INTEGRATED REPORT

2022

SUKOON INSURANCE™

WELCOME

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WELCOME TO THE FUTURE

Oman Insurance

IS NOW

SUKOON™ INSURANCE

SUKOON.COM

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 longterm 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

48 years
of expertise in the region

4.39 billion
AED revenue in 2022

800,000+ clients
trust us

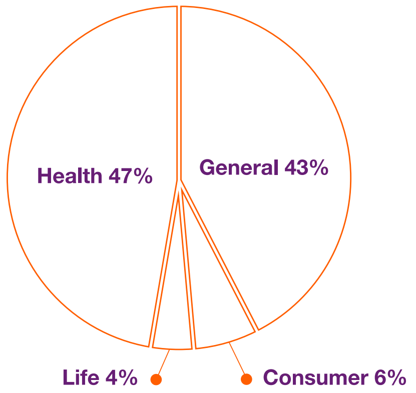
9.18 billion
AED total assets

Listed
on Dubai Stock Market

650+ professionals
ready to serve you

223.6 million
AED net profits

Some things you plan.
Some things you don't.
We're here for you



Business in % of 2022 GPW

5 branches
ready to welcome you

2 countries
UAE and Oman

Syndicate 2880
now operational

A	A	A2
by AM Best	by S&P	by Moody's

Partners

Bupa, GENERALI, coface, QBE, Berkshire Hathaway Specialty Insurance, THE HARTFORD

Oman Insurance Company P.S.C ("Sukoon") provides a wide range of comprehensive insurance solutions for individuals and commercial clients in Motor, 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.

48+ YEARS IN THE UAE & WE CONTINUE TO LEAD THE WAY

THE FUTURE OF INSURANCE IS HERE FOR YOU.

Oman Insurance IS NOW SUKOON™ INSURANCE

CHAIRMAN'S STATEMENT

On behalf of the members of the Board, I am pleased to present to you the 2022 Integrated Report for Oman Insurance Company P.S.C. ("Sukoon").

2022 was another very active and transformational year for the Company. Not only were our results exceptional, relative to the rest of the market, but our Company went through major changes.

For starters, net profit peaked at AED 223.6 million – the highest level attained in the last 8 years. This result has been supported by solid investment income, lower expenses, and a well-controlled underwriting result despite the volatile environment. Similarly, our solvency reached a new high at 280%, reflecting the very strong foundations of the Company. Additionally, in terms of customer satisfaction – a key focus of Sukoon, the company maintained 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 2022, Sukoon maintained its strong financial ratings of 'A' by AM Best and 'A2' by Moody's, and received an upgrade in rating from S&P from A- in 2021 to A with a stable outlook in 2022.These achievements reflect the Company's robust financial strength, strong operating performance, and razor-sharp focus on exceptional customer service.

2022 was also a noteworthy year for Sukoon 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 secure connectivity to Sukoon systems or APIs to allow seamless data flow between different applications and organizations – all these enabled the Company to streamline its innovative and award-winning digital solutions and ensure continuous service availability. Sukoon further 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 APIs are just some of the key highlights in this regard.

On top of its digital strategy, the Company has successfully rebranded itself from Oman Insurance Company to Sukoon. The new face of the Company has been extremely well received by our clients and partners and, with our new colours, Sukoon perfectly reflects what we have become: a dynamic, professional and customer-centric customer that delivers peace of mind to its clients!

Sukoon has many success stories to share. Not only have we finalized the sale of our subsidiary in Turkey, we also received the license to operate its Lloyd's syndicate from the DIFC regulator, the DFSA – now fully operational with five dedicated underwriters. Sukoon's life offering has been further enriched with the acquisition of the Generali life portfolio. Also, at the end of the year, we are nearing the final stages of obtaining, from the DFSA, a license to establish a DIFC-based subsidiary to administer and manage the End-of-Service Benefits Gratuity and Workplace Savings.

For its efforts, Sukoon received 20 awards in 2022, notably 'Digital Initiative of the Year', 'Insurer of the Year – Overall', 'Best Health Insurance Company – MENA', 'Insurance Customer Satisfaction & Happiness – UAE', among others. These awards are a testament to the efforts and commitment to constantly provide 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 four years, the company has strategically focused on strengthening its foundations, improving its solvency, and digitalising its processes. The 2022 results are a testament to our efforts. 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 2022.

Abdul Aziz Abdulla Al Ghurair
Chairman, Oman Insurance Company

BOARD OF DIRECTORS

Abdul Aziz Abdulla Al Ghurair
Chairman

Ali Rasheed Lootah
Vice Chairman

Badr Abdulla Al Gurair
Board Member

Dr. Muna Tahlak
Board Member

Nabeel Waheed Rashed Waheed
Board Member

Rashed Saif Al Jarwan
Board Member

Hazem Shish
Board Member

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We have the pleasure in presenting you the 46th Annual Report of Oman Insurance Company (P.S.C.) referred to as "**Sukoon**" for the year-ended 31 December 2022.

Having successfully navigated the challenges of the COVID-19 pandemic, we have come out of it stronger. From containment to vaccines, to finally a safe and swift reopening, the UAE has become an exceptional global model in navigating the pandemic. It is no coincidence then that on the face of a global economic slowdown, the UAE is bucking the trend as it marches ahead with phenomenal growth metrics across the economy. It is the tireless efforts of the UAE government under whose leadership we have been able to come through this crisis stronger than before.

2022 has been a landmark year, when we finally unveiled our new brand and corporate identity "**Sukoon**". 'Sukoon' meaning peace of mind in three of the most widely-spoken languages in the region, also embodies our diverse customer base, corporate dynamism and proven resilience. Sukoon opens a new chapter in the history of this company as we prepare ourselves for the future of insurance. It was the right time to reflect the changes to our values in a new brand and we have executed it successfully to much acclaim from our partners and customers.

Aligned with our strategy of mergers and acquisitions to streamline and focus our operations, Sukoon has successfully exited from Turkey and finalized the sale of our subsidiary Dubai Sigorta A.S., Türkiye with one of the leading German insurers, VHV Group.

Also, Sukoon and Assicurazioni Generali S.p.A signed an agreement to transfer the Generali's UAE unit linked life insurance portfolio of asset under management of approx AED 700 million to Sukoon. The portfolio migration was successfully completed in November 2022 after obtaining necessary approvals from the respective regulators in the UAE and Italy.

Another achievement this year, Sukoon has received the license to operate Lloyds Syndicate 2880 under the Syndicate-in-a-Box (SIAB) initiative. The syndicate is now fully operational with 5 dedicated underwriters. With less than 100 syndicates worldwide and the only one in the GCC, Sukoon is uniquely placed in the region to capitalize on this with momentum going forward.

The management made excellent progress and delivered Group's 2021-2023 strategic pillars i.e. (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.

I am pleased to report that the Group has posted a Net Profit for the year of **AED 223.6 million in 2022** as against AED 206.1 million in 2021. This year's Net Profit is amongst the highest net profits in the history of the company. 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.

The adopted strategies have delivered excellent sustainable profitable results for the Year 2022 as we embrace digital transformation across the company that will further extend our competitive advantage, significantly enhance the customer experience for our valued clients and partners, thus ensuring sustainable profitability for years to come.

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 280%, amongst the highest in the UAE, which is an increase of around +13% compared to the last year, reaffirming our extremely strong ability to meet our policyholders' obligations. Our capital flexibility positions us well for continued growth in 2023 and over the long-term. Our last 3 years strategic focus on further strengthening the foundations have been achieved. Sukoon Insurance shall use these foundations for its next steps towards digital transformation, further improving the technical expertise and sustainable operating profitability.

The strength of Sukoon Insurance's balance sheet was also reflected by the rating agencies. Standard & Poor's Global Rating Agencies increased the rating of the company from 'A-' to 'A' while AM Best maintained its excellent 'A' rating. 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 Sukoon 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 Sukoon 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 18% to AED 2.24 billion against AED 1.90 billion in 2021. This has been coupled with strong claims management, which curtailed the net incurred claims to AED 718.5 million in 2022 against AED 745.5 million in 2021

General Insurance Segment: Gross premium written in the General Insurance segment grew by 31% to AED 2.15 billion against AED 1.63 billion in 2021.

Receivables and Investments: Our enhanced receivables and credit management has delivered the strongest performance by generating free cash flow in 2022 which was partially utilized by further investing into financial investments. This has led to a 11% increase in the Group's invested assets (excluding ULIP) to AED 3.87 billion against AED 3.50 billion in 2021. Net receivables stood at AED 677.1 million in 2022 whilst maintaining net receivables ratio at the same level at 15.4%; one of lowest amongst listed insurance companies in the UAE market.

Net investment income stands at AED 126.0 million in 2022. Our resilient and balanced investment portfolio is consistently delivering sustainable investment income 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 2022 stood at AED 9.18 billion as against AED 7.57 billion at the end of year 2021.

Total shareholders' equity of the Group at the end of year 2022 stood at AED 2.46 billion as against AED 2.23 billion at the end of year 2021.

We would like to put on record our sincere appreciation and gratitude towards all stakeholders of Sukoon. 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

7 February 2023

830K

CUSTOMERS &

89% CUSTOMER SATISFACTION

THE FUTURE OF INSURANCE IS HERE FOR YOU.

Oman Insurance IS NOW SUKOON INSURANCE™

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF 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 2022, 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 2022;
- 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.

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 5.64 billion as at 31 December 2022. 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. The outstanding claims are a best estimate of all claims incurred but not settled at the reporting date. Incurred but not reported claims reserve: 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 the key controls relating to the review process of quarterly and annual reserves by management, the Group's internal actuarial team and the external appointed actuary; and • understood, evaluated and tested key controls relating to the reserve setting process of the Group. For outstanding claims, we: • reconciled, for each line of business, the outstanding claims reserve as per the technical listing to the underlying accounting records; • checked on a sample basis the outstanding claims reserves against supporting documentation, such as loss adjusters' reports; • for outstanding claims reserves with no movement since the prior year, understood from management the rationale; and • 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 the checks applied to it are reasonable and sufficient to determine the Group's actuarial reserves; » assessed the reasonableness of the assumptions and methods used in the 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

Key audit matter (continued)	How our audit addressed the Key audit matter (continued)
	• checked the appropriateness of the disclosures made in relation to the valuation of insurance contract liabilities included in these consolidated financial statements.
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 1.1 billion and the related provision for impairment amounted to AED 422 million as at 31 December 2022. 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 2022), 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; • evaluated the competence, objectivity and independence of our internal experts. • 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 2022 as compared to the prior years, we have relied on our prior period internal expert's report which covered the following: » the 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; and Furthermore, we also: • 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 465 million as at 31 December 2022 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 reviewing the agreements covering the scope and nature of work between the valuers and the Group; • evaluated the completeness and accuracy of the 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 for a sample of the investment properties and for the remaining properties, we performed an independent calculation by carrying out inquiries with the management and management experts, checking through public domain and performing reasonableness calculations on the investment properties values; 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. 32 of 2021, 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. 32 of 2021, we report that:

i. we have obtained all the information we considered necessary for the purpose of our audit;
ii. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
iii. the Group has maintained proper books of account;
iv. the financial information included in the Report of the Board of Directors is consistent with the books of account of the Group;
v. as disclosed in note 10 to the consolidated financial statements the Group has purchased and invested in shares during the year ended 31 December 2022;
vi. note 23 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
viii. note 35 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

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
7 February 2023

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

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WE'RE ONLY GETTING STARTED

THE FUTURE OF INSURANCE IS HERE FOR YOU.

Oman Insurance IS NOW SUKOON™ INSURANCE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2022 AED'000	2021 AED'000
Assets			
Property and equipment	5	**41,280**	49,407
Intangible assets	6	**85,720**	79,123
Investment properties	7	**464,840**	462,829
Goodwill		**-**	4,008
Deferred tax assets		**2,618**	4,586
Statutory deposits	9	**184,091**	172,446
Financial investments at amortised cost	10.4	**1,774,819**	1,660,273
Financial investments at fair value through other comprehensive income (FVTOCI)	10.3	**643,452**	613,386
Financial investments at fair value through profit or loss	10.2	**1,064,065**	446,916
Reinsurance contract assets	11	**3,128,009**	2,699,966
Deferred acquisition costs	8	**180,952**	150,381
Insurance and reinsurance receivables	12	**677,099**	545,855
Prepayments and other receivables	13	**144,449**	99,944
Deposits with banks	14	**553,642**	359,413
Cash and cash equivalents	14	**234,774**	216,582
Total assets		**9,179,810**	7,565,115
Equity and liabilities Equity			
Share capital	15	**461,872**	461,872
Other reserves	16	**1,507,580**	1,493,743
Cumulative changes in fair value of securities		**(154,667)**	(166,503)
Foreign currency translation reserve		**-**	(75,963)
Retained earnings		**645,730**	515,709
Total equity		**2,460,515**	2,228,858
Liabilities			
Employees' end of service benefits	17	**41,290**	39,737
Insurance contract liabilities	11	**5,642,093**	4,566,602
Deferred commission income	19	**85,177**	74,144
Other payables	18.2	**200,439**	157,059
Reinsurance deposits retained		**154,213**	113,068
Insurance and reinsurance payables	18.1	**596,083**	385,647
Total liabilities		**6,719,295**	5,336,257
Total equity and liabilities		**9,179,810**	7,565,115

These consolidated financial statements were approved for issue by the Board of Directors on 7 February 2023 and signed on their behalf by:

Abdul Aziz Abdulla Al Ghurair
Chairman

Jean-Louis Laurent-Josi
Chief Executive Officer

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	Notes	2022 AED'000	2021 AED'000
Gross insurance premium	24.1	**4,389,864**	3,538,930
Less: Insurance premium ceded to reinsurers	24.1	**(2,818,929)**	(1,953,527)
Net retained premium		**1,570,935**	1,585,403
Net change in unearned premium, life assurance fund and unit linked liabilitie	24.1	**(59,925)**	(31,791)
Net earned insurance premium		**1,511,010**	1,553,612
Gross claims settled	24.2	**(2,234,632)**	(2,641,143)
Insurance claims recovered from reinsurers	24.2	**1,282,001**	1,517,068
Net claims settled		**(952,631)**	(1,124,075)
Net change in outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expenses reserve		**(19,900)**	25,457
Net claims incurred		**(972,531)**	(1,098,618)
Reinsurance commission income	19	**217,983**	228,609
Commission expenses	8	**(335,992)**	(327,286)
Other income relating to underwriting activities		**48,322**	42,701
Net commission and other expenses		**(69,687)**	(55,976)
Net underwriting income		**468,792**	399,018
Interest income from financial assets at amortised cost	20.1	**101,203**	103,088
Realised gains on sale of financial investments at amortised cost		**103**	86
Other investment income - net	20.2	**24,736**	35,149
Net investment income		**126,042**	138,323
Total income		**594,834**	537,341
General and administrative expenses	21	**(284,461)**	(282,631)
Board of directors' remuneration	23.3	**(2,250)**	(2,250)
Charge for expected credit losses on insurance and reinsurance receivables	12.3	**(10,964)**	(23,905)
Other expenses – net		**(42,589)**	(18,049)
Loss on sale of subsidiary:	32		
Gain/(loss) on sale before reclassification of foreign currency translation reserve		**63,043**	(3,569)
Reclassification of foreign currency translation reserve		**(89,003)**	-
Profit before tax		**228,610**	206,937
Income tax expenses		**(5,009)**	(812)
Profit for the year		**223,601**	206,125
Attributable to:			
Owners of the Company		**223,601**	206,392
Non-controlling interests		**-**	(267)
		223,601	206,125
Earnings per share (AED)	22	**0.48**	0.45

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2022 AED'000	2021 AED'000
Profit for the year		**223,601**	206,125
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value gains on revaluation of investments designated at FVTOCI	10.5	**24,467**	64,284
Items that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of foreign operations		**(13,040)**	(20,364)
Reclassification of foreign currency translation reserve		**89,003**	-
Total other comprehensive income for the year		**100,430**	43,920
Total comprehensive income for the year		**324,031**	250,045
Attributable to:			
Owners of the Company		**324,031**	250,312
Non-controlling interests		**-**	(267)
		324,031	250,045

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2021	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 sale of 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
Profit for the year	-	-	-	-	**223,601**	**223,601**	-	**223,601**
Other comprehensive income for the year	-	-	**24,467**	**75,963**	-	**100,430**	-	**100,430**
Total comprehensive income for the year	-	-	**24,467**	**75,963**	**223,601**	**324,031**	-	**324,031**
Transfer to contingency reserve (note 16.4)	-	**1,066**	-	-	**(1,066)**	-	-	-
Transfer to reinsurance regulatory reserve (note 16.5)	-	**12,886**	-	-	**(12,886)**	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	**(12,631)**	-	**12,631**	-	-	-
Dividend paid (note 34)	-	-	-	-	**(92,374)**	**(92,374)**	-	**(92,374)**
Transfer to retained earnings on sale of subsidiary (note 16.1)	-	**(115)**	-	-	**115**	-	-	-
At 31 December 2022	**461,872**	**1,507,580**	**(154,667)**	-	**645,730**	**2,460,515**	-	**2,460,515**

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the year before tax		**228,610**	206,937
Adjustments for:			
Depreciation and amortisation	21	**25,726**	28,065
Unrealised fair value gains on investment properties	7	**(2,011)**	(13,114)
Unrealised losses / (gains) on financial investments at FVTPL (excluding unit linked investments)	20.2	**4,068**	(3,052)
Provision for employees' end of service benefits	17	**4,877**	5,917
Charge for expected credit losses on insurance and reinsurance receivables	12.3	**10,964**	23,905
(Release of)/allowance for impairment of financial investments at amortised cost	10.6	**(1,173)**	455
Release of impairment on bank balances and deposits		**(231)**	(241)
Dividend income from financial investments at FVTPL and FVTOCI	20.2	**(31,914)**	(21,368)
Interest income from financial assets		**(106,369)**	(109,170)
Amortisation of financial assets measured at amortised cost	10.5	**5,166**	6,082
Realised gains on sale of financial investments at FVTPL	20.2	**(103)**	(157)
Realised gain on sale of financial investments at amortised cost		**(103)**	(86)
Interest expense on lease liability		**959**	1,220
Other investment expenses	20.2	**14,443**	9,986
Rental income from investment properties	20.2	**(7,815)**	(7,658)
Loss on sale of subsidiary	32	**25,960**	3,569
Operating cash flows before changes in working capital and payment of employees' end of service benefits and income tax		**171,054**	131,290
Changes in working capital			
(Increase) / decrease in reinsurance contract assets		**(546,841)**	169,174
Increase in insurance, reinsurance and other receivables		**(245,330)**	(15,324)
(Increase) / decrease in deferred acquisition costs		**(37,270)**	4,384
Increase / (decrease) in insurance contract liabilities		**609,575**	(193,017)
Increase in insurance, reinsurance and other payables		**307,924**	2,145
Increase / (decrease) in reinsurance deposits retained		**41,145**	(29,782)
Increase / (decrease) in deferred commission income		**20,017**	(7,151)
Decrease / (increase) in unit linked investments		**67,407**	(34,631)
(Decrease) / increase in unit linked liabilities		**(67,406)**	34,620
Net cash generated from operations		**320,275**	61,708
Employees' end of service benefits paid	17	**(3,324)**	(5,270)
Income tax paid		**(2,132)**	(2,875)
Net cash generated from operating activities		**314,819**	53,563

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Purchases of financial investments at FVTOCI	10.5	**(278,641)**	(260,675)
Proceeds from sale of financial investments at FVTOCI	10.5	**273,042**	154,767
Purchases of financial investments at FVTPL (excluding unit linked investments)		**(2,653)**	(20,136)
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)		**2,869**	5,068
Proceeds from disposals/maturities of financial investments at amortised cost		**254,271**	156,693
Purchases of financial investments at amortised cost	10.5	**(375,505)**	(144,042)
Dividends received from financial investments at FVTPL and FVTOCI		**31,593**	20,481
Interest received from deposits and financial investments		**100,677**	113,005
Rental income received from investment properties		**7,823**	7,657
Other investment expenses paid		**(14,388)**	(11,640)
Purchase of property and equipment and intangible assets	5,6	**(24,031)**	(35,221)
Placements of term deposits with original maturities of more than three months		**(650,358)**	(346,330)
Maturities of term deposits with original maturities of more than three months		**459,164**	379,403
Increase in statutory deposits		**(21,135)**	(464)
Net proceeds from sale of subsidiary	32	**50,183**	(1,381)
Net cash (used in) / generated from investing activities		**(187,089)**	17,185
Cash flows from financing activities			
Dividend paid	34	**(92,374)**	(92,374)
Principal elements of lease payments		**(5,404)**	(5,074)
Interest elements of lease payments		**(388)**	(492)
Net cash used in financing activities		**(98,166)**	(97,940)
Net increase / (decrease) in cash and cash equivalents		**29,564**	(27,192)
Cash and cash equivalents at the beginning of the year	14	**217,118**	261,900
Effects of exchange rate changes on the balances of cash held in foreign currency		**(11,603)**	(17,590)
Cash and cash equivalents at the end of the year	14	**235,079**	217,118

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 2022, the principal non-cash transactions relate to:

- The additions of the lease liability and right of use asset amounting to AED 727 thousand each (note 5).
- The unit linked assets and unit linked liabilities amounting to AED 688,737 thousand each (note 36(b)).

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.

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Oman Insurance Company P.S.C., (the "Company") herein after Sukoon Insurance ("Sukoon") (refer note 36 (c)) 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. 32 of 2021, 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, the 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 ("DFM"), United Arab Emirates.

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 Companies have 12 months from 2 January 2022 ("the transitional period") to comply with the provisions of the UAE Federal Decree Law No 32 of 2021. The Group complied with the new provisions and requirements of the UAE Federal Decree Law No 32 of 2021 and obtained approval from the CBUAE on the required amendments to its Articles of Association in order to align with the new provisions and the requirements. The Articles of Association will be finalized upon issuance of the certificate of amendments by the Securities and Commodities Authority.

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").

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding AED 375,000. However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law is not applicable to the financial year ended 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes. The Group is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, in preparation for full compliance with the new Corporate tax law noting that the first tax period for the Group is starting on 1 January 2024.

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 the Sultanate of Oman, State of Qatar, Kingdom of Bahrain (operated till 14 December 2021), England and Wales, the United Kingdom and Republic of Turkey (operated till 14 June 2022).

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 2022, 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 extension of the practical expedient (Effective for annual periods beginning 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.

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 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'.

IFRIC Agenda decision – Lessor forgiveness of lease payments (IFRS 9 and IFRS 16) (Effective for annual periods beginning or after 8 October 2022) - In October 2022, the IASB finalised the agenda decision approved by the IFRS Interpretation Committee (IFRS IC) on 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)'. The agenda decision addresses the accounting from the perspective of the lessor, and in particular:

- how the expected credit loss ('ECL') model in IFRS 9 should be applied to the operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease contract before the rent concession is granted.
- whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

2.2 New and revised IFRS issued but not yet effective and not early adopted

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (Effective for annual periods beginning 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.

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

Amendment to IAS 1 – Non current liabilities with covenants (Effective for annual periods beginning or after 1 January 2024) - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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.

Amendments to IFRS 17, ‘Insurance Contracts’ - 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.

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.

IFRS 17, ‘Insurance contracts’ is applicable for annual reporting periods commencing on 1 January 2023 and the Group expects to first apply IFRS 17 on that date. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

IFRS 17 also allows entities, in limited circumstances, that have applied IFRS 9 ‘Financial instruments’ to annual reporting period before the initial application of IFRS 17, to redesignate their financial assets associated with insurance. The Group is in the process of assessing whether any financial assets will be redesignated.

Both the Group’s audit committee and the IFRS 17 steering committee provide oversight and governance over the implementation of the IFRS 17 project. The steering committee is comprised of executive management as well as senior management from various functions including finance, actuarial, risk, information technology and reinsurance. Accounting policy papers, actuarial methodologies and disclosure requirements have been defined and are being implemented throughout the Group. The IFRS 17 project team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. Where applicable, the policy and methodology papers are updated to reflect any changes in requirements.

The Group has made significant progress in the implementation of IFRS 17 and is working on the following areas to complete the transition to IFRS 17:

- Complete the dry run for the year ended 31 December 2021 and 2022 insurance related balances;
- Configure remaining system integration, including policy choices and enhance key controls required to implement IFRS 17;
- Produce and request business and external auditor sign-off of transition balances;
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements;
- Finalise the management reporting and key performance measures;
- Continue engaging with the executive committee and business through various training initiatives; and
- Finalise and implement future financial and data governance processes and accountabilities.

As the Group will be impacted by the application of IFRS 17. Below is an assessment of the expected impact. The assessment is preliminary because not all the transition work has been finalised.

Measurement models

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks and that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. IFRS 17 consists of three measurement models: Premium allocation Approach, General measurement model and Variable fee approach.

General measurement model

The general measurement model (“GMM”), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity’s rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin(“CSM”) represents the unearned profit from in-force contracts that the Group will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the consolidated income statement.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognized in profit or loss each period to reflect the services provided in that period based on “coverage units”. IFRS 17 only provides principle-based guidance on how to determine these coverage units.

Variable fee approach

The variable fee approach (“VFA”) is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity’s share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all of the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general measurement model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity’s share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

Premium Allocation Approach

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

Insurance revenue and insurance service expenses are recognised in the consolidated income statement based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions;
- Initial stages of a new business acquired where the underlying contracts are onerous; and
- Any other strategic decisions the management considers appropriate.

The Group applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Group performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Group expects all of its contracts to be eligible for PAA measurement model, except for long term individual life contracts which are expected to be measured under the GMM and the unit linked contracts carrying significant insurance risk which are expected to be measured under VFA.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Insurance revenue and insurance service expenses

As the Group provides insurance contract services under the group of insurance contracts, it reduces the Liability for Remaining Coverage and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For insurance contracts measured under the general measurement model and the variable fee approach, insurance revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period, changes in the risk adjustment for non-financial risk, amounts of the CSM recognised for the services provided in the period, experience adjustments arising from premiums received in the period other than those that relate to future service and other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition. For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used. IFRS 17 requires losses to be recognised immediately on contracts that are expected to be onerous.

Insurance service expenses include incurred claims and benefits, other incurred directly attributable expenses, insurance acquisition cash flows amortisation, changes that relate to past service (i.e changes in the Fulfilment cashflows ("FCF") relating to the liability for incurred claims ("LIC")), changes that relate to future service (i.e changes in the FCF that result in onerous contract losses or reversals of those losses) and insurance acquisition cash flows assets impairment.

Accounting policy choices

The following table sets out the accounting policy choices that the Group intends to adopt:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	PAA	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortizing them over the contract's coverage period.	The Group plans to capitalise insurance acquisition cash flows for all contracts. The Group plans to allocate the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	PAA	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Group plans to make an allowance for time value of money on the LRC for groups of contracts.
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Group plans to discount and adjust the LIC for the time value of money.
Insurance finance income and expenses	GMM, VFA and PAA	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	The Group intends to include changes in discount rates and other financial changes within OCI.
Disaggregation of risk adjustment	GMM, VFA and PAA	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Group does not plan to disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and plans to include the entire change within the insurance service result.
Recovery of insurance acquisition cash flows	GMM and VFA	It is an accounting policy choice whether or not to consider the time value of money in allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.	The Group plans to consider the time value of money when allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.

Areas of significant judgements

The following are key judgements and estimates which the Group expects to apply as a result of IFRS 17.

Discount rates

The Group plans to use the bottom-up approach for groups of contracts other than the long term individual life contracts and the top-down approach for the long-term individual life contracts to derive the discount rates.

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The significant area of judgement is deriving the illiquidity premium which is required to adjust the risk-free yield curve. The risk-free curve itself will either be derived by the Group from risk free assets in the market, or the Group may choose to apply a published risk-free curve.

The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

Risk adjustment

The Group will estimate the risk adjustment using a confidence level (probability of sufficiency) approach which is under management assessment. The Group will use stochastic techniques to estimate the probability distribution of the future cash flows which forms the basis for determining the risk adjustment.

Modification and derecognition

An insurance contract may be modified, either by agreement between the parties or as result of regulation. If the terms are modified, an entity must derecognise the original insurance contract and recognise the modified contract as a new contract, if and only if certain conditions as prescribed in IFRS 17 are satisfied. The exercise of a right included in the terms of a contract is not a modification. Any contract modification that changes the accounting model or the applicable standard for measuring the components of the insurance contract, is likely to result in derecognition. If a contract modification meets none of the conditions for derecognition, any changes in cash flows caused by the modification are treated as changes in the estimates of the fulfilment cash flows. For contracts applying the premium allocation approach, any adjustments to premium receipts or insurance acquisition cash flows arising from a modification adjust the liability for remaining coverage and insurance revenue is allocated to the period for services provided (which would also require judgement in determining the period to which the modification applies).

Contractual Service Margin and Coverage units

Currently under IFRS 4, earned premiums are recognized as revenue proportionally over the period of coverage. Since PAA will be applicable for the majority of the portfolios, there will be no material change in the recognition of revenue under IFRS 17.

For long term Individual Life contracts, measured under the GMM, the Group will recognize a contractual service margin (CSM) which represents the unearned profit the Group will earn as it provides service under those contracts. A coverage units methodology will be used for the release of the CSM. Based on the benefit for the policy holders, the applicable CSM release pattern will be determined by using coverage unit methodology which will reflect the benefit defined in the insurance contracts with the policy holders.

In performing the above determination, management will apply judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognised in the consolidated income statement for the period.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in a group. The period covered by the premiums within the contract boundary is the "coverage period', which is relevant when applying IFRS 17 requirements.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Group can compel the policyholder to pay premium or has a substantive obligation to provide services. For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Judgement might be required to assess the Group's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

Transition

On the date of initial application, 1 January 2023, IFRS 17 standard has to be applied retrospectively (i.e. using the Full Retrospective Approach) unless impracticable. Where the full retrospective approach is impracticable, IFRS 17 allows for alternative transition methods as follows.

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.
- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). The fair value approach enables an entity to determine the opening transition balances, even if the entity does not have reasonable and supportable information about the contracts that exist at the transition date.

The transition approach is determined at the level of a group of insurance contracts and it affects the way the CSM is calculated on initial adoption of IFRS 17:

a. full retrospective approach – the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied;
b. modified retrospective approach – the CSM at initial recognition is calculated based on assumptions at transition using some simplifications and taking into account the actual pre-transition fulfilment cash flows; and
c. fair value approach – the pre-transition fulfilment cash flows and experience are not considered.

The Group has assessed that it is impractical to apply the full retrospective approach across all groups of contracts or to an asset for insurance acquisition cash flows due to factors such as the limitation of running models since the inception of the contracts, the lack of historical data, etc. The Group is currently assessing and finalising the transition approach to the groups of contracts and expects to use and apply the modified retrospective approach or fully retrospective approach, depending on the availability of required information, data & assumptions.

Impact on transition to IFRS 17

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. Based on assessments undertaken to date, opening equity is expected to be majorly impacted due to the following:

- risk adjustments assumptions
- impact of onerous contracts if identified any
- impact of discounting
- expected non-performance risk of reinsurers

The assessment of the impacts on the Group's consolidated financial statements is in progress. Although the work is well advanced as of the date of the publication of these consolidated financial statements, it is not yet practicable to reliably quantify the transition impact.

Impact on presentation and disclosures on transition to IFRS 17

In the consolidated statement of financial position, deferred acquisition costs and insurance related receivables will no longer be presented separately but will be part of the insurance liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities.

The amounts presented in the consolidated statement of comprehensive income need to be disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from insurance contracts issued.

IFRS 17 has introduced additional disclosures which would need to be provided. The Group will be required to provide disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts issued and reinsurance contracts held within the scope of IFRS 17;
- Significant judgements, and changes in those judgements, when applying the standard; and

- The nature and extent of the risks from contracts within the scope of the standard.

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.

With the exception of IFRS 17, 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 2022 that would be expected to have a material impact on these 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") and 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 the United Arab Emirates (U.A.E.) Federal Law No. 32 of 2021, 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 the revaluation of financial investments measured at fair value through profit or loss ("FVTPL"), financial investments measured at fair value through other comprehensive income ("FVTOCI"), investment properties measured at fair value, reimbursement asset within prepayment and other receivables measured at fair value through other comprehensive income and the provision for employees' end of service benefits which is measured using the projected unit credit method under IAS 19.

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, employees' end of service benefits 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 and deposits with banks.

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.

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.

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.3

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.

From April 2022, the provision for employees' end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law has been invested in a third party investment which is covered by an agreement to guarantee the redemption values of the employees' end of service benefit. The third party investments are recognized as reimbursement assets within prepayments and other receivables measured at fair value through other comprehensive income and provision is calculated annually using the projected unit credit method in accordance with IAS 19.

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 other comprehensive income ("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 except for unit linked investments are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Changes in the fair value of financial assets at FVTPL for unit linked investments and the fees on the the unit linked life insurance portfolio are recognised in "Other income relating to underwriting activities" in the consolidated income statement. 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% to 5% (2021: 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 2021: 4% and 3% respectively).

5. Property and equipment

	Furniture and equipment AED'000	Motor Vehicles AED'000	Leasehold Improve-ments AED'000	Capital work in progress AED'000	Right-of-use assets AED'000	Total AED'000
Cost						
Balance at 1 January 2021	103,663	755	-	6,431	41,950	152,799
Additions during the year	408	360	-	12,902	938	14,608
Transfers during the year	7,523	-	8,204	(15,727)	-	-
Disposals during the year	(6,898)	-	-	-	(3,032)	(9,930)
Elimination on sale of 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
Additions during the year	274	-	-	1,871	727	2,872
Transfers during the year	1,435	-	597	(2,032)	-	-
Disposals during the year	(1,120)	-	-	-	(818)	(1,938)
Elimination on sale of a subsidiary	(1,645)	-	-	-	(873)	(2,518)
Effect of foreign currency exchange differences	(741)	-	-	-	(399)	(1,140)
Balance at 31 December 2022	**99,350**	**1,115**	**8,801**	**3,445**	**37,151**	**149,862**
Accumulated depreciation						
Balance at 1 January 2021	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 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
Charge for the year	4,148	80	1,021	-	5,188	10,437
Disposals during the year	(1,120)	-	-	-	(818)	(1,938)
Elimination on sale of a subsidiary	(1,588)	-	-	-	(548)	(2,136)
Effect of foreign currency exchange differences	(726)	-	-	-	(234)	(960)
Balance at 31 December 2022	**93,092**	**846**	**1,705**	**-**	**12,939**	**108,582**
Net carrying amount						
Balance at 31 December 2022	**6,258**	**269**	**7,096**	**3,445**	**24,212**	**41,280**
Balance at 31 December 2021	8,769	349	7,520	3,606	29,163	49,407

6. Intangible Assets

	Computer software AED'000	Capital work in progress AED'000	Total AED'000
Cost			
Balance at 1 January 2021	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 subsidiary (note 32)	-	(226)	(226)
Balance at 31 December 2021	129,406	28,887	158,293
Additions during the year	-	21,886	21,886
Transfers during the year	9,574	(9,574)	-
Balance at 31 December 2022	**138,980**	**41,199**	**180,179**
Accumulated amortisation			
Balance at 1 January 2021	62,143	-	62,143
Charge for the year	17,027	-	17,027
Balance at 31 December 2021	79,170	-	79,170
Charge for the year	15,289	-	15,289
Balance at 31 December 2022	**94,459**	**-**	**94,459**
Net carrying amount			
Balance at 31 December 2022	**44,521**	**41,199**	**85,720**
Balance at 31 December 2021	50,236	28,887	79,123

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 2021	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
Net (decrease)/increase in fair value during the year (note 20.2)	**(274)**	**2,285**	**2,011**
Fair value at 31 December 2022	**348,945**	**115,895**	**464,840**

Valuation processes

The Group has complied with the requirements of the Insurance Authority 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 2022 by independent external professionally qualified valuers who hold recognised 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, or sales comparison methods based on the available inputs.

The DCF method involves forecasting future cash flows from the property based on precisely stated market-based assumptions by adopting an appropriate discount rate and capitalisation rate. 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. Sales comparison method considers the value of comparable properties in close proximity adjusted for differences in key attributes such as property size and quality of interior fittings. The residual method for valuation of investment properties was used as at 31 December 2021.

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% and considering all other assumptions to remain constant, the fair value would increase / decrease by AED 4,012 thousand (31 December 2021: the fair value would increase / decrease by AED 1,843 thousand).

For the DCF method, if the discount rates were to decrease / increase by 0.25% and considering all other assumptions to remain constant, the fair value would increase / decrease by 2.6% / 2.4% respectively (31 December 2021: the fair value would increase / decrease by +3%/-3%).

As at 31 December 2021, for the residual method, if the capitalisation rates were to decrease / increase by 0.25% and considering all other assumptions to remain constant, the fair value would increase / decrease by +4%/-4%.

8. Deferred acquisition costs

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**150,381**	154,765
Elimination on sale of subsidiary (note 32)	**(6,699)**	-
Acquisition costs paid during the year	**373,262**	322,902
Amortisation charge for the year	**(335,992)**	(327,286)
Balance at the end of the year	**180,952**	150,381

9. Statutory deposits

	2022 AED'000	2021 AED'000
Bank deposit maintained in accordance with Article 42 of U.A.E. Federal Law No. 6 of 2007, as amended	**10,000**	10,000
Amount under lien with the Capital Market Authority – Sultanate of Oman	**138,528**	117,844
Amounts under lien with the Qatar Central Bank	**35,563**	35,303
Amounts under lien with the Turkish Treasury, Turkey	**-**	9,299
	184,091	172,446

The interest rates on statutory deposits with banks range from 2.3% to 4.5% (31 December 2021:0.55% to 18.75%) 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.

	2022 AED'000	2021 AED'000
At fair value through profit or loss (note 10.2)	**1,064,065**	446,916
At fair value through other comprehensive income (note 10.3)	**643,452**	613,386
Measured at amortised cost	**1,778,059**	1,664,686
Less: Allowance for impairment as per IFRS 9 (note 10.6)	**(3,240)**	(4,413)
	3,482,336	2,720,575

10.2 Financial investments at fair value through profit or loss

	Inside UAE		Outside UAE		Total	
	2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000
Quoted equity	**-**	-	**16,620**	20,801	**16,620**	20,801
Unit linked investments*	**17,537**	6,542	**1,029,908**	419,573	**1,047,445**	426,115
	17,537	6,542	**1,046,528**	440,374	**1,064,065**	446,916

* The increase in unit linked investments is mainly on account of transfer of unit linked life insurance portfolio (refer note 36(b)).

10.3 Financial investments at fair value through other comprehensive income

	Inside UAE		Outside UAE		Total	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Quoted equity	259,818	279,650	266,003	237,469	525,821	517,119
Quoted fund	-	-	80,072	55,514	80,072	55,514
Unquoted equity	12,734	15,797	5,366	5,048	18,100	20,845
Private equity fund	-	-	19,459	19,908	19,459	19,908
	272,552	295,447	370,900	317,939	643,452	613,386

The Group has designated all investments in equity instruments that are not held for trading as FVTOCI. For the year ended 31 December 2022, the Group sold equity investments held at fair value through other comprehensive income amounting to AED 259,363 thousand at the time of sale (31 December 2021: AED 153,648 thousand) in line with the Group's investment strategy. The Group realised gains of AED 4,261 thousand (31 December 2021: losses of AED 6,411 thousand) which were transferred to retained earnings.

10.4 Financial investments measured at amortised cost

	Inside UAE		Outside UAE		Total	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Investments in quoted bonds	866,226	873,047	908,593	787,226	1,774,819	1,660,273

These bonds carry interests at the rates of 1% to 7.5% (31 December 2021: 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 2023 to 2055 (31 December 2021: 2022 to 2055) based on their maturity dates.

As part of Syndicate-in-a-box initiative ("SIAB") arrangement, OIC on behalf of 'OIC Corporate Member Limited' has pledged certain bonds having nominal value of USD 31,880 thousand (equivalent to AED 117,079 thousand) to be held at Lloyd's deposit with the beneficial ownership remaining with Oman Insurance Company P.S.C. The net book value of these bonds was AED 126,186 thousand as at 31 December 2022 (note 32).

During the year ended 31 December 2022, the Group has not disposed off any financial assets measured at amortised cost before their maturities. During the year ended 31 December 2021, the Group 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 2021	394,008	443,194	1,679,238	2,516,440
Purchases	170,541	260,675	144,042	575,258
Disposals/redemptions	(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
Purchases	**196,064**	**278,641**	**375,505**	**850,210**
Transfer of unit linked life insurance portfolio (note 36(b))	**688,737**	**-**	**-**	**688,737**
Disposals/redemptions	**(145,997)**	**(273,042)**	**-**	**(419,039)**
Maturities	**-**	**-**	**(254,168)**	**(254,168)**
Amortisation	**-**	**-**	**(5,166)**	**(5,166)**
Movement in accrued interest	**-**	**-**	**1,380**	**1,380**
Changes in fair value	**(121,655)**	**24,467**	**-**	**(97,188)**
Release of impairment	**-**	**-**	**1,173**	**1,173**
Sale of subsidiary (note 32)	**-**	**-**	**(4,178)**	**(4,178)**
At 31 December 2022	**1,064,065**	**643,452**	**1,774,819**	**3,482,336**

There were no reclassifications between financial investments categories during the year ended 31 December 2022 and 2021.

10.6 Movement in the allowance for impairment of financial investments measured at amortised cost during the year was as follows:

	2022 AED'000	2021 AED'000
At the beginning of the year	**4,413**	3,958
(Release)/charge during the year	**(1,173)**	455
Balance at the end of the year	**3,240**	4,413

As of 31 December 2022 and 2021, 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

	2022 AED'000	2021 AED'000
Insurance contract liabilities		
Outstanding claims	**2,166,743**	2,222,370
Incurred but not reported claims reserve ("IBNR")	**522,641**	450,645
Life assurance fund (note 11.2)	**106,182**	113,442
Unearned premium (note 24.1)	**1,791,107**	1,346,425
Unit linked liabilities (note 11.3)	**1,047,652**	426,321
Unallocated loss adjustment expenses reserve ("ULAE")	**7,768**	7,399
	5,642,093	4,566,602
Reinsurance contract assets		
Outstanding claims	**(1,658,999)**	(1,740,575)
Incurred but not reported claims reserve ("IBNR")	**(322,448)**	(221,412)
Life assurance fund	**(23,892)**	(21,502)
Unearned premiums (note 24.1)	**(1,122,670)**	(716,477)
	(3,128,009)	(2,699,966)
Insurance contract liabilities – net		
Outstanding claims	**507,744**	481,795
Incurred but not reported claims reserve ("IBNR")	**200,193**	229,233
Life assurance fund (note 11.2)	**82,290**	91,940
Unearned premiums (note 24.1)	**668,437**	629,948
Unit linked liabilities (note 11.3)	**1,047,652**	426,321
Unallocated loss adjustment expenses reserve ("ULAE")	**7,768**	7,399
	2,514,084	1,866,636

The technical reserves have been certified by the Appointed Actuary of the Group 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

	2022		2021	
	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
At 1 January	**2,680,414**	718,427	2,904,299	743,884
Elimination on sale of subsidiary	**(95,310)**	(22,622)	-	-
Claims incurred during the year (note 24.2)	**2,346,680**	972,531	2,417,258	1,098,618
Claims settled during the year (note 24.2)	**(2,234,632)**	(952,631)	(2,641,143)	(1,124,075)
At 31 December	**2,697,152**	715,705	2,680,414	718,427

11.2 Life assurance fund

	Gross AED'000	Net AED'000
At 1 January 2021	133,755	108,774
Movement during the year	(20,313)	(16,834)
At 31 December 2021	113,442	91,940
Movement during the year	(7,260)	(9,650)
At 31 December 2022	**106,182**	**82,290**

11.3 Unit linked liabilities – gross and net

	AED'000
At 1 January 2021	391,701
Movement during the year	34,620
At 31 December 2021	426,321
Transfer of unit linked life insurance portfolio (note 36(b))	688,737
Movement during the year	(67,406)
At 31 December 2022	**1,047,652**

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 2022 or 2021, 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.

Scenario	Change in assumptions	Increase / (decrease) on net life assurance fund	
		2022 AED'000	2021 AED'000
Mortality / morbidity	+10%	**533**	518
Discount rate	+75 bps	**(2,021)**	(2,541)
Mortality / morbidity	-10%	**(537)**	(522)
Discount rate	-75 bps	**2,169**	2,735

12. Insurance and reinsurance receivables

	2022 AED'000	2021 AED'000
Due from policyholders and brokers	528,180	497,803
Less: Charge for expected credit losses	(150,098)	(165,959)
Net due from policyholders and brokers	378,082	331,844
Due from insurance/reinsurance companies	570,422	470,611
Less: Charge for expected credit losses	(271,405)	(256,600)
Net due from insurance/reinsurance companies	299,017	214,011
Total insurance and reinsurance receivables	677,099	545,855

12.1 Insurance and reinsurance receivables by location

Inside UAE	2022 AED'000	2021 AED'000
Due from policyholders and brokers	452,482	399,109
Less: Charge for expected credit losses	(124,579)	(133,472)
Net due from policyholders and brokers	327,903	265,637
Due from insurance/reinsurance companies	513,290	408,811
Less: Charge for expected credit losses	(249,764)	(232,585)
Net due from insurance/reinsurance companies	263,526	176,226
Total insurance and reinsurance receivables inside UAE	591,429	441,863

Outside UAE	2022 AED'000	2021 AED'000
Due from policyholders and brokers	75,698	98,694
Less: Charge for expected credit losses	(25,519)	(32,487)
Net due from policyholders and brokers	50,179	66,207
Due from insurance/reinsurance companies	57,132	61,800
Less: Charge for expected credit losses	(21,641)	(24,015)
Net due from insurance/reinsurance companies	35,491	37,785
Total insurance and reinsurance receivables outside UAE	85,670	103,992

12.2 Ageing of insurance and reinsurance receivables

At 31 December 2022	Past Due by Number of Days					
	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	101,825	18,243	10,368	3,373	616	134,425
Due from insurance companies	2,669	6,708	4,828	2,775	1,689	18,669
Due from reinsurance companies	187,244	11,362	46,019	29,258	6,465	280,348
Due from brokers	181,072	34,977	39,417	1,261	(15,228)	241,499
Other receivables	890	-	976	168	124	2,158
Insurance and reinsurance receivables - net	**473,700**	**71,290**	**101,608**	**36,835**	**(6,334)**	**677,099**

At 31 December 2021	Past Due by Number of Days					
	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

12.2.1 Ageing of insurance and reinsurance receivables by location

Inside UAE	Past Due by Number of Days					
At 31 December 2022	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	93,652	17,682	7,216	2,594	(131)	121,013
Due from insurance companies	2,562	4,839	5,024	2,657	1,193	16,275
Due from reinsurance companies	185,896	5,478	33,724	22,324	(171)	247,251
Due from brokers	150,383	32,871	38,225	(1,366)	(15,396)	204,717
Other receivables	900	-	976	168	129	2,173
Insurance and reinsurance receivables - net	**433,393**	**60,870**	**85,165**	**26,377**	**(14,376)**	**591,429**

	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

12.2.1 Ageing of insurance and reinsurance receivables by location (continued)

Outside UAE		Past Due by Number of Days				
At 31 December 2022	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	8,173	561	3,152	779	747	13,412
Due from insurance companies	107	1,869	(196)	118	496	2,394
Due from reinsurance companies	1,348	5,884	12,295	6,934	6,636	33,097
Due from brokers	30,689	2,106	1,192	2,627	168	36,782
Other receivables	(10)	-	-	-	(5)	(15)
Insurance and reinsurance receivables - net	**40,307**	**10,420**	**16,443**	**10,458**	**8,042**	**85,670**

		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

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:

	2022 AED'000	2021 AED'000
Opening expected credit losses as at 1 January	**422,559**	414,181
Charge for expected credit losses recognised in profit or loss during the year	**10,964**	23,905
Amounts written off as uncollectible during the year	**(6,559)**	(12,652)
Elimination on sale of subsidiary	**(3,945)**	-
Foreign currency exchange movements	**(1,516)**	(2,875)
Closing expected credit losses as at 31 December	**421,503**	422,559

13. Prepayments and other receivables

	2022 AED'000	2021 AED'000
Accrued income	**2,460**	2,311
Prepayments	**31,867**	33,086
Staff debtors and advances	**6,536**	5,836
Other receivables	**116,260**	75,508
Less: charge for expected credit losses	**(12,674)**	(16,797)
	144,449	99,944

13.1 Movement in the charge for expected credit losses:

	2022 AED'000	2021 AED'000
At the beginning of the year	**16,797**	16,797
Amounts written off as uncollectible during the year	**(4,123)**	-
Balance at the end of the year	**12,674**	16,797

14. Bank balances and cash

	2022 AED'000	2021 AED'000
Deposits with banks with original maturities of more than three months	**553,642**	359,413
Deposits with banks with original maturities within three months	**82,326**	155,572
Current accounts and cash	**152,753**	61,546
Less: Allowance for impairment as per IFRS 9	**(305)**	(536)
	234,774	216,582
Total bank balances and cash	**788,416**	575,995
Less: Deposit with banks with original maturities of more than three months	**(553,642)**	(359,413)
Add: Allowance for impairment as per IFRS 9	**305**	536
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**235,079**	217,118

The interest rates on fixed deposits and call accounts with banks range from 0.6% to 6% (31 December 2021: 0.1% to 18.25%) per annum. Bank balances amounting to AED 706,494 thousand (31 December 2021: AED 427,985 thousand) are held in banks in the United Arab Emirates.

Certain bank balances and deposits with carrying amount of AED 7,764 thousand at 31 December 2022 (31 December 2021: AED 4,396 thousand) are subject to lien in respect of guarantees.

15. Share capital

	2022 AED'000	2021 AED'000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2021: 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 2021	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
Transfer from retained earnings to statutory reserve (note 16.1)	(115)	-	-	-	-	(115)
Transfer from retained earnings to contingency reserve (note 16.4)	-	-	-	1,066	-	1,066
Transfer from retained earnings to reinsurance regulatory reserve (note 16.5)	-	-	-	-	12,886	12,886
Balance at 31 December 2022	**230,936**	**303,750**	**933,051**	**18,255**	**21,588**	**1,507,580**

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.

Statutory reserve maintained in accordance with the Turkish Commercial Code ("TCC") which 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. The Group has discontinued maintaining the statutory reserve relating to Dubai Sigorta A.S. after the sale of subsidiary (Dubai Sigorta A.S.) (note 32). During the year ended 31 December 2022, statutory reserve of AED 115 thousand was transferred to retained earnings on the sale of Dubai Sigorta A.S.

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 2022 and 2021.

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.

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 Insurance Authority Board of Directors Decision No. (23) of 2019 effective eighteen months from 15 May 2019, the Group transferred AED 12,886 thousand to the reinsurance regulatory reserve amounting for the year ended 31 December 2022 (31 December 2021: AED 8,358 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 CBUAE.

17. Employees' end of service benefits

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**39,737**	39,090
Charge for the year	**4,877**	5,917
Paid during the year	**(3,324)**	(5,270)
Balance at the end of the year	**41,290**	39,737

18. Insurance and other payables

18.1 Insurance and reinsurance payables

	2022			2021		
	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	**68,039**	**11,499**	**79,538**	66,365	62,847	129,212
Due to insurance companies	**3,048**	**2,977**	**6,025**	3,125	3,407	6,532
Due to reinsurance companies	**392,862**	**66,862**	**459,724**	181,867	31,299	213,166
Premiums collected in advance	**257**	**-**	**257**	256	2,134	2,390
Other insurance payables	**47,224**	**3,315**	**50,539**	30,494	3,853	34,347
	511,430	**84,653**	**596,083**	282,107	103,540	385,647

18.2 Other payables

	2022 AED'000	2021 AED'000
Accruals for staff costs	**23,433**	23,981
Lease liabilities	**22,811**	27,314
Other payables and accruals	**154,195**	105,764
	200,439	157,059

19. Deferred commission income

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**74,144**	81,295
Elimination on sale of subsidiary (note 32)	**(8,984)**	-
Commission received during the year	**238,000**	221,458
Commission income earned during the year	**(217,983)**	(228,609)
Balance at the end of the year	**85,177**	74,144

20. Net investment income

20.1 Interest income from financial assets at amortised cost

	2022 AED'000	2021 AED'000
Interest income from financial investments at amortised cost	**64,371**	65,463
Interest income from bank deposits	**36,832**	37,625
	101,203	103,088

20.2 Other investment income - net

	2022 AED'000	2021 AED'000
Dividend income from financial investments at FVTPL and FVTOCI	**31,914**	21,368
Rental income from investment properties	**7,815**	7,658
Fair value gains on investment properties (note 7)	**2,011**	13,114
Fair value (losses) / gains on financial investments at FVTPL (excluding unit linked investments)	**(4,068)**	3,052
Realised gains on sale of financial investments at FVTPL	**103**	157
Other investment expenses	**(14,443)**	(9,986)
Release of / (allowance for) impairment on financial investments at amortised cost and bank balances and deposits as per IFRS 9 (notes 10 and 14)	**1,404**	(214)
	24,736	35,149

21. General and administrative expenses

	2022 AED'000	2021 AED'000
Staff costs	**(186,257)**	(192,590)
Depreciation and amortisation	**(25,726)**	(28,065)
Rental costs – short-term leases	**(4,299)**	(4,905)
Other miscellaneous expenses	**(68,179)**	(57,071)
	(284,461)	(282,631)

22. Earnings per share

	2022	2021
Profit for the year attributable to the owners of the Company (AED'000)	**223,601**	206,392
Weighted average number of shares	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.48**	0.45

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:

	2022 AED'000	2021 AED'000
Balances with Major shareholder:		
Cash and bank balances	**11,715**	55,222
Financial investments	**86,633**	62,324
Statutory deposits	**10,000**	10,000
Due from/(to) Major shareholder:		
Net insurance receivables	**4,353**	2,078
Net insurance and other payables	**(188)**	(2,587)
Due from/(to) Directors and businesses over which they exercise significant management influence:		
Net insurance receivables	**6,935**	10,245
Net insurance and other payables	**(3,178)**	(2,271)

23.2 Transactions with related parties during the year are as follows:

	2022 AED'000	2021 AED'000
Transactions arising from insurance contracts with Major shareholder:		
Gross insurance premiums	**87,922**	70,641
Gross claims settled	**(37,026)**	(62,238)
Other transactions with Major shareholder:		
Interest income	**552**	328
Dividend income	**606**	-
Other expenses	**(2,768)**	(2,738)
Rental expense	**(6,275)**	(6,382)
Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:		
Gross insurance premiums	**35,794**	26,727
Gross claims settled	**(13,358)**	(14,586)
Other transactions with Directors and businesses over which they exercise significant management influence:		
Other expenses	**(6,048)**	(6,034)

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

	2022 AED'000	2021 AED'000
Directors' fees	**(2,250)**	(2,250)
Salaries and benefits	**(4,957)**	(4,822)
End of service benefits	**(170)**	(127)
	(7,377)	(7,199)

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.

Segmental information is presented below:

24.1 Segment revenue

	General insurance			Life assurance and medical			Total		
2022	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
Insurance premium	2,149,071	(1,560,430)	588,641	2,240,793	(1,258,499)	982,294	4,389,864	(2,818,929)	1,570,935
Movement in provision for unearned premium, life assurance fund and unit linked liabilities	(421,171)	388,991	(32,180)	(109,804)	82,059	(27,745)	(530,975)	471,050	(59,925)
Insurance premium earned	1,727,900	(1,171,439)	556,461	2,130,989	(1,176,440)	954,549	3,858,889	(2,347,879)	1,511,010
Unearned premium as at 31 December 2022	**971,013**	**(719,476)**	**251,537**	**820,094**	**(403,194)**	**416,900**	**1,791,107**	**(1,122,670)**	**668,437**
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

24.2 Segment claims

	General insurance			Life assurance and medical			Total		
2022	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
Claims settled	625,817	(401,577)	224,240	1,608,815	(880,424)	728,391	2,234,632	(1,282,001)	952,631
Changes in provision for outstanding claims	(28,428)	49,030	20,602	42,873	(20,575)	22,298	14,445	28,455	42,900
Changes in IBNR and ULAE reserve	119,050	(109,881)	9,169	(21,447)	(10,722)	(32,169)	97,603	(120,603)	(23,000)
Claims incurred	716,439	(462,428)	254,011	1,630,241	(911,721)	718,520	2,346,680	(1,374,149)	972,531
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
Changes 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

24.3 Segment results

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	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	556,461	954,549	1,511,010	618,257	935,355	1,553,612
Net claims incurred	(254,011)	(718,520)	(972,531)	(353,070)	(745,548)	(1,098,618)
Reinsurance commission income	114,509	103,474	217,983	142,051	86,558	228,609
Commission expenses	(188,319)	(147,673)	(335,992)	(187,140)	(140,146)	(327,286)
Other income relating to underwriting activities	5,724	42,598	48,322	1,410	41,291	42,701
Net commission and other expenses	(68,086)	(1,601)	(69,687)	(43,679)	(12,297)	(55,976)
Net underwriting income	234,364	234,428	468,792	221,508	177,510	399,018
Net investment income			126,042			138,323
General and administrative expenses			(284,461)			(282,631)
Board of directors' remuneration			(2,250)			(2,250)
Charge for expected credit losses on insurance and reinsurance receivables			(10,964)			(23,905)
Loss on sale of subsidiary (note 32)			(25,960)			(3,569)
Other expenses – net			(42,589)			(18,049)
Profit before tax			228,610			206,937
Income tax expenses			(5,009)			(812)
Profit for the year			223,601			206,125
Attributable to						
Owners of the Company			223,601			206,392
Non-controlling interests			-			(267)
			223,601			206,125

24.4 Segment results by geographical distribution

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	GCC AED'000	Non GCC AED'000	Total AED'000	GCC AED'000	Non GCC AED'000	Total AED'000
Net earned insurance premium	1,465,562	45,448	1,511,010	1,524,576	29,036	1,553,612
Net claims incurred	(945,094)	(27,437)	(972,531)	(1,063,330)	(35,288)	(1,098,618)
Reinsurance commission income	210,383	7,600	217,983	207,623	20,986	228,609
Commission expenses	(327,723)	(8,269)	(335,992)	(308,652)	(18,634)	(327,286)
Other income / (expenses) relating to underwriting activities	48,606	(284)	48,322	42,286	415	42,701
Net commission and other (expenses) / income	(68,734)	(953)	(69,687)	(58,743)	2,767	(55,976)
Net underwriting income / (expenses)	451,734	17,058	468,792	402,503	(3,485)	399,018
Net investment income	109,404	16,638	126,042	113,161	25,162	138,323
General and administrative expenses	(272,850)	(11,611)	(284,461)	(268,489)	(14,142)	(282,631)
Board of directors' remuneration	(2,250)	-	(2,250)	(2,250)	-	(2,250)
Charge for expected credit losses on insurance and reinsurance receivables	(10,964)	-	(10,964)	(23,905)	-	(23,905)
Loss on sale of subsidiary (note 32)	(25,960)	-	(25,960)	(3,569)	-	(3,569)
Other expenses – net	(42,616)	27	(42,589)	(22,590)	4,541	(18,049)
Profit before tax	206,498	22,112	228,610	194,861	12,076	206,937
Income tax (expenses) / credit	(2,331)	(2,678)	(5,009)	2,749	(3,561)	(812)
Profit for the year	204,167	19,434	223,601	197,610	8,515	206,125
Attributable to						
Owners of the Company	204,167	19,434	223,601	197,877	8,515	206,392
Non-controlling interests	-	-	-	(267)	-	(267)
	204,167	19,434	223,601	197,610	8,515	206,125

24.5 Segment assets and liabilities

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	General insurance AED'000	Life assurance & medical AED'000	Investments AED'000	Total AED'000	General insurance AED'000	Life assurance & medical AED'000	Investments AED'000	Total AED'000
Assets								
Property and equipment	26,006	15,274	-	41,280	30,138	19,269	-	49,407
Intangible assets and goodwill	54,004	31,716	-	85,720	50,710	32,421	-	83,131
Investment properties	-	-	464,840	464,840	-	-	462,829	462,829
Financial investments	-	1,047,445	2,434,891	3,482,336	-	426,115	2,294,460	2,720,575
Reinsurance contract assets	2,456,478	671,531	-	3,128,009	2,144,179	555,787	-	2,699,966
Insurance and reinsurance receivables	426,572	250,527	-	677,099	332,972	212,883	-	545,855
Deferred acquisition costs	83,983	96,969	-	180,952	70,968	79,413	-	150,381
Bank balances and cash and deposits with banks with original maturities of more than three months and statutory deposits	612,679	359,828	-	972,507	456,549	291,892	-	748,441
Prepayments and other receivables and deferred tax assets	92,652	54,415	-	147,067	63,763	40,767	-	104,530
Total assets	3,752,374	2,527,705	2,899,731	9,179,810	3,149,279	1,658,547	2,757,289	7,565,115
Liabilities								
Employees' end of service benefits	26,013	15,277	-	41,290	24,240	15,497	-	39,737
Insurance contract liabilities	3,123,235	2,518,858	-	5,642,093	2,788,468	1,778,134	-	4,566,602
Insurance and reinsurance payables	375,532	220,551	-	596,083	235,245	150,402	-	385,647
Deferred commission income	37,712	47,465	-	85,177	43,170	30,974	-	74,144
Other payables and reinsurance deposits retained	223,431	131,221	-	354,652	164,777	105,350	-	270,127
Total liabilities	3,785,923	2,933,372	-	6,719,295	3,255,900	2,080,357	-	5,336,257

24.6 Geographical information of segment assets and liabilities

As at 31 December 2022, the segment assets and liabilities comprise of 99.3% and 99.1% respectively within GCC (31 December 2021: the segment assets and liabilities comprise of 96.1% and 95% respectively within GCC).

25. Contingent liabilities

At 31 December 2022, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 81 million (31 December 2021: AED 72 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

	2022 AED'000	2021 AED'000
Commitments in respect of uncalled subscription of certain shares held as investments	**36,331**	7,960
Capital commitments towards acquisitions of property and equipment and intangible assets	**21,654**	22,086

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 evaluations and control effectiveness 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.

Additional enhancement implemented for the Risk Management Governance is the establishment of 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. 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:

	2022		2021	
Type of risk	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
General insurance	**41.5%**	**45.6%**	50.8%	57.1%
Life assurance and medical	**76.5%**	**75.3%**	88.0%	79.7%

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:

	2022		2021	
Type of risk	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
Impact of an increase of 1% in loss ratio	**(38,589)**	**(15,110)**	(34,491)	(15,536)
Impact of a decrease of 1% in loss ratio	**38,589**	**15,110**	34,491	15,536

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 2018 AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	Total AED'000
Estimate of cumulative claims - gross:							
At the end of each reporting period							
2018	16,344,274	2,895,277	-	-	-	-	19,239,551
2019	16,353,622	2,915,518	2,523,549	-	-	-	21,792,689
2020	16,255,758	2,895,530	2,600,733	2,756,859	-	-	24,508,880
2021	16,201,511	2,844,386	2,542,096	2,849,797	2,463,098	-	26,900,888
2022	16,068,584	2,805,452	2,431,395	2,862,614	2,496,471	2,400,752	29,065,268
Current estimate of cumulative claims	16,068,584	2,805,452	2,431,395	2,862,614	2,496,471	2,400,752	29,065,268
Cumulaztive payments to date - gross	(15,872,914)	(2,678,753)	(2,255,288)	(2,129,021)	(1,941,630)	(1,501,661)	(26,379,267)
Total gross outstanding and incurred but not reported claims recognised in the consolidated statement of financial position	**195,670**	**126,699**	**176,107**	**733,593**	**554,841**	**899,091**	**2,686,001**

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 2018 AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	Total AED'000
Estimate of cumulative claims - net:							
At the end of each reporting year							
2018	7,679,255	1,333,980	-	-	-	-	9,013,235
2019	7,860,507	1,202,685	1,053,623	-	-	-	10,116,815
2020	7,846,672	1,226,242	1,073,083	1,036,285	-	-	11,182,282
2021	7,847,326	1,215,712	1,114,095	1,017,227	1,063,244	-	12,257,604
2022	7,781,800	1,213,760	1,100,597	1,090,563	977,923	957,158	13,121,801
Current estimate of cumulative claims	7,781,800	1,213,760	1,100,597	1,090,563	977,923	957,158	13,121,801
Cumulaztive payments to date - net	(7,735,019)	(1,175,017)	(1,049,559)	(959,533)	(835,022)	(661,054)	(12,415,204)
Total net outstanding and incurred but not reported claims recognised in the consolidated statement of financial position	**46,781**	**38,743**	**51,038**	**131,030**	**142,901**	**296,104**	**706,597**

27.5 Concentration of insurance risk

The Group's underwriting business is mainly based within GCC countries.

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):

	2022		2021	
	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
GCC countries	**5,593,472**	**2,471,498**	4,377,409	1,816,849
Non GCC countries	**48,621**	**42,586**	189,193	49,787
Total	**5,642,093**	**2,514,084**	4,566,602	1,866,636

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.

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the CBUAE (formerly, the IA) identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Group is subject to the Regulations which has been complied with during the year. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held to meet these solvency margins as defined in the Regulations. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Group has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	At 30 September 2022
	AED'000 (Unaudited)
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	800,752
Minimum Guarantee Fund (MGF)	486,067
Own Funds:	
Basic Own Funds	2,244,134
Ancillary Own Funds	-
Minimum Capital Requirement Surplus (over MCR)	2,144,134
Minimum Capital Requirement Surplus (over SCR)	1,443,382
Minimum Capital Requirement Surplus (over MGF)	1,758,067

Based on the CBUAE (formerly, the IA) regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2021: AED 100 million) against which the paid up capital of the Company is AED 462 million (31 December 2021: 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 2022:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	234,774	234,774
Deposits with banks	-	-	553,642	553,642
Stautory deposits	-	-	184,091	184,091
Financial investments measured at fair value	1,064,065	643,452	-	1,707,517
Financial investments measured at amortised cost	-	-	1,774,819	1,774,819
Insurance and reinsurance receivables measured at amortised cost	-	-	677,099	677,099
Other receivables	-	5,997	106,585	112,582
Total	1,064,065	649,449	3,531,010	5,244,524
Financial liabilities:				
Re-insurance deposits retained	-	-	154,213	154,213
Insurance and reinsurance payables	-	-	596,083	596,083
Other payables	-	-	200,439	200,439
Total	-	-	950,735	950,735

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 2021:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	216,582	216,582
Deposits with banks	-	-	359,413	359,413
Stautory 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	-	-	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

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 2021.

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					
	2022 AED'000	2021 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	**1,047,445**	426,115	Level 2	Quoted prices in secondary market	None	Not applicabe
Quoted equity investments	**16,620**	20,801	Level 1	Quoted bid prices in an active market	None	Not applicabe
Financial assets measured at FVTOCI						
Quoted equity investments	**525,821**	517,119	Level 1	Quoted bid prices in an active market	None	Not applicabe
Quoted fund	**80,072**	55,514	Level 2	Quoted prices in secondary market	None	Not applicabe
Unquoted equity and private equity fund	**37,559**	40,753	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	**1,047,652**	426,321	Level 2	Quoted prices in secondary market	None	Not applicable

There were no transfers between any 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.

	2022 AED'000	2021 AED'000
At 1 January	**40,753**	43,807
Disposals	**(13,681)**	(1,119)
Changes in fair value	**10,487**	(1,935)
At 31 December	**37,559**	40,753

30.3 Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, 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.

		Fair Value		
	Carrying amount AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2022				
Financial assets:				
Quoted debt investments	**1,774,819**	**1,619,260**	-	-
31 December 2021				
Financial assets:				
Quoted debt investments	1,660,273	1,718,101	-	-

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 2022 and 31 December 2021 on the consolidated income statement:

	Favourable change AED'000	Unfavourable change AED'000
31 December 2022		
Financial assets:		
Quoted debt investments	**16,193**	**16,193**
31 December 2021		
Financial assets:		
Quoted debt investments	17,181	17,181

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 6,059 thousand (31 December 2021: AED 5,726 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 2022 would increase / decrease by AED 166 thousand (31 December 2021: AED 208 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 376 thousand (31 December 2021: AED 408 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 2022 would increase/decrease by AED 25,524 thousand (31 December 2021: AED 22,804 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 2022 and 31 December 2021 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 2022 and 31 December 2021 was determined as follows for insurance and reinsurance receivables:

	Not yet due AED'000	< 30 day AED'000	30-90 days AED'000	91-180 days AED'000	≥181 days AED'000	Total AED'000
31 December 2022						
Expected loss rate	1.1 %	7.9 %	2.3 %	4.4 %	101.6 %	
Gross carrying amount - insurance and reinsurance receivables	479,185	77,395	104,012	38,516	399,494	1,098,602
Expected credit losses (note 12.3)	(5,485)	(6,105)	(2,404)	(1,681)	(405,828)	(421,503)
	473,700	71,290	101,608	36,835	(6,334)	677,099
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

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 2022 and 31 December 2021 would result in an ECL increase / decrease by AED 105 thousand and AED 91 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:

	2022			2021		
	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	1,775,854	2,205	1,778,059	1,662,481	2,205	1,664,686
Allowance for impairment	(1,035)	(2,205)	(3,240)	(2,208)	(2,205)	(4,413)
Cash and bank balances, deposits with banks and statutory deposits	972,812	-	972,812	748,977	-	748,977
Allowance for impairment	(305)	-	(305)	(536)	-	(536)

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.

2022	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	184,091	3,832	9,996	-	184,091	197,919
Financial investments at amortised cost	1,774,819	187,399	854,555	1,194,450	-	2,236,404
Financial investments at FVTOCI	643,452	-	-	-	643,452	643,452
Financial investments at fair value through profit or loss	1,064,065	1,047,445	-	-	16,620	1,064,065
Reinsurance contract assets	3,128,009	2,290,004	812,311	25,694	-	3,128,009
Deferred acquisition costs	180,952	143,492	33,684	3,776	-	180,952
Insurance and reinsurance receivables	677,099	671,835	5,264	-	-	677,099
Other receivables (excluding prepayments)	112,582	112,582	-	-	-	112,582
Deposits with banks	553,642	543,304	22,084	-	-	565,388
Cash and cash equivalents	234,774	234,784	-	-	-	234,784
Total	8,553,485	5,234,677	1,737,894	1,223,920	844,163	9,040,654
Liabilities						
Insurance contract liabilities	5,642,093	3,607,596	1,522,449	512,048	-	5,642,093
Deferred commission income	85,177	82,190	2,955	32	-	85,177
Reinsurance deposits retained	154,213	154,213	-	-	-	154,213
Insurance and reinsurance payables	596,083	596,083	-	-	-	596,083
Other payables (excluding lease liabilities)	177,628	177,628	-	-	-	177,628
Lease liabilities	22,811	4,085	21,441	-	-	25,526
Total	6,678,005	4,621,795	1,546,845	512,080	-	6,680,720

c. Liquidity risk (continued)

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
Cash and cash equivalents	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

32. Subsidiaries

Details of the Company's subsidiaries at 31 December 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of legal ownership interest		Proportion of voting power held	Principal activity
		2022	2021		
Equator Insurance Agency L.L.C.	Dubai - U.A.E	**99.97%**	99.97%	100%	Insurance agency
Dubai Sigorta A.S.**	Istanbul – Turkey	**-**	100%	100%	Issuing short-term and long-term insurance contracts.
ITACO Bahrain Co W.L.L***	Manama – Kingdom of Bahrain	**-**	-	-	Brokerage and call center services.
Synergize Services FZ L.L.C****	Dubai - U.A.E	**100%**	100%	100%	Management Information technology and transaction processing.
OIC Corporate Member Limited*****	England and Wales – United Kingdom	**100%**	-	100%	A limited liability underwriting member of Lloyd's
Oman Insurance Management Services Limited*****	Dubai - U.A.E	**100%**	-	100%	Insurance management company

* 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 its major lines of business include the underwriting of accident and health insurance. On 4 March 2022, a share sale and purchase agreement was signed between OIC and VHV Reasürans A.S. - Istanbul, Türkiye (a company of VHV Group - Hannover, Germany) for OIC to fully sell 100% shareholding in the Group's subsidiary Dubai Sigorta A.S., Türkiye. The Company completed the transaction for the sale of its subsidiary, Dubai Sigorta A. S. after receiving relevant approvals from Türkiye regulators and subsequently the shares were transferred on 14 June 2022 for a cash consideration of USD 26,640 thousand (equivalent to AED 97,835 thousand).

The details of the sale of the subsidiary are as follows:

	At 14 June 2022 AED'000
Cash consideration received	**97,835**
Carrying amount of net assets sold	**(32,041)**
Carrying amount of goodwill	**(2,751)**
Gain on sale before reclassification of foreign currency translation reserve	**63,043**
Reclassification of foreign currency translation reserve	**(89,003)**
Loss on sale of subsidiary recognised in consolidated income statement	**(25,960)**

The carrying amounts of assets and liabilities were as follows:

	At 14 June 2022 AED'000
Assets	
Property and equipment	382
Deferred tax assets	1,634
Statutory deposits	9,490
Financial investments at amortised cost	4,178
Reinsurance contract assets	118,798
Deferred acquisition costs	6,699
Insurance and reinsurance receivables	53,587
Prepayments and other receivables	5,343
Deposits with banks	1,277
Cash and cash equivalents	47,652
	249,040
Liabilities	
Insurance contract liabilities	(155,415)
Deferred commission income	(8,984)
Other payables	(4,361)
Insurance and reinsurance payables	(48,239)
	(216,999)
Net assets value	32,041

Net cash flows on sale of subsidiary for the purpose of consolidated statement of cash flows:

	At 14 June 2022 AED'000
Consideration received in cash and cash equivalents	97,835
Less: Cash and cash equivalent balances disposed	(47,652)
Net cash inflow	50,183

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

	2021 AED'000
Dubai Sigorta A.S.	
Current assets	151,505
Non-current assets	141,723
Current liabilities	75,579
Non-current liabilities	189,194
Equity attributable to Owners of the Company	28,455
Net cash outflows from operating activities	(1,945)
Net cash inflows/(outflows) from investing activities	626
Net cash inflows from financing activities	25,605
Net cash inflows	24,286

Details of the above subsidiary's income statement are given in note 24.4, segment results by geographical distribution.

*** ITACO Bahrain Co W.L.L was acquired by the Company on 16 September 2015 and had a holding of 60%. 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 counterparty dated 27 October 2021 after obtaining approval from the Ministry of Industry, Commerce and Tourism, Bahrain (the 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
Assets	
Property and equipment	1,650
Intangible assets	226
Prepayments and other receivables	419
	2,295
Liabilities	
Other payables	(1,424)
	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.

**** Syndicate 2880 was launched under the Syndicate-in-a-box initiative ("SIAB"). On 10 February 2022, OIC's Syndicate 2880 received Lloyd's approval to commence underwriting and has started operations under interim operating model where underwriting is carried out from London, United Kingdom. OIC has incorporated Oman Insurance Management Services Limited (the "Service company") in Dubai International Financial Centre ("DIFC") as a fully owned subsidiary of Oman Insurance Company P.S.C. The Service company will exclusively act on behalf of OIC's Syndicate 2880 under the delegated authority from the Syndicate 2880 and approval from Lloyd's of London. The Service company received its license from the Dubai Financial Service Authority ("DFSA") on 18 October 2022 to commence its operations and subsequently, effective 1 January 2023, the Service company received Lloyd's approval to commence its operations on behalf of the Syndicate 2880. As part of SIAB arrangement, OIC has also incorporated "OIC Corporate Member Limited", a private limited company in England and Wales, United Kingdom as a fully owned subsidiary of Oman Insurance Company P.S.C.

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	2022			2021		
	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)	49,112	(35,575)	13,537	49,902	(36,752)	13,150
Provisions for unearned premiums (UPR)	32,123	(15,909)	16,214	29,453	(14,475)	14,978
Provisions for claims incurred but not reported (IBNR)	13,850	(8,376)	5,474	17,664	(10,694)	6,970
Unallocated loss adjustment expenses reserve (ULAE)	217	-	217	272	-	272
Unit linked liabilities	1,047,652	-	1,047,652	426,321	-	426,321
Life assurance fund	106,182	(23,892)	82,290	113,442	(21,502)	91,940
Sub-Total	1,249,136	(83,752)	1,165,384	637,054	(83,423)	553,631
Property and Liability Insurance						
Outstanding claims provisions (OS)	2,117,631	(1,623,424)	494,207	2,172,468	(1,703,823)	468,645
Provisions for unearned premiums (UPR)	1,758,984	(1,106,761)	652,223	1,316,972	(702,002)	614,970
Provisions for claims incurred but not reported (IBNR)	508,791	(314,072)	194,719	432,981	(210,718)	222,263
Unallocated loss adjustment expenses reserve (ULAE)	7,551	-	7,551	7,127	-	7,127
Sub-Total	4,392,957	(3,044,257)	1,348,700	3,929,548	(2,616,543)	1,313,005
Total	5,642,093	(3,128,009)	2,514,084	4,566,602	(2,699,966)	1,866,636

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 12 April 2022, 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 2021 (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).

35. Social contributions

The Group made social contributions amounting to AED 30 thousand during the year ended 31 December 2022 (31 December 2021: AED 502 thousand).

As part of Group's Corporate Social Responsibility initiatives, Sukoon Oman branch signed Memorandum of Understanding with College of Banking and Financial Studies with the aim to support students and empower them with the skills and knowledge by offering internship and training programs as part of studies.

36. Other information

a. 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.

b. On 23 February 2022, Sukoon and Assicurazioni Generali S.p.A acting through its branch office in the UAE ("Generali UAE") signed an agreement to transfer the unit linked life insurance portfolio of Generali UAE to Sukoon. The migration of the portfolio was completed on 21 November 2022 (portfolio transfer date) after obtaining necessary approvals from the regulators (the CBUAE and The Institute for the Supervision of Insurance (IVASS) in Italy). On the portfolio transfer date, the Group recognised unit linked assets and unit linked liabilities amounting to AED 688,737 thousand each in the consolidated statement of financial position.

c. On 6 October 2022, Oman Insurance Company P.S.C. ("OIC") changed its brand identity to Sukoon Insurance ("Sukoon"). Sukoon is a registered trademark of Oman Insurance Company P.S.C. The new corporate identity reinforces OIC's deep-rooted heritage in the region and reflects its position as a modern insurer that has pioneered innovation, provided unrivalled quality of service, and stood rock-solid to fulfil customer and partner obligations.

d. On 19 December 2022, Sukoon has signed a sale and purchase agreement to acquire a majority stake (in excess of 93%) in Arabian Scandinavian Insurance Company (P.S.C.) – Takaful – Ascana Insurance (ASCANA) from the key shareholders of ASCANA who represent this stake. The transaction is expected to be completed by Q1 2023 subject to regulatory approvals from SCA, CBUAE and DFM and specific conditions agreed between the respective shareholders. This transaction and its financial effect will be reflected in the consolidated financial statements once the transaction is completed.

37. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 7 February 2023.

CORPORATE GOVERNANCE

2022

SUKOON™ INSURANCE

CORPORATE GOVERNANCE REPORT 2022

Corporate Governance System at Oman Insurance Company P.S.C. ("Sukoon") during 2022

The Board of Directors of Oman Insurance Company P.S.C (Hereinafter referred to as 'Sukoon' or the 'Company') – believes in strong corporate governance practices. Sukoon 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 Sukoon carries on its business.

Corporate governance in Sukoon 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 Sukoon during 2022 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 Sukoon.

Sukoon 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 Sukoon consists of the following:

Corporate Governance Framework at Sukoon – the three Pillars		
Board of Directors • Active • Independent • Non-executive	**Committees** • Audit Committee • Remuneration and Nomination Committee • Investment Committee • Risk Committee	**Internal Control System** • Compliance • Risk Management • Internal Audit

Statement of transactions of the Board members and their first-degree relatives in relation to Sukoon's securities during 2022

Transactions (sale/purchase) by any of the Board members or their first-degree relatives in relation to Sukoon's securities during 2022 are as follows:

Investor's Balance By Company رصيد المستثمر الشركة واحدة

اسم المستثمر - Investor name:	على راشد احمد لوتاه	الشركه - Company :	شركة عمان للتأمين المساهمة العامه Oman Insurance Company
رقم المستثمر - Investor No :	٠٠٢٢٨٨٤٨٠١	رمز التداول - Symbol:	OIC
كمافى تاريخ - Position Date :	٣١/١٢/٢٠٢٢	سعر الورقه المالية - Security Price:	AED ٣,٦٠٠

القيمة السوقية Market Value	الرصيد Balance	المعلق Pending	المجمد Frozen	المعروض Offered	المتوفر Available	رقم الحساب A/C No.	عضو التداول Tranding Member
480,340.80	133,428	0	0	0	133,428	32676874	MASQ المشرق للاوراق المالية MASHREQ SECURITIES / MASQ
480,340.80	133,428	0	0	0	133,428	-	Total المجموع

Board of Directors formation
Board of Directors and related information

S/N	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
01	Abdul Aziz Abdulla Al Ghurair	Non-Executive/ Non-Independent	Banking and Finance	Bachelor Degree in Industrial Engineering	12 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
02	Ali Rashed Lootah	Non-Executive/ NON-Independent	Real Estate and Financial	Bachelor Degree in Civil Engineering	12 years 6 months	V. Chairman of Mashreq Bank PSC Board Member of Badr Al Islami Co.	1. Member of the UAE Civil Engineers Society 2. Board Member at AGI

Board of Directors formation
Board of Directors and related information (Continued)

03	Rashed Saif Al- Jarwan	Non-Executive/ Non-Independent	Gas/ Petroleum	Bachelor Degree in in Petroleum and Gas Engineering	12 years 6 months	Board Member of Mashreq Bank Vice Chairman of Dana Gas	1. Chairman of Al Ghurair Holding 2. Board member of Emirates Petroleum Corporation "EMARAT" 3. Board member of Gulf Marine Services
04	Badr Al-Ghurair	Non-Executive/ Independent	Properties	Bachelor Degree in Economics	10 years 11 months	CEO- Carstaxi	None
05	Muna Abdul Razzaq Tahlak	Non-Executive/ Independent	Consultant Obstetrics and Gynecology, Head of the Department of Obstetrics and Gynecology, Latifa Hospital (2009-2013)	American Board in Obstetrics and Gynecology Fellowship in Obstetrics and Gynecology	3 years 10 months	None	CEO Latifa Women and Children Hospital
06	Nabeel Waheed	Non-Executive/ Independent	Banking/ Finance	Bachelor Degree in Science; Finance	9 years and 5 months	Group Head Treasury & Finance- Al Ghurair Investment LLC	Ex-Com member at AG Melco
07	Hazem Shish	Non-Executive/ Independent	Finance/ Banking	Master of Science in Management	10 months	None	Non-Executive Independent Board member at AGI

Female representation percentage in the Board of Directors for 2022

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

Reasons for not nominating any Woman for the Board Membership

(Not Applicable)

Remuneration

Remunerations paid to the board members for the year 2021:

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 2022 (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
Hazem Shish	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 2022.

Sukoon 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.

Number of Board meetings held during the fiscal year 2022 and the relevant details.

Board Member	Board Meetings			
	Meeting 1 09-Feb-2022	Meeting 2 11-May-2022	Meeting 3 27-July-2022	Meeting 4 09-Nov-2022
Abdul Aziz Abdulla Al Ghurair	✓	✓	A	✓
Ali Rashed Ahmed Lootah	✓	✓	✓	✓
Rashed Saif Al-Jarwan Al-Shamsi	✓	✓	✓	✓
Ali Lakhraim Al Zaabi	✓	N/A	N/A	N/A
Badr Abdulla Al Ghurair	✓	✓	✓	✓
Muna AbulRazzaq Tahlak	✓	A	✓	A
Nabeel Waheed	✓	✓	✓	✓
Hazem Shish	N/A	✓	✓	✓

✓: Present in person | A: Absent with valid reason | N/A: Not a Board Member at the date of the Meeting

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

The CEO performs his duties pursuant to the authority delegated to him by the Chairman by virtue of a notarized power of Attorney. The CEO shall be supported by the senior executive team who are responsible for managing the day-to-day business of Sukoon, 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

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

Board Member Name	Amount in AED	Total AED
Gross Insurance Premiums		
Mashreq Bank & Group	87,922,399	
Al-Ghurair Group of Companies	31,361,748	
Masafi Co (LLC)	3,181,542	
Carstaxi	68,370	
The Cobbler	26,858	
Mr. AbdulAziz Abdulla Al Ghurair	54,128	
Mr. Saood AbdulAziz Abdulla Al Ghurair	6,156	
Mr. Ali Rashed Lootah	7,600	
Mr. Mansoor AbdulAziz Abdulla Al Ghurair	13,462	
Hazem Shish	15,831	
Mr. Rashed Saif Saeed Aljarwan	2,074	
Mr. Nabeel Waheed Rashed Waheed	2,910	
Dana Gas	1,022,196	
Mr, AbdulAziz Abdullah Ahmad Al Ghurair	12,704	
Mr. Badr Abdullah Ahmad Al Ghurair	18,139	
Total Gross Insurance Premium		**123,715,935**
Gross Claims Settled		
Mashreq Bank & Group	37,026,021	
Al-Ghurair Group of Companies	10,182,064	
Masafi Co (LLC)	2,817,283	
Carstaxi	112,572	
Mr. Ali Hamad Lakhraim Al Zaabi	70,643	
Mr. Badr Abdullah Ahmad Al Ghurair	65	
The Cobbler	2,839	
Dana Gas	172,184	
Total Gross Claims settled		**50,383,707**
Gross Claims Settled		
Interest Income (Mashreq Bank)	551,643	
Dividend Income (Mashreq Bank)	605,778	
Investment & Other general expenses (Mashreq Bank)	2,768,207	
Rental expense (Mashreq bank)	6,275,226	
Other investment expenses (Mashreq Capital (DIFC) Limited)	6,047,999	
Total Other transactions		**16,248,853**

Sukoon Organizational Structure

No.	Employee Name	Position
01	Jean-Louis Laurent Josi	Chief Executive Officer
02	Hammad Khan	Executive Vice President, Finance and Administration
03	Julien Audrerie	Executive Vice President, Head of Consumer Lines
04	Christopher Paul Wildee	Executive Vice President, Head of Commercial Lines
05	Emmanuel Deschamps	Executive Vice President, Head of Reinsurance, ERM, Actuarial, Data, & Individual Life
06	Yasser Mohamed Abdulhamid Khalifa	Executive Vice President, Head of Employee Benefits
07	Ranji Sinha	Executive Vice President, Head of Distribution, UAE

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

No.	Employee Name	Position	Date of Appointment	Total Salaries and Allowances Paid for 2022 (AED)	Any other Cash/in-kind Allowances for 2022 or payable in the future
01	Jean-Louis Laurent Josi	Chief Executive Officer	1-April-18	2,880,162	434,308
02	Hammad Khan	EVP, Finance and Administration	5-Mar-18	1,169,071	167,981
03	Julien Rene Audrerie	EVP – Head of Consumer Lines	2-Jun-13	1,121,685	130,685
04	Christopher Paul Wildee	EVP – Head of Commercial Lines	3-Jan-18	1,190,151	168,970
05	Emmanuel Deschamps	EVP – Head of Individual Life & Workplace saving	1-Jul-14	949,030	114,684
06	Yasser Mohamed Abdulhamid Khalifa	Executive Vice President, Head of Employee Benefits	13-April-14	1,134,235	132,811
07	Ranji Sinha	EVP– Head of Distribution, UAE	27-Aug-06	1,163,301	161,527

External Auditor

The External Auditors of Sukoon are **Price water 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 7000 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 Sukoon's Board of Directors and Executive Management.

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 the Company	Five years (2018, 2019, 2020, 2021, 2022)
Total audit and other regulatory reporting fees for the financial statements of 2022 (AED)	910,732 AED
Fees and costs for services other than auditing the financial statements of 2022 (AED); if there are no other fees, this shall be expressly indicated.	223,240 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 IFRS 17 Implementation
The other services provided by another external **auditor other** than the OIC's Auditor during 2022 (if any). If there is no other external auditor, this should be expressly indicated.	**Total of AED 513,361 in relation to auditing and taxation services of foreign branches and subsidiaries**

Sukoon's Auditor Reservations included in the Interim and Annual Financial Statements of 2022

No reservations or exceptions have been included by the external auditors within the Interim or the Annual Financial Statements of 2022.

Audit Committee (AC)

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

Mr. Nabeel Waheed, 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.

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
Nabeel Waheed Rashed Waheed	Chairman
Badr Abdulla Al Ghurair	Member
Hazem Shish	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 Sukoon 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

- To re-consider the effectiveness of the Company's financial controls, internal control and risk management system.
- 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;
- To consider compliance with the listing and disclosure rules issued by the Authority including other legal requirements applicable to financial statements.

Financial Information Review

- 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;
- 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;
- To review the Sukoon financial and accounting policies and procedures;
- To ensure compliance with listing rules and other legal requirements in relation to financial reporting.

Relations with External Auditors

- To review the scope and the approach proposed for audit by external auditors, including coordinating audit efforts with the Internal Audit Department
- 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 Sukoon.
- 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.
- To consider and approve the External Auditor's remuneration and appointment period.
- To ensure that significant findings and recommendations of the external auditors and managements' proposed responses are received, discussed and appropriately acted on.
- 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

- To approve the Internal Audit Charter
- 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
- To discuss the internal audit budget, resource plan, activities, and organizational structure of the internal audit with the Chief Internal Audit Executive.
- To ensure that the internal audit is adequately resourced and has an appropriate standing within the Company;
- To monitor the compliance with the codes of professional conduct.
- To consider the results of the investigations initiated by the Board of Directors.
- To ensure that there is coordination between Internal and External Auditors.
- To ensure that the duties and responsibilities under the Charter are fulfilled.
- 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.
- To submit a report to the Board of Directors on the Committee's compliance with the duties and responsibilities outlined in this Charter.
- 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

- 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;
- To review the findings of any inspections by regulatory bodies and any notes by the Auditor.
- To review the process of communicating the Code of Conduct to the company employees and monitor compliance with such Code.
- To obtain regular updates from the management and Sukoon's legal counsel on compliance.

Reporting Responsibilities

- To regularly report to the Board of Directors on the Committee's activities and the relevant issues and recommendations.
- To provide an open communication platform among the Internal Auditor, External Auditors and the Board of Directors.
- 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.
- To review any other reports by the Company relating to the Committee's responsibilities.

Other Responsibilities

- To perform any other activities related to this charter as requested by the Board of Directors.
- 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.
- To annually ensure that all the responsibilities outlined in this Charter have been performed.
- To develop and supervise the special investigations as may be required.
- To regularly evaluate the performance of committee members and individuals.

Audit Committee Meetings during 2022

The Audit Committee held 5 meetings during 2022. 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 Sukoon'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 Sukoon management where the Committee believes that no sufficient progress has been made.

Relations with External Auditors and Actuarial Experts

In February 2022 Board Audit Committee meeting, the Committee reviewed the findings of the audit conducted by PriceWaterhouseCoopers (PWC Middle East) for the 2021 financial statements. In November 2022, The Board Audit Committee held meetings with representatives of PricewaterhouseCoopers (PWC Middle East) to approve the financial statements audit plan, scope and timelines for the year 2022, and also discussed status update. External auditors also provided their quarterly report to the Committee on the results of their review of the condensed consolidated interim financial information of the company.

Furthermore, in February 2022, the Audit Committee reviewed the valuation of technical provisions report presented by the appointed actuary, Badri Consultancy representative to ensure adequacy of insurance reserves in the books of accounts of the Company.

Committee Member Name	Audit Committee Meetings				
	Meeting 1 (Nonregular meeting) 25-Jan-22	Meeting 2 07-Feb-22	Meeting 3 19-May-22	Meeting 4 07-Sep-22	Meeting 5 04-Nov-22
Nabeel Waheed	✓	✓	A	✓	✓
Badr Al Ghurair	✓	✓	✓	✓	✓
Nasser Paracha	✓	✓	✓	✓	✓
Hazem Shish	N/A	N/A	✓	✓	✓

✓: Present in person | A: Absent with valid reason | N/A: Not a board member at the date of the meeting

Nomination and Remuneration Committee (N&R C)

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

Dr. Muna Tahlak, Chairman of the N&R C within Oman Insurance Company P.S.C, hereby acknowledges her responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

Details of Nomination and Remuneration Committee members

Name	Position
Dr. Muna Tahlak*	Chairman
Mr. Ali Rashed Ali Ahmed Lootah	Member
Mr. Rashed Saif Al Jarwan	Member
Mr. Ali Raza Khan	Member

* Dr Muna Tahlak is appointed as Chairman of the Nomination and Remuneration Committee as from 11th of May 2022

Statement of duties, duties and responsibilities

Development

A. Develop the company's wage policies and revise the same annually;
B. Organize and follow up the procedures for nomination to the Board of Directors;
C. Identify the number of executives required and develop human resources policies for the company.

Supervision

A. Reviewing executives' remuneration to ensure its reasonableness

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*	Remuneration Meetings				
	Meeting 1 15-Jan-22	Meeting 2 22-Feb-22	Meeting 3 2-Mar-22	Meeting 4 16-Mar-22	Meeting 5 6-Apr-22
Mr. Ali Rashed Ali Ahmed Lootah (Chairman)	✓	✓	✓	✓	✓
Mr. Rashed Saif Al Jarwan	✓	✓	✓	✓	✓
Mr. Badr Abdullah Al Ghurair	A	✓	✓	✓	✓
Mr. Ali Raza Khan	✓	A	A	A	✓
Mr. Jean-Louis Laurent Josi	✓	✓	✓	✓	✓
Mr. Andreas Grammas	✓	✓	✓	✓	✓

* Committee Composition before new board has been elected and committees' members appointed on 11th May 2022

✓: Present in person | A: Absent for a valid reason

Investment Committee (IC)

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

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

Details of Investment Committee members

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

Name	Position
Mr. Badr Abdullah Al Ghurair	Chairman
Mr. Hazem Shish	Member
Mr. Nabeel Waheed Rashed Waheed	Member
Jean-Louis Laurent Josi	Member
Hammad Khan	Member

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

Member Name	Meetings			
	Meeting 1 10-Feb-2022	Meeting 2 31-Mar-2022	Meeting 3 8-June-2022	Meeting 4 29-Sep-2022
Mr. Ali Hamad Lakhraim Al Zaabi	✓	A	N/A	N/A
Mr. Badr Abdullah Al Ghurair	✓	✓	✓	✓
Mr. Nabeel Waheed Rashed	✓	✓	✓	✓
Mr. Hazem Shish	N/A	N/A	✓	✓
Jean-Louis Laurent Josi	✓	✓	✓	✓
Hammad Khan	✓	✓	✓	✓

✓**:** Personally attending | **A:** Absent with valid reason| **N/A:** Not a Board Member on the date of the Meeting

Committee concerned with following up and supervising transactions of the “Insiders” persons

Committee members

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

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.

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 2022 the Committee continued to maintain and update the register of Insiders and adopted by Resolution dated 20th October 2022 the updated list of Insiders. The same has been notified to Dubai Financial Market and the Security and Commodities Authority in accordance with Article 33 of the Corporate Governance Guide for Public Joint Stock Companies.

Risk Committee

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.

Details of Board Risk Committee members

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	Chairman
Mrs. Louise O’Donnell	Member
Miss Zhanar Tukeyeva	Member

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:

» Make recommendations to the Executive Risk Committee;

» 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.

Meetings of the Board Risk Committee during 2022 (Dates and registration of attendance for each member)

Member Name	Meetings
	Meeting 1 31-Oct-2022
Mr. Nabeel Waheed	✓
Mr. Rashed Saif Al-Jarwan	✓
Mr. Anuratna Chadha	✓
Mr. Vincent Pluchet	✓
Mr. Jean-Louis Laurent Josi	✓
Mr. Muhammad Danial Khan	✓
Miss Zhanar Tukeyeva	✓

A: Absent with valid reason | ✓: Personally attending

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.

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 in the form of an Annual Corporate Governance report and in the form of disclosures submitted in compliance with inclusion/regulatory requirements. In 2022, Internal Control has not faced any significant problems in the company.

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 2022. 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.

Statement of cash and in-kind contributions made by the company during 2022 for community development and environmental conservation

During 2022, Oman Insurance Company has contributed to community development through the below initiative:

Oman Insurance Company has launched an initiative during Ramadan 2022 in collaboration with Emirates Red Crescent (ERC) to support families in need of essential food supplies. The Company has 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 30,000.

The Company has also signed a Memorandum of Understanding (MoU) with the College of Banking and Financial Studies in the Sultanate of Oman. The partnership aims to support college students to complete their graduation requirements (On Job Training) and empower them with the necessary skills and knowledge to succeed in their future careers.

The General Manager of Oman branch Mr. Murtadha Al Ajmi has participated in conducting a training course in Certificate of Insurance Agency for the students of the College of Banking and Financial Studies. The training was part of the Tamkeen program organized by the Capital Market Authority in the Sultanate of Oman.

The Oman branch team has also participated in the 'Al Mouj Muscat Marathon', one of the most iconic events on the Sultanate of Oman's sporting calendar, to help promoting the importance of wealth and wellbeing, and has successfully completed the 10 KM run category. This was also part of the Company's CSR Engagement as 20% of the proceeds for each ticket goes to two charitable organizations (Environment Society of Oman and Oman Diabetes association).

General Information

Statement of the Company's market share price (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2022

Month	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Highest Price	2.600	2.980	3.000	3.330	3.330	N/A	N/A	N/A	N/A	3.300	3.400	3.600
Lowest Price	2.600	2.980	3.000	3.330	3.330	N/A	N/A	N/A	N/A	3.300	3.400	3.350
Closing	2.600	2.980	3.000	3.330	3.330	3.330	3.330	3.330	3.330	3.300	3.400	3.600

Share price at the end of each month during fiscal year 2022:

Comparative performance of the company's shares with the general market index and sector index to which the company belongs (insurance sector) during 2022

Company's share performance compared to the general market index in 2022

Month	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Sukoon's Share	2.6	2.9	3	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.4	3.6
Dubai Financial Market Index	3203.08	3354.64	3526.6	3719.63	3347.24	3223.29	3337.96	3443.11	3339.15	3331.76	3323.96	3336.07

Share performance compared to the insurance sector in the United Arab Emirates

Month	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Sukoon's Share	2.6	2.98	3	3.33	3.33	3.33	3.33	3.33	3.33	3.33	3.4	3.6
Insurance Index	2416.75	2549.30	2587.59	2659.38	2399.45	2312.80	2368.10	2359.33	2381.43	2351.51	2348.51	2354.84

Distribution of Shareholders' Equity as of 31/12/2022

Shareholder Class	Shareholding Percentage				
	Individuals	Companies	Bank	Government	Total
Local	126,346,357	36,786,083	298,739,685	0	100%
Arab	0	0	0	0	0
Foreign	0	0	0	0	0
Total	**27.3553**	**7,9646**	**64,6802**	**0**	**100%**

Statement of Shareholders holding 5% of the Company's capital as of 31/12/2022

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

Statement of the distribution of the shareholders according to the size of their ownership as of 31/12/2022

SN	Equity (shares)	No of Shareholders	No of Shares	Percentage of share in capital
01	Less than 50,000	43	393,133	0.085%
02	From 50,000 to 500,000	33	7,287,075	1.578%
03	From 500,000 to 5,000,000	34	71,821,383	15.550%
04	More than 5,000,000	10	382,370,534	82.787%
	Total	**120**	**461,872,125**	**100.000**

Statement of actions taken with regard to investor relations controls

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

Mr. Hammad Khan

hammad.khan@sukoon.com

Link to Investor Relations webpage on the company website: www.sukoon.com/en/about-us/investor-relations

Dir: 04 2337100

Statement of the Special Resolutions put forward for discussion at the General Assembly meeting held in 2022 and the actions taken thereon

The Company held its Annual General Assembly during 2022 on the 12th of April 2022 and a Special Resolution have been passed therein to for the amendments of articles of association in order to align with the new Company law issued by the decree- law No 32 of 2021.

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.

Statement of important events during 2022

The Company continued to maintain its strong market position in the Middle East and North African (MENA) region and has accomplished the following key achievements during 2022:

1. The company's credit rating by S&P was upgraded to 'A' from 'A-' with a stable outlook citing sustainable operating performance, robust capital adequacy and exceptional liquidity.
2. The Company has acquired the life portfolio of Generali and transferred it without any issue their thousands of clients onto our life platform.
3. The Company received the license to operate our Lloyd's syndicate from the DIFC regulator, the DFSA. It is now become fully operational with 5 dedicated underwriters.
4. The Company has successfully changed its brand from 'Oman Insurance' to 'Sukoon' which reflects the Company's ability to deliver peace of mind to its clients.
5. The company signed a strategic partnership with AG Cars to further strengthen our Motor offering; and launched Health Extend- a unique corporate medical solution allowing employees to customize and tailor their benefits
6. The Company's achievements were acknowledged in the Insurance industry as the Company has won many awards during the year 2022, as an example: the Company has received the 'Insurer of the Year - Overall' award at the prestigious MENAIR 2022 Awards, also the Company was awarded with Best Health Insurance Company, UAE and Best Motor Insurance Company, UAE at the Cosmopolitan The Daily 2022 Awards, and was double awarded with 'Digital Initiative of the Year' (second time in a row) and 'Educational & Training Initiative of the Year' at the InsureTek Golden Shield Excellence Awards 2022.

Statement of the percentage of Emiratization at the company for the year 2022

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

- 2020: 14.6%
- 2021: 14.1%
- 2022: 16.2%

Statement of innovative projects and initiatives undertaken by the Company or under development in 2022

A number of initiatives were undertaken during 2022 and are detailed in our ESG Report.

Mr. Abdul Aziz Abdulla Al Ghurair
Chairman of the Board of Directors
Signature:

Mr. Nabeel Waheed
Chairman of Audit Committee
Signature:

Dr. Muna Tahlak
Chairman of Nomination & Renumeration Committee
Signature:

Mr. Biju Varma
Head of Internal Audit
Signature:

Company's Official Seal

SUSTAINABILITY REPORT

2022

SUKOON™
INSURANCE

THE CEO'S MESSAGE

I am pleased to present the third edition of Oman Insurance Company P.S.C. ("Sukoon") Environmental, Social and Governance report for 2022. 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.

One of the key milestones for us in 2022 was to successfully change our brand from Oman Insurance to Sukoon. Oman Insurance was launched in 1975, almost half a century ago. Since then, a lot has been achieved and much impressive progress has been made. It was important to reflect these changes in a new visual identity. We unveiled our new corporate identity on the iconic Burj Khalifa at an event attended by our Chairman, Members of the Board, Executive Committee, key partners and members of the press. Sukoon has been extremely well received by our clients and partners and, with our new colors, Sukoon perfectly reflects what we have become: a dynamic, professional and dedicated company that delivers peace of mind to its clients!

Even before the publication of our first Sustainability Report in 2020, Sukoon 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 continue to remain committed to operating our business in a sustainable manner, empowering our communities, employees and customers, using advanced technologies to respond to market dynamics and manage our resources consciously and efficiently.

Sukoon did remarkably well in 2022 in terms of increasing our shareholder's value by declaring net income of AED 223.6 million – the highest in the preceding 8 years. Our local solvency margin peaked at 280%, which speaks for the successful strategies we have implemented for a resilient risk transfer mechanism. Our global customer satisfaction index stands at 89%, which reflects our commitment to be the region's reference point for exceptional customer service.

One of our strongest strategies have always been to explore new and unique growth avenues and be a market leader in our practices. It was indeed a proud moment for Sukoon to be the first in the UAE to commence operations of Syndicate 2880 – a part of the Syndicate In A Box (SIAB) initiative. Our technological and digital solution prowess continued its upward trajectory. We enabled medical reimbursement claim submission by partners leveraging API, digitalized our consumer and commercial claims, launched first in the region motor fleet solution on zero code platform, among many other initiatives. 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 received 20 awards in 2022. These included, among others, 'Insurance Customer Satisfaction and Happiness', 'Insurer of the Year – Overall' and 'Digital Initiative of the year'. If there is one common theme behind winning these prestigious and coveted recognitions in the market, it is the hard work and resilience of our employees. I am elated by the unwavering commitment and yearning for innovation brought by our employees to this organization.

We've made many a stride in terms of adding value to the world through Sukoon's CSR initiatives. These include the Ramadan Motor Campaign (in collaboration with Emirates Red Crescent) to support families in need of essential food supplies, raising awareness about Hepatitis and Cancer on behalf of the Dubai Health Authority, signing an MoU with the College of Banking and Financial to support prospective college graduates in meeting their work requirements and obtaining the skills and knowledge necessary to succeed in their ambitions, and holding the Al Mouj Muscat Marathon to promote the importance of wealth and wellbeing, among others.

Lastly but most importantly, we were part of the World Economic Forum (WEF) Annual Meeting in Davos, Switzerland. I was part of a panel to discuss the impact of Environmental, Social and Governance (ESG) factors on financial institutions.

As we look forward to 2023, 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, Sukoon

OUR 2022 KEY ACCOMPLISHMENTS

Customer Service
a. Won 20 accolades in 2022
b. Customer satisfaction at its best: 89%

Employee Wellbeing
a. Employee Coaching
b. LivFit
c. Women's Network

Increased Shareholder Value
a. Highest Net Profit in the history of the company
b. Double-digit ROE ~ 10%
c. Shareholder's equity increased by 10.4% to ~ AED 2.46 billion

Digitalization
a. Enabled medical reimbursement claims submission by leveraging APIs
b. 100% STP of DHA medical products
c. Digitisation of Consumer and Commercial Claims – 24/7 availability on Cloud for UW, Operations, and Brokers
d. Launch of STP in its life insurance policies with partnering banks and brokers
e. Seamless rebranding of Oman Insurance to Sukoon Insurance
f. Launch of innovative first-in-the-region Motor Fleet Solution (individual scheme) on ZeroCode Platform (KUDOS)
g. Launched the one-of-a-kind Health Extend top-up solution for medical policyholder

SUKOON AWARDS 2022

GAZET INTERNATIONAL AWARDS

- Best Health Insurance Company
- Best Motor Insurance Company
- Digital Insurer of the Year

GLOBAL BUSINESS REVIEW MAGAZINE

- Life Insurance Company of the Year
- Best Health Insurance Company
- Best Motor Insurance Company

COSMOPOLITAN THE DAILY

- Best Health Insurance Company
- Best Motor Insurance Company

INTERNATIONAL BUSINESS MAGAZINE

- Best Motor Insurance Company
- Best Insurance Website

World Economic Magazine
Simplifying Global Financial Markets

- Best General Insurance Company

Global Business Outlook

- Best Life Insurance Company

INTERNATIONAL INVESTOR

- Best Health Insurance Company (MENA)

MENAIR AWARDS 2022

- Insurer of the Year - Overall

WORLD BUSINESS OUTLOOK

- Best Motor Insurance Provider
- Best Digital Insurer

Insuretek MIDDLE EAST 2022

- Best Health Insurance Company
- Educational & Training Initiative of The Year

Finance Derivative

- Best General Insurance Company

GLOBAL BANKING & Finance review

- Insurance Customer Satisfaction & Happiness

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

48 Years
of expertise in the region

800,000+ Clients
trust us

650+ Professionals
ready to serve you

4.3 Billion
AED revenue in 2022

9.18 Billion
AED total assets in 2022

Listed
on Dubai Stock Market

223.6 Million
AED net profits in 2022

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 Stable by S&P
b. Profitable franchise with significantly high solvency at >280% as at Dec 31, 2022
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 in the region approval has been received from Lloyd's to launch Syndicate 2880 under the Syndicate-in-a-Box initiative (SIAB). The Syndicate is now operational 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 20 awards in 2022 including: "Insurance Customer Satisfaction and Happiness"; "Digital Insurer of the Year" and "Insurer of the year – Overall"

4. Digital Innovator

a. Launch of the innovative Health Extend top-up solution for medical policyholders
b. API Gateway to onboard brokers/ partners delivered
c. Launch of STP of Sukoon's Life Insurance policies with partnering banks and brokers
d. Launch of the innovative, first-in-the-region Motor Fleet Solution (individual scheme) on ZeroCode Platform (KUDOS)

STAKEHOLDER ENGAGEMENT

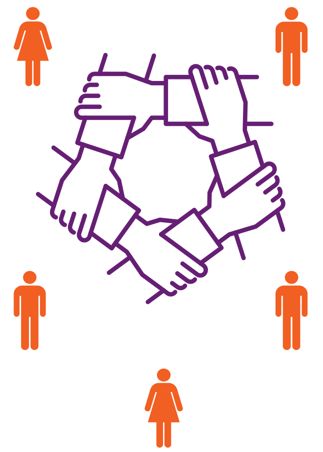
We reviewed internally and externally our stakeholder's perspectives and opinions. The process identified the impact we have on each stakeholder group as well as the level of influence each stakeholder group has on our business. We communicate with our stakeholders through multiple channels, listening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

Customer

a. Customer satisfaction surveys at key touchpoints Monitored Monthly.
b. KPI: > 90 % satisfied customer.

Employees

a. Employee Engagement Programmes.
b. Intranet, Townhalls, Inhouse Trainings.
c. KPI: EE> 4.



Shareholders & Investors

a. Board of Directors Meetings, Market Disclosures, General Assembly, Investor Relations.
b. KPI: Financial Performance, Minimum of 4 BOD meetings annually.

Suppliers & Business Partners

a. Tenders & RFPs, Broker Portals, Trainings & Workshop.
b. KPI: Fair Business Practices & Selection.

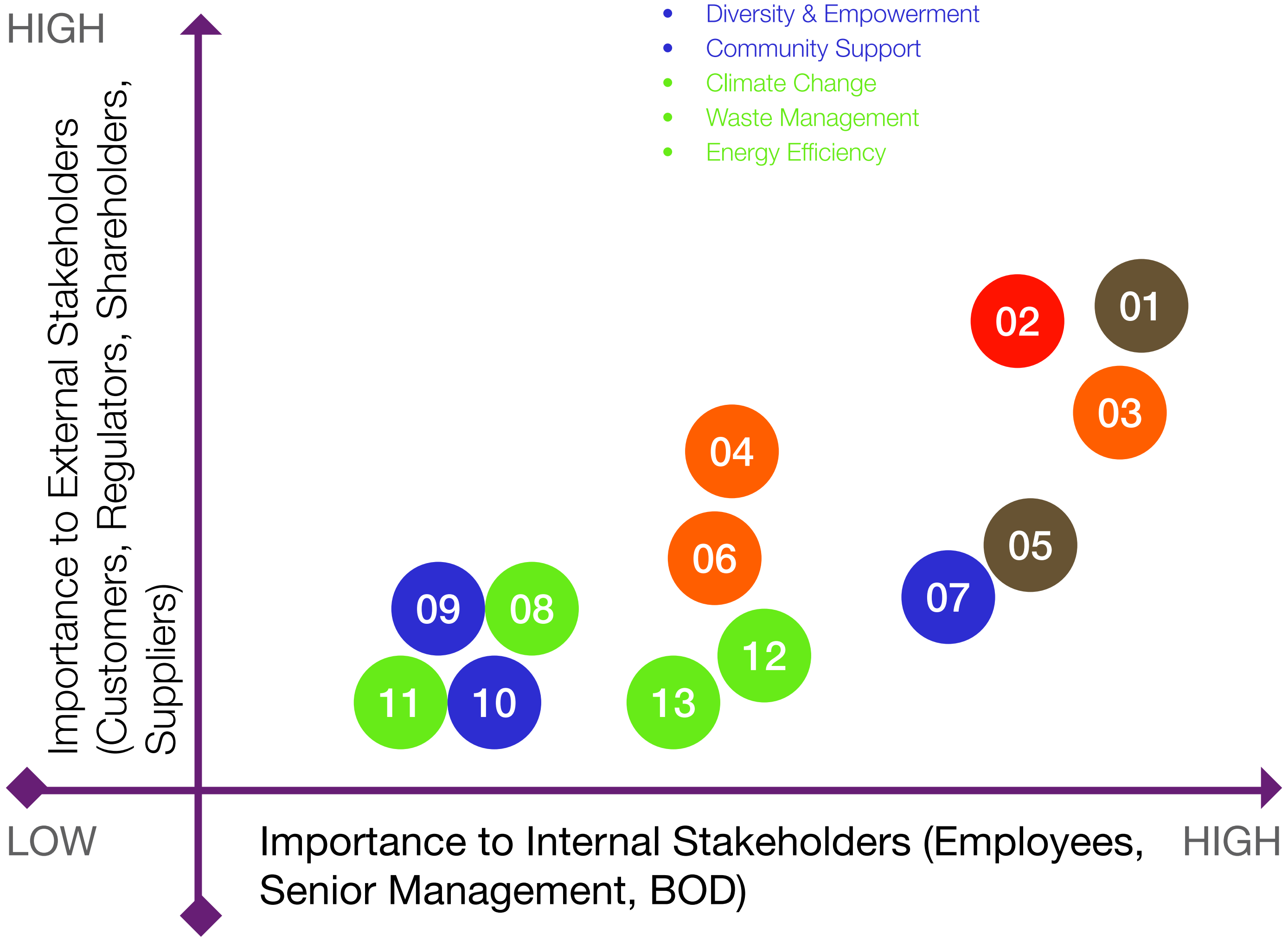
Regulators, Media & Others

a. Regulatory Reporting to UAE Central Bank, 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.

- Digital Transformation & Innovation.
- Customer Satisfaction
- Product responsibility
- Governance, Ethics & Compliance (Internal)
- Data Privacy
- Responsible Investment
- Employee 's Development
- Utilization of resources
- Diversity & Empowerment
- Community Support
- Climate Change
- Waste Management
- Energy Efficiency



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 digitalization, prioritizing risks and opportunities that supports the growth of sustainable business. We at Sukoon 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.

3 GOOD HEALTH AND WELL-BEING

We at Sukoon 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.

5 GENDER EQUALITY

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

8 DECENT WORK AND ECONOMIC GROWTH

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

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

GOVERNANCE AND RISK MANAGEMENT

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

Sukoon 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 Sukoon's strategic objectives and to contribute to building strong ESG goals and action plans. There are key policies which are outlined in the policy section which support us in operating a dynamic risk and 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 new board election was done on Apr 12, 2022. The election of the board members was conducted during the Annual General Assembly meeting, where shareholders elected the board members by way of vote. Nomination & Election process has been duly approved by SCA and 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 Sukoon 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, the 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, and to protect Sukoon's reputation & intrinsic values. It oversees Sukoon'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 Sukoon'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 Sukoon 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.

Sukoon 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 Sukoon 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, the Company 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.

Compliance Policies

Sukoon'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 Sukoon's employees

01 AML & CTF Sanction Compliance Policy

02 Compliance Risk Assessment & Monitoring Process

03 Conflicton of Interest Policy

04 Anti-Bribery & Corruption

05 Sanction Policy

06 Whistleblowers' Policy

07 Gift's & Entertainment Policy

08 Risk Managment Framework Policy

09 Risk Appetite Statement & Framework Policy

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

TECHNOLOGY AND INNOVATION

We at Sukoon have undergone a massive digital transformation and delivered various industry-level innovative solutions.

We strongly believe in capitalising 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 and 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 43 months
- Payment Gateway / API Gateway solutions
- Digital workspace with 40% on Cloud (Greenfield) and remote connectivity enabled for 95% of the staff
- Launch of the innovative, first-in-the-region Motor Fleet Solution (individual scheme) on ZeroCode platform (KUDOS)

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)
- Launch of STP for its life insurance policies with partnering banks and brokers
- Launch of the innovative Health Extend top-up solution for medical policyholders

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 2021-2022

a. E-Commerce

- 100% STP for New Business and Renewals of Fleet – New Business delivered in May 2022 and renewals in progress
  - 100% STP of DHA medical products
- Predictive Analytics – Enable Personalization for Up-Sell/Cross-Sell (in progress)
- Rationalisation of 16 portals to one with Single Sign On (in progress)

b. E-Services

- Enabled Self-Servicing for Fleet Endorsements and Claims (delivered in May 2022)
- Opti channel Experience – API Channel for Brokers & Partners (delivered in January 2022)
  - Digitisation of Consumer and Commercial Claims – 24/7 availability for UW, Operations, and Brokers on low-code platform

c. E-Partners

- Enabled medical reimbursement claims submission by partners leveraging APIs
  - Leading and innovative Medical Ecosystem (in progress)
- Customer 360- Data Mining & Analytics enabled FWA & Wellness (in progress)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

3. Information Security

At Sukoon, security is an integral part of the architecture guidelines. In the last 3 years, we have implemented multiple security products in December.

Key Initiatives: 2018- 2022

- IT Regulatory Compliance – ADHICS-certified in February 2022
- Protection of Business and Privacy Information – Microsoft Information Protection and Microsoft DLP (implemented)
- Encryption & Backup for Data Security – Parablu for laptops and Data Encryption for the rest implemented for identified systems in 2022
- Secured Login Mechanism – two-factor authentication implemented in 2021
- Centralized Log maintenance – SIEM implemented in 2021
- Privilege Access management – CyberArk implemented in 2021
- Fortification against SPAM, Phishing, Malware – Vulnerability Management implemented
- Improved Threat Detection – MS-DLP implemented in 2021
- 24 x 7 security monitoring & response – dedicated Security Operations Centre in place since 2021

OUR FOCUS FOR 2022

1. Commercial Claims
a. Strengthening claims adjudication process through prudent and expert claim handling
b. Effective Claims management from Lloyds platform as a syndicate

2. Motor Claims
a. Optimize Fraud Waste & Abuse Controls
b. Manage repair cost strategic partnership garages
c. Implementation of Mobile App for claims notification and servicing

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. Optimise PBM module and experience
e. Strengthen Payer – Client relationships
f. Early Warning Indicator via Data Analytics

CUSTOMER ENGAGEMENT

Customer-centricity is at the fore of our ambitions. We believe that customer satisfaction is not only the basis for profitable growth but also a key driver for employee engagement. It also defines design principles for digitalisation and setting a benchmark for technical excellence.

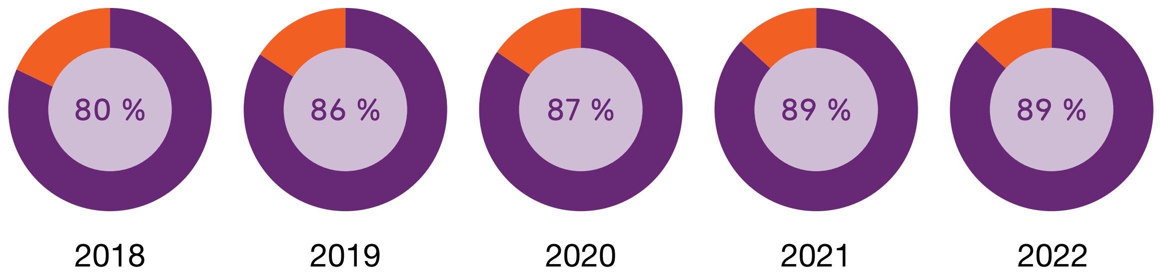
Our “Customer First” value has led us to venture digitally to provide quality, personalised and value-propositioned services. From mobile applications to digital platforms and seeking customer surveys, we are constantly in the search of the next awe-striking factor for our customers.

In addition to the inevitable digital world we are transitioning towards, we also boast a highly-skilled, empathetic team of insurance professionals to support our customers through well-managed call centers, email support, and Customer Service Desk & Complaints Unit for direct and intermediary channels.

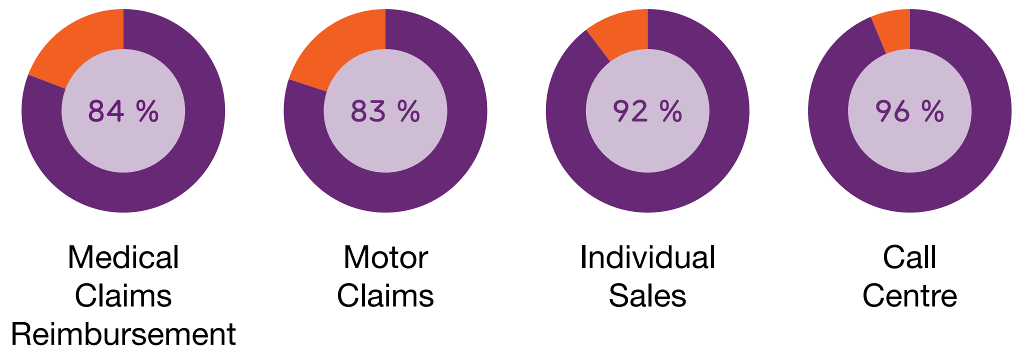
1. Customer Satisfaction Survey
We passionately seek our customer feedback through monthly surveys. The satisfaction indicators are reported monthly and form the base of measurement as well as enhancements for our products & services.

With a satisfaction score of 89 percent achieved in 2022, we keep marching forward in our pursuit of delivering absolute delight to our customers.

a. Global Satisfaction Index - Yearly Indicators



b. Department Indicator



CUSTOMER EMPOWERMENT

Digitally empowering customers strives to provide a seamless customer experience. We have launched a digital platform for our customers through mobile apps, online accesses, eCommerce platform which has truly changed the way traditional insurance processes run. The tedious tasks 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

mySukoon – 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. mySukoon – Medical Network Geo-localization & Reimbursement Claims
c. LivFit – Wellness App

Customer Testimonials

We are known for our exceptional customer service. Here are a few testimonials which bear witness to our commitment to delight our customers at every turn:

"The advisor was very knowledgeable, trustworthy, and very much patient. She understood my requirements and suggested investment and insurance plans accordingly. I loved that she was not trying to sell me anything; rather, she suggested what was best as per my goals and requirements." - Nilesh, Life Insurance policyholder

"Excellent communication and great use of technology to inform customers about status of claims. Really quick re-imbursement of claims so customers are not out of pocket too long." - Stephen, Medical Insurance policyholder

"The action taken upon my request was quick, and the allocation of a very good garage like AUTOTRUST was also a wise decision from your side. You guys really care for your clients. Thank you!" - Reji, Motor Insurance policyholder

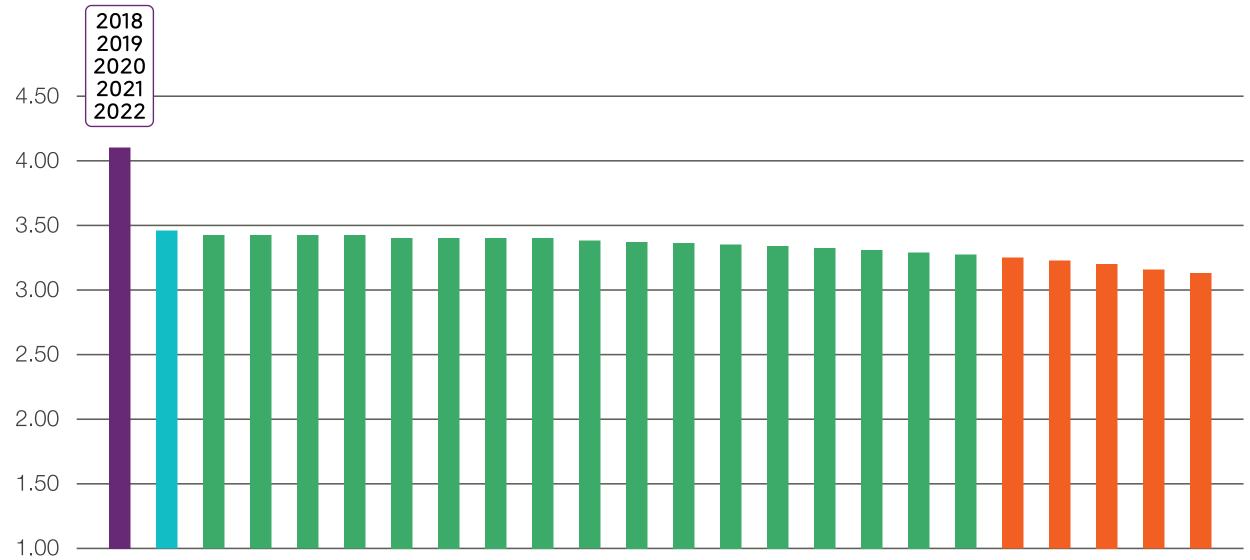
PARTNER ENGAGEMENT

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

The brokers' survey (including 346 responses from 76 brokers) outcome indicated an increase across all 20 dimensions. Sukoon was rated the number-one insurer to deal with, which highlights the "Service Excellence" of the Company which is at the core of its business.

Measured across all dimensions – from Sales, Policy Servicing and Claims to Finance and others – the performance results are as under:

Market Results all Insurance



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

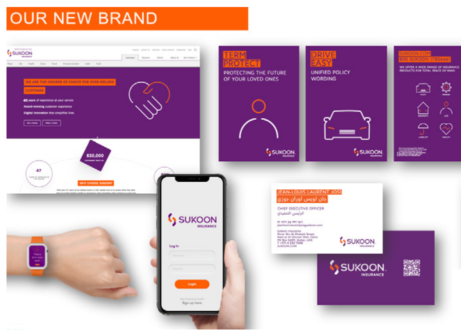
Rebranding Oman Insurance To Sukoon

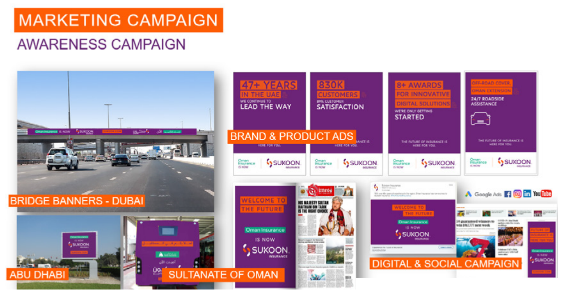
In 2022 we rebranded ourselves as Sukoon. This change marked a new chapter in our 47-year history of providing ultimate protection and peace of mind to our customers and partners. In the last 3 years, we carried out extensive market research and brought together some of the world's best-in-class rebranding experts to guide and advise us. We have gone through several focus groups, interviews, and surveys. We have tested dozens of names, logos and colours to finally select Sukoon.

Sukoon means peace of mind in Arabic, Urdu and Hindi - the 3 most widely spoken languages in the region. The brandmark represents two human hands coming together, vividly depicting a sense of security and protection for our customers and partners, while reflecting peace of mind and togetherness. The two hands also form the letter 'S' of Sukoon. The strong colour combination aptly depicts what we are today - a bold, modern and dynamic insurer that is not afraid of challenging the status quo!

Our new corporate identity was unveiled on the iconic Burj Khalifa at an event attended by our Chairman, Members of the Board, Executive Committee, key partners and members of the press.

Sukoon is a new starting point where leveraging our foundations, we will develop an exceptional insurance platform with the objective of providing an unmatched customer experience and unrivalled insurance expertise in the region.





Marketing and PR

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.

13.1M	Article readership on various platforms
174M	Impressions (that is, the number of times our ads were seen across all digital platforms, excluding rebranding efforts)

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.

13.4M	Impressions on Facebook
6.1M	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 Sukoon. 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 Sukoon's approach to its people. The Company continuously promotes itself as an employer of choice to acquire strong candidates.

Year	Tenor	Attrition
2022	5.85	13.5 %
2021	5.89	14 %
2020	5.00	8 %
2019	4.00	13 %
2018	4.00	15 %

1. Employee Reward & Recognition

Sukoon has a variety of engagement initiatives to further enhance its 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 are conducted
e. High performing employees are awarded in quarterly award ceremonies

2. Employee Coaching

Sukoon launched its Employee Coaching program in 2019 for life and career advancement. With two internal qualified coaches, Sukoon provides face-to-face and virtual sessions to its employees to help them reach their maximum potential.

3. Women's Network

Sukoon launched its Women's Network in 2019 with a launch night, with 100+ Sukoon employees in attendance and Panel Discussion with our CEO and the Company's senior women personnel.

The Women's Network is built on the four pillars: Career development, Mentoring, Balance for Better, and Giving.

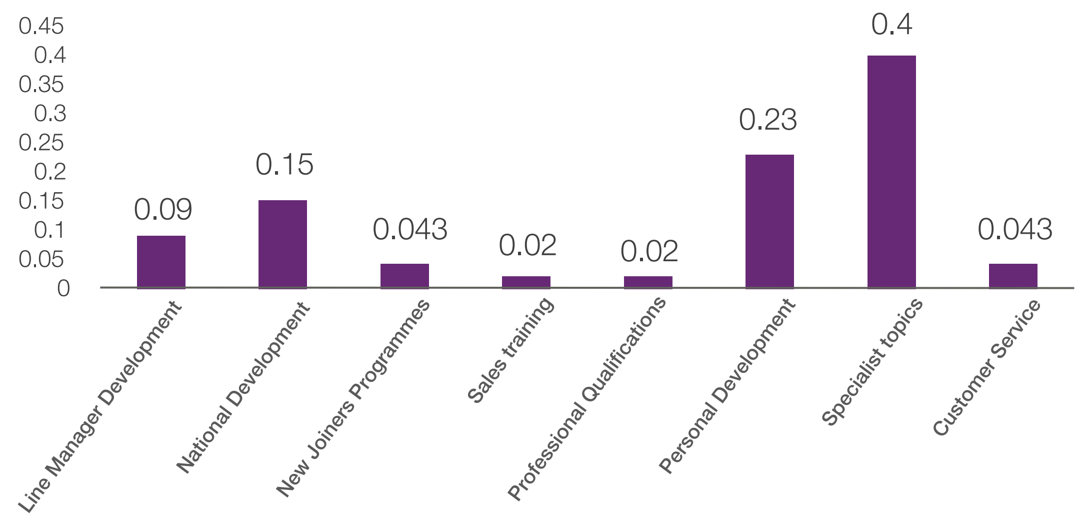
Some of the celebrated highlights of 2022 include the following:
a. Women's International Day
b. Emirati Women's Day
c. Omani Women's Day
d. Mother's Day
e. Breast Cancer Awareness Day

4. Learning & Development

In alignment with Sukoon's digitisation excellence, Sukoon Learning Academy embraces new, innovative learning methods. Gamification (through which teams operate in a simulated business environment), blended learning (combining online, self-study and workshop modules), and the state-of-the-art e-Learning platform and mobile app (Learn with Sukoon) are all in active use.

Sukoon 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. To date, 8,916 hours were spent on e-Learning modules. In 2022, we moved back to face-to-face interactive sessions

Percentage wise break up of courses in 2022



5. Professional Qualifications 2022

Sukoon supports professionalizing its workforce for enhanced professional customer experience. Sukoon Learning Academy is a licensed examination center for both CII and LOMA qualifications, open for both internal and external candidates. The Company additionally invested its resources and energies in LinkedIn Learning and its own e-Learning platform, Learn with Sukoon, to ensure employees have access to all the latest offerings and articles trending in the market.

LOMA

LOMA Excellence in Education Award (2019)

2017 WINNER

MIIA Educational and Training Initiative of the Year (2017)

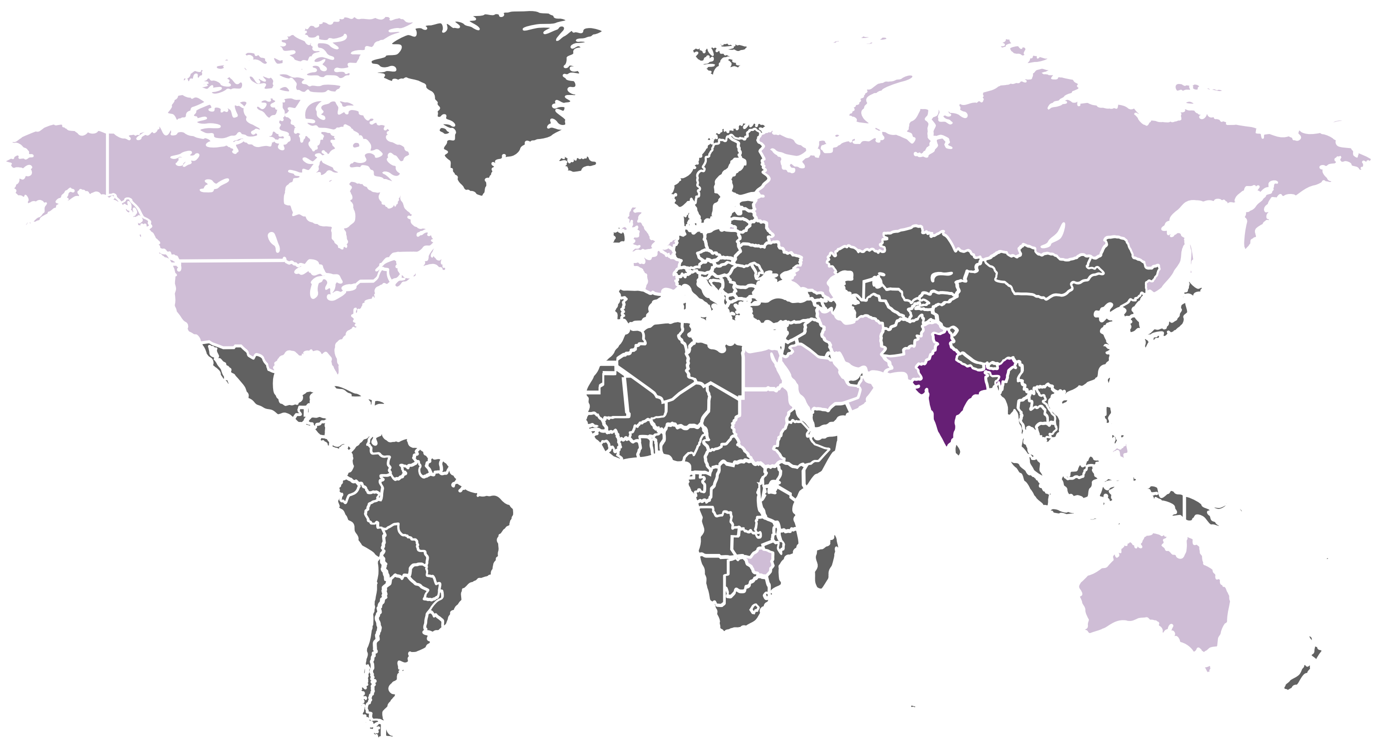
Golden Shield Excellence in Education Award (2018)

InsureTek Award: Educational and Training Initiative of the Year (2022)

DIVERSITY

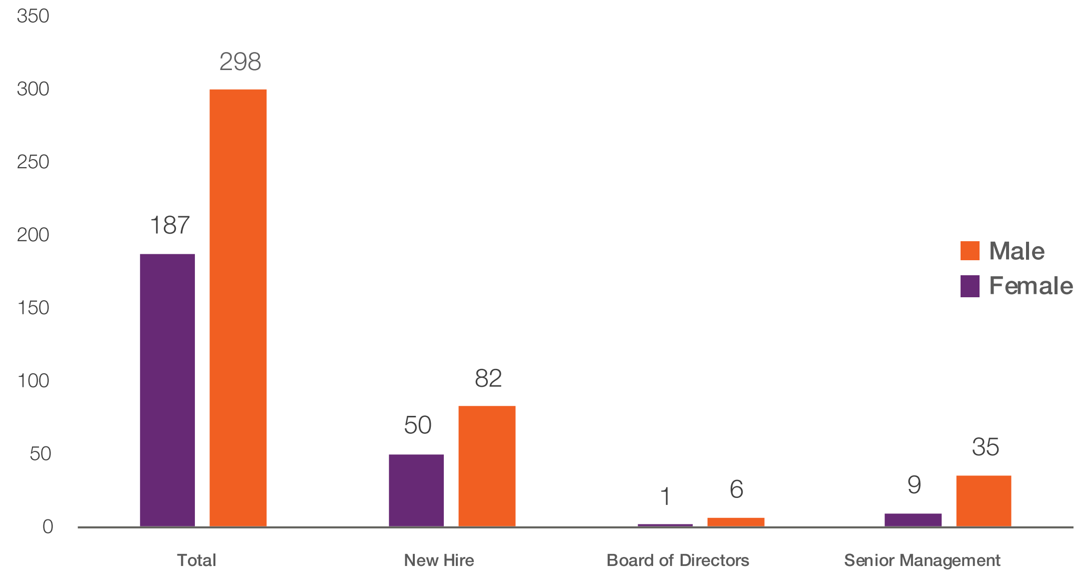
With 650 Employees Across 37 Nationalities, Diversity is Ingrained in Sukoon's Company Culture.

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 Sukoon's company culture.



1. Female Representation

Female Representation at Various Management Levels



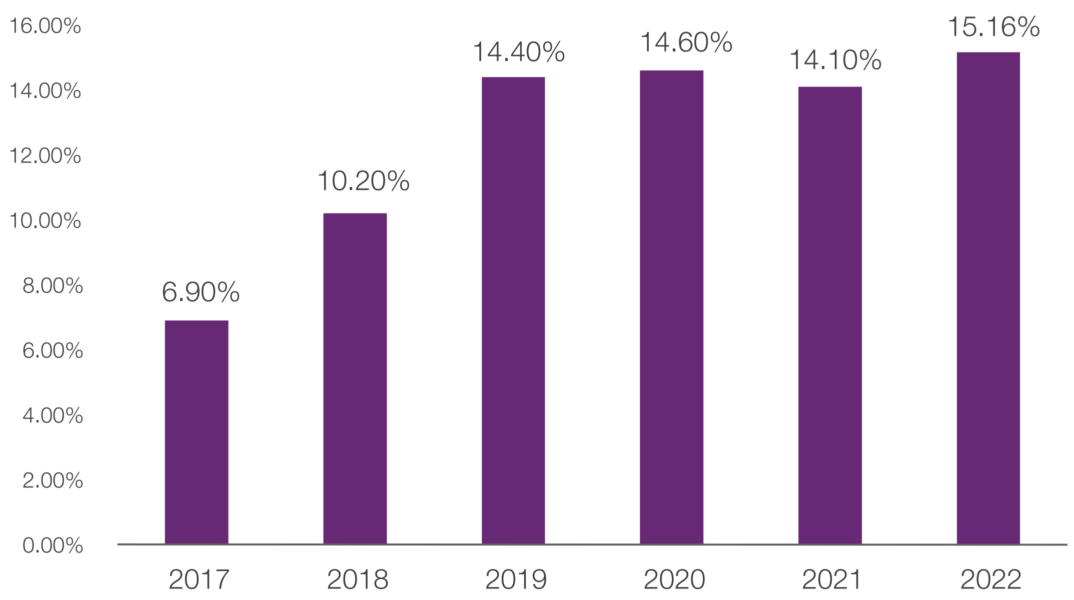
2. Diversity: Emiratization

Sukoon'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.

The Company actively engages with the various pools to attract national employees. These include:

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

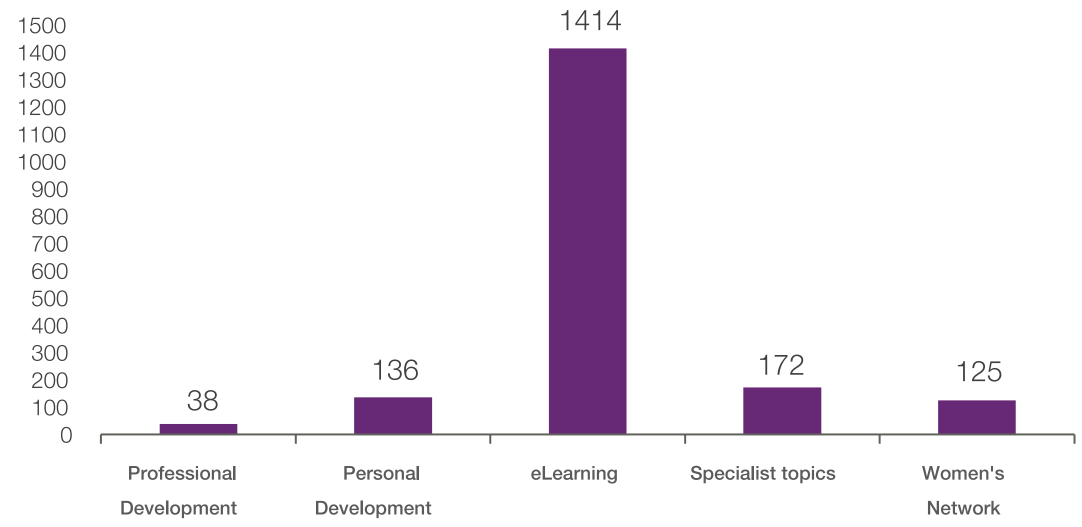
Percentage of UAE National Employees



3. National Development

Sukoon's signature program, 'Insure your Ambition', is specifically designed for Emirati nationals, addressing both professional and personal development, with a dedicated focus on guiding our national recruits' career trajectories.

UAE National employees spent hours in L&D events in 2022



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 our responsibility to contribute to the 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.

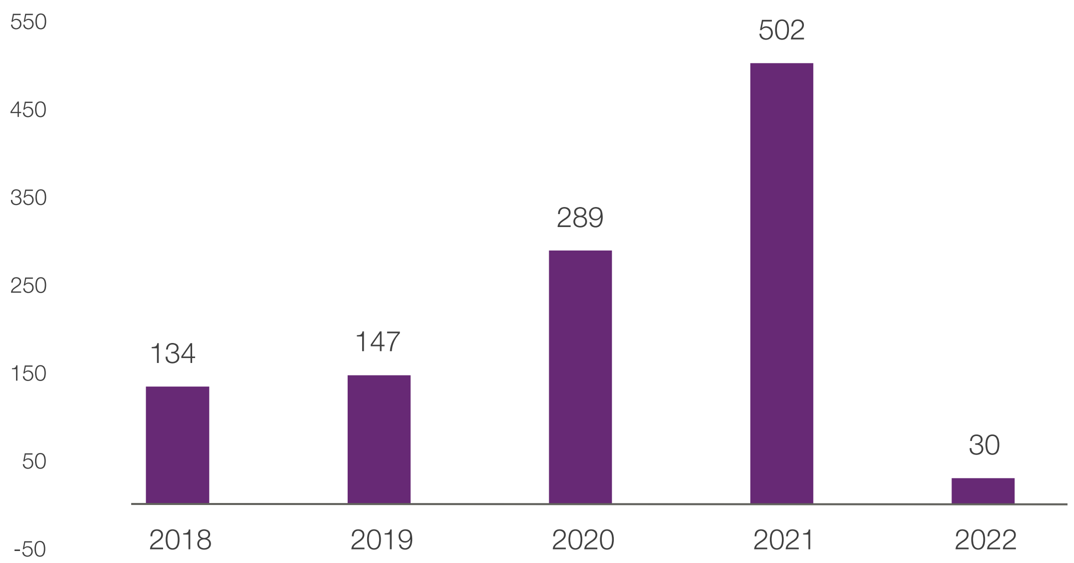
As a national insurance company of the UAE, we are truly thankful for the society in which we operate. Being responsible corporate citizens, we recognize the key segments of the community where we can effectively contribute to empowering people in their way forward. Our domain of community engagement primarily focuses on healthcare for children with disabilities and rehabilitation training for people with determination. We also encourage our employees to volunteer for community programs such as 'Spirit of Ramadan'. We are also engaged with NGOs, to help us fulfill our social initiatives 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

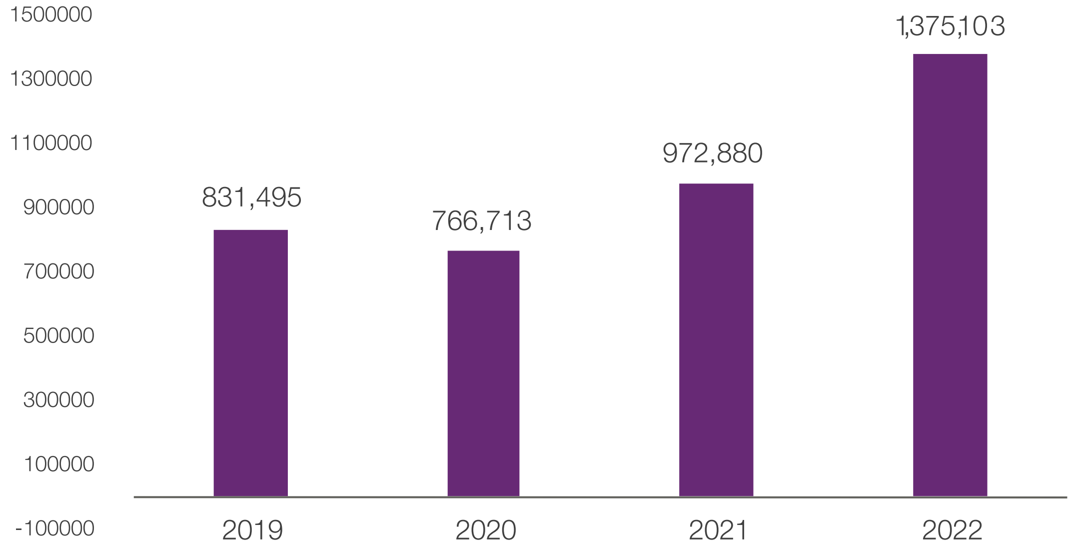
Value AED'000



ENVIRONMENTAL RESPONSIBILITY

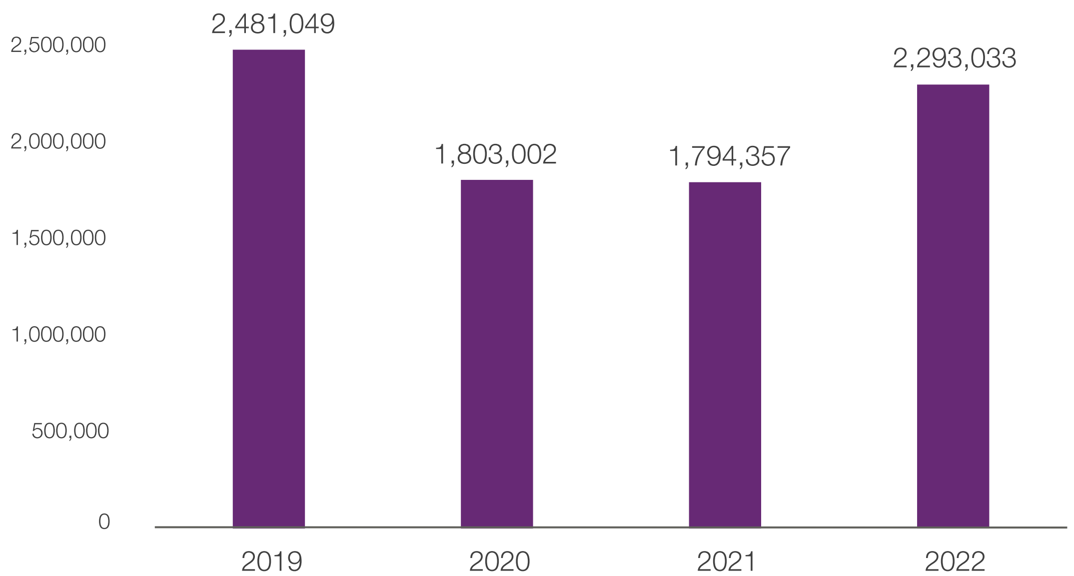
The key to the successful accomplishment of the environmental goal is to understand that it entails a long journey ahead with planning and awareness. We at Sukoon approach our environmental responsibility with immediate goals which focus on reducing our environmental footprints. We start at our home 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 insurance business.

Electricity Consumption (in kWh)



Compared to 2021, our energy consumption is higher. It owes itself to the effects of shifting to a larger facility in 2021 materialising in 2022, our rebranding efforts, and our state-of-the-art data center facility.

Water Consumption (Utility + Drinking in Litres)



Sukoon continues to be conscious of its water consumption and drives itself in achieving best practices to reduce the environmental impact. Since the Company shifted premises to an even larger office facility than before, water consumption proportionately increased in 2022.

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MOTOR

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ACCIDENT

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02/2023

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