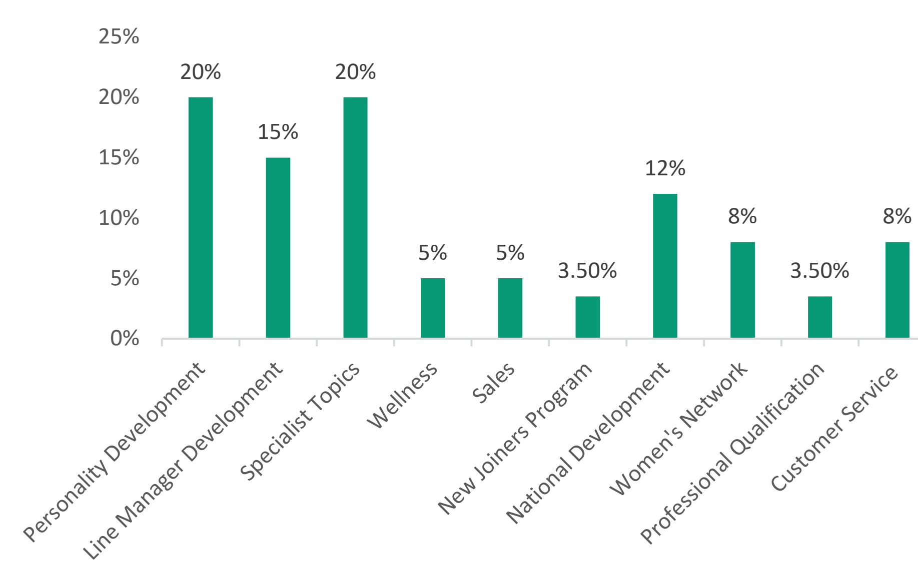
d. Breast Cancer Awareness Day (organized in association with Oman Cancer Association.)

5. Learning & Development

In alignment with OIC's digitalization excellence, Oman Insurance Academy embraces new, innovative learning methods. Gamification where teams operate in virtual business reality, blended learning combining online, self-study, and workshop model, as well as state-of-the-art e-learning platform and mobile app, are all in active use.

OIC employs a comprehensive e-learning platform, which hosts some important modules applicable for all, such as our in-house designed AML and Code of Conduct. It also boasts of a library of hundreds of courses. In 2021, 45 virual training sessions were conducted.

Percentage wise Break up of Courses of 2021



6. Professional Qualifications 2021

OIC supports professionalizing its workforce for enhanced professional customer experience. OIC Academy is a licensed examination center for both CII and LOMA qualifications, open for both internal and external candidates. OIC additionally invested in LinkedIn learning and into Its own E Learning platform to ensure employees have access to all the latest offerings and articles trending in the market.

Our Awards

LOMA Excellence in Education award 2019	MIIA Educational and Training initiative of the year 2017
Golden shield Excellence in Education award 2018	InsureTek award 2022 Educational and Training Initiative of the Year

Diversity

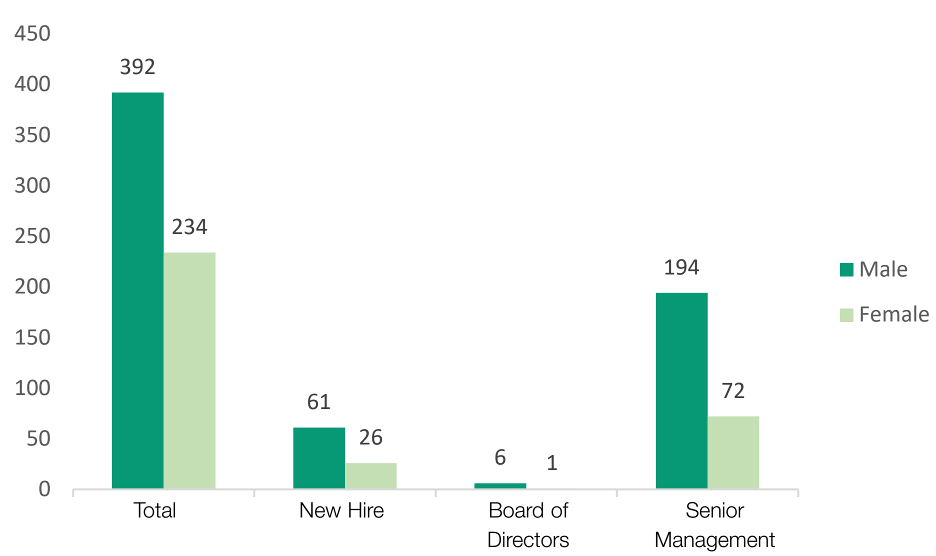
With 650 Employees Across 37 Nationalities, Diversity is Ingrained in OIC Company Culture.

We celebrate the diversity, experience, and harmony that our employees add to the spirit of the company. With 650 employees and 37 nationalities, diversity is ingrained in OIC company culture.

Asila Almusalhi, Head of Medical & Life in Muscat, was chosen as one of the 100 Successful Omani Women. She has also been featured in the book '100 Successful Omani Women', written by German author Kathleen Nejad. The book shares inspiring experiences, thoughts and advice of 100 successful Omani women.

1. Female Representation

Female Representation at Various Management Levels



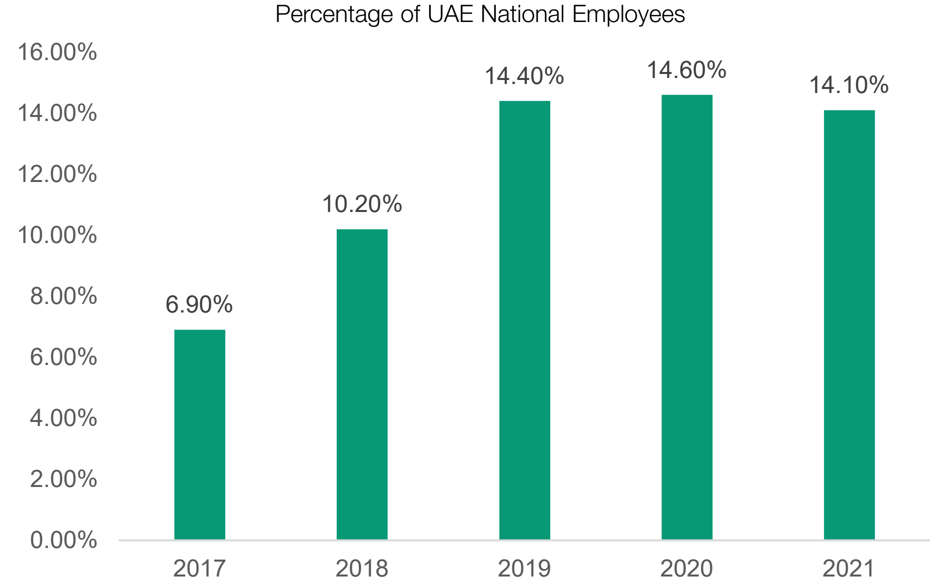
2. Diversity: Emiratization

Oman Insurance Company's strategy is to increase the number of Emirati talent and successfully integrate the national workforce to core insurance positions. Thus, enabling our people for a long term career in the insurance sector.

OIC actively engages with the various pools to attract national employees:

a. Partnership with Ministry of Human Resources and Emiratization.
b. Government accelerators.
c. National recruitment agencies.
d. Career exhibitions
e. Social Media

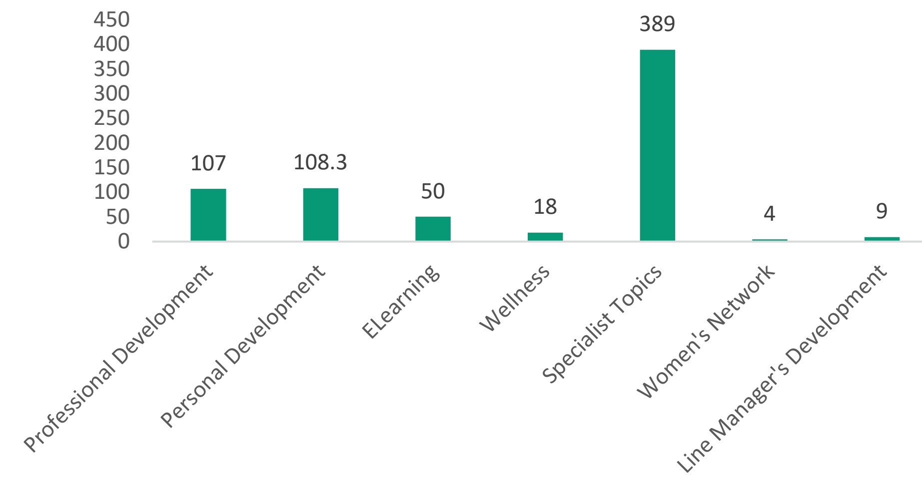
Percentage of UAE National Employees



3. National Development

OIC's signature program: "Insure your ambition" is specifically designed for Emirati nationals, addressing both professional as well as personal development, with a special focus on guiding our national recruits' career graph.

UAE national employees spent 685.3 hours in L&D events in 2021



Our Awards

MOHRE: Best Company in UAE National Recruitment 2019

IA: Outstanding company in the application of the Emiratization regulations 2019

MOHRE: Best company in posting UAE Nationals Vacancies 2019

IA: Outstanding company in the application of Emiratization regulations 2020

Our Social Responsibility

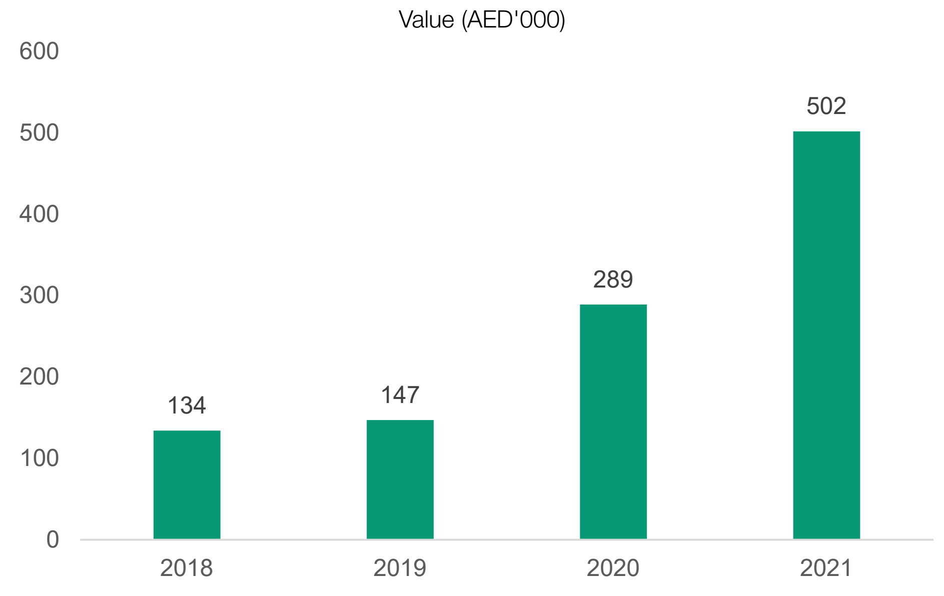
As a leading insurance company in the UAE with a customer base of 830,000, we understand that we can contribute to our community in innovative and pragmatic ways. Our services and products are aimed to protect and increase wealth and wellbeing. Hence contributing to the community's safety and well-being is what we focus on as our social responsibility.

As a national insurance company of the UAE, we are truly thankful for the society in which we operate. Being responsible corporate citizens, we recognize the key segments of the community where we can effectively contribute to empowering people in their way forward. Our domain of community engagement primarily focuses on health care for children with disabilities and rehabilitation training for people with determination. We also encourage our employees to volunteer to incorporate community programs, such as Spirit of Ramadan. We are also engaged with NGOs, to help us fulfilling our community initiative successfully during Ramadan. It is through these humble initiatives that we try to reflect our gratitude and connection with the people.

1. Key Initiatives

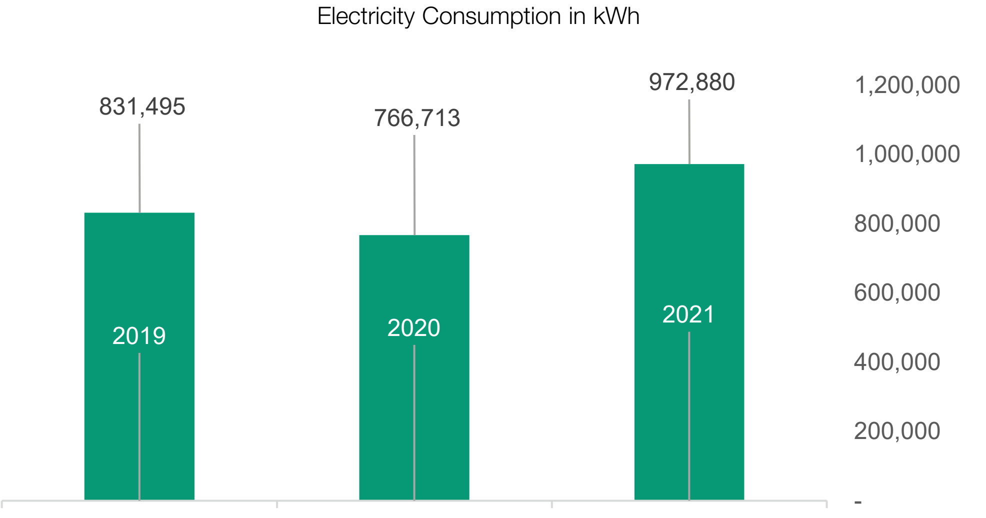
a. Partnership with Ministry of Human Resources and Emiratization.

b. Ramadan Motor Campaign with Emirates Red Cresent

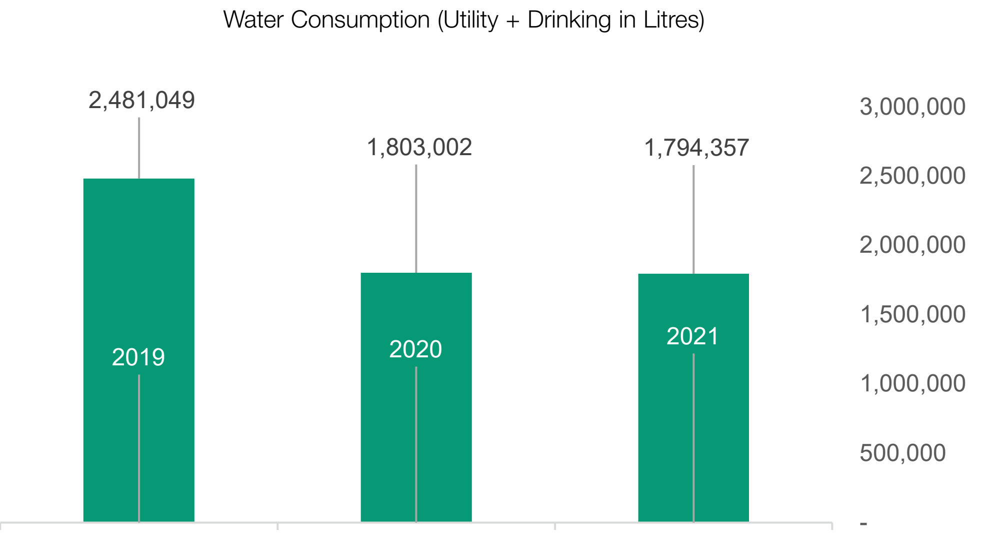


Environmental Responsibility

Insurance is a traditional industry, and the key to the successful accomplishment of the environmental goal is to understand that it is a long journey ahead with planning and awareness. We at OIC approach our environmental responsibility with short-term goals focusing on reduced environmental footprints. We start at our home ground, invoking a culture of saving and economic use of resources. Our technological innovations have enabled us to move to paperless claims review for the motor business.



Compared to 2020 our energy consumption is higher mainly due to the relocation of our Head Office to a multi-story building in 2021 and a state of the art data center facility. This will pave way to energy conservation in the long run.



OIC continues to be conscious of its water consumption and drives itself in achieving best practices to reduce the environmental impact.

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No. 9 dated 24/12/1984, TRN 100258594900003
Head Office: P.O. Box 5209 Dubai, United Arab Emirates
Tel.: +971 4 233 7777 Fax: +971 4 233 7775
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