Integrated Report

Orient Insurance PJSC

Orient Insurance PJSC is delegated to announce its integrated report of 2021 which contain the following:

1-Board of Directors' report
2-Financial Report
3-Financial statement for 2021
4-Corporate Governance Report
5-Stainability Report

Omer Elamin
Group President
Orient Group

DIRECTORS' REPORT

INSURANCE MARKET :

The effect of the pandemic continued and gained momentum in the 1st quarter of the year 2021. We have seen large number of hospitalization during this period. However, the reported numbers have started to decline from the 2nd quarter of year 2021 and have dropped to their lowest level ever where they have reached below 100 cases per day. Regrettably, the new variant Omicron, which is highly infectious, has pushed the numbers up again. Fortunately, the number of cases have started to drop and in addition, we have not seen many severe cases and luckily much less hospitalization this time. We are hopeful that the reduction in the reported cases will continue during the 1st quarter of the year 2022. It seems the seriousness of the Omicron virus is not as bad as the previous variants and we are hopeful that this is might be the start of the end of this ugly chapter in human history.

The economic activities have improved substantially during the year 2021 compared to the year 2020. Despite the reduction in the number of manufactured vehicles due to the lack of supply of chips, the number of car sales continued to increase with high demand in the local market. We are seeing substantial increase in the number of travelers. The hotel industry which has been hit hard in the year 2020 has almost recovered. The retail sector has shown also clear signs of improvement with the increase in sales. The real estate market has registered unbelievably amazing rebound. Prices have started to go up with more population coming into the UAE and into Dubai specifically. The stock market has shown pleasing recovery. In general, the economic activities have more or less come back to their levels of 2019, and even better for some sectors.

The insurance market has made major gains form the improvement of the stock market and the real estate sector. The insurance market financial declarations announced until the end of the 3rd quarter of the year 2021 has demonstrated substantial increase in the investment income. Sadly, this is not the case in the technical profit where the unhealthy competition have affected badly the technical results of many companies. The medical and motor were both the battleground of the market. In motor, rates have dropped to a historical low level. It is definitely uneconomical to underwrite business at such low rates and we will see the impact of that in the carried forward unearned premium reserve in the year 2022 where clearly premiums will not be sufficient to meet liabilities. The medical insurance is no better. Accounts with loss ratios over 100 percent have been renewed or underwritten below 10 percent of the existing rate. These two classes of business are underwritten under excess of loss basis and they will hit hard the bottom line of the underwriters. This is will also have an impact on the solvency margins of the companies and some of them are already facing difficulties in this area. The local companies have small capital and therefore any severe impact will affect their ability to meet claims.

ORIENT GROUP PERFORMANCE:

Orient Group has continued its successful march. Our premium has crossed the milestone of Dirhams 5 billion and recorded an 18 Percent increase over the previous year. Our net profit has shown a two digit increase at 11 percent. There has been also a noticeable improvement in our shareholders' equity at 11 percent. Our total investment, cash and bank balances have recorded a remarkable increase of 23 percent.

Our efforts to enhance our online selling capabilities have continued. All our personal products are now available online. This is reflected in the substantial growth in our premium income.

ORIENT EXPANSION & OVERSEAS PERFORMANCE:

All our overseas entities have continued to perform very well by achieving and exceeding their budget. Orient Takaful has shown substantial improvement in profitability and premium. We are confident that this company will show nothing less than doubling the profit of this year in the year 2022.

ACQUISITIONS IN THE YEAR 2021:

We have succeeded to acquire the share of ADCB in Orient Takaful amounting to almost 50 percent of the shares of the company. We have also acquired the share of the bank in Orient Takaful Egypt of 20 percent. We are expecting to complete another acquisition in Orient Takaful of 15 percent during the 1st quarter of the year 2022. With the substantial equity of the company amounting to almost Dirhams 4 billion we will continue to look for opportunities of acquisitions locally and overseas. We will also continue to explore opportunities of expansion wherever possible. Following the great success of our general insurance company in Egypt, we are now exploring the possibility of a life insurance company in that market. We have initiated discussions with major banks in Egypt in order to ensure a good distribution channel network.

ORIENT INTERACTIVE RATING:

Our prestigious " a+" by AM Best and 'A' by S&P have been reaffirmed for both Orient UAE and Orient Takaful Egypt. We are also pleased to report that our takaful arm in the UAE have been granted the same rating of the parent company. The reaffirmation of this prestigious rating was possible only because of the outstanding performance of the group.

REINSURANCE TREATIES:

We have great news to report here. Our reinsurance program has been completely restructured with substantial capacity increase. This restructuring will reflect positively on our bottom line during the year

2022 and beyond. There has been major improvement in the terms and the conditions of the treaties. We would like to welcome on board our new treaty leader QBE and thank them in advance for their understanding and cooperation. We would like also to thank the following market for their continued support.

2022 OUTLOOK

We are extremely optimistic about the year 2022. We are hopeful that this year will see substantial reduction in the number of covid-19 reported cases and hopefully towards the end of the year the end of the pandemic. With oil prices trading close to USD 90 per barrel, we are confident that the cycle of economy will be extremely fast and powerful. This will reflect positively on all sectors of business where the insurance industry will undoubtedly benefit from the bouncing back of the economy. The U.A.E. in general and Dubai in particular has shown an amazing resilience to the effect of the pandemic and this will reflect great deal in the year 2022.

FINANCIAL HIGHLIGHTS:

	2021	**2020**	**% Increase over 2020**
	AED'000	**AED'000**	**%**
Gross Premium Written	5,007,762	4,247,086	18%
Net Premium Written	1,651,259	1,272,461	30%
Net Claims Incurred	758,635	616,823	23%
Technical Profit	256,822	246,397	4%
Net Profit	476,105	430,421	11%
Share Capital	500,000	500,000	0%
Shareholders' Equity	3,795,745	3,421,910	11%
Total Investments, cash and bank balances	6,107,050	4,981,864	23%

APPRECIATION

We are truly grateful to all our business partners for their great support. We also would like to thank most sincerely our dedicated staff for their loyalty, sincerity and hard work. This has made our success possible and achievable. We look forward to their continued great efforts in the coming period.

Omar Al Futtaim
Vice Chairman

Orient Insurance PJSC
and its subsidiaries

Consolidated financial statements

for the year ended 31 December 2021

Orient Insurance PJSC and its subsidiaries

Consolidated financial statements

for the year ended 31 December 2021

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Independent auditors' report

To the Shareholders of Orient Insurance PJSC.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Orient Insurance PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

1. Valuation of insurance contract liabilities

See Note 3(l), 4(v)(a), 5, 13 and 27 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Valuation of these liabilities involves significant judgement and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported ("IBNR") to the Group. IBNR is calculated by an independent qualified in-house actuary for the Group. Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on consolidated profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business. The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.	Our audit procedures supported by our actuarial specialists included: – Evaluating and testing of key controls around the claims handling and case reserve setting processes of the Group. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and consider if the amount recorded in the consolidated financial statements is valued appropriately; – obtaining an understanding of and assessing the methodology and key assumptions applied by the management. Independently re-projecting the reserve balances for certain classes of business; – assessing the experience and competence of the Group's actuary and degree of challenge applied through the reserving process; – checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; and – assessing the Group's disclosure in relation to these liabilities including claims development table is appropriate.

Key Audit Matters (Continued)

2. Recoverability of insurance balance receivables

See Note 3(i), 5, and 11 to the consolidated financial statements..

The key audit matter	How the matter was addressed in our audit
The Group has significant insurance balance receivables against written premium policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.	Our procedure on the recoverability of insurance balance receivables included: – Testing key controls over the processes designed to record and monitor insurance receivables; – Testing the ageing of insurance receivables to assess if these have been accurately determined. Testing samples of long outstanding insurance receivables where no impairment allowance is made with the management's evidences to support the recoverability of these balances; – Obtaining balance confirmations from a sample of counterparties such as policyholders, agents and brokers; – Verifying payments received from such counterparties post year end; – Considering the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on period overdue, existence of any disputes over the balance outstanding, history of settlement of receivables liabilities with the same counterparties; and – Discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of the auditors' report, and the remaining sections of the Group's 2021 Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

When we read the Group's 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

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 IFRS and their preparation in accordance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and UAE Federal Law No.6 of 2007 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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 skepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

— 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 auditors' 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 auditors' 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 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

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

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);

iii) the Group has maintained proper books of account;

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

v) as disclosed in note 9.1 to the consolidated financial statements, the Group has not purchased shares during the year ended 31 December 2021.

vi) note 25 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021; and

viii) note 22.1 to the consolidated financial statements discloses that there were no social contributions made during the year ended 31 December 2021.

Report on Other Legal and Regulatory Requirements (continued)

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

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates

Date: 08 February 2022

Orient Insurance PJSC and its subsidiaries

Consolidated statement of financial position

as at 31 December

	Notes	**31 December 2021 AED '000**	31 December 2020 AED '000
Assets			
Property and equipment	*7*	**96,922**	94,652
Investment in an associate	*8*	**-**	67,635
Held to maturity investments	*9*	**232,342**	213,548
Available for sale investments	*9*	**1,673,154**	1,239,011
Investments carried at fair value through profit and loss	*9*	**454,443**	207,279
Insurance balances receivable	*11*	**1,046,421**	1,066,587
Statutory deposits	*10*	**131,256**	71,638
Reinsurance contract assets	*13*	**3,200,932**	2,680,090
Other receivables and prepayments	*12*	**82,006**	59,526
Bank deposits	*14*	**2,849,330**	2,811,066
Cash and cash equivalents	*14*	**766,525**	371,687
Total assets		**10,533,331**	8,882,719
Equity and Liabilities			
Equity			
Share capital	*15*	**500,000**	500,000
Statutory reserve	*16*	**125,000**	125,000
Legal reserve	*16*	**250,000**	250,000
Exceptional loss reserve	*16*	**333,951**	279,867
General reserve	*16*	**1,627,458**	1,565,492
Reinsurance risk reserve	*16*	**27,688**	13,693
Available for sale investments reserve	*16*	**580,093**	457,642
Foreign currency translation reserve	*16*	**(136,664)**	(107,527)
Capital reserve	*16*	**10,982**	-
Retained earnings		**155,042**	77,401
Proposed dividends	*17*	**250,000**	200,000
Equity attributable to equity holders of the Company		**3,723,550**	3,361,568
Non-controlling interests		**72,196**	60,346
Total equity		**3,795,746**	3,421,914
Liabilities			
Insurance contract liabilities	*13*	**4,549,866**	3,841,007
Unit linked funds' reserve		**439,326**	194,537
Retirement benefit obligation	*18*	**29,050**	25,494
Lease liabilities	*26*	**8,749**	4,151
Reinsurance and other payables	*19*	**1,710,594**	1,395,616
Total liabilities		**6,737,585**	5,460,805
Total liabilities and equity		**10,533,331**	8,882,719

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2021. These consolidated financial statements were authorised for issue and approved by the Board of Directors on 8 February 2022 and signed on their

Vice Chairman

The independent auditors' report is set out on pages 1 to 7.

The notes on pages 14 to 57 form an integral part of these consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

Consolidated statement of profit or loss

for the year ended 31 December

	Notes	2021 AED '000	2020 AED '000
Gross written premium	13	**5,007,762**	4,247,086
Reinsurance share of ceded premiums	13	**(3,356,503)**	(2,974,625)
Net premium written		**1,651,259**	1,272,461
Net movement in provision for unearned premiums reserve, mathematical reserve and unit-linked funds reserve	13	**(338,645)**	(127,674)
Net premium earned		**1,312,614**	1,144,787
Commission income		**316,810**	249,305
Commission expense		**(350,894)**	(284,312)
Gross underwriting income		**1,278,530**	1,109,780
Gross claims paid		**2,675,771**	2,184,203
Reinsurance share of claims paid		**(1,938,140)**	(1,600,343)
Net claims paid		**737,631**	583,860
Increase in provision for outstanding claims		**185,517**	380,580
Increase in reinsurance share of outstanding claims		**(149,074)**	(340,697)
Decrease in incurred but not reported claims reserves		**(17,773)**	(10,161)
Increase in loss adjustment expense reserve		**2,334**	3,241
Net claims incurred		**758,635**	616,823
Net underwriting income		**519,895**	492,957
Income from investments	20	**210,363**	188,988
Other income		**6,219**	5,836
Gain on bargain purchase	21	**18,291**	-
Share of profit from investment in an associate	8	**364**	2,157
Total income		**755,132**	689,938
General and administrative expenses	22	**(263,073)**	(246,560)
Profit before tax		**492,059**	443,378
Income tax expense net of deferred taxes	23	**(15,954)**	(12,957)
Profit after tax		**476,105**	430,421
Attributable to:			
Equity holders of the Company		**458,009**	414,237
Non-controlling interests		**18,096**	16,184
		476,105	430,421
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	24	**91.60**	82.85

The independent auditors' report is set out on pages 1 to 7.

The notes on pages 14 to 58 form an integral part of these consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December

	2021 AED '000	2020 AED '000
Profit after tax	**476,105**	430,421
Other comprehensive income		
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Net unrealised gain /(loss) from available for sale investments	**122,451**	(11,733)
Foreign currency adjustments from translation of foreign operations	**(31,201)**	(18,622)
Other comprehensive income/(loss) for the year	**91,250**	(30,355)
Total comprehensive income for the year	**567,355**	400,066
Attributable to:		
Equity holders of the Company	**551,323**	388,690
Non-controlling interests	**16,032**	11,376
	567,355	400,066

The independent auditors' report is set out on pages 1 to 7.

The notes on pages 14 to 58 form an integral part of these consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 December

	Equity Attributable to equity holders of the Company													
	Share capital	**Statutory reserve**	**Legal reserve**	**Exceptional loss reserve**	**General reserve**	**Reinsurance risk reserve**	**Available for sale reserve**	**Foreign currency translation reserve**	**Capital Reserve**	**Retained earnings**	**Proposed dividend**	**Total**	**Non-controlling interests**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**
Balance as at 1 January 2021	500,000	125,000	250,000	279,867	1,565,492	13,693	457,642	(107,527)	-	77,401	200,000	3,361,568	60,346	3,421,914
Total comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	458,009	-	458,009	18,096	476,105
Other comprehensive income **for the year**														
Net unrealised gain from available for sale investments	-	-	-	-	-	-	122,451	-	-	-	-	122,451	-	122,451
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(29,137)	-	-	-	(29,137)	(2,064)	(31,201)
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	122,451	(29,137)	-	458,009	-	551,323	16,032	567,355
Transactions with owners directly recorded in equity														
Transfer to reserves	-	-	-	54,084	61,966	13,995	-	-	-	(130,368)	-	(323)	-	(323)
Retained earning of Subsidary- UNB	-	-	-	-	-	-	-	-	-	-	-	-	(920)	(920)
Dividend paid (note 17)	-	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Dividend proposed (note 17)	-	-	-	-	-	-	-	-	-	(250,000)	250,000	-	-	-
Capital reserve	-	-	-	-	-	-	-	-	10,982	-	-	10,982	(3,262)	7,720
Balance as at 31 December 2021	**500,000**	**125,000**	**250,000**	**333,951**	**1,627,458**	**27,688**	**580,093**	**(136,664)**	**10,982**	**155,042**	**250,000**	**3,723,550**	**72,196**	**3,795,746**

The independent auditors' report is set out on pages 1 to 7.

The notes on pages 14 to 58 form an integral part of these consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

Consolidated statement of changes in equity (continued)

for the year ended 31 December

	Equity Attributable to equity holders of the Company												
	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Reinsurance risk reserve AED '000	Available for sale reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Non-controlling interests AED '000	Total AED '000
Balance as at 1 January 2020	500,000	125,000	250,000	255,336	1,421,492	-	469,375	(93,713)	46,905	100,000	3,074,395	49,981	3,124,376
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	414,237	-	414,237	16,184	430,421
Other comprehensive income for the year													
Net unrealised loss from available for sale investments	-	-	-	-	-	-	(11,733)	-	-	-	(11,733)	-	(11,733)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(13,814)	-	-	(13,814)	(4,808)	(18,622)
Total comprehensive (loss)/ income for the year	-	-	-	-	-	-	(11,733)	(13,814)	414,237	-	388,690	11,376	400,066
Transactions with owners directly recorded in equity													
Transfer to reserves	-	-	-	24,531	144,000	13,693	-	-	(182,224)	-	-	-	-
Statutory payments to employees	-	-	-	-	-	-	-	-	(1,517)	-	(1,517)	(1,011)	(2,528)
Dividend paid (note 17)	-	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Dividend proposed (note 17)									(200,000)	200,000	-	-	-
Balance as at 31 December 2020	500,000	125,000	250,000	279,867	1,565,492	13,693	457,642	(107,527)	77,401	200,000	3,361,568	60,346	3,421,914

The independent auditors' report is set out on pages 1 to 7.

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Orient Insurance PJSC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 December

	Notes	**2021** **AED '000**	2020 AED '000
Cash flows from operating activities			
Profit before tax for the year		**492,059**	443,378
Adjustments for:			
Depreciation	*22*	**10,415**	8,179
Interest income	*20*	**(158,320)**	(136,036)
Dividend income	*20*	**(49,669)**	(51,860)
Share of profit from equity accounted investees	*8*	**(364)**	(2,157)
Realised gain on sale of investments	*20*	**-**	(604)
Unrealised gain on investments at fair value through profit or loss	*20*	**(2,374)**	(488)
Gain on bargain purchase		**(18,291)**	-
Loss / (gain) on sale of property and equipment		**64**	(52)
Finance cost on lease liabilities	*26*	**328**	192
Allowance for doubtful debts	*11*	**(1,127)**	3,160
Operating cash flows before movements in working capital		**272,721**	263,712
Decrease / (increase) in insurance receivables		**111,006**	(193,954)
Increase in reinsurance contract assets		**(272,849)**	(461,428)
Increase in other receivables and prepayments		**831**	(10,604)
Increase in insurance contract liabilities		**397,979**	540,601
Increase in unit linked funds' reserve		**244,789**	62,118
Increase in reinsurance and other payables		**185,475**	259,498
Increase / (decrease) in retirement benefit obligation		**2,361**	(359)
Cash generated from operating activities		**942,313**	459,584
Income tax paid	*23*	**(12,501)**	(729)
Net cash generated from operating activities		**929,812**	458,855
Cash flows from investing activities			
Purchase of property and equipment		**(6,251)**	(3,732)
Proceeds from disposal of property and equipment		**72**	99
Interest received		**142,605**	138,611
Dividend income	*20*	**49,669**	51,860
Withdrawal/ (deposits) with bank		**149,198**	(184,112)
Acqusition of subsidiary - net of cash acquired		**(63,235)**	-
Purchase of investments carried at fair value through profit and loss		**(294,342)**	(74,534)
Purchase of held to maturity investments		**(79,559)**	(94,897)
Purchase of available for sale investments		**(405,167)**	(226,169)
Proceeds from sale of investments carried at fair value through profit and loss		**49,554**	12,416
Proceeds from sale of held to maturity investments		**61,139**	85,933
Proceeds from sale of available for sale investments		**91,834**	18,535
Foreign exchange differences		**2,883**	(2,439)
Net cash used in investing activities		**(301,600)**	(278,429)
Cash flows from financing activities			
Dividend paid	*17*	**(200,000)**	(100,000)
Payment of lease liabilities	*26*	**(2,173)**	(5,265)
Net cash used in financing activities		**(202,173)**	(105,265)
Net increase in cash and cash equivalents		**426,039**	75,161
Cash and cash equivalents at 1 January		**371,687**	315,148
Movement in foreign currency translation reserve		**(31,201)**	(18,622)
Cash and cash equivalents at 31 December	*14*	**766,525**	371,687

The independent auditors' report is set out on pages 1 to 7.

The notes on pages 14 to 58 form an integral part of these consolidated financial statements.

1 **Legal status and principal activities**

Orient Insurance PJSC (the "Company") was incorporated with limited liability on 22 July 1980 in the Emirate of Dubai by a decree of His Highness the Ruler of Dubai and commenced operations on 1 January 1982. The Company was registered in accordance with the UAE Federal Law No. (9) of 1984, as amended, ("the Insurance Companies Law") on 29 December 1984 with registration No. 14. On 2 May 1988 the Company was converted into a public shareholding company in accordance with the requirements of the Insurance Companies Law and has been registered under UAE Federal Law No. (2) of 2015, as amended, relating to commercial companies. The shares of the Company are listed on the Dubai Financial Market. The Company is subject to the regulations of UAE Federal Law No. (6) of 2007, on Establishment of Insurance Authority and organisation of its operations. The registered address of the Company is P.O. Box 27966, Dubai, United Arab Emirates.

The Company engages in the business of issuing short term insurance contracts in connection with Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical (collectively referred to as General Insurance) and Group Life and Individual Life classes (collectively referred to as Life Insurance). The Company also invests its funds in investment securities and deposits with financial institutions.

The Company has established subsidiary companies in Syria, Egypt, Sri Lanka, Turkey, United Arab Emirates (UAE) and has branches in Sultanate of Oman and Bahrain.

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred to as "the Group"). Details of the subsidiaries are as follows:

Subsidiary	*Principal activity*	*Country of incorporation*	*Ownership*	
			2021	*2020*
Arab Orient Insurance Company	General and life insurance	Syria	40%	40%
Orient Takaful Insurance Company (S.A.E)	General insurance	Egypt	80%	60%
Orient Insurance Limited	General insurance	Sri lanka	100%	100%
Orient UNB Takaful PJSC "(note 21)"	General insurance	UAE	84%	35%
Orient Sigorta Anonim Sirketi	General insurance	Turkey	100%	100%

The holding company of the Group is Al Futtaim Development Services Company ("Parent Company") which is based in Dubai, United Arab Emirates and has control over the Group. The ultimate holding company of the Group is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

Arab Orient Insurance Company

Although the Company owns 40% of Arab Orient Insurance Company, the Company maintains control over the entity as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns due to additional share holding by the ultimate holding company. Accordingly, management has determined that the Group controls the entity.

2 **Basis of preparation**

a) **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with applicable requirements of the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organisation of the Insurance Operations, the Federal Law No. (2) of 2015 Concerning the Commercial Companies, Insurance Authority Board Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 Concerning Instructions Organizing Reinsurance Operations.

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

b) **Basis of measurement**

The consolidated financial statements has been prepared on the historical cost basis except for the following which are measured at fair value:

i) available for sale investments ("AFS"); and
ii) investments carried at fair value through profit or loss ("FVTPL").

2 Basis of preparation (continued)

c) Functional and presentation currency

These consolidated financial statements are presented in UAE Dirhams ("AED") rounded to the nearest thousand, since that is the currency in which the majority of the Group's transactions are denominated.

d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimates are revised.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

e) Impact of COVID-19

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain the spread of the virus.

This note outlines the steps taken by the Group to estimate the impact of COVID-19 and the judgements applied by management in assessing the values of assets and liabilities as at 31 December 2020.

Insurance risk

In its underwriting segment, the Group is primarily exposed to medical and business interruption policies. The Health Authority in Dubai has instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Group anticipates that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Group has in place pandemic and infectious disease policy exclusions as well. The Group has evaluated all business interruption policies in force for which the Group may have to incur claim payouts. As a result of initial examination of the policies, the Group has determined that these will not have a material impact in relation to the net claims paid due to specific policy exclusions and the support from its reinsurers. Furthermore, the Group has been able to retain major customers during the year ended 31 December 2021 and has generally witnessed renewals and new business across major lines of businesses.

Credit risk

The Group has robust governance in place to ensure the appropriateness of provision against doubtful insurance balance receivables and the resultant estimates are being reviewed continuously by the management.

For year ended 31 December 2021, the Group has used specific measures to assess probability of impairment and possible defaults or delay in collection or payment of outstanding debts.

Liquidity risk management

In response to COVID-19 outbreak, the Group continues to monitor and respond to all liquidity requirements that are presented. The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress. As at the reporting date the liquidity position of the Group remains strong and is well placed to absorb and manage the impacts of this disruption.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the changes stated in note 3(w).

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The Group maintains control over the subsidiaries as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns.

Non controlling interest in the equity and results of the entities that are controlled by the Group are shown separately as a part of consolidated statements of changes in equity in the Group's consolidated financial statements.

Any contribution or discounts on subsequent acquisition, after control is obtained, of equity instruments from (or sale of equity instruments to) non controlling interest is recognised directly in consolidated statement of changes in equity.

Investment in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of investment is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the Group's consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated, wherever practicable, to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

3 Summary of significant accounting policies (continued)

b) Revenue recognition

Insurance premium revenue

Gross premiums

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as unearned premium reserve.

Reinsurance premiums

Reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy incepts. Premiums include third party administration charges and any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risk-attaching contracts and over the term of the reinsurance contract for loss occurring contracts.

Commission income

Commission income on premium ceded is recognised at the time the reinsurance premium is ceded.

Interest income

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

Other income

- Dividend income is accounted for when the right to receive payment is established.
- Rental income is recognised as income over the period to which it relates.

c) Claims

Claims, comprising amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries made are charged to the consolidated statement of profit or loss as incurred.

The Group generally estimates its claims based on previous experience. Independent loss adjusters normally estimate property claims. In addition a provision based on management's judgement, the Group's prior experience and expected loss ratio is maintained for the cost of settling claims incurred but not reported at the consolidated statement of financial position date. Any difference between the provisions at the consolidated statement of financial position date and settlements and provisions for the following year is included in the consolidated statement of profit or loss for that year. Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

d) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

3 Summary of significant accounting policies (continued)

d) Taxes (continued)

Current income tax (continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

e) Commission expenses

Commissions and other costs directly related to the acquisition and renewal of insurance contracts are charged to the consolidated statement of profit or loss when incurred.

f) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measurement at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3 Summary of significant accounting policies (continued)

f) Leases (continued)

i. As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

g) Foreign currencies

The Group's consolidated financial statements are presented in UAE Dirhams, which is also the Group's functional currency. For each entity the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or consolidated statement of profit or loss are also recognised in other comprehensive income or consolidated statement of profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into UAE Dirham at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in consolidated statement of other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are 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 expenses are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Group is as follows:

Building	25 years
Furniture and fixtures	4 to 7 years
Office equipment	3 to 5 years
Motor vehicles	5 years
Right-of-use of asset	3 to 5 years

Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Fixed assets not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss.

i) Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities designated at fair value through profit or loss or available-for-sale assets are recognised. Receivables are recognised on the day they are transferred to or acquired by the Group.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances, term and statutory deposits, other receivables, insurance receivables and quoted/unquoted financial instruments.

Subsequent measurement

A financial asset or a financial liability is recognised initially at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all financial assets at fair value through profit or loss and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be measured reliably is stated at cost, including transaction costs, less impairment allowances.

All other financial assets and non-trading financial liabilities are measured at amortised cost less impairment allowances.

3 Summary of significant accounting policies (continued)

i) Financial assets (continued)

Derecognition

The Group derecognises financial assets when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred. Any interest in derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

j) Impairment

Impairment of financial assets

An assessment is made at each statement of consolidated financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of profit or loss. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets (excluding goodwill)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

k) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

3 Summary of significant accounting policies (continued)

k) Financial liabilities (continued)

Initial recognition and measurement (continued)

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include reinsurance and other payables and insurance contract liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through statement of profit or loss

Financial liabilities at fair value through statement of profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

l) Insurance contract liabilities

Unearned premium reserve

The unearned premium reserve represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. Unearned premiums relating to general and group life insurance business are computed on a daily pro-rata basis. The unearned premium reserve so calculated are at least equal to the minimum stipulated in the Insurance Laws of the respective region.

Mathematical reserve / Unit-linked funds' reserve

Reserve created for long term insurance contracts (Insurance of Persons and Fund Accumulation operations products more than one year) to cover all future claim liabilities as determined by the Actuary.

Advance premium

When non-life insurance policies are issued for a period exceeding one year, the proportion of the premium for the period beyond one year is accounted as advance premium and classified under insurance liabilities.

Allocated Loss Adjustment Expense (ALAE) / Unallocated Loss Adjustment Expense (ULAE)

These represents future claim expenses and related handling costs. The ALAE reserve is for expenses and costs that can be assigned to a specific claim. The ULAE reserve is for all other overhead expenses and costs that cannot be assigned to a specific claim.

Outstanding claims

Outstanding claims are recognised when claims are intimated. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the consolidated statement of financial position date, including claims incurred but not reported (IBNR) together with related claims handling costs. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of claims cannot be known with certainty at the consolidated statement of financial position date. The liability is not discounted for the time value of money. The liability is derecognised when the contract expires, is discharged or is cancelled.

3 Summary of significant accounting policies (continued)

l) Insurance contract liabilities (continued)

Deferred acquisition cost (DAC)

Commissions that vary with and are related to the acquisition of new investment and insurance contracts are treated as prepayments (DAC) to the extent that the commission relates to the future provision of services by the parties to whom payments are made, when the degree of completeness of the service can be reliably measured and the Group is confident of future economic benefit from the introduction acquired. Prepaid commission is expensed through consolidated statement of profit or loss over a period determined by policy features chosen by the contract holder introduced in return for the commission payment. The periods over which it is expensed range from six to sixty months. Commissions for which liability arises on completion of a significant act without the expectation of the delivery of further services are recognised in expenses when incurred. For investment contract introductions where costs are deferred, no costs are deferred beyond the point at which the introducer is considered to have fulfilled his contractual obligations and is not expected or obliged to perform further services.

m) Other payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services rendered, whether billed by the supplier or not.

n) Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

o) Employees' end of service benefits

The Group provides end of service benefits to its employees employed in the UAE in accordance with the UAE Labour Law and for employees employed in the foreign branches of the Group and subsidiary companies in accordance with the respective region's labour Law. The entitlement of these benefits is based upon employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to a pension or social security fund established by the respective countries, calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

p) Interest expense

Interest paid is recognised in the consolidated statement of profit or loss as it accrues and is calculated by using the effective interest rate method.

q) Liability adequacy test

At each consolidated statement of financial position date the Group assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in consolidated statement of profit or loss and an unexpired risk provision created. The Group does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the consolidated statement of financial position date.

r) Reinsurance contracts held

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. These amounts are shown as "reinsurance contract assets" in the consolidated statement of financial position until the claim is paid by the Group. Once the claim is paid the amount due from the reinsurer in connection with the paid claim is transferred to "insurance balance receivables".

3 Summary of significant accounting policies (continued)

r) Reinsurance contracts held (continued)

Gains or losses on buying reinsurance are recognised in the consolidated statement of profit or loss immediately at the date of purchase and are not amortised.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policy holders.

At each reporting date, the Group assesses whether there is any indication that a reinsurance asset may be impaired. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss.

s) Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated statement of profit or loss unless required or permitted by an accounting standard or interpretation.

t) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

For financial instruments traded in an active market, fair value at each reporting date is determined by reference to Stock Exchange quoted market bid prices, without any deduction for transaction costs.

For financial instruments not traded in active market, fair value is determined by reference to the current market value of a similar instrument, recent arm's length market transactions or is based on the expected discounted cash flows or any other valuation model.

u) Segment reporting

The Group's segmental reporting is based on the following operating segments: General insurance, Life insurance and Investment segment.

- The general insurance segment comprises both general insurance and health insurance to individuals and businesses. General insurance products include property, motor, marine, medical, engineering and miscellaneous. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident. Non-life healthcare contracts provide medical cover to policyholders. Revenue in this segment is derived primarily from insurance premiums and commission income.

- The life insurance segment offers individual and group life insurance. Revenue from this segment is derived primarily from insurance premium and commission income.

- The investment segment includes investment in equity, fixed income securities such as bonds, fixed deposits and other income.

3 Summary of significant accounting policies (continued)

v) Product classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and 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 the 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 expires. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Investment contracts

The Group issues investment contracts without fixed and guaranteed terms (unit-linked). Insurance premiums are initially recognised upfront in gross written premium and subsequently transferred to liabilities for the balance invested in consolidated statement of financial position. All subsequent movements in respect of investment contract financial liabilities are included in “Investments carried at fair value through profit and loss” under the consolidated statement of profit or loss. The financial liabilities are measured at current unit investment contract value which reflects the fair value of the assets of the funds.

If the investment contract is subject to a surrender option, exercisable at the discretion of the investment contract holder rather than the Group, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable.

Investment contract liabilities

The Group does not have any investment contracts or any insurance contracts with Discretionary Participation Features (DPF).

Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment contract liabilities are measured at fair value through profit and loss.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statement of financial position and are not recognised as gross premium in the consolidated statement of profit or loss.

Fair value adjustments are performed at each reporting date and are recognised in the consolidated statement of profit or loss. For unitised contracts, fair value is calculated as the number of units allocated to the policyholder in each unit-linked fund multiplied by the unit-price of those funds at the reporting date. The fund assets and fund liabilities used to determine the unit prices at the reporting date are valued on a fair value basis adjusted to take account of the effect on the liabilities of the deferred tax on unrealised gains on assets in the fund.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the consolidated statement of financial position as described above.

3 Summary of significant accounting policies (continued)

w) Newly effective standards

The Group has initially adopted Definition of a Business (amendments to IFRS 3) and Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 1 January 2021; however, these amendments do not have any material effect on the Group's consolidated financial statements. Amendment to IFRS 16 – COVID-19-Related Rent Concessions (beyond 30 June 2021) is also effective from 1 April 2021; however, these amendments do not have a material effect on the Group's consolidated financial statements.

x) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations applicable to the Group are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these consolidated financial statements.

For those new standards and amendments to standards that are expected to have an effect on the consolidated financial statements of the Group in future financial periods, the Group is assessing the transition options and the potential impact on its consolidated financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

(i) Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*

The amendments introduce two approaches for entities that apply IFRS 4 to reduce the impact of differing effective dates with IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments: an overlay approach and a temporary exemption from applying IFRS 9.

The amended IFRS 4:

- gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued (the “Overlay Approach”); and

- gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 till the earlier of annual reporting periods beginning before 1 January 2023 or when IFRS 17 becomes effective. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39 until that time.

An insurer that applies the Overlay Approach shall disclose information to enable users of the consolidated financial statements to understand:

a) how the total amount reclassified between profit or loss and other comprehensive income in the reporting period is calculated; and

b) the effect of that reclassification on the financial statements.

The amendments allowing the overlay approach are applicable when the insurer first applies IFRS 9.

An insurer that elects to apply the temporary exemption from IFRS 9 shall disclose information to enable users of the consolidated financial statements:

a) to understand how the insurer qualified for the temporary exemption; and

b) to compare insurers applying the temporary exemption with entities applying IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 1 January 2018. The temporary exemption is available for annual reporting periods beginning before 1 January 2023 and will expire once IFRS 17 becomes effective.

3 Summary of significant accounting policies (continued)

x) New standards and interpretations not yet adopted (continued)

(i) Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* (continued)

Potential impact on the consolidated financial statements

The new insurance accounting standard that is currently under consideration is expected to have a significant impact on the Group's consolidated financial statements. That standard may impact how the classification and measurement of financial instruments requirements under IFRS 9 is adopted.

The Group qualifies for temporary exemption from applying IFRS 9 on the grounds that it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance with the carrying amount of its liabilities within the scope of IFRS 4 being greater than 90 per cent of the total carrying amount of all its liabilities at 31 December 2015 and with no subsequent change in its activities.

The fair value information of the Group's directly held financial assets at 31 December 2021 with contractual terms that give rise on specified dates to cash flows are solely payments of principal and interest ("SPPI") condition of IFRS 9, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9, together with all other financial assets:

	Financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9		All other financial assets	
	Fair value	Movement in fair value during the year	Fair value	Movement in fair value during the year
	AED '000	AED '000	AED '000	AED '000
31 December 2021				
Assets				
Held to maturity investments	**232,342**	**-**	**-**	**-**
Available for sale investments	**570,854**	**(6,525)**	**1,102,300**	**128,976**
Investments carried at FVTPL	**-**	**-**	**454,443**	**2,374**
Insurance balances receivable	**1,092,605**	**-**	**-**	**-**
Statutory deposits	**131,256**	**-**	**-**	**-**
Other receivables	**52,215**	**-**	**-**	**-**
Bank deposits	**2,849,330**	**-**	**-**	**-**
Cash and cash equivalents	**766,525**	**-**	**-**	**-**
	5,695,127	**(6,525)**	**1,556,743**	**131,350**
31 December 2020				
Assets				
Held to maturity investments	213,548	-	-	-
Available for sale investments	209,057	5,022	1,029,954	(16,755)
Investments carried at FVTPL	-	-	207,279	488
Insurance balances receivable	1,113,898	-	-	-
Statutory deposits	71,638	-	-	-
Other receivables	31,970	-	-	-
Bank deposits	2,811,066	-	-	-
Cash and cash equivalents	371,687	-	-	-
	4,822,864	5,022	1,237,233	(16,267)

3 Summary of significant accounting policies (continued)

x) New standards and interpretations not yet adopted (continued)

(i) Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* (continued)

Potential impact on the consolidated financial statements (continued)

The financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9 in the table above are classified as amortised cost under IAS 39. The credit ratings of investment securities, deposits and bank balances are as follows:

	Credit ratings (from Standard & Poor's or equivalents)					
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Below BBB- or not rated	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
31 December 2021						
Assets						
Held to maturity investments	**-**	**-**	**-**	**-**	**232,342**	**232,342**
Investments carried at FVTPL	**-**	**453,731**	**-**	**-**	**712**	**454,443**
Available for sale investments		**-**	**1,648,910**	**-**	**24,244**	**1,673,154**
Statutory deposits	**-**	**9,090**	**20,148**	**16,000**	**86,018**	**131,256**
Bank deposits	**-**	**16,627**	**17,127**	**178,131**	**2,637,445**	**2,849,330**
Cash and cash equivalents	**41,949**	**93,670**	**149,640**	**3,540**	**477,671**	**766,470**
	41,949	**573,118**	**1,835,825**	**197,671**	**3,458,432**	**6,106,995**
31 December 2020						
Assets						
Held to maturity investments	-	-	-	-	213,548	213,548
Statutory deposits	-	465	11,239	-	59,934	71,638
Bank deposits	-	15,402	38,929	326,983	2,429,752	2,811,066
Cash and cash equivalents	3	32,532	213,406	4,106	121,558	371,605
	3	48,399	263,574	331,089	2,824,792	3,467,857

(ii) IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2023.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is not practical, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Management anticipates that IFRS 17 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have a significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its insurance contracts. However, it is not practical to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

3 Summary of significant accounting policies (continued)

x) New standards and interpretations not yet adopted (continued)

(iii) Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group does not have material onerous contracts as at 31 December 2021.

(iv) Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements, when effective:

New standard or amendments	***Effective date***
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 3 – Reference to Conceptual Framework	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023

4 Risk management

The risks faced by the Group and the manner in which these risks are managed by management are summarised below:

i) Governance framework

The primary objective of the Group’s risk and financial management framework is to protect the Group’s shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

ii) Risk management framework

The Group’s risk management function is carried out by the board of directors, with its associated committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to the Group President and other members of the senior management.

The senior management meets regularly to approve any commercial, regulatory and organisational decisions. The Group President under the authority delegated from the board of directors defines the Group’s risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

iii) Capital management framework

The primary objective of the Group’s capital management is to comply with the regulatory requirements in the UAE, Egypt, Sri Lanka, Syria, Turkey, Oman and Bahrain to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group fully complied with the externally imposed capital requirements and no changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

4 Risk management (continued)

iv) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and the public shareholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The chairman of the Insurance Authority vides Board of Directors' Decision No. (25) of 2014 dated 28 December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE. The major highlights of the regulation are summarised in the below table:

Regulation

a) Basis of Investing the Rights of the Policy Holders
b) Solvency Margin and Minimum Guarantee Fund
c) Basis of calculating the technical reserves
d) Determining the Group's assets that meet the accrued insurance liabilities
e) Records which the Group shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority
f) Principles of organising accounting books and records of the Group, agents and brokers and determining data to be maintained in these books and records
g) Accounting policies to be adopted and the necessary forms needed to be prepared and present reports and financial statements

v) Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages these positions 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.

The Group President actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance contracts.

The Group President regularly monitors the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance liabilities.

The risks faced by the Group and the way these risks are mitigated by management are summarised below:

a) *Insurance risk*

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

a) Insurance risk (continued)

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group underwrites mainly property, engineering, motor, miscellaneous accident, marine, medical and group life and personal accident classes. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span. This helps to mitigate insurance risk.

Property

For property insurance contracts, the main perils are fire damage and other allied perils and business interruption resulting therefrom.

These contracts are underwritten either on replacement value or indemnity basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties, the time taken to reinstate the operations to its pre-loss position in the case of business interruption and the basis of insurance are the main factors that influence the level of claims.

Engineering

For engineering insurance contracts, the main elements of risks are loss or damage to insured project works and resultant third party liabilities, loss or damage to insured plant, machinery and equipment and resultant business interruption losses. The extent of the loss or damage is the main factor that influences the level of claims.

Motor

For motor insurance contracts, the main elements of risks are claims arising out of death and bodily injury and damage to third party properties as well as that of insured vehicles.

The potential court awards for deaths and bodily injury and the extent of damage to properties are the key factors that influence the level of claims.

Miscellaneous Accident

For miscellaneous accident classes of insurance such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indemnity, the extent of loss or damage and the potential court awards for liability classes are the main factors that influence the level of claims.

Marine

In marine insurance the main risk elements are loss or damage to insured cargo and hull due to various mishaps resulting in the total or partial loss claims. The extent of the loss or damage is the main factor that influences the level of claims.

Medical, Group Life and Personal Accident

In medical insurance, the main risk elements are illness and accidents and related healthcare costs. For group life and personal accident the main risks elements are claims arising from death and/or permanent or partial disability.

Individual Life

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits on any single life insured and on all high risk individuals insured are in place.

The Group has adequate reinsurance arrangements to protect its financial viability against such claims for all the above classes.

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

a) Insurance risk (continued)

Geographical concentration of risks

The insurance risk arising from insurance contracts is primarily concentrated mainly in the United Arab Emirates. The geographical concentration of risks is similar to last year.

Reinsurance risk

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 arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess of loss reinsurance contracts.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

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 reinsures.

The five largest reinsurers account for 26% of the maximum credit exposure at 31 December 2021 (2020: 32%). The maximum theoretical credit risk exposure in this connection is mainly from receivables in the UAE business.

The estimated loss ratios are analysed below by class of business for the current and previous year:

	31 December 2021		31 December 2020	
	Gross loss ratio	**Net loss ratio**	Gross loss ratio	Net loss ratio
General insurance	**64%**	**60%**	66%	55%
Life insurance	**67%**	**42%**	63%	42%

The underlying risk of any agreed insurance contract is the possibility that the insured event occurs and the level of certainty the insurer can project on any resulting claim. By the nature of an insurance contract, this risk is often random and the amount of payable claim even more unpredictable. Therefore, the Group applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the insurance liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated. Whilst the Group applies the portfolio approach to understand its projected claims, events leading to actual claims vary and therefore profitability is impacted, either positively or negatively on an annual basis.

The Group has an overall risk retention level of 33% (31 December 2020: 32%) and this is mainly due to overall low retention levels in medical and property line of buisnesses.

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) *Financial risk*

The Group has exposure to the following primary risks from its use of financial instruments and operations:

i) Credit risk;
ii) Liquidity risk;
iii) Market risk;
iv) Operational risk; and
v) Underwriting risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum exposure to credit risk to the Group is the carrying value as disclosed in the consolidated statement of financial position.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- The Group only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Group's exposure to bad debts.
- The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Group's bank balances are maintained with a range of local banks in accordance with limits set by the board of directors.
- There are no significant concentrations of credit risk within the Group.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position.

	31 December 2021 AED'000	31 December 2020 AED'000
Held to maturity investments	**232,342**	213,548
Available for sale investments	**1,673,154**	1,239,011
Insurance balances receivable	**1,046,421**	1,066,587
Other receivables	**52,215**	31,970
Statutory deposits	**131,256**	71,638
Deposits with banks and bank balances	**3,615,800**	3,182,671
	6,751,188	5,805,425

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references have been made to the specific notes. The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties.

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) *Financial risk (continued)*

i) Credit risk (continued)

	Neither past due nor impaired			
	Investment grade AED '000	Non Investment grade AED '000	Past due or impaired AED '000	Total AED '000
31 December 2021				
Investments carried at FVTPL	**453,731**	**712**		**454,443**
Held to maturity investments	**-**	**232,342**	**-**	**232,342**
Available for sale investments	**1,648,910**	**24,244**	**-**	**1,673,154**
Insurance balances receivable	**1,046,421**	**-**	**46,184**	**1,092,605**
Other receivables		**52,215**	**-**	**52,215**
Statutory deposits	**45,238**	**86,018**	**-**	**131,256**
Deposits with banks and bank balances	**501,237**	**3,114,563**	**-**	**3,615,800**
				7,251,815
Less: allowance for doubtful debts				**(46,184)**
				7,205,631
31 December 2020				
Investments carried at FVTPL	207,050	229		207,279
Held to maturity investments	-	213,548	-	213,548
Available for sale investments	1,185,565	53,446	-	1,239,011
Insurance balances receivable	1,066,587	-	47,311	1,113,898
Other receivables	-	31,970	-	31,970
Statutory deposits	3,219	68,419	-	71,638
Deposits with banks and bank balances	318,789	2,863,882	-	3,182,671
				6,060,015
Less: allowance for doubtful debts				(47,311)
				6,012,704

The ageing analysis of insurance balance receivables is as follows:

31 December 2021	Policyholders AED '000	Insurance / reinsurance companies AED '000	Total AED '000
Inside UAE			
Less than 30 days	**422,720**	**14,451**	**437,171**
30 - 90 days	**137,337**	**4,116**	**141,453**
91 - 180 days	**68,770**	**3,053**	**71,823**
181 - 270 days	**36,324**	**2,391**	**38,715**
271 - 360 days	**16,984**	**1,822**	**18,806**
More than 360 days	**83,469**	**30,314**	**113,783**
Total	**765,604**	**56,147**	**821,751**
Outside UAE			
Less than 30 days	**75,219**	**16,616**	**91,835**
30 - 90 days	**27,673**	**18,423**	**46,096**
91 - 180 days	**8,914**	**10,541**	**19,455**
181 - 270 days	**4,491**	**17,002**	**21,493**
271 - 360 days	**3,460**	**3,225**	**6,685**
More than 360 days	**24,672**	**60,618**	**85,290**
Total	**144,429**	**126,425**	**270,854**
Total	**910,033**	**182,572**	**1,092,605**

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) *Financial risk (continued)*

i) Credit risk (continued)

31 December 2020	Policyholders AED '000	Insurance / reinsurance AED '000	Total AED '000
Inside UAE			
Less than 30 days	442,350	11,126	453,476
30 - 90 days	143,466	15,572	159,038
91 - 180 days	48,459	37,598	86,057
181 - 270 days	20,994	3,790	24,784
271 - 360 days	20,107	3,391	23,498
More than 360 days	104,546	11,488	116,034
Total	779,922	82,965	862,887
Outside UAE			
Less than 30 days	48,222	74,939	123,161
30 - 90 days	17,484	12,158	29,642
91 - 180 days	6,633	16,186	22,819
181 - 270 days	2,040	18,130	20,170
271 - 360 days	1,398	6,968	8,366
More than 360 days	17,429	29,424	46,853
Total	93,206	157,805	251,011
Total	873,128	240,770	1,113,898

The Group provides credit facilities up to 120 days. For assets to be classified as ‘past due and impaired’ contractual payments in arrears are more than 120 days and an impairment adjustment is recorded in the consolidated statement of profit or loss for this. When the credit exposure is adequately secured, arrears more than 120 days might still be classified as ‘past due but not impaired”, with no impairment adjustment recorded.

The Group issues unit–linked investment policies in a number of its operations. In the unit–linked business, the policyholder bears the investment risk on the assets held in the unit–linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk on unit-linked financial assets.

Reinsurance credit risk is managed through placement with approved reinsurers, which are generally international reputed companies with acceptable credit ratings. Reinsurance agreements are placed by the Group with an "A" or above rated company on S&P or equivalent rating agency.

To minimise its exposure to significant losses from reinsurance company insolvencies, the Group regularly evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) *Financial risk (continued)*

ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with insurance contracts and financial liabilities as they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below, in AED'000 shows the maturity of the assets and liabilities of the Group based on remaining undiscounted contractual obligations. As the Group does not have any interest bearing liabilities, the totals in the table match the consolidated statement of financial position.

	31 December 2021			
	Less than one year	**More than one year**	**No term**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**
Assets				
Held to maturity investments	**30,531**	**201,811**	**-**	**232,342**
Available for sale investments	**20,641**	**570,854**	**1,081,659**	**1,673,154**
Investments carried at FVTPL	**-**	**-**	**454,443**	**454,443**
Insurance balance receivables	**1,046,421**	**-**	**-**	**1,046,421**
Statutory deposits	**101,505**	**29,751**	**-**	**131,256**
Other receivables	**52,215**	**-**	**-**	**52,215**
Cash and bank balances	**2,025,037**	**893,227**	**697,536**	**3,615,800**
Total assets	**3,276,350**	**1,695,643**	**2,233,638**	**7,205,631**
Liabilities				
Reinsurance and other payables	**1,710,594**	**-**	**-**	**1,710,594**
Lease liabilities	**4,259**	**4,490**	**-**	**8,749**
Total liabilities	**1,714,853**	**4,490**	**-**	**1,719,343**

	31 December 2020			
	Less than one year	More than one year	No term	Total
	AED '000	AED '000	AED '000	AED '000
Assets				
Investment in an associate	-	-	67,635	67,635
Held to maturity investments	32,303	181,245	-	213,548
Available for sale investments	15,846	209,057	1,014,108	1,239,011
Investments carried at FVTPL	-	-	207,279	207,279
Insurance balance receivables	1,066,587	-	-	1,066,587
Statutory deposits	57,112	14,526	-	71,638
Other receivables	31,970	-	-	31,970
Cash and bank balances	2,067,341	852,197	263,133	3,182,671
Total assets	3,271,159	1,257,025	1,552,155	6,080,339
Liabilities				
Reinsurance and other payables	1,395,616	-	-	1,395,616
Lease liabilities	4,151	-	-	4,151
Total liabilities	1,399,767	-	-	1,399,767

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) *Financial risk (continued)*

iii) Market risk

Market 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. Market risk comprises three types of risk: interest rate risk, currency risk and equity risk.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's exposure to interest rate risk is on account of its investment in floating rate bonds included under available for sale investments. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its investment is denominated.

Details of financial assets carrying interest rate risk as at 31 December are as follows:

31 December 2021	**Less than 1 year**	**1 to 5 years**	**Non interest bearing items**	**Total**	**Effective interest rate**
	AED '000	**AED '000**	**AED '000**	**AED '000**	
Held to maturity investments	**30,531**	**201,811**	**-**	**232,342**	2.25% to 18.00%
Available for sale investments	**20,641**	**570,854**	**1,081,659**	**1,673,154**	3.75% to 8.30%
Investments carried at FVTPL	**-**	**-**	**454,443**	**454,443**	
Statutory deposits	**101,505**	**29,751**	**-**	**131,256**	1.15% to 7.50%
Deposits with banks	**1,956,103**	**893,227**	**-**	**2,849,330**	0.01% to 19.00%
Deposits with banks and bank balances	**68,934**	**-**	**697,536**	**766,470**	0.04% to 18.85%
	2,177,714	**1,695,643**	**2,233,638**	**6,106,995**	
31 December 2020					
Held to maturity investments	32,303	181,245	-	213,548	2.25% to 18.00%
Available for sale investments	15,846	209,057	1,014,108	1,239,011	3.75% to 8.30%
Investments carried at FVTPL	-	-	207,279	207,279	
Statutory deposits	57,112	14,526	-	71,638	3.25% to 7.50%
Deposits with banks	1,958,869	852,197	-	2,811,066	0.75% to 11.60%
Deposits with banks and bank balances	108,554	-	263,051	371,605	0.04% to 18.50%
	2,172,684	1,257,025	1,484,438	4,914,147	

Effective interest rate varies among the Group's investments across various countries where it operates.

The sensitivity of the Group's consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables constant is considered insignificant.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit. The effect of decreases in exchange rates is expected to be equal and opposite to the effect of the increases shown. There is no other effect on equity.

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) *Financial risk (continued)*

iii) Market risk (continued)

Foreign currency risk (continued)

	Increase in exchange	Effect on consolidated profit and loss and other comprehensive	
		31 December 2021 AED '000	31 December 2020 AED '000
Egyptian Pounds	**+5%**	**9,038**	7,074
Syrian Pounds	**+5%**	**211**	313
Sri Lankan Rupees	**+5%**	**1,045**	1,006
Turkish Lira	**+5%**	**1,918**	2,450

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices. The Group's equity investments comprise securities quoted on the Stock Exchanges in United Arab

The effect on equity (as a result of a change in the fair values of available for sale investments at 31 December 2021) and on consolidated statement of profit or loss (as a result of changes in fair values of investments carried at fair value through profit or loss at 31 December 2021) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in equity price %	Effect on equity AED '000	Effect on profit or loss AED '000
31 December 2021			
All investments - (Mainly Dubai Financial Market and Abu Dhabi Stock Market)	**10**	**108,166**	**1,512**
31 December 2020			
All investments - (Mainly Dubai Financial Market and Abu Dhabi Stock Market)	10	97,887	1,274

iv) Operational risk

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

4 Risk management (continued)

v) Asset liability management (ALM) framework (continued)

b) Financial risk (continued)

v) Underwriting risk

Underwriting risk refers to the potential loss to the Group emanating from the perils covered and the processes used in the conduct of business.

Underwriting risk is mitigated by the Group by diversification across a large portfolio of insurance contracts. The variability of risks is also managed by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group regularly reviews its management of risk in the context of relevant internal and external factors and changes in these factors.

Capital management

The Group's objectives when managing capital is to comply with the insurance capital requirements required by the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations and the capital requirements are set and regulated by the regulatory requirements in the Oman, Syria, Egypt, Sri Lanka, Turkey and Bahrain

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

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for Insurance Companies which were then subsequently published in the UAE Official Gazette No. 575 on 28th January 2015 and came into force on 29 January 2015. The Group is subject to local insurance solvency regulations with which it has complied with during the year. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. Insurance Authority allows an alignment period of up to three years for the insurance companies to be in compliance with the regulations.

As per the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the minimum capital requirement remains at AED 100 million for insurance companies.

The table below summarises the Minimum Capital Requirement of the Group and the total capital held by the Group.

	31 December 2021 AED '000	31 December 2020 AED '000
Total capital held by the Group	**500,000**	500,000
Minimum regulatory capital	**100,000**	100,000

5 Use of estimates and judgments

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for outstanding claims, whether reported or not

Considerable judgment by management is required in the estimation of amounts due to contract holders arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

5 Use of estimates and judgments (continued)

Provision for outstanding claims, whether reported or not (continued)

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the consolidated statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the consolidated statement of financial position date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported regularly.

All insurance contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Impairment losses on receivables

Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Group evaluates credit risk characteristics that consider past-due status being indicative of the inability to pay all amounts due as per contractual terms.

6 Fair value of financial instruments

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

6 Fair value of financial instruments (continued)

31 December 2021

Financial assets	**Level 1 AED '000**	**Level 2 AED '000**	**Level 3 AED '000**	**Total AED '000**
Financial assets held-for-trading:				
Equity securities	**15,116**	**-**	**-**	**15,116**
Investments held on behalf of policy holders of unit linked products	**439,327**	**-**	**-**	**439,327**
	454,443	**-**	**-**	**454,443**
Available-for-sale financial assets:				
Banking Sector	**1,077,726**	**570,854**	**-**	**1,648,580**
Other Sector	**24,574**	**-**	**-**	**24,574**
	1,102,300	**570,854**	**-**	**1,673,154**

31 December 2020

Financial assets	**Level 1 AED '000**	**Level 2 AED '000**	**Level 3 AED '000**	**Total AED '000**
Financial assets held-for-trading:				
Equity securities	12,742	-	-	12,742
Investments held on behalf of policy holders of unit linked products	194,537	-	-	194,537
	207,279	-	-	207,279
Available-for-sale financial assets:				
Banking Sector	976,147	209,057	-	1,185,204
Other Sector	18,570	-	35,237	53,807
	994,717	209,057	35,237	1,239,011

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

31 December 2021	**At 1 January 2021 AED '000**	**Purchase / transfer AED '000**	**Sales AED '000**	**Fair value movement in equity AED '000**	**At 31 December 2021 AED '000**
Available-for-sale financial assets:					
Other sectors	**35,237**	**-**	**(61,424)**	**26,187**	**-**
Total	**35,237**	**-**	**(61,424)**	**26,187**	**-**

31 December 2020	At 1 January 2020 AED '000	Purchase AED '000	Sales AED '000	Fair value movement in equity AED '000	At 31 December 2020 AED '000
Available-for-sale financial assets:					
Banking sector	-	-	-	-	-
Other sectors	34,522	2,826	(1,147)	(964)	35,237
Total	34,522	2,826	(1,147)	(964)	35,237

7 Property and equipment

	Land AED '000	Building AED '000	Office equipments, furnitures and fixtures AED '000	Motor vehicles AED '000	Right of use assets AED '000	Total AED '000
Cost						
At 1 January 2020	20,000	96,456	33,664	2,485	17,277	169,882
Additions	-	364	3,126	242	255	3,987
Disposal	-	-	(13)	(311)	(7,617)	(7,941)
Foreign exchange differences	-	-	(2,208)	(36)	(813)	(3,057)
At 31 December 2020	20,000	96,820	34,569	2,380	9,102	162,871
At 1 January 2021	20,000	96,820	34,569	2,380	9,102	162,871
Acquisitions through business combinations	-	-	2,740	212	5,835	8,787
Additions	-	10	6,016	225	3,493	9,744
Disposal	-	-	(360)	(53)	(1,040)	(1,453)
Foreign exchange differences	-	-	(3,077)	(47)	(1,029)	(4,153)
At 31 December 2021	**20,000**	**96,830**	**39,888**	**2,717**	**16,361**	**175,796**
Accumulated depreciation						
At 1 January 2020	-	30,940	25,577	1,479	7,089	65,085
Charge for the year	-	3,861	2,242	404	1,672	8,179
On disposals	-	-	(13)	(264)	(3,112)	(3,389)
Foreign exchange differences	-	-	(1,213)	(29)	(414)	(1,656)
At 31 December 2020	-	34,801	26,593	1,590	5,235	68,219
At 1 January 2021	-	34,801	26,593	1,590	5,235	68,219
Acquisitions through business combinations-NET	-	-	1,337	131	2,378	3,846
Charge for the year	-	3,982	4,458	320	1,655	10,415
On disposals	-	-	(246)	(49)	(838)	(1,133)
Foreign exchange differences	-	-	(1,612)	(43)	(818)	(2,473)
At 31 December 2021	**-**	**38,783**	**30,530**	**1,949**	**7,612**	**78,874**
Net carrying amount						
At 31 December 2020	20,000	62,019	7,976	790	3,867	94,652
At 31 December 2021	**20,000**	**58,047**	**9,358**	**768**	**8,749**	**96,922**

8 Investment in an associate

On 16 March 2021, the Group's equity interest in its associate, Orient UNB Takaful PJSC ("Orient UNB"), increased from 35% to 84% and accordingly Orient UNB became a subsidiary from that date (see note 21). Orient UNB is a public shareholding company registered and incorporated in UAE. Orient UNB commenced its commercial operations in 2017. The principal activity of Orient UNB is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. It also invests its funds in deposits.

Following is the movement in investment in associate:

	31 December 2021	31 December 2020
	AED '000	AED '000
Balance as at 1 January	**67,635**	65,478
Group's share of net profit for the period / year	**364**	2,157
Transfered to investment in subsidiaries (note 21 (iii))	**(67,999)**	-
	-	67,635

9 Investment securities

At 31 December 2021	**Held to maturity**	**Available for sale**	**Fair value through profit and loss**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**
Equity Securities				
Quoted equity securities in UAE	**-**	**1,081,658**	**15,116**	**1,096,774**
Quoted debt security in UAE	**-**	**570,854**	**-**	**570,854**
Unquoted equity securities in UAE	**-**	**-**	**-**	**-**
Unquoted equity securities outside UAE	**-**	**1**	**-**	**1**
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	**-**	**-**	**107,731**	**107,731**
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	**-**	**-**	**331,596**	**331,596**
Total equity securities	**-**	**1,652,513**	**454,443**	**2,106,956**
Total other invested assets (note 9.2)	**232,342**	**20,641**	**-**	**252,983**
Total	**232,342**	**1,673,154**	**454,443**	**2,359,939**

At 31 December 2020	Held to maturity	Available for sale	Fair value through profit and loss	Total
	AED '000	AED '000	AED '000	AED '000
Equity Securities				
Quoted equity securities in UAE	-	978,871	12,742	991,613
Quoted debt security in UAE	-	209,057	-	209,057
Unquoted equity securities in UAE	-	35,236	-	35,236
Unquoted equity securities outside UAE	-	1	-	1
Quoted equity securities in UAE held on behalf of policyholders' unit linked products	-	-	78,020	78,020
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products	-	-	116,517	116,517
Total equity securities	-	1,223,165	207,279	1,430,444
Total other invested assets (note 9.2)	213,548	15,846	-	229,394
Total	213,548	1,239,011	207,279	1,659,838

9 Investment securities *(continued)*

9.1 During the period, the Group entered into an agreement with Al Futtaim Private Company LLC ("Ultimate Holding Company") to sell of its investment in Mena Real Estate Development Fund for a price agreed at AED 61.4 million. The Group has received full payment in this regards as at 31 December 2021.

9.2 Total other invested assets refer to the amount invested in treasury bills and government bonds.

10 Statutory deposits

		31 December 2021	31 December 2020
		AED '000	AED '000
a)	Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No. (6) of 2007	**10,000**	10,000
b)	Statutory deposit with insurance authority	**10,000**	-
c)	Amounts under lien with Capital Market Authority, Sultanate of Oman	**57,744**	38,219
d)	Amounts under lien with Omani Unified Bureau for the Orange Card	**544**	478
e)	Amounts under lien with Insurance Authority Syria	**37**	73
f)	Amounts under lien with Egyptian Financial Supervisory Authority	**32,187**	10,853
g)	Amounts under lien with Turkish Treasury	**13,942**	11,239
h)	Amount uner lien with insurance authority on behalf of Orient UNB Takaful	**6,000**	-
i)	Amounts under lien with Central Bank of Bahrain	**802**	776
		131,256	71,638

	31 December 2021	31 December 2020
	AED '000	AED '000
Inside UAE:		
Due from policyholders	**765,604**	779,922
Due from insurance / reinsurance companies	**56,147**	82,965
	821,751	862,887
Outside UAE:		
Due from policyholders	**144,429**	93,206
Due from insurance / reinsurance companies	**126,425**	157,805
	270,854	251,011
Total insurance balances receivable	**1,092,605**	1,113,898
Less: allowance for doubtful debts	**(46,184)**	(47,311)
Net insurance balances receivable	**1,046,421**	1,066,587

11 Insurance balances receivable *(continued)*

Movement in allowance for doubtful debts during the year was as follows:

	31 December 2021	31 December 2020
	AED '000	AED '000
Balance at 1 January	**47,311**	44,151
Movement during the year	**(1,127)**	3,160
	46,184	47,311

12 Other receivables and prepayments

	31 December 2021	31 December 2020
	AED '000	AED '000
Receivable from employees	**2,980**	4,339
Refundable deposits	**9,525**	6,902
Prepayments	**26,464**	22,279
Deferred tax asset	**3,327**	5,277
Accrued interest	**20,886**	4,936
Others	**18,824**	15,793
	82,006	59,526

13 Insurance contract liabilities and reinsurance contract assets

	For the year ended 31 December					
	Gross		Reinsurers' share		Net	
	2021 AED '000	2020 AED '000	**2021 AED '000**	2020 AED '000	**2021 AED '000**	2020 AED '000
Written premium	**5,007,762**	4,247,086	**(3,356,503)**	(2,974,625)	**1,651,259**	1,272,461
Movement in provision for unearned premiums reserve, mathematical reserve and unit-linked funds reserve	**(476,874)**	(155,056)	**138,229**	27,382	**(338,645)**	(127,674)
Premium earned	**4,530,888**	4,092,030	**(3,218,274)**	(2,947,243)	**1,312,614**	1,144,787

	Gross		Reinsurers' share		Net	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Unearned premium reserve	**1,908,254**	1,588,985	**(1,388,492)**	(1,144,308)	**519,762**	444,677
Mathematical reserve	**410,120**	310,380	**(26,393)**	(17,766)	**383,727**	292,614
	2,318,374	1,899,365	**(1,414,885)**	(1,162,074)	**903,489**	737,291
Outstanding claims	**1,492,143**	1,245,792	**(1,242,538)**	(1,033,445)	**249,605**	212,347
Incurred but not reported claims reserve	**702,285**	665,397	**(524,057)**	(469,396)	**178,228**	196,001
Allocated loss adjustment expense reserve	**23,996**	18,727	**(19,452)**	(15,175)	**4,544**	3,552
Unallocated loss adjustment expense reserve	**13,068**	11,726	**-**	-	**13,068**	11,726
	2,231,492	1,941,642	**(1,786,047)**	(1,518,016)	**445,445**	423,626
	4,549,866	3,841,007	**(3,200,932)**	(2,680,090)	**1,348,934**	1,160,917

13 Insurance contract liabilities and reinsurance contract assets (continued)

Outstanding claims and other reserves

	31 December 2021			31 December 2020		
	Gross AED '000	**Reinsurance share AED '000**	**Net AED '000**	Gross AED '000	Reinsurance share AED '000	Net AED '000
At 1 January	**1,941,642**	**(1,518,016)**	**423,626**	1,487,342	(1,080,781)	406,561
UNB Takaful Claims - opening	**149,407**	**(124,355)**	**25,052**	-	-	-
Insurance claims paid	**(2,675,771)**	**1,938,140**	**(737,631)**	(2,184,203)	1,600,343	(583,860)
Claims incurred	**2,904,786**	**(2,146,151)**	**758,635**	2,682,157	(2,065,334)	616,823
Exchange differences	**(88,572)**	**64,335**	**(24,237)**	(43,654)	27,756	(15,898)
At 31 December	**2,231,492**	**(1,786,047)**	**445,445**	1,941,642	(1,518,016)	423,626

Claims development table - Gross

The following table reflects the cumulative gross incurred claims, including both claims notified and claims incurred but not reported (IBNR) for each successive accident year at each consolidated statement of financial position date, together with cumulative payments to date:

Accident year	**Before 2018 AED '000**	**2018 AED '000**	**2019 AED '000**	**2020 AED '000**	**2021 AED '000**	**Total AED '000**
Cumulative claims						
At the end of accident year	**-**	**2,593,812**	**2,357,718**	**2,307,481**	**3,131,391**	
One year later	**-**	**2,565,523**	**2,549,031**	**2,627,628**	**-**	
Two years later	**-**	**2,565,341**	**2,416,370**	**-**	**-**	
Three years later	**-**	**2,503,058**	**-**	**-**	**-**	
Four years later	**10,776,254**	**-**	**-**	**-**	**-**	
Current estimate of cumulative claims	**10,776,254**	**2,503,058**	**2,416,370**	**2,627,628**	**3,131,391**	
Cumulative payments						
At the end of accident year	**-**	**(1,891,798)**	**(1,757,240)**	**(1,709,021)**	**(1,971,151)**	
One year later	**-**	**(2,318,571)**	**(2,080,757)**	**(2,219,244)**	**-**	
Two years later	**-**	**(2,397,977)**	**(2,250,534)**	**-**	**-**	
Three years later	**-**	**(2,406,472)**	**-**	**-**	**-**	
Four years later	**(10,375,808)**	**-**	**-**	**-**	**-**	
Cumulative payments to date	**(10,375,808)**	**(2,406,472)**	**(2,250,534)**	**(2,219,244)**	**(1,971,151)**	
	400,446	**96,586**	**165,836**	**408,384**	**1,160,240**	**2,231,492**

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

Life Insurance

Mortality and morbidity rates

Assumptions are based on the reinsurance rates provided by the reinsurer, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. Being on the conservative side, no allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the Group.

13 Insurance contract liabilities and reinsurance contract assets (continued)

Life Insurance (continued)

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the Group.

Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

General Insurance

The Group principally issues the following types of general insurance contracts: marine, fire, engineering, general accident and medical. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed as renewable. Risks under general insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

14 Cash and bank balances

	31 December 2021 AED '000	31 December 2020 AED '000
Bank balances and cash	**697,591**	263,134
Deposits with banks maturing within three months	**68,934**	108,553
Cash and cash equivalents	**766,525**	371,687
Bank deposits maturing after three months	**2,849,330**	2,811,066
	3,615,855	3,182,753
Cash and bank balances:		
Inside UAE:	**2,995,553**	2,855,627
Outside UAE:	**620,302**	327,126
	3,615,855	3,182,753

Bank balances include AED 5,918 thousand *(2020: AED 5,329 thousand)* under lien against the bank guarantees.

Interest on deposit with banks at fixed rates range from *0.04% - 19.00%* (31 December 2020: *0.04% - 18.25%*) per annum.

15 Share capital

	31 December 2021 AED '000	31 December 2020 AED '000
Issued and fully paid 5,000,000 shares of AED 100 each (2020: 5,000,000 shares of AED 100 each)	**500,000**	500,000

16 Reserves

Nature and purpose of reserves

- Statutory reserve

In accordance with the Company's Articles of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 25% of it's paid up capital. Accordingly no transfer to statutory reserve has been made during the year. The reserve can be used for any purpose to be decided by the shareholders upon the recommendation of the Board of Directors.

- Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the legal reserve. The Group may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital which occurred in 2016. The reserve is not available for distribution except in the circumstances stipulated by the law.

- Exceptional loss reserve

For UAE operations, an amount equal to 10% of the net underwriting income for the year is to be transferred to an exceptional loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years.

For Oman operations, an amount equal to 10% of the outstanding claims (non-life) for the year and 1% of gross premiums for life assurance is transferred to a contingency loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years for Oman branch.

- General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

16 Reserves (continued)

- Reinsurance risk reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Insurance Authority shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Director General. The Director General may agree to cease these allocations when the accumulated amount reaches an acceptable limit. Accordingly, an amount of AED 27.689 million has been recorded in equity as a reinsurance risk reserve.

- Available for sale investments reserve

This reserve records fair value changes on available-for-sale financial assets.

- Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

- Capital reserve

The capital reserve has created against additional 20% shares purchased from Orient Egypt.

17 Dividends

For the year ended 31 December 2021, the Board of Directors has proposed a cash dividend of AED 50 per share amounting to AED 250 million (2020: AED 200 million). This is subject to the approval of the shareholders at the Annual General Meeting to be held during 2022.

For the year ended 31 December 2020, the Shareholders at the annual general meeting dated 17 March 2021 approved a cash dividend of 40% (AED 40 per share) amounting to AED 200 million and the same was paid during 2021.

18 Retirement benefit obligation

	31 December 2021 AED '000	31 December 2020 AED '000
At 1 January	**25,494**	25,853
Charge for the year	**5,754**	3,842
Paid during the year	**(2,080)**	(4,197)
Exchange differences	**(118)**	(4)
At 31 December	**29,050**	25,494

19 Reinsurance and other payables

	31 December 2021 AED '000	31 December 2020 AED '000
Payables – Inside UAE	**648,786**	414,969
Payables – Outside UAE	**1,061,808**	980,647
	1,710,594	1,395,616
Inside UAE:		
Insurance and reinsurance companies payable	**214,053**	127,264
Payable to agents and brokers	**57,874**	31,428
Payable to employees	**29,634**	31,090
Other payables	**347,225**	225,187
	648,786	414,969
Outside UAE:		
Insurance and reinsurance companies payable	**834,560**	762,129
Payable to agents and brokers	**285**	8,702
Payable to employees	**2,630**	4,977
Other payables	**224,333**	204,839
	1,061,808	980,647

20 Income from investments

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Interest income	**158,320**	136,036
Dividend income	**49,669**	51,860
Realised gain on sale of investments	**-**	604
Fair value gain on investments carried at fair value through profit or loss	**2,374**	488
	210,363	188,988

21 Acquisition of subsidiary

On 16 March 2021, the Group acquired an additional 49% of the shares and voting interests in Orient UNB Takaful PJSC ("Orient UNB"). As a result, the Group's equity interest in Orient UNB increased from 35% to 84%, obtaining control of Orient UNB.

From the date of acquisition, Orient UNB contributed gross written premium of AED 332,096 thousand and profit after tax of AED 14,378 thousand to the Group's results. If the acquisition had occurred on 1 January 2021, management estimates that consolidated gross written premium would have been AED 401 million, and consolidated profit after tax for the period would have been AED 15 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

i **Purchase consideration**

During the last quarter of 2021, the valuation exercise was completed and the acquisition date fair value of net assets and non-controlling interests were changed from their provisional amounts to fair valued amounts as per ifrs 3 business combinations. As a result there was a negative good will to Orient Insurance of AED 18.3 million compared to the provisional amount of AED 17.8 million.

The purchase consideration (also referred to as "purchase price") of the acquisition has been allocated to the assets acquired and liabilities assumed using their valuation fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of Orient UNB – based on their respective fair values as of 16 March 2021 is presented below.

Against the acquisition of additional equity share, the Group has transferred cash consideration amounting to AED 77,170 thousand.

ii ***Identifiable assets acquired and liabilities assumed***

'The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	(Un-audited)
	AED '000
Property and equipment	**4,940**
Insurance balances receivable	**141,743**
Statutory deposits	**6,000**
Reinsurance contract assets	**247,993**
Other receivables and prepayments	**8,064**
Bank deposits	**241,080**
Cash and cash equivalents	**38,251**
Insurance contract liabilities	**(310,880)**
Retirement benefit obligation	**(1,195)**
Lease liabilities	**(3,395)**
Reinsurance and other payables	**(178,315)**
	194,286

21 Acquisition of subsidiary (continued)

iii Bargain purchase

Bargain purchase arising from the acquisition has been recognised as follows:

	(Un-audited) AED '000
Fair value of identifiable net assets	**194,286**
Fair value of pre-existing interest in Orient UNB	**(67,999)**
Fair value of consideration transferred	**(77,018)**
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Orient UNB	**(30,978)**
	18,291

22 General and administrative expenses

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Staff costs	**160,975**	150,101
Rent	**4,111**	4,328
Depreciation	**10,415**	8,179
Others	**87,572**	83,952
	263,073	246,560

22.1 During the year the Group has not made any social contributions.

23 Income taxes

The Group calculates the annual income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Sultanate of Oman, Egypt, Syria, Turkey, United Arab Emirates (UAE) and Sri Lanka and are subject to income tax in these countries.

The component of income tax recognised in the consolidated statement of profit or loss is as follows:

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Current income tax expense	**14,845**	11,525
Deferred taxes	**1,109**	1,432
	15,954	12,957

	31 December 2021	31 December 2020
	AED '000	AED '000
As at 1 January	**14,741**	3,862
Provisions during the year	**15,084**	11,525
Less: payments	**(12,501)**	(729)
Exchange differences	**(59)**	83
At 31 December	**17,265**	14,741

24 Basic and diluted earnings per share attributable to equity holders of the Company

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Profit after tax for the year	**476,105**	430,421
Less : attributable to non-controlling interests	**(18,096)**	(16,184)
Profit attributable to equity holders	**458,009**	414,237
Weighted average number of shares outstanding during the year ('000)	**5,000**	5,000
Earnings per share (AED / share)	**91.60**	82.85

There is no dilution effect to the basic earnings per share.

25 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Gross premium written	**191,011**	192,898
General and administration expenses	**38,178**	28,286
Motor vehicle repair charges paid relating to claims	**39,064**	28,058
Interest income	**16,025**	12,336
Dividend income	**49,546**	51,285

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Short term benefits	**27,673**	25,030
Employees' end of service benefits	**3,152**	1,297
	30,825	26,327

Balances with related parties included in the consolidated statement of financial position are as follows:

	31 December 2021	31 December 2020
	AED '000	AED '000
Investment securities	**-**	35,236
Deposit with banks	**513,874**	514,088
Amounts due from related parties	**141,681**	65,928
Amounts due to related parties	**41,243**	5,920

25 Related party transactions (continued)

Investment securities and deposits with banks are disclosed in notes 9 and 14 respectively.

Amounts due from and due to related parties are included in notes 11 and 19 respectively.

As at 31 December 2021 and 31 December 2020, amounts due from related parties were not impaired. The impairment assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related party operates.

26 Leases

(a) *As lessee*

The Group leases office premises. The leases typically run for a period of three years, with an option to renew the lease after that date. The management of the Group intends to lease the office premises till December 2023. Lease payments are renegotiated every three years to reflect market rentals.

Information about leases for which the Group is a lessee is presented below:

i. Right-of-use assets

Right-of-use assets related to leased properties are presented as property and equipment.

	31 December 2021	31 December 2020
	AED '000	AED '000
Balance at 1 January	**3,867**	10,188
Acquisitions through businesscombinations	**3,457**	-
Additions	**3,493**	255
Net disposals	**(202)**	(4,505)
Depreciation charge for the year	**(1,655)**	(1,672)
Foreign exchange differences	**(211)**	(399)
	8,749	3,867

ii. Lease liabilities

Less than one year	**4,259**	1,731
Between one and five years	**4,490**	2,420
	8,749	4,151

iii. Amounts recognised in consolidated statement of profit or loss

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Depreciation expense	**1,655**	1,672
Finance cost on lease liabilities	**328**	192
Foreign exchange differences	**202**	(108)

26 Leases (continued)

(a) ***As lessee (continued)***

iv. Amounts recognised in consolidated statement of cash flows

	For the year ended 31 December	
	2021	2020
	AED '000	AED '000
Payment of lease liabilities	**2,173**	5,265

v. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

27 Summary of the actuary's report on the technical provisions

The Group's actuary has issued a report providing an actuarial estimate of the Group's reserves as at 31 December 2021.

a) Summary of the required technical provisions recommended by the Group's actuary:

	31 December 2021		31 December 2020	
	Gross	**Net**	Gross	Net
	AED '000	**AED '000**	AED '000	AED '000
Unearned premium reserve (UPR) and unexpired risk reserve (URR)	**1,908,254**	**519,762**	1,588,985	444,677
Case Reserves (OSLR)	**1,492,143**	**249,605**	1,245,792	212,347
IBNR Reserve	**702,285**	**178,228**	665,397	196,001
Unallocated loss adjustment expense reserve and Allocated loss adjustment expense reserve	**37,064**	**17,612**	30,453	15,278
Mathematical reserves and Unit linked funds' reserve	**849,446**	**823,053**	504,917	487,151
	4,989,192	**1,788,260**	4,035,544	1,355,454

b) Reconciliation of technical provisions as per actuary's report and the consolidated financial statements is as follows:

As per consolidated financial statements:

	31 December 2021		31 December 2020	
	Gross	**Net**	Gross	Net
	AED '000	**AED '000**	AED '000	AED '000
Unearned premium reserve	**1,908,254**	**519,762**	1,588,985	444,677
Mathematical reserve	**410,120**	**383,727**	310,380	292,614
Unit-linked funds' reserve	**439,326**	**439,326**	194,537	194,537
Outstanding claims	**1,492,143**	**249,605**	1,245,792	212,347
Incurred but not reported claim reserve	**702,285**	**178,228**	665,397	196,001
Allocated loss adjustment expense reserve	**23,996**	**4,544**	18,727	3,552
Unallocated loss adjustment expense reserve	**13,068**	**13,068**	11,726	11,726
As per actuarial valuation (note 26a)	**4,989,192**	**1,788,260**	4,035,544	1,355,454

28 Segment information

Identification of reportable segments

For management purposes the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment comprises motor, marine, fire, engineering, general accident and medical.
- The life segment includes individual and group life insurance.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates. Operating segment information is presented below:

	General insurance		**Life insurance**		**Total**	
	31 December 2021 AED '000	31 December 2020 AED '000	**31 December 2021 AED '000**	31 December 2020 AED '000	**31 December 2021 AED '000**	31 December 2020 AED '000
Gross premiums written	**4,350,772**	3,824,674	**656,990**	422,412	**5,007,762**	4,247,086
Gross underwriting income	**1,139,382**	1,013,088	**139,148**	96,692	**1,278,530**	1,109,780
Net underwriting income	**445,831**	451,857	**74,064**	41,100	**519,895**	492,957
General and administrative expenses	**(223,078)**	(206,912)	**(39,995)**	(39,648)	**(263,073)**	(246,560)
Net technical profit	**222,753**	244,945	**34,069**	1,452	**256,822**	246,397
Investment and other income					**235,237**	196,981
Profit before tax					**492,059**	443,378
Income tax expense net of deferred taxes					**(15,954)**	(12,957)
Profit after tax					**476,105**	430,421

28 Segment information (continued)

	General insurance		Life insurance		Investments		Total	
	31 December 2021 AED '000	31 December 2020 AED '000	**31 December 2021 AED '000**	31 December 2020 AED '000	**31 December 2021 AED '000**	31 December 2020 AED '000	**31 December 2021 AED '000**	31 December 2020 AED '000
Segment assets	**4,745,970**	3,888,381	**446,836**	384,161	**5,340,525**	4,610,177	**10,533,331**	8,882,719
Segment liabilities	**5,466,253**	4,594,258	**1,271,332**	866,547	**-**	-	**6,737,585**	5,460,805

29 Commitments and contingent liabilities

a) Capital commitments

The Group has the following capital commitments at the consolidated statement of financial position date:

	31 December 2021 AED '000	31 December 2020 AED '000
Commitment for investments	**-**	2,407

b) Contingent liabilities

At 31 December 2021, guarantees, other than those relating to claims for which provisions are held, amounting to AED 57,861 thousand (2020: AED 76,230 thousand) had been issued on behalf of the Group by its banker in the ordinary course of business.

c) Legal claims

The Group, in common with the majority of insurers, is subject to litigation in the normal course of its business. Based on independent legal advice, management does not believe that the outcome of these court cases will have a material impact on the Group's profit or financial condition.

30 Comparative figures

Certain comparatives have been reclassified / regrouped to conform to the presentation adopted in the consolidated financial statements.

ORIENT INSURANCE PJSC

Corporate GOVERNANCE REPORT

2021

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Contents

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1- **The procedures taken to complete the Corporate Governance System during 2021**.

Orient Insurance Company (PJSC) took all steps required for application of the governance procedures from the date of implementation , It has also been committed to continuously following up on all necessary steps to develop and update governance procedures in line with the latest decisions issued by regulators as well as a commitment to local and global best practices, in particular, the decision of the Board of Directors of the Securities and Commodities Authority No. (03/R.M.) for 2020 on the adoption of the Guide to Governance of Public Joint Stock Companies, the company has taken the following steps during 2021:

a- The company Governance Manual has amended to comply with the requirements of Resolution No. 03(R.M) of 2020 on the adoption of the Public Joint Stock Companies Governance Manual.

b- Continuing compliance with effectuation of internal control systems by verifying the data issued thereby with the external auditing data and availing opportunity to the control committee members to follow up their control rule easily and effectively.

c- Review and updated the governance polices in accordance with governance manual and the action plan for effectiveness of those polices.

d- The executive authorities of the company met with the internal control members and investment committee under follow up of the board committees to discuss the risk management policy adopted by the company. Effectiveness of this policy was verified because of the high technical profits of the company and increasing equities by implementing cautious and strong subscription policy, wise management of claims, balanced level of expenses and confirmation of continuous reliance on the same policy.

e- the company organized internal training courses during 2021 to its employees to explain the rules and controls of corporate governance and the organizing administrative decisions.

f- The board election of 2021 result to re- elect the Women member , hence the company committed to Governance`s decision , it with approved by BOD to amend Article of association to include SCA new clause of the minimum representation of the women in the board.

g- the company's board followed up during 2021 the nominations and remunerations committees and the auditing committee in line with the governance rules and controls.

h- The board, represented in the chairman, received internal control department departments during the year in accordance with the objectives, requirements and controls that govern the work of internal control department in accordance with the decision No 3/R.M of 2020 made by the Securities and Commodities Authority Board on the standards of institutional control and corporate governance.

i- The company followed up the investors relations officer's performance of his duties in accordance with law.

j- The board followed up the follow up committee and inspected the customer transactions in performance of its duties and receiving the reports issued by the committee, in accordance with the rules on transactions of directors, employees and other persons in the securities issued by the company, parent company, affiliate or associate companies.

k- The company was keen on exercising its works with the required transparency in relation to the times and methods of disclosure of financial statements and compliance with the rules and decisions of the Securities and Commodities Authority.

l- Compliance with completion of the governance report, annual report and all financial statements and referring them to the general assembly members sufficient time before holding thereof to enable the general assembly to review them and take its decisions.

m- The company has formed a compliance committee to develop and monitor the performance of the compliance officer and the AML compliance officer, consisting of the Group President ,CEO, Head of Legal , CFO , Head of Internal Audit , the Money Laundering Compliance Officer and the Compliance Officer

2- The transactions of the members of Board Directors and spouse and children thereof in the company's securities during 2021

No	Name	Title/ relation	Own shares as on 31/12/2021	Total sales	Total purchases
1	Abdullah Hamad Al Futtaim	Chairman	None	----	----
2	Omar Abdullah Al Futtaim	Vice Chairman	None	----	----
3	H.E .Sultan Saeed Al Mansoori	Director	None	----	----
4	H.E .Hameed Mohamed AL Qatami	Director	None	----	----
5	Mira Omar Al Futtaim	Director	None	----	----
6	Ahmed Zaki Haroun	Director	None	----	----
7	Khaled Abdullah Al Futtaim	Director	None	----	----

The board formation has been changed to include new 2 directors have elected in H.E Sultan Saeed Al Mansoori & H.E Hameed Mohamed AL Qatami , for a new period started from date of election on 18/3/2021 , instead of pervious members Khalid Abdulla Al Futtaim and Ahmed Zaki Haroun

Outgoing members referred to in a different color

No trading of the company's shares was undertaken during 2021 except by the board members, and spouse and children thereof

3- Board of Directors Composition

a- Board of Directors Composition as below table

No	Name	(1) Category	(2) Experiences / Qualifications		(3) Period served as a BOD members of the company since his first election	
					Period	Date of first election
1	**Abdullah Hamad Al Futtaim**	Non-executive Non-independent	Chairman/ Founder of Al Futtaim Group		40 years	1982
2	**Omar Abdullah Al Futtaim**	Executive Non-independent	Finance ,Investment, banking, Insurance , Real-estate development , Hotels and hospitality ,contracting , ElC	• Master of Business Administration	21 years	2001
3	**Ahmed Zaki Haroun**	Non-executive Non-independent	Finance , business administration , insurance	• Master of Business Administration	12 years	2009
4	**Khaled Abdullah Al Futtaim**	Non-executive Non-independent	Finance , business administration , insurance	Diploma	11 years	2010
5	**Mira Omar Al Futtaim**	Non-executive	Finance , business administration ,	Diploma	5 year	2017

		Independent				
6	**H.E Sultan Saeed Mohamed Nasir Al Mansoori**	Non – executive – independent	H.E Sultan Saeed Mohamed Nasir Al Mansoori Previously held the following positions: - Minister of Economy - Chairman of the Board of Directors of the Securities and Commodities Authority - Chairman of the Board of Directors of the Insurance Authority for the period 2008-2020. - Minister of Communications from 2004 to 2006 - Minister of Government Sector Development from 2006 to 2008. - Chairman of Aman Insurance Board of Directors for the period 2002-2008 - Vice President, Dubai Islamic Bank from 1999-2008	Bachelor's degree in Industrial Engineering & Management Systems from Arizona State University, USA, and Diploma in Computer System Analysis from the Institute of Computer Technology, Los Angeles.		2021
7	**HE Hameed Mohamed Al Qatami**	Non – executive – independent	H.E Hameed Mohamed Al Qatami Previously held the following positions ▪ Director General of DHA until 2020 ▪ Minister of Education for the period 2009-2014 ▪ Minister of Health from 2006-2009 Director General of the Emirates Institute of Financial Banking Studies from 1996-2006 ▪ Rapporteur and Secretary-General of the Human Resources Committee in the Banking Sector from 1996-2006 ▪ Chairman of the Board of Directors of the Federal Human Resources Authority for the period 1997-2006	Master degree in administration from Western Michigan university in US		2021

	(4) Membership of other joint-stock companies	**(5) Positions in important control, governmental or trade positions**
Abdullah Hamad Al Futtaim	None	The Chairman of Al Futtaim Group

Omar Abdullah Al Futtaim	1- Chairman of Emirates Investment Bank	• Vice chairman and chief executive officer of Al Futtaim Group • Director of Dubai Chamber of Commerce
Ahmed Zaki Haroun	None	None
Khaled Abdullah Al Futtaim	1- Director of Arab Heavy Industries Company	None
Mira Omar Al Futtaim	None	None
H.E Sultan Saeed Mohamed Nasir Al Mansoori	None	None
HE Hameed Mohamed Al Qatami	Chairman of Commercial Bank of Dubai	-Member of the Executive Council of the Emirate of Dubai Chairman of the Board of Trustees of Mohammed Bin Rashid College of Government Administration Chairman of Dubai Ambulance Services Corporation Member of the Board of Trustees of the Sheikh Hamdan Bin Rashid Al Maktoum Medical Sciences Award

b- Percentage of representation of women in the board in 2021

The percentage of women representation in the board is 20% of the total five directors.

c- Statement of the reasons for non-nomination of women to directorship

Director/ Mira Omar Al Futtaim represents the women component in the board with percentage of 20% of directors.

d- Directors remunerations and sitting fees

1- The remunerations paid to the members of Board of Directors for the 2020:

Concerning the year of 2020, all directors dispensed their remunerations and no remunerations were released.

2- Total remunerations proposed to be paid to the members of the Board of Directors for the year 2021, which shall be presented in the annual General Assembly for approval

All directors dispensed their remunerations for the year 2021, so there are no suggestions on distribution of benefits that can be presented in the annual General Assembly

3- A Statement of the details of attendance allowances for attending the sessions of and committees derived from the BO, which were paid to the BOD members for the fiscal year 2021

All directors, including the members of board **derived** committees, dispensed all allowances of attendance of board meeting or board committees meeting , and no allowances were released to them.

No		**Allowances of attending the board committees**		
		Committee	Allowance	Number of meetings
1	Mira Omar Al Futtaim	Audit committee	None	4
		Nominations & Remunerations committee	None	1
2	H.E Sultan Saeed Mohamed Nasir Al Mansoori	Nominations &Remunerations committee	None	-
3	HE Hameed Mohamed Al Qatami	Nominations remunerations committee	None	-
4	Ahmed Zaki Haroun	Nominations remunerations committee	None	1
		Audit committee		4

5	Raid Ahmed Al Khadr	Audit committee	None	4
6	Khalid Abdulla Al Futtaim	Nominations remunerations committee	None	1
		Audit committee	None	1

The table includes the pervious and current committee members during the preparation of the reporting period, based on election of the new board and committee's members (non-continuous members are mentioned in red)

e- The numbers and dates of BOD meeting held during the FY 2021 as well as the attendant frequency by all the members, in person and by proxy

Board of Orient Insurance Company (PJSC) held (7) meetings during the year 2021 according to the following details:

	Date of meeting	**Number of attendance**	**Attendance with proxy**	**Absent**
1st	14/02/2021	5	None	None
2	29/03/2021	3	None	HE Sultan AL Mansoori HE Hameed Al Qatami
3	**12/04/2021**	5	None	None
4	10/05/2021	3	None	HE Sultan AL Mansoori HE Hameed Al Qatami
5	**04/08/2021**	5	None	None
6	29/09/2021	3	None	HE Sultan AL Mansoori HE Hameed Al Qatami
7	07/11/2021	5	None	None

Number of times of personal attendance of board members:

Abdullah Hamad Al Futtaim	4
Omar Abdullah Al Futtaim	7
Ahmed Zaki Haroun	1
Khaled Abdullah Al Futtaim	1
Mira Omar Al Futtaim	7
HE Sultan AL Mansoori	3
HE Hameed Al Qatami	3

The vice chairman attend with proxy from Chairman for 3 meeting in the year 2021

All directors attend the board meetings discussed in finical results , and absent in some meeting with acceptable apology

F- Number of BOD decision by circulation during 2021

The BOD did not issue any resolution by circulation during 2021

G - A statement of the BOD` tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the management, stating the period and validity of the delegation as following

The Company's board assigned the company's executive management to assume the following duties and competences:

Name of authorized person	Delegation Authorities	Duration of delegation
Omer Hassan Elamin **Executive President**	1- All capacities required for assuming the burdens of management and the practical and technical requirements of the company, including, without limitation: - Daily management of the company - Arrangement of annual balance sheet - Creating the required insurance of the company - Appointment and dismissal of employees, consultants and contractors and defining their duties and remunerations inside and outside the state. - Representation of the company before all natural and corporate persons, ministries, commissions, authorities, boards, civil references and departments, private companies and entities, and signature of all contracts, correspondences and documents related to the company's works and provision and follow up of any or all requirements with any appropriate authority. 2- Follow up of construction, preparation and operation of new branches and headquarters and taking the measures of incorporation thereof. 3- In general, representing the company in all works required for exercise of its business and works in connection with, or relation to, exercise thereof in the United Arab Emirates and the other countries, the authorities may delegate partially or totally to executive team	The executive management of the company is carrying out the functions and authority according to Power of attorney from the BOD, subject to continuous review by BOD, the functions shall remain in force form unlimited period unless it canceled or reduced by the Board of Directors**.**

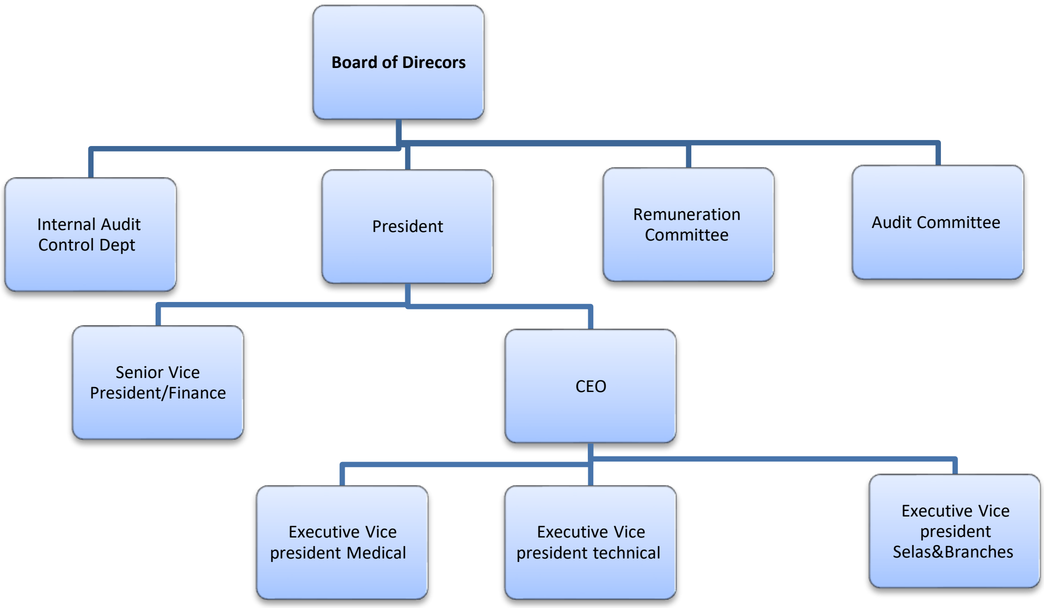
g- Statement of the details of transactions made with related parties (stakeholders) during 2021 as indicated in the consolidated statements of income provided in the financial auditing report were as follows:

Total Earned installments	191,011
Administrative expenses	38,178

Cost of repair of vehicles related to claims	39,064
Interest income	16,025
Dividends	49,546
Deposits with banks	513,874
Amounts due from related parties	141,681
Amounts due to related parties	41,243

Ser.	Statement of related parties	Clarifying the nature of relationship	Type of transaction	Value of transaction
1	Al Futtaim Motors	Sister Company	Insurance Policy Premium	191,011
2	Al Futtaim Group	Mother Company	Administrative expenses	38,178
3	Al Futtaim Group	Sister company	Cost of repair of vehicles related to claims	39,064
4	Emirates Investment Bank	Sister Company	Interest of this amount AED 16,025 Million	513,874
5	Dubai Commercial Bank	Affiliate Company:	Profit Dividends	49,546

g- Organizational structure of executives



i- A detailed statement of the senior executives as the company`s organizational structure and their positions and appointment dates and the total salaries and benefits paid thereto according to the following table:

	Name	Title	Date of appointment	Total salaries and allowances paid in 2021 (AED)	Total bonuses paid in 2021 (AED)
1	Omer Hassan Elamin	President	18/10/1982	**1,837,386.10**	Not paid yet
2	Xavier Arputharaj	CEO	16/10/2011	**1,092,577.51**	Not paid yet
3	Wissam Khalifaeh	EVP /Medical	19/08/2008	**1,147,456.58**	Not paid yet
4	Sundararajan B	SVP/Finance	31/10/2013	**616,693.84**	Not paid yet
5	Gilbert Espiritu	SVP/HR	08/03/2008	**515,164.30**	Not Paid Yet
	Total			**5,209,278.33**	

No Bonuses were paid in 2021, and the expected time of release of the Bonuses is 30/04/2022.

4- External auditor

a- A brief about auditor of the company's to the shareholders

KPMG assumes the external auditing works of the company. It is one of the international auditing companies that has branches in most countries of the world, and is trusted by many leading international companies. It is auditing company approved in the state and assumes auditing of the company's account since 2021. According to the follow up of auditing works of the company during those years, the external auditor performed his works honestly, independently and neutrally, and appointment was made in accordance with the company's general meeting dated

b- Statement of the fees and costs of auditing or services provided by the external auditor

During 2021, the company paid AED 886,000 as external auditor fees and they received this amount for the quarterly auditing of the company's accounts and annual final auditing as well as verification of the financial statements of the company and attendance of annual AGM to express their opinion on the company's budget and assure validity of the measures applied in invitation to the meeting and whether there is violation of the provisions of the company's articles of association, companies' law , SCA`s resolutions or company's general meeting decisions that may have occurred during the year, the company paid AED404,000 /- as fees of tax invoices review and regulation issues.

Name of Auditing Company Partner	KPMG Richard Ackland (Reg No. 1015)	
Number of years spent as external auditor of the company	4	
Number of years of the partner	1	
Total auditing fees of financial statements for 2021 (AED)	886,000	
The fees and costs of special services other than auditing of financial statement in 2021	404,000	Regulatory Returns, Tax related works & Others
Details and nature of other services provided	Regulatory Returns, Tax related works & Others	
Statement of the other special services submitted by another external auditor than the company's auditor during 2021	None	

c- **A statement of external auditors' reservations**

As per quarter, half and annual report , we could not recognize any reservation from external authors .

5- Auditing Committee

A- Acknowledgment of Mira Omar AL Futtaim The **Auditing** Committee Chairman's of her responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness

B- Names of auditing committee members and its competences and duties

The audit committee consists of the following directors:

Ms. Mira Omar Al Futtaim	Head of Committee	Independent/ Non-executive
Mr. Riad Ahmed Alkhdir	Director	Not board director
Mr. Ahmed Zaki Haroun	Director	Not board director

Functions and duties of audit committee:

a- To set and implement the policy of entering into contract with the external auditor and refer the board report that defines the matters it finds necessary to take measure in their respect and to present recommendations of the steps to be taken.
b- To follow up and control the independence and objectivity of external auditor, and to discuss him about the nature, scope and effectiveness of auditing in accordance with the approved auditing standards.
c- To control the safety of the company's (Annual, semi-annual and quarterly) financial statements and reports and to audit them as part of its normal work during the year, after closure of accounts in any quarter, and shall in particular focus on the following:

(1) Any changes to the accounting policies and practices.

(2) Highlighting the sides which are subject to the management's assessment
(3) Material amendments that result from auditing.
(4) Assuming continuity of the company's work.
(5) Compliance with the accounting standards to be decided by the Authority.
(6) Comply with the rules of listing, disclosure and other legal requirements related to preparation of financial reports.

d- Coordinating with the company's board, executive department, financial manager or manager in charge of the same duties in the company for performance of its duties. The committee shall meet with the company's auditors at least once per year.
e- Consider any important and extraordinary items that are contained or may be contained in those reports and accounts, and draw the due attention to any matters to be raised by the company's financial manager or the manager who assumes the same duties, compliance officer or auditors.
f- Review the financial control and internal control systems and risk management of the company.
g- Discuss the internal control system with management and assure its performance of the duty of creating effective internal control system.
h- Consider the key results of investigation of the internal control matters to be assigned by the board or initiated by the committee and management's approval.
i- Assure coordination between the company's auditors and external auditor and assure availability of the necessary resources to the internal auditing staff and review and control the effectiveness of this staff.
j- Review the financial and accounting policies and procedures of the company.
k- Review the external auditor's letter and work plan and any essential inquiries to be raised by the auditor to the executive department in connection with the accounting records, financial accounts or control systems and recuse and approve them.
l- Assure the board's timely response to the inquiries and essential matters raised in the external auditor's letter.
m- Set the controls that enable the company's employees to report any potential violations in the financial reports, internal control or other matters confidentially and the steps that guarantee independent and fair investigations of those violations.
n- Control the company's compliance with the rules of professional conduct.

o- Guarantee application of the rules of work of its duties and the capacities assigned thereto by the board.
p- Present report to the board on the matters contained in this item.
q- Consider any other topics to be defined by the board.

C- Meetings of the auditing committee

The auditing committee held (4) meetings during 2021 on the following dates:

No	Date of meeting	Agenda
First meeting	14/02/2021	Review of the internal control department report- review of the annual fiscal year of 2020- appointment of auditor for 2021- review the risk management policy , review IT policy , review evolution plan , review Oman branch activities , review Bahrain branch activities.
Second meeting	10/05/2021	Review the company's financial evaluation- review the financial statements for the first quarter of 2021, review internal audit policy for Oman branch.
Third meeting	02/08/2021	Review the financial statements for the second quarter of 2021, review internal audit report
Fourth meeting	07/11/2021	Review the internal audit report , review internal audit plan for 2022, review the financial statements for the third quarter of 2021

All members of the auditing committee attended all meetings that were held during 2021.

6- Nominations and Remunerations committee

A- Acknowledgment of Mira Omar Al Futtaim , the Nominations and Remunerations Committee Chairman of her responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness

B- Name of nominations and remunerations committee and the competences and its duties

The nominations and remunerations committee consists of the following board members:

Mr. Mira Omar Al Futtaim	Head of Committee	Independent/ Non-executive
H.E Sultan Saeed Al Msnsoori	Member	Independent/ Non-executive
H.E HE Hameed Mohamed Al Qatami	Member	Independent/ Non-executive

Functions and duties of the nominations and remunerations and committee and its duties

1- To assure independence of the independent directors on continuous basis. If the committee found that a director missed the conditions of independence, the company shall refer the matter to the company's board.

2- Prepare the policy of remunerations, benefits, incentives and salaries of the company's board and annually reviewing it. The committee shall assure that the remunerations and benefits granted to the senior executive department of the company is reasonable and suitable to the company's performance.
3- Define the company's needs of competences on the level of senior executive department and employees and basis of choice of them.
4- Prepare the human resources and training policy of the company and control application and review of it on annual basis.
5- Organize and follow up the procedures of nomination to the board membership in accordance with the applicable laws and regulations and the provisions of the Securities and Commodities Authority Board Resolution No 3/R.M of 2020.

C- Meetings of nominations and remunerations committee

One meeting of the nominations and remunerations committee was held during 2021.

Meeting date	14/02/2021

The meeting was attended by all members of the committee and the agenda was discussed as follows:

- Review of remunerations and salaries granted to the company's staff as compared to the local market.
- Assure independence of independent directors.
- Review of training and development plans and approve the plans.
- Review and declare the remunerations granted to the employees in accordance with performance in 2020.

7- Insiders` Trading Follow Up and Supervision of the Committee.

A- Acknowledgment of Mira Omar Al Futtaim , the chairman of the Supervision and Follow-up Committee of insiders' transactions. of her responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness

B- Insiders` Trading Follow Up and Supervision of the Committee was composed as BOD decision on. The committee consists of the following members:

1- Ms. Mira Omar Al Futtaim- Board Member
2- Mr. Salah Mabrouk Abdelazim- Legal Advisor of the Company
3- Mr. Mono Gorge Mathew - Head of Internal Control Department- Compliance Officer

Function and duties of Insiders` Trading Follow Up and Supervision of the Committee

First: Competences and duties of Insiders` Trading Follow Up and Supervision of the Committee

1- Review and control of the customer trading policies, including the periodic changes to be made thereto.
2- Receive and review the reports of trading operations done by customers.

3- Study and grant prior approval of the requests of trading of shares, bonds and securities (possession/ purchase/ and other authorized activities).

Second: Duties of Insiders` Trading Follow Up and Supervision of the Committee shall undertake the following duties:

1- Meet at least twice per year to follow up and supervise the customer transactions.

2- Review and control the trading policy of customers on annual basis in accordance with the rules of transactions and transparency and carry out the periodic changes, if necessary, to be in line with the changes of governing laws and decisions.

3- Receive and review the trading reports prepared by customers (by the end of each quarter) and carry out periodic control of the customer transactions in Dubai Financial Market to guarantee customer compliance with the trading policy of the company and assure validity of the declarations submitted by customers.

4- Receive the previous requests of securities trading and evaluate them in terms of compliance with the governing legislation and procedures, and to grant approval and advise the specific decision whereby trading is allowed to customers, and notify the official authorities with those requests.
5- Report to Dubai Financial Market and Securities and Commodities Authority the violations of trading policy requirements for customers to take the necessary decision and take the disciplinary measures against violators.
6- Draft the declarations of customers and supervise the contracts with external and temporary customers.

C- **Summary of the report of committee works in 2021**

There was no trading of the company's shares during 2021 so brief report was issued to the committee because there was no trading.

8- Investment Committee

A- Acknowledgment of Omar Abdulla Al Futtaim, the chairman of Investment Committee of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness
B- Name of Investment Committee

Mr Omar Abdulla Al futtaim	Head of Committee
Miss. Mira Omar Al Futtaim Futtaim	Member
Mr. Omer Hassan Elamin	Member

Functions and duties of the Investment Committee and its duties

C- Meeting of Investment Committee

No	Date of meeting	Agenda
First meeting	14/02/2021	Review of Investment Policy Investment Schedule Fixed-Deposited -placement/Renewal in Quarter 4/2020
Second meeting	10/05/2021	Investment Schedule review for the period from Jan till 31/03/2021. Review the available investment opportunities
Third meeting	02/08/2021	Investment Schedule review for the period from April till 30/06/2021
Fourth meeting	07/11/2021	Investment Schedule review for the period from July till 30/09/2021

9- Internal control system:

A- The BOD`s acknowledgment of its Responsibility for the Internal control System in the company and review of functioning mechanism of internal control and ensuring its effectiveness

The internal control department of the company exercises its works in accordance with the provisions of article (8) of the Securities and Commodities Authority board resolution No 3/R.M of 2020 to be sufficiently independent to assume its duties and track the board directly, and he shall be responsible for the internal control system and its follow up, revision and effectiveness as provided in the attached declaration issued by the company's board.

Work mechanism of the company's internal control department

The company adopted application of the international standards for achievement of internal control to achieve the required purposes at the utmost efficiency and least economic cost. The company's internal control work mechanism includes the following:

1) Reasonableness and consistency of information and data.
2) Compliance of the policies, plans and procedures with the regulations, laws and instructions.
3) Protection of the company's assets.
4) Compliance of activities, operations and programs with the specific strategic objectives and purposes, and assurance of the supervisory authorities compliance with the plans and objectives.

5) Assurance of preventive control to prevent occurrence of any undesired occurrences and correct the improper acts and adoption of desired practices and encourage repetition of performance of them.

6) Assure the safety and efficiency of internal control items represented in:

1- Control authority
2- Assessment of risks
3- Internal control activities
4- Information and communications
5- Control and inspection

7) Represented in the head of internal control department, the internal control department assumes the following:

- Preparation of annual control plan in coordination with the auditing committee and heads of appropriate departments and heads of other departments of the company.
- Implementation of the internal control plan which is set and approve in addition to implementation of any other duties or projects required by the board.

8) The internal control manager shall refer detailed reports to the board on evaluation of the internal control system and shall highlight the notes and raise suggestions to bridge any gap that may arise in the internal control system on regular periodic basis when necessary and at any time he decides in accordance with the requirements of the control best practices.

B- Head of internal control department and his qualifications:

Mr. Mono Gorge Mathew shall assume the duty of the internal control department of the company.

Academic Qualifications:

- Fellow Member of the Institute of Chartered Accountants of India (1999)
- Diploma in Information Systems Audit
- B.C Commerce

Experiences:

- Rajasekharan & Mathew (Chartered Accountants), 1999-2006
- KPMG, Doha Qatar -2006-2009
- Al Jsir Takaful -2009-2010
- Orient insurance 2010- present

C- compliance Committee

The company has formed a compliance committee to monitor the work of the compliance officer , review and develop policies related to the compliance in the company consisting of

1- Group President
2- Operations Manager
3- Head of internal Audit
4- CFO
5- Head of Legal Department
6- AML manager -Money Laundering

7- Compliance Officer

D- Compliance officer and his qualifications

Mr. Sony Saji Abraham shall assume the duty of compliance Officer

Academic Qualifications

- B.Com
- DIFA
- MBA

Experiences:

- **AJMS GLOBAL CONSULTING 2017-2021**
- **DEUTSCHE BANK – 2013-2016**
- **ROYAL BANK OF SCOTLAND 2012-2013**

E- Approach of internal control department's management of any big problems in the company or those disclosed in the annual reports and accounts

The internal control department works in accordance with specific mechanism, which is direct affiliation to the board. In case of serious problem in the company, it shall be referred to the board to take the necessary steps for avoidance of aggravation of the problem. Concerning 2021 and the previous years, the internal control department didn’t encounter any problems in the company because the company deals in accordance with the generally acceptable bases and practices in accordance with the provisions of law.

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

A copy of all periodic reports issued to the Company Board and a statement of other reports issued by the Department, along with summary of the content of those reports.

10 - Details of the violations committed during the year 2021

Through the data that was submitted and continuous follow up by the board committees and internal control department, and the external auditor, it was found that there are no financial or administrative violations of 2021.

11- Contribution of the company during 2021 in development of local community and conservation of environment

Orient Insurance Company (PJSC) adopts environmental and social policy that stems from its focus on conservation of local environment safety by reducing the use of the tools that emit pollution and reducing the quantities of wastes by recycling, reuse and optimal use of resources.

In addition to the foregoing, Orient Insurance (PJSC) effectively exercises its social roles by engagement with number of governmental and nongovernmental organizations that enhance the elements of external communication and compatibility with the general plans of development in the State.

Concerning contribution of the company in development of local community during 2021, the company is affiliate to Al Futtaim group that managed to be part of the economic scene in the region, because of its power, size and effect on society, by creating diverse job opportunities and presenting local community development programs, and through the social responsibility programs. Because of the large number of companies, all contributions were notarized in the name of Al Futtaim Group, as the group assumes this duty on behalf of the sole proprietorships.

12- General information

A- Statement of company's share price in the market by the end of every month during the fiscal year 2021

No transactions on the company's shares were done during 2021, and the stock price is fixed from 01/01/2021 to 31/12/2021 for AED 66.30.

Table that indicates the stock price during the fiscal year 2021 that indicates the maximum and minimum price by the end of each month.

Month	Highest price		Lowest price	
January	AED	66:30	AED	66:30
February	AED	66:30	AED	66:30
March	AED	66:30	AED	66:30
April	AED	66:30	AED	66:30
May	AED	66:30	AED	66:30
June	AED	66:30	AED	66:30

Month	Highest price		Lowest price	
July	AED	66:30	AED	66:30
August	AED	66:30	AED	66:30
September	AED	66:30	AED	66:30
October	AED	66:30	AED	66:30
November	AED	66:30	AED	66:30
December	AED	66:30	AED	66:30

B- A Statement of comparative performance of the company's share with the market Index and sector index to which the company belongs during 2021

No transactions were done to the shares of the company during 2021, so the share price didn’t interact with the general market indicator or the sector indicator.

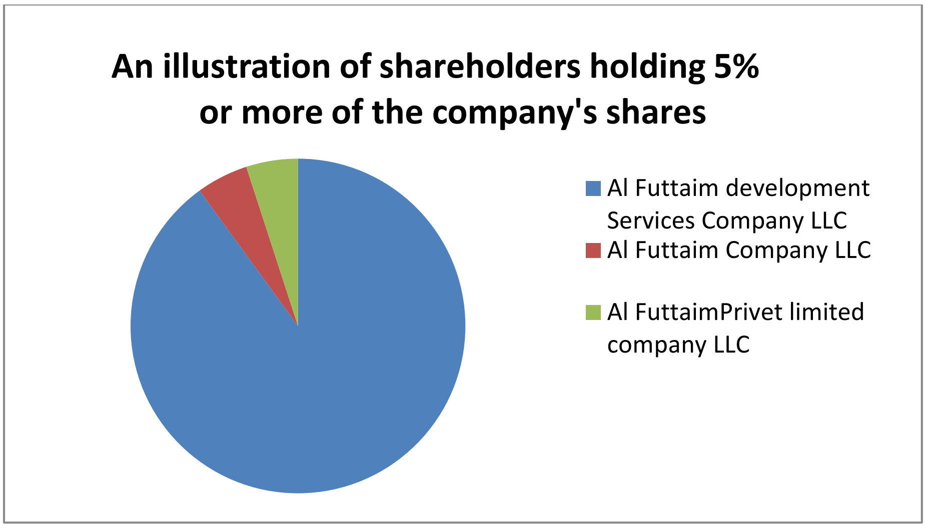


Diagram that indicates stability of stock price and its non-interaction with the general market index and sector index during 2021

C- A Statement of shareholders distribution as of 31/12/2021

No	Shareholder's classification	Percentage of own shares			
		Individuals	Companies	Government	Total
	Local	___________	100%	___________	100%
	Arab	___________	___________	___________	
	Foreign	___________	___________	___________	
	Total	___________	100%	___________	

D- A Statement of shareholders who hold 5% or more of the company's capital as of 31/12/2021

No	Name	Number of own shares	Percentage of own capital shares
1	Al Futtaim Development Services (LLC)	4,500,000	90%
2	Al Futtaim Company (LLC)	250,000	05%
3	Al Futtaim Private Company (LLC)	250,000	05%

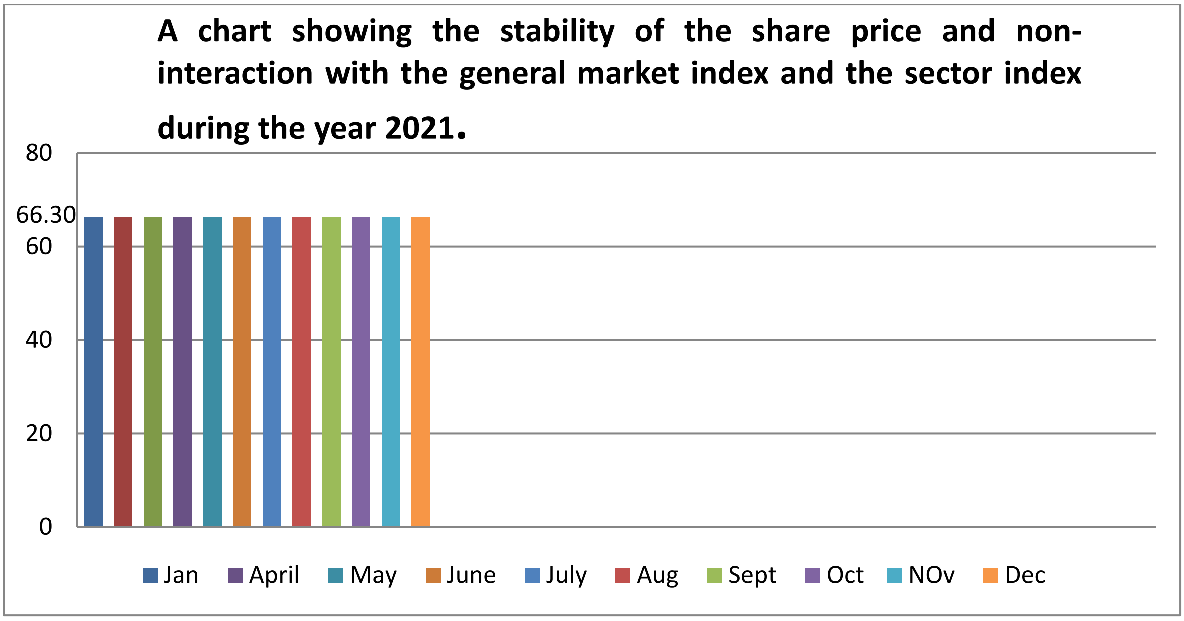


Diagram of shareholders who own 5% or more of the company's shares

E- A Statement of shareholders distribution by the size equity as of 31/12/2021

No	Shareholding (share)	Number of shareholders	Number of own shares	Percentage of own capital shares
1	Less than 50,000	-------	--------	--------
2	50,000 to less than 500,000	2	500,000	10%
3	500,000 to less than 5,000,000	1	4,500,000	90%
4	Over 5,000,000	----	-----	-----

F- A Statement of procedures taken with respect to controls of investors' relations

In compliance by the company with the decisions made in this respect, head of Legal Department (Legal Advisor of the Company) was appointed investors' relations office because he satisfies the required conditions, including understanding the laws and regulations and ability of communication with investors.

- **Name of investors' relations officer and his contact details**

Mr. Salah Mabrouk Abdelazim

Tel: 04-253160 Mobile: 056/2261910 Fax: 04/2531500

Email: salah.mabrouk@alfuttaim.ae

- **Link of the investors relations web page** http://www.insuranceuae.com/ABOUTUS/InvestorRelations/tabid/128/Default.aspx

G- A Statement of a special resolution parented to the General Assembly held in 2021 and the procedures taken in respect thereof

- There are no particular decisions that were referred to the general meeting during 2021.

h- The name of the Board secretary and the date of his appointment

The name of Board secretary is Mr. Salah Mabrouk Abdelazim

- His appointment Date.

22/12/2017

- His qualifications and experiences.

- Bachler degree in law
- Legal experience for 24 year
- Company Legal Advisor since 2007
- Board Secretary certified from Hwkama / DFM
-

Statement of his duties during the year

- Organizing board meetings
- Informing board members of the meeting
- Documenting board meetings and keeping reports
- Providing members with the required information and records
- Verification of compliance - for board members
- Monitoring the disclosures of board members
- View drafts of the minutes.
- Preparing the communications & official letters to the authorities related to the council's invitation or after the meeting
- Coordination between the chairman and members of the Board and providing advice .

i- **Statement of the essential incidents that the company encountered during 2021**

None

j- Statement of the percentage of Emiratization by the end of 2021

Percentage of Emiratization by the end of 2021 was 17 %, and the company works on increase of this percentage.

Percentage of Emiratization for 2020 17%

Percentage of Emiratization for 2019 16%

k- <u>Statement of creative projects and initiatives done by the company or those under development during 2021</u>

The company did not submit any creative projects during 2021

Signature of the Board Vice Chairman	Signature of Audit Committee Chairman	Signature of Nomination and Remuneration Committee Chairman	Signature of Internal Control Department Director

التاريخ : 2022/2/8

<u>"إقرار مجلس إدارة شركة أورينت للتأمين (ش.م.ع) بمسئوليته عن نظام الرقابة الداخلية بالشركة"</u>

يقر مجلس إدارة شركة أورينت للتامين (ش.م.ع) بمسؤوليته عن نظام الرقابة الداخلية للشركة وعن فاعلية نظام الرقابة كما يؤكد المجلس على مراجعته لأعمال لجنة الرقابة الداخلية للشركة والمهام المناطة بها طبقا لقرارات مجلس إدارة هيئة الأوراق المالية والسلع ذات الصلة والمحددة لمهام وواجبات إدارة الرقابة الداخلية ، وهذا الإقرار من المجلس بذلك .

عمر عبدالله الفطيم

نائب رئيس مجلس الإدارة

اقرار رئيس لجنة متابعة والأشراف على تعاملات الأشخاص المطلعين

اقر أنا /ميره عمر الفطيم ، بصفتي رئيس **لجنة متابعة والأشراف على تعاملات الأشخاص المطلعين** بشركة اورينت للتأمين (شركة مساهمة عامة) بالمسؤولية عن نظام اللجنة في الشركة وعن مراجعتي لآلية عملها والتأكد من فعاليتها.

التاريخ : 2022/2/8

التوقيع :

أقرار رئيس لجنة التدقيق

اقر أنا /ميره عمر الفطيم ، بصـــفتي رئيس للجنة التدقيق بشـــركة اورينت للتأمين (شـركة مسـاهمة عامة) بالمسـؤوليته عن نظام اللجنة في الشـركة وعن مراجعة آلية عملها والتأكد من فعاليتها.

التاريخ : 2022/2/8

التوقيع :

أقرار رئيس لجنة الترشيحات والمكآفات

اقر أنا /ميره عمر الفطيم ، بصـــفتي رئيس للجنة الترشـــيحات والمكآفات بشـــركة اورينت للتأمين (شـــركة مســـاهمة عامة) بالمســـؤوليته عن نظام اللجنة في الشـــركة وعن مراجعة آلية عملها والتأكد من فعاليتها.

التاريخ : 2022/2/8

التوقيع :

أقرار رئيس لجنة الأستثمار

اقر أنا / عمر عبدالله الفطيم ، بصفتي رئيس للجنة الأستثمار بشركة اورينت للتأمين (شـركة مسـاهمة عامة) بالمسـؤوليته عن نظام اللجنة في الشـركة وعن مراجعة آلية عملها والتأكد من فعاليتها.

التاريخ : 2022/2/8

التوقيع :

إقرار عضو مجلس إدارة

شركة اورينت للتأمين

1	**الأسم**	**عبدالله حمد الفطيم**
2	المنصب/ صلة القرابة	رئيس مجلس الإدارة
3	الأسهم المملوكة كما في 2021/12/31	لا يوجد
4	إجمالي عملية البيع خلال العام 2021	لا يوجد
5	إجمالي عملية الشراء خلال العام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	غير تنفيذي – غير مستقل
7	الخبرات والمؤهلات	
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ أول إنتخاب له	40
9	تاريخ أول انتخاب	1982
10	العضوية والمناصب في أية شركات مساهمة أخرى	لا توجد
11	المناصب في أية مواقع رقابية أو حكومية أو تجارية هامة أخرى.	لا توجد

أنا / **عبدالله حمد الفطيم** ، بصفتي رئيس مجلس إدارة شركة أورينت للتأمين (شركة مساهمة عامة) ، أقر بالتالي :

1- عدم التعامل في الأوراق المالية للشركة من قبلي أو الأبناء او الأزواج خلال العام 2021 – وفقا للبند (2) من تقرير الحوكمة.
2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الأخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة)

التوقيع :-

اقرار عضو مجلس إدارة

شركة اورينت للتأمين

1	**الأسم**	**عمر عبدالله الفطيم**
2	المنصب/ صلة القرابة	نائب رئيس مجلس الإدارة
3	الأسهم المملوكة كما في 2021/12/31	لا يوجد
4	إجمالي عملية البيع خلال العام 2021	لا يوجد
5	إجمالي عملية الشراء خلال العام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	تنفيذي - مستقل
7	الخبرات والمؤهلات	الشئون المالية -- الأستثمار –البنوك – التأمين– الأستثمار العقاري – الفنادق والضيافة – المقاولات وكالات السيارات وغيرها من الأنشطة الاقتصادية بكالوريوس الأقتصاد والدراسات المالية – جامعة مينيسوتا بالولايات المتحدة
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ أول إنتخاب له	21 سنة
9	تاريخ أول انتخاب	2001
10	العضوية والمناصب في أية شركات مساهمة أخرى	رئيس مجلس إدارة بنك الإمارات للاستثمار
11	المناصب في أية مواقع رقابية أو حكومية أو تجارية هامة أخرى.	نائب الرئيس والمدير التنفيذي لمجموعة الفطيم عضو مجلس إدارة غرفة تجارة دبي . عضو مجلس دبي الأقتصادي.

أنا / **عمر عبدالله الفطيم** ، بصفتي نائب رئيس مجلس إدارة شركة أورينت للتأمين (شركة مساهمة عامة) أقر بالتالي :

1- عدم التعامل في الأوراق المالية للشركة من قبلي أو الأبناء او الأزواج خلال العام 2021 – وفقا للبند (2) من تقرير الحوكمة.
2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الأخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة).

التوقيع :-

اقرار عضو مجلس إدارة
شركة اورينت للتأمين

1	**الأسم**	**ميره عمر الفطيم**
2	المنصب/ صلة القرابة	عضو مجلس الإدارة
3	الأسهم المملوكة كما في 2021/12/31	لا يوجد
4	إجمالي عملية البيع خلال العام 2021	لا يوجد
5	إجمالي عملية الشراء خلال العام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	غير تنفيذي – مستقل
7	الخبرات والمؤهلات	الشئون المالية – وإدارة الأعمال– التأمين دبلوم
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ أول إنتخاب له	5 سنوات
9	تاريخ اول انتخاب	2017
10	العضوية والمناصب في أية شركات مساهمة أخرى	لا توجد
11	المناصب في أية مواقع رقابية أو حكومية أو تجارية هامة أخرى.	لا توجد

أنا /ميره عمر الفطيم ، بصفتي (عضو مجلس إدارة شركة أورينت للتأمين(شركة مساهمة عامة) أقر بالتالي :

1- عدم التعامل في الأوراق المالية للشركة من قبلي أو الأبناء او الأزواج خلال العام 2021 – وفقا للبند (2) من تقرير الحوكمة.
2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الأخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة).

التوقيع :-

Summary of OCD REVIEWS 2021

OPERATIONS CONTROL REVIEW

YEAR 2021

Internal Audit Report for Orient Insurance PJSC

Period of Review: Years 2020-2021

Name of Auditor: Ahmed Alqahtani

Executive Summary:

We have completed this report to highlight the 2021 audit plan of Orient Insurance PJSC. The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing, as described by the Institute of Internal Auditors (IIA).

Background:

The Internal Audit Function is part of the Operation Control Department at Orient Insurance PJSC. The mandate of the Internal Audit team is to carry out an internal audit of company's functions and conduct an annual review of the effectiveness of the company's system of internal controls.

Objective and scope

- To determine whether Standard Operating Procedures (SOPs) were developed, documented, approved, communicated, and properly Rectified.
- Overall adequacy and effectiveness of internal controls systems and procedures,

- To determine whether Delegation of Authority (DOA) was developed, approved, communicated, and properly Rectified.
- To assess the validity, integrity and appropriateness of the Underwriting, Claims, Administration and Finance related business processes and that management has addressed all related risks.
- To assess the validity, accuracy, completeness, proper authorization and processing of underwriting policies and related premium collection.
- To assess the validity, accuracy, completeness, proper authorization, and processing of claims.
- To determine whether branch(s) processes are properly monitored by the HQ and regularly reviewed.
- Our review included assessing compliance with Policies and Procedures, testing the effectiveness & efficiency of operations through examining and assessing related functions, activities, files, manuals, system-generated reports, authorized approvals, cross-relationship among processes stakeholders.
- Examine compliance with operating policies, procedures, laws, regulations, and significant contracts.

Methodology

Our internal audit function uses a risk-based approach through which company risks are identified, assessed, and prioritized. Our audits are designed to test control processes/ control activities to ensure that risks are mitigated and kept within Orient's risk appetite and risk tolerance. Our audits start with an overview of activities through a study and documentation of the existing systems and procedures. We have assessed the specific risks identified within each area of scope, evaluated the associated mitigating controls, and commented on the results of our audit procedures. Our report is based on information presented to us during the audit. The key findings and main contents of this report have been discussed with the management.

Area of Coverage	Finding	Potential Effect	Recommendation	Priority	Management Response	Target Date
Motor Claims	Salvages belonging to claims dated back to 2008 kept in Orient Insurance Yard.	. Utilization of unnecessary yard space because as per Orient's legal representative, salvages that have been in the custody of Orient for 3 years or more are eligible to be transferred to Dubai Municipality yard. . Legal verdict for ownership transfer to Orient's name of Lexus LS 40 belonging to claim no. 08-701-770-2013-172 was sent to the head of Motor Claims on 14 April 2016, however, no action was taken by the department resulting in non-disposal of the salvage ultimately leading to financial loss.	. Transfer documentation for Lexus LS 40 belonging to claim no. 08-701-770-2013-172 should be obtained from the traffic dept. and based on that, disposal of salvage should be performed. . As per Legal Dept.'s recommendation, salvages that have been in Orient yard that are older than 3 years should be moved out of Orient Yard and shifted to the Dubai Municipality yard. . File for claim no. C/40/3102/2014/981 is to be obtained from InfoFort, and action is to be taken accordingly upon receipt of file.	Medium	Claim no. 08-701-770-2013-172 is a Legal case. BO- Abd somehow get the transfer from ABD-Traffic and we are coordinating with TP ins co New India for salvage disposal. . For claim no. C/40/3102/2014/981 we are awaiting the file from InfoFort.	Q 2, 2022
Motor Claims	Initial and final salvage location for multiple total loss claims are not showing in the oustanding salvage report	. Motor salvage loss/ theft . Misappropriation of motor salvage	The Motor Claims Section in coordination with IT should revisit the salvage pending report and identify the salvage location for all 139 total loss claims.	Medium	. For capturing Final location IT to develop a tracker system. . As discussed IT will provide additional location.	Q 2, 2022

Motor Claims	Absence/ incomplete total loss salvage checklists for claims no. C/01/3700/2020/26& C/01/3706/2020/1048	. Financial Loss . Process inefficiency	The Motor claims Section should ensure the existence, completeness and sign off of claims' supporting documentation.	Medium	. C/01/3706/2020/1048 - Vehicle being showel surveyor did not fill up the check list. . C/01/3700/2020/26 is a one of case. The surveyor did not upload the Check list - We will upload the same. . Head of surveyor , in addition , will send mail to all the surveyors to exercise due care while uploading the survey report and check list.	Rectified
Motor Claims	Absence of chassis no. for multiple total loss claims	. Motor salvage Loss/ Theft . Misappropriation of motor salvage	The Motor Claims Section in coordination with IT should revisit the salvage pending report and identify the chassis numbers of all salvages with a missing chassis no.	Medium	Recently we made chassis no. entry in the salavge module as mandatory. Once we approve salvage registeration we can not edit or insert the field. Hence for old claims ,we can not add the chassis no.	Q 2, 2022

					We requested IT to assist to add those salvages if possible.	
Motor Underwriting	Motor comprehensive policies issued for vehicles older than 10 years	Financial Loss	. The Motor Underwriting Section should adhere to the motor underwriting guidelines with regards to issuance of motor comprehensive policies. . A system control can be put in place whereby if motor comprehensive policies are to be issued for vehicles older than 10 years, special approvals by the authorized personnel can be attained on the system.	High	The department can provide comprehensive cover for vehicles older than 10 years if it's an Orient renewal or for some special cases which involve certain commercial considerations. The UW guidelines will be updated to include this feature.	Rectified
Motor Underwriting	Motor comprehensive agency repair policies non-compliant to motor underwriting guidelines: During our review of the Motor Underwriting Section, we noted that for multiple policies the premium rate given is below the premium rate highlighted in the motor underwriting guidelines	Financial Loss	Motor underwriters should adhere to the premium rates highlighted in the motor underwriting guidelines.	High	Discounts are provided based on the merit of the risk or if there's a commercial consideration that needs to be taken into account.	Rectified
Motor Underwriting	Absence of motor policies' supporting documentation upload to premia& upload of supporting	. Distorted records . Difficulty in retrieving supporting documentation.	. Motor underwriters should ensure upload of all motor policies' supporting documentation to Premia	Medium	There are times when the customer has all documents relevant for issuance in the same file which	Rectified

	documentation under the wrong tab		Insurance system right upon issuance of motor policies. . Motor underwriters should ensure upload of motor policies' supporting documentation under the correct tabs.		causes minor distortion. The team has been instructed to upload the documents relevant to the section. The same has been informed to the brokers/other sources as well but the control mechanism might be weaker given that they are external parties.	
Motor Underwriting	Amendments required to the approved Motor Underwriting Guidelines.	Inconsistency and non-standardization in the Motor Underwriting Section's business processes.	The Motor Underwriting Section should explore the possibility of amending their Motor Underwriting guidelines, and get it approved by the authorized personnel.	Medium	Amendments to the Motor Underwriting guidelines have been sent for approval and once approved, the changes will be reflected.	Partially Implemented – Full implementation will be completed by end of Q 1 2022
Motor Underwriting	Malfunction noted in the high-value vehicles' referral system: During our review of the Motor Underwriting Section, we noted that for high value vehicles ranging	Financial loss	Explore the possibility of having a system control whereby all high value referrals should be approved by designated personnel within the Motor Underwriting Section.	Medium	The Motor Front Desk team has the authority to quote for high value vehicles as per the tariff guidelines and all deviation requests	Rectified

	from AED 250,000 to AED 2.5 M, a referral would pop up in the policy portal to alert the underwriter who has received the query that such motor policy belongs to the category of high value vehicles who in turn would send an email to the Motor Underwriting Head (VP) to attain authorization to issue a high value policy. However, in the case that the underwriter does not send an email to the Motor Underwriting Head (VP), he/she is still able to issue such policies without referring to the Motor Underwriting Head (VP). This indicates a weak system control which can bring about financial losses to Orient Insurance in case future claims are filed against such high-value policies.				are approved by VP – Motor.	
Motor Underwriting	Absence of linkage between customers' Request for Quotations (RFQs) and Quotations prepared by the Motor Underwriting Section:	. Loss of potential customers. . Difficulty in identifying whether all customers' queries (RFQs) were responded to.	The Motor underwriting Section in coordination with IT should explore the possibility of having a common email ID wherein all customers' RFQs/ queries are received and create a linkage between that email ID and the	Medium	Currently there is a common email ID but there's no CRM tool for individual RFQ's as the request can come from a variety of sources. We will	Q 2, 2022

	. We noted that quotations prepared by the Motor Underwriting Section are uploaded to the policy portal, however, customers' RFQs are not uploaded to the same. This weak linkage hinders the ability to identify whether all customers' RFQs are responded to and whether they are responded to within the turnaround time communicated by the customer. . In addition, such linkage may benefit the company in the long-term should the company decide to cascade KPIs to department level whereas such linkage would reflect an indicator for the Motor Underwriting Section's productivity.		policy portal so that all received RFQs/ queries are shown on the policy portal.		however explore the possibility of having a common link to measure overall TAT and productivity of the department.	

Motor Underwriting	Issuing motor agency repair policies for vehicles older than 3 years.	Financial Loss due to hefty costs incurred in case claims are filed against the above policies.	. The Motor Underwriting Section should adhere to the approved Motor Underwriting guidelines and in case exceptions are needed a formal approval system should be in place. . Explore the possibility of having a system control so that once the vehicle age exceeds 3 years, agency repair policies cannot be issued unless system approvals from the authorized personnel are attained.	High	Agency repair for vehicles older than 3 years is always approved by the relevant authority. Currently the approvals will be over email and the team will start attaching them in the system as required.	Rectified
Motor Underwriting	Absence of predefined parameters as to which high value vehicles should be sent for exploration of fac-out possibility.	Financial loss in case motor policies of high value vehicles are issued solely by Orient Insurance and claims are filed against such policies.	The Motor Underwriting Section should have pre-defined approved parameters in place as to which high value vehicles are to be sent for fac-out.	Medium	There are lot of factors to judge the merit of a risk and based on those collective factors the department can choose to FAC-out if required.	Rectified

Administration	Non-compliance to Al Futtaim PO creation policy: . We noted that in most cases, the person creating the PO is the same person releasing the PO to the vendor. . In addition, we noted that in most instances, the person releasing the PO is the same person receiving the goods/ services of that particular PO.	. Inadequate Segregation of duties in the process of PO creation and PO release may leave room for misappropriation. . Inadequate Segregation of duties in the process of PO/ receipt of goods and services may leave room for misappropriation.	The Administration Section should strictly adhere to Al Futtaim PO creation policy.	High	To be Rectified	Rectified
Administration	Delays in processing payments to vendors due to weak coordination between the Admin Section and the Finance Dept.	Delays in payments to vendors may hinder Orient's credibility/ goodwill in the market.	The Administration Section in coordination with Finance should construct a mechanism to periodically follow-up on payments supporting documentations to ensure timely payments to vendors.	Medium	ICM invoices along with LPO blue copy will be forwarded to Finance every time it is received for payment settlement.	Rectified
Administration	Non-Existence of a monthly procedure for reviewing all open LPOs, marking them and deleting them in a timely manner:	. Missing out on some unreceived items. . Encountering delays in receipt of pending items.	The Administration Section should adhere to Al Futtaim group policy and construct a formal mechanism to monthly review opened LPOs, follow-up and update status of opened LPOs.	High	To be Rectified	Rectified

Administration	Issuing LPOs to vendors not registered in Orient's approved vendors list.	Issuing LPOs to shell vendors.	The Administration Section should ensure vendor registration and vendor account creation prior to entering the vendors master, and LPOs can only be issued to that vendor post registration in Orient's vendors list.	Medium	Vendors to be included in vendors master list	Rectified
Administration	Issuing LPOs and sending them to vendors without obtaining all required sign offs: . LPO No. 3030 issued 15-Dec-20 was sent to the vendor without obtaining the Finance Dept. sign off. . LPO No. 2659 issued 19-March-2020 was sent to the vendor without obtaining OCD sign off.	. Processing unauthorized LPOs to vendors. . Process inefficiency	The Administration Section should ensure that LPOs are signed off by all required parties prior to sending to vendors.	High	We will double check if LPO signatures are complete prior to sending to vendors.	Rectified
Administration	Expired fire extinguishers observed in the HO.	. Human loss in case of fire in the above-mentioned areas. . Property damage and loss of company assets in case of fire.	The Administration Section should closely monitor our firefighting system and accordingly ensure that all extinguishers are inspected and valid for use in case of fire emergencies.	High	Rectified	Rectified

Administration	The delivery time/ period is not communicated in the LPO to our suppliers.	Delays in receipt of ordered items.	The Administration Section should ensure that items& services delivery time/ period are communicated in LPOs to ensure receipt of ordered goods and services in a timely manner.	Medium	To be Rectified	Rectified
Administration	Non-inclusion of all inventory items in Orient's inventory management software (QuickBooks).	Encountering delays in delivering goods to end users.	The Administration Section should explore the possibility of including all inventory items in QuickBooks to ensure optimal stock levels and timely delivery of goods to end users.	Medium	Pantry items with significant cost to be included in the inventory system.	Rectified
Administration	Absence of a procedure to perform vendor pre - qualification process.	Possibility of dealing with shell vendors who are not registered in the UAE.	. The Administration Section should ensure vendors pre-qualification prior to entering the vendors master (approved suppliers list). . The Administration Section should ensure attainment of vendors supporting docs prior to adding a vendor into the vendors master (Vendors profile, Trade license, Chamber of Commerce Certificate, tax registration documentation, etc.)	Medium	We will require vendors to submit trade license and VAT certificate.	Rectified

Administration	Issuing LPOs without inclusion of the vendors name in the LPO: During our review of the Administration Section, we selected a sample of LPOs and noted that for the following LPOs, the vendor's name was not included in the LPO: . LPO 716 issued on 29-January-20. . LPO 715 issued on 29-January-20.	Possibility of sending the LPO to the wrong vendor (process inefficiency).	The Administration Dept. should ensure that all issued LPOs include the vendors name to which the LPO will be sent.	Medium	To double check if all LPO details are in place before sending to vendors.	Rectified
Non-Motor	We noted that claim no. C/01/2000/2021/37 was rejected by the Non-Motor Claims Section on 4th July 2021 and there was no objection with regards to the claim rejection either from the broker or from the customer, however, as on 7th Nov 2021 (4 months later), the reserve amount of AED 114,908 relating to the claim amount (excluding the LA fees) is still open in Premia.	Inaccuracies impacting P& L figures.	The Non-Motor Claims Section should ensure that as soon as the claim is rejected, and no objection has been received by the customer, the reserve amount relating to the respective claim should be closed to avoid inaccuracies hitting the P& L account.	High	Though the claim was declined, it is a usual process to wait for a couple of quarters whether the insured is getting back with some reasoning. Noting that the claim was declined in the Second Quarter, we shall close the claim permanently during the fourth Quarter 2021.	Rectified

Non-Motor Claims	Delays in injecting actual LA reserve even after receipt of the LA invoice: We noted that for claim no. C/01/2010/2021/10, the LA invoice was issued/ received on 8-Dec-2020, however, as of date (8-Nov-2021) the reserve corresponding to the LA invoice amounting to AED 3,927 isn't injected in the system.	Inaccuracies impacting P& L figures.	. The Non-Motor Claims Section should continuously monitor claims movement/ update and amend claim estimates (reserves) accordingly. . Month-end review of all open claims' estimates (reserves) and application of reserve amendments if needed.	High	System was updated with reserve for the the LA Fee of AED 3,927. As part of next step, the payment process has been initiated.	Rectified
Non-Motor Claims	Non-existence of large loss (claim) notification forms for claims equaling AED 100,000 and above – For e.g., refer to the following claim nos.: . C/01/2000/2021/30 . C/01/1002/2021/79 . C/01/2010/2021/10	. Difficulties in recovery of claim paid amounts from reinsurers. . Unawareness of senior management of costly claims, may hinder senior management's future forecasts, plans& strategies. (revisit)	The Non-Motor claims section should ensure preparation of large claim notification for all claims valued at AED 100,000 and above.	High	. All the claims were settled. In one claim LL was sent and settled. . Other two claims the same was settled immediately as per the Authority, as such LL was not referred. . We shall in future comply with LL without fail.	Rectified

Non-Motor Claims	Closing an open reserve upon auditor's query: we noted that for claim no. C/01/2010/2021/297, a default claim reserve of AED 50,000 was injected in the system on 11-Oct-2021. However, upon receipt of the LA's recommended reserve, a new claim reserve of AED 43,745.13 was injected on 12-Oct-2021 yet the default reserve of AED 50,000 stayed open until the time of the auditor's query on 27-Oct-2021	Inaccuracies in monthly P& L figures.	. The Non-Motor Claims Section should ensure closing of default reserves as soon as they receive LA's recommended reserves. . Month-end review of claims' reserves.	High	The default reserve of AED 50,000 was closed. The handler will take care in future.	Rectified
RAK Branch	Motor high value vehicles policies issued/ booked under a non-high value vehicle code and vice versa. For policy nos. refer to the below: . P/50/3700/2021/69 . P/50/3700/2021/133 . P/50/3700/2021/118 . P/50/3700/2021/132 . P/50/3700/2021/112 . P/50/3700/2021/436 . P/50/3701/2021/1	Complications in treaty coverage because high value vehicles have a separate treaty.	RAK branch should ensure that motor policies are issued under the relevant motor product code.	High	Issued by mistake and instruction given to underwriters to avoid it.	Rectified

<table>
<tr>
<td>RAK Branch</td>
<td>Due care was not exercised while receiving cheques:
<table>
<tr><th>Doc No</th><th>Reason</th></tr>
<tr><td>RVD01-2021000131</td><td>W/F DIFFER</td></tr>
<tr><td>RVD50-2021000003</td><td>CLOSED ACCOUNT</td></tr>
<tr><td>RVD50-2021000004</td><td>Signature Irregular</td></tr>
</table>
</td>
<td>Possible recovery complications with the customer</td>
<td>Due care should be exercised while receiving cheques.</td>
<td>Medium</td>
<td>Noted. Instruction given to accountant to care about W/F.</td>
<td>Rectified</td>
</tr>
<tr>
<td>RAK Branch</td>
<td>25 RAK policies pending approval as on 31-Oct-2021.</td>
<td>No review of unapproved policies.</td>
<td>Policies pending approval should be reviewed and deleted if no longer required.</td>
<td>Medium</td>
<td>Noted. Instruction given to underwriters to delete them.</td>
<td>Rectified</td>
</tr>
<tr>
<td>RAK Branch</td>
<td>Agency repair cover given to vehicles older than 3 years:
. P/50/3700/2021/317
. P/50/3707/2021/20
. P/50/3707/2021/44</td>
<td>. Financial impact in case a claim is filed against the above policies

. Override of Motor Underwriting guidelines</td>
<td>RAK Branch should adhere to Motor Underwriting guidelines and if exceptions are needed, the branch should seek approvals from HO.</td>
<td>High</td>
<td>. First policy corrected.

. Instruction given to underwriters to correct the other policies and avoid these mistakes in future.</td>
<td>Rectified</td>
</tr>
<tr>
<td>RAK Branch</td>
<td>Receiving cheques not marked as AC/Payee
<table>
<tr><th>CHQ No.</th><th>Due date</th><th>Amount in AED</th></tr>
<tr><td>000753</td><td>30-Dec-21</td><td>21,485</td></tr>
<tr><td>001155</td><td>10-Dec-21</td><td>14,253</td></tr>
<tr><td>000389</td><td>15-Nov-21</td><td>19,792</td></tr>
<tr><td>500436</td><td>12-Nov-21</td><td>41,113</td></tr>
</table>
</td>
<td>Cashing cheques by unauthorized persons.</td>
<td>Instruction should be communicated to existing/ potential customers to submit cheques that are marked with AC/ Payee.</td>
<td>Medium</td>
<td>. Cheques under Orient and no one can withdraw (in cash).

. Instruction given to receive cheques crossed with AC/ Payee</td>
<td>Rectified</td>
</tr>
</table>

<table>
<tr><td>RAK Branch</td><td>Anomalies noted in the firefighting system:

. Fire extinguisher inspection not conducted on due date.

. Absence of fire extinguisher/ sprinkler in the server room.</td><td>. Human loss in case of fire.

. Loss of data backups in case fire is triggered in the server room</td><td>. RAK branch should ensure that fire extinguishers are inspected on due dates.

. Arrangements should be made so that firefighting equipment is readily available in the server room.</td><td>High</td><td>Noted</td><td>Q 1, 2022</td></tr>
<tr><td>RAK Branch</td><td>Inability to check the legitimacy of employees included in group medical policies due to the absence of work permit numbers:
CPG/NM/50/4/081127/2021/1</td><td>Adding forged members into the policy without detection.</td><td>RAK Branch in coordination with the Medical Dept. should ensure that MOL lists are received in the official format provided by MOHRE.</td><td>Medium</td><td>. All medical policies issued from head office and we do not have any records.

. Instruction will be given to BDMs to get the MOL list in its MOL format</td><td>Rectified</td></tr>
<tr><td>RAK Branch</td><td>Delays in depositing PDCs in Orient’s bank account:<table><tr><th>CHQ. No.</th><th>Due date</th><th>Amount in AED</th></tr><tr><td>500436</td><td>12-Nov-21</td><td>41,113</td></tr><tr><td>148</td><td>15-Nov-21</td><td>19,879</td></tr></table></td><td>Late deposit of cheques increases the probability of cheques bouncing due to insufficient funds.</td><td>The Accountant should ensure that PDCs are deposited to the bank on the same due date communicated on the cheque.</td><td>High</td><td>Instruction given to accountant to deposit on time.</td><td>Rectified</td></tr>
</table>

RAK Branch	Unreceipted cheque received from Cougar Motors FZCO seen on hand: We noted that cheque on hand no. 1554 dated 14-Oct-21 from Cougar Motors FZCO amounting to AED 7,069 was unreceipted as on 25-Nov-21. When we inquired with the accountant/ branch manager, we were informed that the cheque wasn't receipted because an account wasn't opened, and the insurance policy wasn't issued due to the termination of the BDM who brought the customer and received the cheque.	Complications with the customer from who the cheque was received.	RAK branch should contact Cougar Motors FZCO to come and collect their cheque.	Medium	Cheque was returned to the customer	Rectified
RAK Branch	Attaching PDCs with wrong receipts (RVP): We noted that few PDCs were attached with the wrong receipts (RVP) as shown below: . PDC no. 1891 dated 5 Jan 2022 was enclosed with RVP50-2021000102. . PDC no. 000148 dated 15-Nov-21 was enclosed with RVP50-2021000235.	Distorted records.	The accountant at RAK branch should ensure attachment of accurate receipts to their respective PDCs	Medium	Noted. Instruction given to accountant to take care.	Rectified

AD Branch	Petty cash disbursement without getting the 'received by' signature: we noted that for few petty cash disbursements the 'received by' signature was missing	The same recipient of petty cash requesting for multiple reimbursements for a single payment.	The Accounts Section in AD Branch should ensure that 'prepared by', 'approved by' and most importantly 'received by' fields are signed and completed.	Medium	Usually all signatures & acknowledgements are taken in real time. Signatures were missing on below cited vouchers due to shortage of ataff and ammence work load. Moreover, as you might have noticed, the payment was made through our messager Mr. Asghar and original bills were attached with the voucher at the time of review.	Rectified
AD Branch –	PDC date have passed; however, the cheque is not yet cashed/ deposited in the bank: we noted that for the following cheque, the cheque due date had passed, however, the PDC is not yet deposited/ cashed: CHQ no. 835815, Invest bank, dated 11-Jun-21 amounting to AED 5,919.	. Higher probability of getting these cheques bounced due to cutomers' NSF. . Financial loss.	The Accounts Dept. in AD should continiously monitor PDC due dates and deposit in the bank on a timely manner.	High	PDCs are being monitored and banked on regular basis. Chq# 835815 was on hold as per the instruction of branch managers in line with earlier approvals from CMO. Our CMO was on leave during the review time, however CMO's approval can be	Rectified

					provided upon requirement.	

<u>Recommendations& Conclusion</u>

Motor Claims Sections - HO

- Salvage location plus chassis no. should be included in the outstanding salvage report generated by Premia Insurance System.
- Changes in salvage location should be reflected in Premia's outstanding salvage report.
- Transfer documentation for Lexus LS 40 belonging to claim no. 08-701-770-2013-172 should be obtained from the traffic dept. and based on that, disposal of salvage should be performed.
- Salvages that have been in Orient yard for more than 3 years should be moved out of Orient Yard and shifted to Dubai Municipality Yard (even if salvage transfer documentation is missing).
- The Motor Claims Section should ensure that all total loss checklists are completed and signed off by the authorized employee.

Motor Underwriting Section - HO

- The MU Section in coordination with IT should explore the possibility of having a common email ID wherein all customers' RFQs/ queries are received and create a linkage between that email ID and the policy portal so that all received RFQs/ queries are shown on the policy portal (In order to measure RFQ response rate).
- The MU Section should adhere to the underwriting guidelines with regards to agency repair for vehicles older than 3 years and comprehensive cover for vehicles older than 10 years, and if the guideline is to be breached adequate approvals should be attained.
- Amendments required to the MU guidelines.
- Motor policies' supporting documentation should be uploaded to premia and shuold be uploaded under the correct tab.

Administration Department – HO

- Al Futtaim PO creation policy should be adhered to with regards to segregating the duties of employees creating the LPO, releasing the LPO and receiving the goods/ services.
- The Administration Section should adhere to Al Futtaim policy by construsting a monthly mechanism to review all open LPOs, marking unreceived items, following up with vendors and closing fulfilled LPOs in a timely manner.
- The vendor's invoice alongwith the bluecopy of the LPO should be forwarded to the Fiance Dept. for timely processing of payments to vendors.
- The Administration section should ensure that LPOs are signed off by all required parties prior to sending to vendors.
- Vendors prequalification process and registration to be performed to ultimately add the vendor into the vendors master list.
- LPOs may only be sent to registered vendors includded in the vendors master list.
- Vendor's name and delivery time should be communicated on the LPO for timely receipt of goods/ services.
- Inclusion of all inventory items in Orient's inventory management software (QuickBooks).

Non-Motor Claims – HO

- The Non-Motor Claims Section should ensure that as soon as the claim is rejected and no objection/ protest has been received from the customer, the reserve amount relating to the respective claim should be closed to avoid inaccuracies hitting the P& L account.
- The Non-Motor Claims Section in coordination with IT should ensure that for claims that have been totally settled/ paid including RI and Fac arrangement payments, the paid status of the claim on Premia should be closed.
- The Non-Motor Claims Section should continuously monitor claims movement/ update and amend claim estimates (reserves) accordingly.
- Month-end review of all open claims' estimates (reserves) and application of reserve amendments if required.
- The Non-Motor claims section should ensure preparation of large claim notifications for all claims valued at AED 100,000 and above.
- The Non-Motor Claims Section should ensure closing of default LA reserves as soon as they receive LA recommended reserves.

Ras Al Khaimah Branch

- RAK branch should ensure that motor policies are issued under the relevant motor product code.
- Due care should be exercised while receiving cheques.
- Policies pending approval should be reviewed and deleted if no longer required.
- Motor agency repair cover should only be granted to vehicles 3 years of age or newer. For any deviation from company policy, RAK Branch should seek HO approval.
- Instruction should be given to accountant to reduce receipt of cheques that are not crossed with AC/ Payee and ensure attachment of accurate supporting documentation to each PDC.

Abu Dhabi Branch

- The Accounts Section in AD Branch should ensure that 'prepared by', 'approved by' and most importantly 'received by' fields are signed and completed.
- The Accounts Dept. in AD should continiously monitor PDC due dates and deposit in the bank on a timely manner, and in case exceptions are needed, HO approval should be attained.

References:

- Interviews with HO/ Branch personnel.
- Premium excel registers& claim intimation registers.
- Testing of process-related supporting documentation.
- Approved guidelines of each respective department.
- Direct reporting.

عربي

DFM
سوق دبي المالي

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- Dubai CSD
- Dubai Clear

DFM IR

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- Analysts Coverage
- Corporate Governance
- Key Figures
- Financial Reports and Presentations
- Unclaimed Dividends
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- DFM IR App
- FAQs

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BOD meeting — 1 FILE(S)

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ORIENT INSURANCE PJSC

ESG REPORT FOR THE YEAR
ENDED 31 DECEMBER 2021

Mohammed Bin Rashid Al Maktoum Business Award for Excellence-2017

Introduction

Orient Insurance PJSC (Orient Insurance) is listed on the Dubai Financial Market (DFM) and achieved a gross written premium of AED 5 Billion with a Net Profit of AED 476 million in 2021.

Consistently winning prestigious awards for its different product lines as well as its business practices and strategy, Orient holds a high credit rating of a+ from AM Best and A from S&P, an award from the prestigious MRM Award for Business Excellence as well as an ISO 9001:2015 certification for Quality Management Systems. As the market leader in the Insurance sector in the UAE, Orient Insurance is a benchmark for quality and customer service.

The regulatory authorities that Orient Insurance reports to are the Insurance Supervision Department of the UAE Central Bank, Dubai Financial Market (DFM) and Securities and Commodities Authority (SCA).

Orient Insurance issued its first Sustainability Report in 2020. With this important step, Orient Insurance has moved forward on its plans to further align with the ESG principles, thus supporting the UAE in its commitment to the Sustainable Development Goals and Net Zero carbon emissions by 2050.

AWARDS

MENAIR INSURANCE AWARDS 2018 Winner Commercial Lines Insurer Orient Insurance Company

HEALTH INSURANCE COMPANY OF THE YEAR 2018 WINNER

LIFE INSURANCE COMPANY OF THE YEAR 2018 WINNER

LIFE INSURANCE COMPANY OF THE YEAR 2017 WINNER

GENERAL INSURANCE COMPANY OF THE YEAR 2016 WINNER

PERSONALITY OF THE YEAR 2016 WINNER

Financial Strength Rating A.M. BEST A Excellent

جائزة محمد بن راشد آل مكتوم للأعمال
MOHAMMED BIN RASHID AL MAKTOUM BUSINESS AWARD
2017 WINNER

RATED STRONG STANDARD & POOR'S A

Forbes Middle East

ISO 9001 Registered Quality Assured IMS Certification

MENAIR INSURANCE AWARDS 2018 Winner Insurer - Overall Orient Insurance

MENAIR INSURANCE AWARDS 2014 Outstanding contribution by an individual WINNER

MEA RISK & INSURANCE EXCELLENCE AWARDS 2016 WINNER
OMER ELAMIN, ORIENT INSURANCE GROUP

SCOPE AND METHODOLOGY

Orient Insurance has 7 branches, of which 5 are in the UAE, 1 in Oman and 1 in Bahrain. It also has a Takaful subsidiary in UAE (Orient UNB Takaful PJSC) and other subsidiaries in Syria, Egypt, Sri Lanka and Turkey. This report covers the activities of the UAE company for the year 2021.

A review of key processes, policies and data was undertaken and discussions held with some key personnel to prepare this report.

ESG APPROACH

Upholding its position as market leader in the UAE, the company has always ensured that social and governance practices are consistently followed in all aspects of the company's activities. Building on the steps undertaken in recent years to save energy and water, Orient Insurance has adopted a structured ESG Approach for 2022 to also ensure integration of their Environmental strategy into their core insurance and supporting processes.

ORIENT INSURANCE ESG APPROACH 2022

1. Establish a Committee with a clear mandate and strategy from the Board and senior management, which would identify, prioritise and support implementation of ESG actions
2. Provide ESG education, training, tools and information to employees to develop and encourage participation.
3. Review product guidelines and assess the potential for adopting risk management tactics that promote ESG behaviour and practices among clients and partners.
4. Assess and monitor the company's own ESG performance, review and adopt changes needed to the Company's focus areas in accordance with performance and standards
5. Report the company's ESG performance in a transparent, standardised and comparable manner. The sections below detail the achievements for 2021 as well as further plans in specific areas.

ENVIRONMENTAL

The Climate Wise Principles launched in September 2007 by HRH The Prince of Wales represent a holistic approach to
using all aspects of an insurance company's core operations to help reduce the risk of climate change. These are:

Principle 1 > Lead in risk analysis

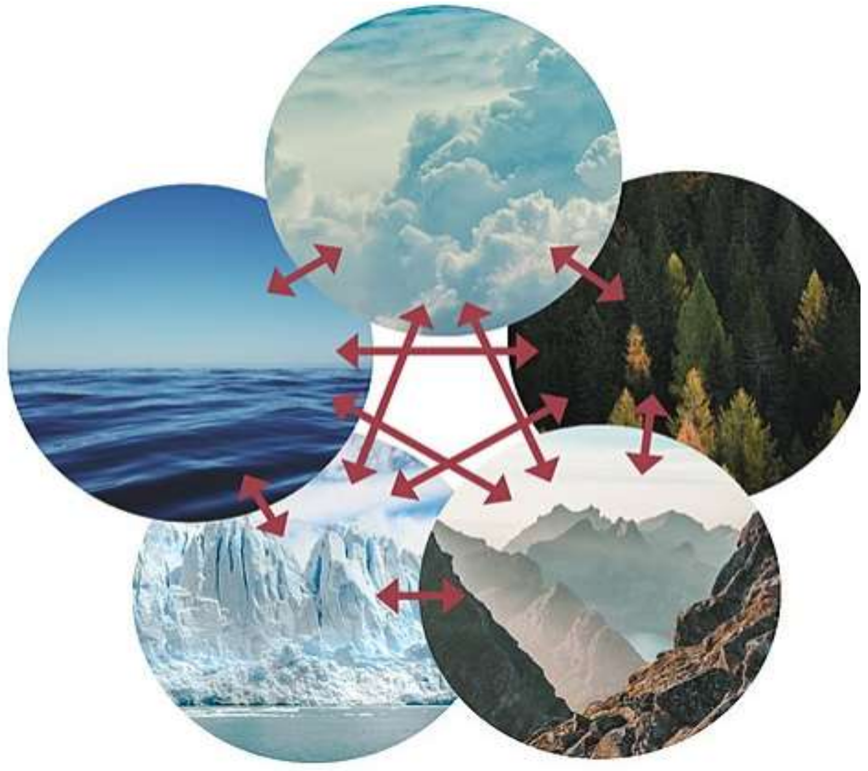
Principle 2 > Inform public policy
making

Principle 3 > Support climate awareness amongst our customers

Principle 4 > Incorporate climate change into our investment
strategies Principle 5 > Reduce the environmental impact of our
business

Principle 6 > Report and be accountable

Orient Insurance's Environmental objectives mirror these principles, with Principle 3, 5 and 6 forming the focus of the organisation in the first phase.



ENVIRONMENTAL MANAGEMENT AND GHG EMISSIONS

The UAE has committed an investment of over AED 600 billion in renewable energy as it aims to lead the MENA region in clean technology. Dubai plans to reach a 30% reduction in carbon emissions by 2030 and Net Zero by 2050, as recently announced by the Dubai Supreme Council of Energy.

The specific steps undertaken by the company towards supporting the reduction of greenhouse gases are :

- Reducing power usage- Solutions have been implemented for optimizing lighting through LED bulbs and switching off unnecessary lights as well as air-conditioning .
- Supporting adoption of electric and autonomous cars by being one of the first companies to offer insurance for these.

ENERGY CONSUMPTION

The Orient Insurance building meets Dubai's 'Green Building Regulations' which mandates energy saving in the buildings.

In addition to this, the Energy Optimization project of the company has so far resulted in energy savings of as much as 30% from using LED bulbs for office lighting as well as optimising air-conditioning use through centralised ACs

In 2022, the company plans to start a refurbishment project which will target additional energy savings through automated solutions.

WATER MANAGEMENT

Although more than 70% of Earth is covered with water, the fresh water available for consumption by humans is a miniscule fraction of this. Some estimates say this figure is only 0.3 %. The situation will get worse with the increasing demand and population growth. The increasing usage of water in the last 60 years has contributed to the earth's desertification of soil and climate change.

Recognising that the need for water saving has become imperative, Orient Insurance measures the savings that they are achieving through an audit of the flow reducers and sensor taps installed. The taps installed throughout the building showed a significant reduction in the litres/ minute readings, a significant saving of more than 60%.

WASTE MANAGEMENT

Aiming to embed the waste hierarchy of Reduce, Reuse, Recycle in its Waste Management processes, Orient Insurance has brought a significant reduction in paper use through its Document Management System and Digitalization of Policies. Over 75% of the 440,000 policies issued in 2021 were through the online portal. In addition, the portal allows claims to be filed digitally.

Following the Dubai Government's recent announcement in February 2022 to eliminate the use of single use plastic, the Company plans to remove plastic in its canteen by mid- 2022.

SOCIAL

Recognising the importance of focusing on the triple bottom line of People, Planet and Profit, Orient Insurance manages its Customer Service and Human Capital through a set of policies that ensure a fair and equitable framework is followed. This ethos is reflected in the positive market perception of the Company: an independent car company reports that Orient Insurance gives its employees a "learning and respectful environment" and is known for "customer satisfaction, professionalism and hard work."

HUMAN CAPITAL

The HR team has issued detailed policies to manage the multicultural team of almost 1000 staff with transparency and fairness. Some key policies that improve engagement and productivity are :

- Recruitment Policy : provides guidelines for internal, external and temporary recruitment, selection processes and onboarding. Apart from the basic requirements of ensuring fair remuneration etc., other actions are taken to create a sense of belonging. For example, new employees are welcomed and introduced to the company through a special newsletter.
- Emiratisation and Diversity : encourages diversity of gender and nationality by setting rules for the maximum number of people from a single country in any department. In keeping with the law of the land, the policy requires that every recruitment request takes into account the Emiratisation drive.
- Performance Management : aligns objectives to overall strategy through the use of Balanced Score Card, regular reviews, the 360-degree feedback process and reward policies that recognize special contributions.

EMPLOYEE TRAINING AND DEVELOPMENT

Orient Insurance recognizes that training employees helps in multiple ways, including:

- Growing their knowledge base to become more effective in the workplace
- Improving skills to match industry changes in the industry of workers
- Prepare employees to take on more senior responsibilities
- Drive employee engagement

Training programs, both online & classroom, are provided throughout the year to new as well as existing employees and delivered by in-house technical experts. For its own staff, Orient Insurance sponsors and reimburses the cost of external training, tuition and books. In addition, staff may attend the training courses conducted by Orient and Group in-house technical training staff, details of which are available on the online employee portal IGROW.

Health and safety

For its employees, Orient Insurance ensures full compliance with health and safety requirements including First Aid training and fire drills. Medical insurance is provided to all staff, while at senior levels, family cover is also provided. Maternity cover and pre-natal and postnatal care are provided for women. The periodic newsletter, Orient News, shares various articles that provide information about specific health issues as well as general health and safety.

For its customers, Orient Insurance is a reliable source of insurance which improves healthcare seeking behaviour and lowers/ removes financial barriers to obtain healthcare.

WELLNESS PROGRAMS

Month	Topics
January	▪ The risk of a sedentary lifestyle & benefits of exercising ▪ Cervical Cancer Awareness Month ▪ COVID 19 Vaccination Awareness
February	▪ Lifestyle vs Cancer ▪ Cancer Prevention
March	▪ Nutrition and Exercise ▪ Women's Health (International Women's DayMarch 08)
April	▪ Language development and speech disorders in childhood ▪ Vitamin D Awareness and Sun Exposure
May	▪ Arthritis and your bones ▪ Back Pain and Ergonomics
June	▪ First Aid Masterclass Basic Life Support ▪ COVID19 Safety at Work and travelling out of the UAE
July	▪ Health Coach and performance psychology ▪ New Parent/Young children health tips
August	▪ Digital Health and Digital Wellbeing ▪ Mindfulness ▪ Blood Pressure and Hypertension
September	▪ Managing Anxiety and Stress ▪ World Heart Day (Healthy HeartCardiovascular tips)
October	▪ Breast Cancer Awareness ▪ Antibiotics: Is it Viral or Bacterial
November	▪ Movember Month -Men's Health and Fitness ▪ Diabetes Awareness Month
December	▪ The Power of Sleep ▪ Healthy Holidays ways to stay fit over the holidays

COMPLIMENTARY CHECK-UP AND OFFERS (onsite and vouchers)

- Basic checkups (BMI, Blood Pressure, Random Glucose, Cholesterol)
- Consultation with a General Physician
- Onsite Dental consultations
- Flu vaccine campaigns (at discounted rates onsite for employees + at clinics for dependents)
- Breast / prostate cancer campaigns (vouchers and onsite checks)
- Eye pressure and Eye screening test
- Basic vision screening (for near and far)
- Coaching on healthy habits and setting short/long term personal goals
- Talks– Healthy Lifestyle, Smoking cessation, Stress Management , Body Posture etc
- Consultation with Dietitian
- Nutritionist / optical / biometrics / Diabetes / Cancer /smoking / fitness

Supporting the community in the UAE, the company issued over 400,000 policies in 2021. About 60% of these are directly for Individuals, covering both Medical and Life, and the rest in Group Medical, Life and General Insurance, which means employees of these organisations are also covered.

Clients of Orient Insurance benefit from a Wellness Calendar which holds programmes to raise awareness of a particular aspect each month and provides complimentary offers for health check-ups. In addition, the newsletter is an important source to become aware of better health seeking practices.

Support men’s Health

Many men recently have become better at taking control of their physical health, being more heart-healthy, and getting preventive screenings as they get older. However, when it comes to their mental health they still feel that all is under control and therefore never seek assistance. They also prefer to remain quiet when facing critical diseases such as prostate cancer.

Everyone’s mental health varies during their lifetime and can swing from positive at one end to severe symptoms at another, impacting their everyday life. What we would like to share here is how men can help and support themselves and other fellow men.

Equal opportunities

Orient Insurance follows a clear philosophy of fair and equitable treatment to all employees.

Their practices and policies ensure :

- A multicultural workforce, with over 25 nationalities at different levels of management
- Women representation throughout the organisation (37% of employees), including on the Board and various Committees
- Transparency of key workplace practices such as performance management

16. Fair and Equitable Treatment

We believe that a diverse workforce is a valuable asset and we should actively strive to promote and embrace diversity in the work place.

Al-Futtaim employees are recruited, selected, developed and advanced on merit, regardless of their nationality, race, color, religion, gender, age, sexual orientation, marital status or disability.

An employee’s career success in the Group is dependent wholly on his or her ability, commitment, workplace behaviour and performance.

In various countries and regions these principles will be modified to reflect national legal aspirations and requirements for positive discrimination in favour of citizens or disadvantaged groups.

Essentially the principle of fair and equitable treatment means:

- Treat others as you would like to be treated
- Respect your colleagues
- Always perform your work duties to the best of your ability
- Never use Group communication channels (email or other electronic devices) to transmit racist, derogatory, discriminatory, offensive or inappropriate material.

FEEDBACK AND GRIEVANCE MECHANISM

For employees, Orient Insurance has in place a grievance code which aims to provide a means of formally communicating grievances and ensuring their timely and equitable settlement by contacting Employee Services online or via the telephone.

In addition, feedback is received in the form of Employee Engagement surveys, as well as Exit Interviews. HR also uses other forms of inputs from the employees by way of bi-annual department meetings and other open forums, such as an annual meeting with the Group President where staff can raise questions directly.

These mechanisms provide useful information on areas that the staff feel could be enhanced. For example, a recent team feedback requested more focus on training, recognition and providing exposure to the entire organization.

The suggestion scheme provides opportunities to all staff to contribute to the company's performance. Employees are encouraged to provide suggestions not just in environmental initiatives but in any area where there is a room for enhancement. Taking responsibility and working well with internal and external customers is rewarded through a recognition system of Employee of the Quarter, You Have Been Spotted Award, Annual Sales Award and Long Service Awards.

The employee can also obtain free independent confidential legal advice in relation to whistle blowing from the following external contact: Group Legal Counsel: Ethics toll-free line on 800-ETHICS (800 384427) or on email to ethics@alfuttaim.ae.

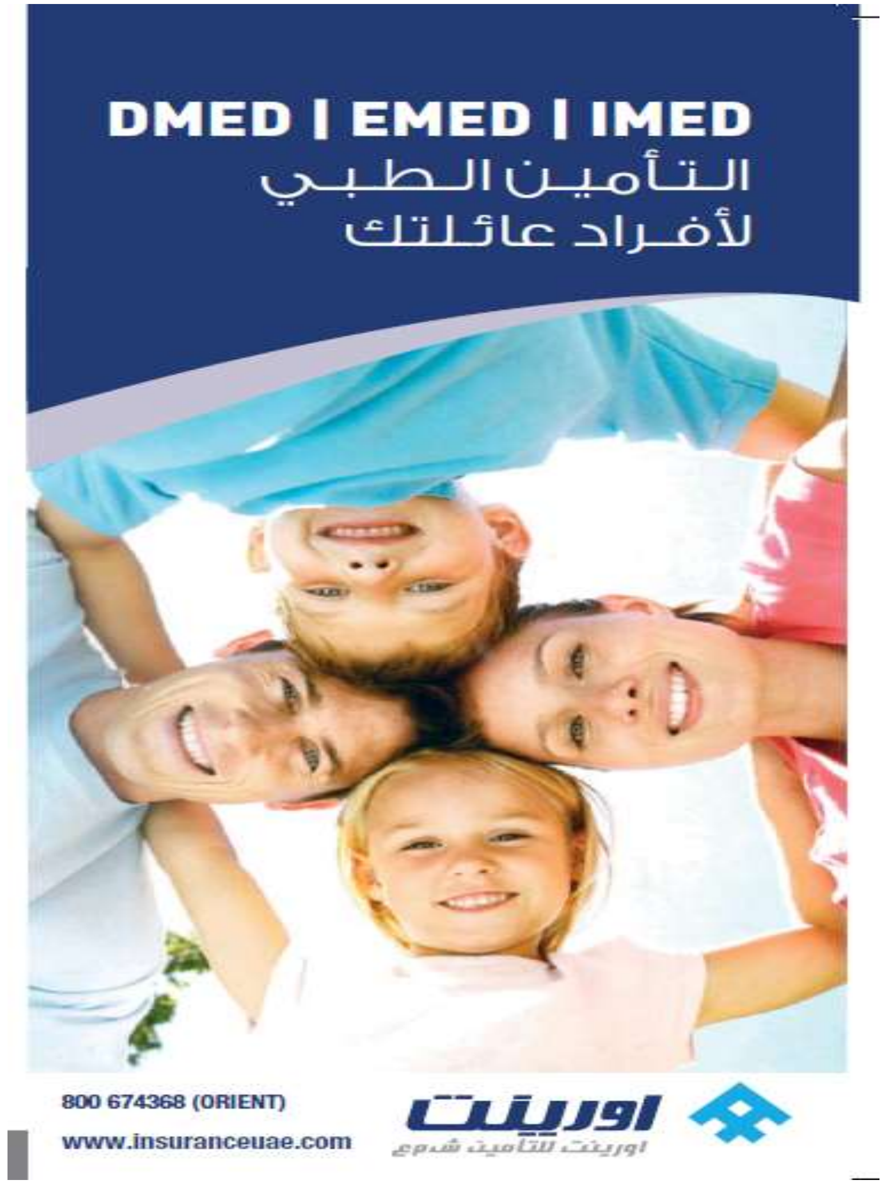
PRODUCT MANAGEMENT

The Company provides insurance contracts in the areas of Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical (collectively referred as General Insurance) and Group Life and Individual Life classes (collectively referred as Life Insurance).

Financial Product Safety

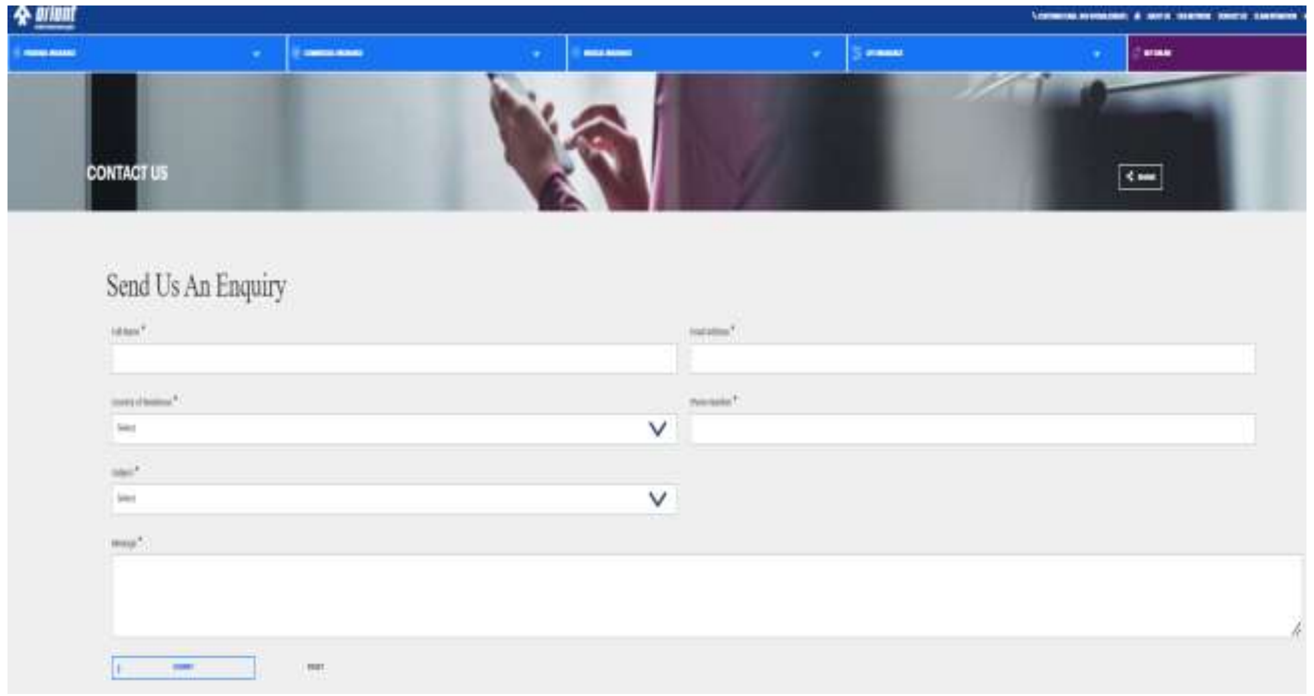
The company provides details about all its products on the website and complies with all reporting requirements of the UAE Central Bank, DFM, SCA as well as the Health Authorities of Abu Dhabi and Dubai.

Every customer is provided with a copy of the policy together with all applicable terms, conditions, warranties and exclusions.



REMEDY AND GRIEVANCE MECHANISM FOR CLIENTS

Customers have various channels in Orient to communicate their grievances through branches, website, mobile app, call centre and WhatsApp/ Facebook. Email ids of all senior management is available on the website for customers to escalate any suggestions.



Complaints can be made to the regulator directly and the company has published a video of Central Bank guidance to customers on its website.

In 2022, Orient Insurance plans to launch a Customer Complaint portal where any complaint received will be recorded. This will help in root cause analysis and process review.

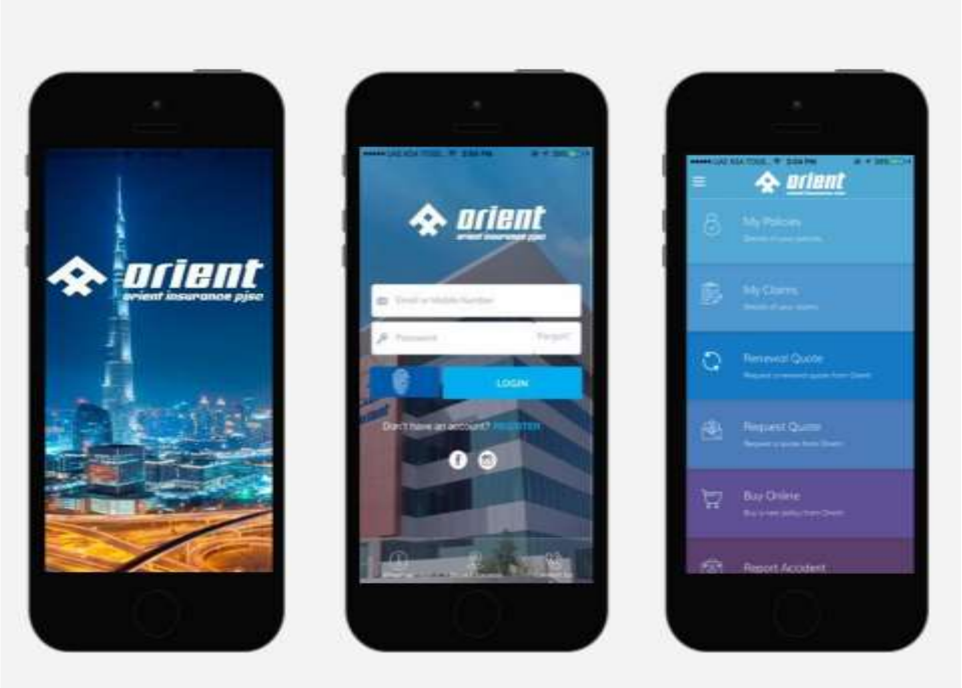
SUSTAINABLE INSURANCE

Each product covers specific risks that help mitigate the dangers of loss, poverty and bankruptcy in each sector or aspect of an individual's life, providing an essential service to the community. Customer requirements have always been in the forefront of designing each of these categories, with respect to identifying and providing relevant product features, competitive pricing, delivery and policy servicing including claims handling.

Specifically,

- The move away from paper to digitalisation has improved speed and accessibility for customers, with regard to making claims as well as receiving their copies of policies
- Going forward, Orient Insurance plans to work with its Reinsurance partners to understand new exposures, market opportunities and new solutions to protect customers from climate events and sys- temic catastrophes.
- The possibility of reviewing the sustainable practices followed by customers and perhaps incentivising them is being studied for its practical and financial feasibility.

All products offered by the company are displayed on the website:



Apart from supporting the community through its products, Orient Insurance plans to take a few specific actions to promote ESG :

- Associating with reinsurance partners to discuss means of devising methodologies to support ESG through their underwriting portfolios, such as by reviewing physical climate risk issues for oil and gas industry or real estate
- Encouraging companies with sound ESG policies and practices.
- Supporting sustainable companies, such as those in the Waste Management or Environment Management sectors, with their products

- Fostering discussions and awareness of evolving needs of the communities they support, such as the Deputy CEO's YouTube interview on trends in Insurance in the Middle East.

PRIVACY AND DATA SECURITY

As part of the Al Futtaim Group has a wide-ranging policy to govern and protect the confidentiality, integrity and availability of information, which applies to all associates of the Group including contracted individuals, business partners, joint venture associates, visitors and any other individual or business/legal.

In addition, Orient Insurance is compliant with NESA guidelines issued by the regulator relating to Data Privacy and Data Security.

RESPONSIBLE INVESTMENT

The paid-up capital of the company is AED 500 Million and shareholders' equity amounted to AED 3.8 Billion as at end of 2021, with the majority of investments in BFSI sector and in Fixed Deposits. Orient Insurance supports the ESG approaches followed by its investee companies.

PARTNERSHIPS

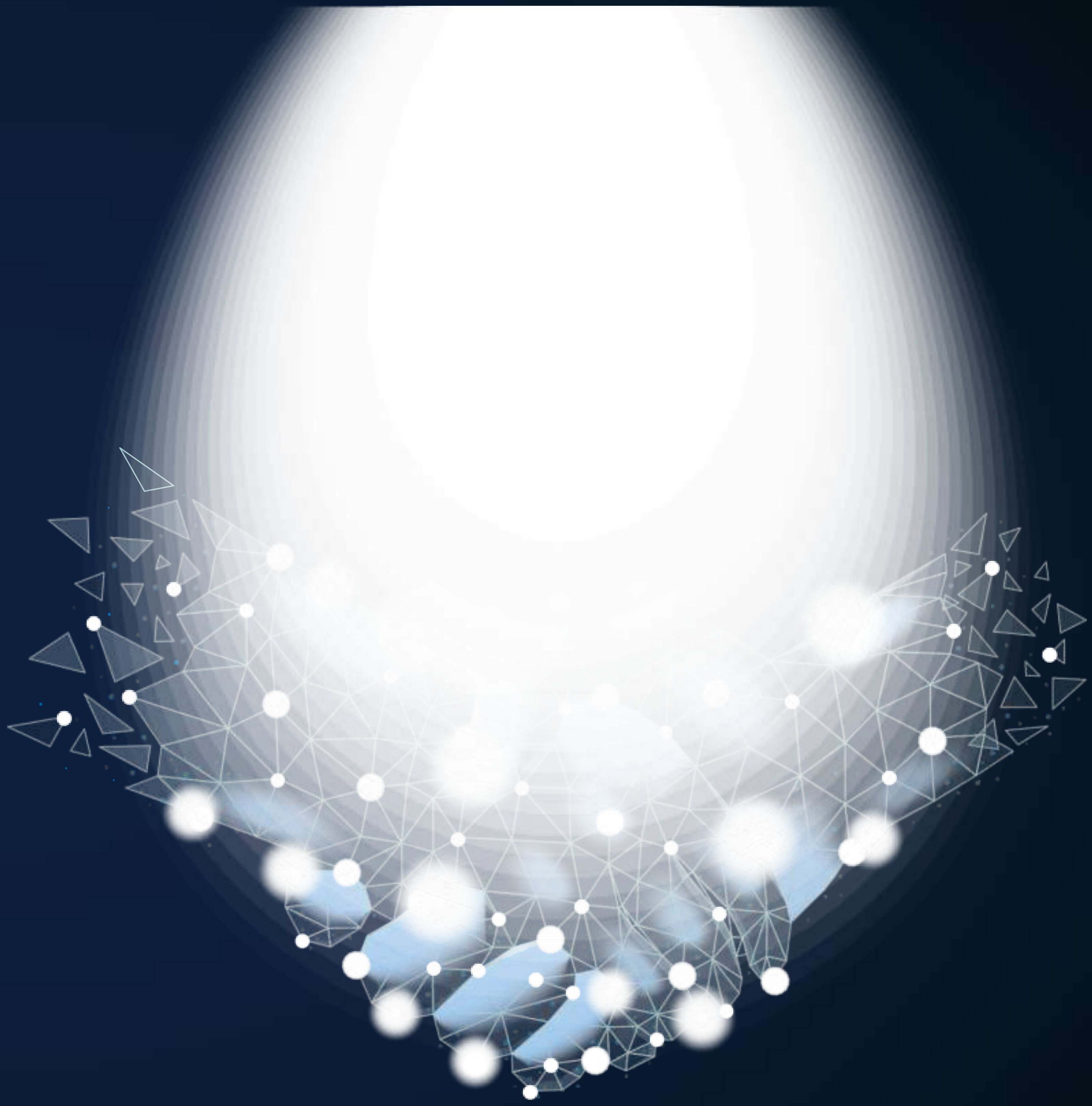
Orient Insurance ’s key partnerships include :

- Reinsurers : Orient Insurance works with world-class reinsurers which are extremely well-regarded internationally

-Brokers : managed through a dedicated Broker Management Team which constantly interacts with them.

-Third Party Administrators (TPAs): Highly specialized activity like the Medical claims management is outsourced to Third Party Administrators (TPAs) who have highly specialized knowledge of health care.

All brokers are regulated by the Insurance Regulator. All TPAs are licensed and regulated by the relevant health regulators in liaison with Insurance regulators. The selection is based on market presence, independent strength of the organization and market feedback.



GOVERNANCE

Orient Insurance is a Public Joint Stock Company listed on the Dubai Financial Market (DFM), regulated by the Central Bank of the UAE and adheres to all the requirements as stated by DFM and Securities and Commodities Authority (SCA).

The Corporate Governance Report, which has extensive coverage of all requirements from a Governance standpoint, is published on the website.

The internal and external audit procedures include the evaluation and testing of key controls around the claims handling, case reserve setting and receivables monitoring processes of the company.

From the perspective of Orient Insurance 's own financial risk, the company is covered by excess of loss reinsurance programmes.

BOARD AND COMMITTEES

Oversight of the company’s operations is conducted by the Board and the senior management team.

While the Board has the ultimate authority, several committees are set up to ensure good governance and policies are followed throughout the organisation..

The Board and the sub committees have regular meetings to oversee operations:

Category of Meetings	Number of Meetings in 2021
Board Meeting	7
Remunerations	1
Audit	4
Investment	4
Insiders` Trading	Follow up discussions

Within its broad supervision of corporate responsibility, the Board of Directors take an active role in overseeing and implementing all the corporate policies, including the ESG approach. In addition to the Board Committees, the company also ensures reviews of the functions of the various other management sub committees like Technical Committee, Sales and Marketing Committee, Risk Management Committee, Investment Committee and IT Steering Committee.

INTERNAL CONTROLS AND AUDITS

The core operations in the company can be segregated into underwriting, claims, sales and marketing, HR and Administration, Finance, IT and Audit & Compliance. Underwriting is further divided into Motor, Marine, Non marine, Medical and Life underwriting and Reinsurance. Claims is divided into Motor, Non-Motor, Medical and Life claims. The sales and marketing function is segregated by direct, agents and broker, medical and life teams.

Key procedures for each of these areas are outlined in the form of Manuals and SOPs. All corporate policies are available on the intranet and can be accessed by any employee.

The processes of the company have been certified as ISO 9001 compliant.The Audit Committee is headed by an independent director and is responsible for reviewing financial control and internal control systems and risk management of the company. Internal audits are carried out by Orient Insurance 's inhouse Internal audit team as well as at group level.

EXECUTIVE COMPENSATION

An independent director is in charge of the nominations and remunerations committee which oversees the remunerations, benefits, incentives and salaries of the company's board and senior executives. Directors’ compensation is disclosed in the Corporate Governance Report (nil for 2021).

SHAREHOLDERS’ RIGHTS

The website displays the Annual Accounts, Annual Corporate Governance Report which are also submitted to DFM and ESCA. Contact details for Investor Relations enquiries are provided on the website.

BUSINESS ETHICS AND ANTI-CORRUPTION

Orient Insurance has clear laid down policies with regard to Ethics and Whistle blowing. Every employee is required to un-dergo the Corporate Ethics Training.

TAX TRANSPARENCY

Orient Insurance ensures full compliance with all Tax regulations, filing the returns in a timely fashion each month.

FOCUS ON SUSTAINABILITY DEVELOPMENT GOALS (SDGs)

In keeping with the UAE's direction outlined in the National Committee on Sustainable Development Goals, Orient Insurance supports the implementation of the SDGs in an integrated manner.

Each product covers specific risks that help mitigate the dangers of loss, poverty and bankruptcy in each sector or aspect of an individual's life, providing an essential service to the community. While the nature of the business covers every aspect of a community's functioning, Orient Insurance focuses its efforts on particular SDGs where they would have maximum impact.

1 NO POVERTY

Providing insurance leads to the economic protection of people, their property and their savings It provides a safety net and prevents families from falling back into poverty For example, health insurance can help cover medical costs, a common reason why people fall into poverty and general insurance for situations caused by accidents and natural disasters can help prevent bankruptcy in individuals and businesses Orient also offer life insurance policies which provides sustenance to the dependents in case of death of the earning member.

2 ZERO HUNGER

Providing insurance for individuals/ organizations in the food production value chain, leads to Achieving food security and reducing hunger . Orient Insurance provides insurance for food processing industries among its clients

The company office has a subsidised staff canteen, which allows employees to benefit from healthy, fresh food

3 GOOD HEALTH AND WELL-BEING

Orient insurance supports its employees by

-Providing extensive medical cover to them

-Providing free quarantine (including food and medical care) at a group owned hotel facility to all staff who tested positive

-Free testing to staff and family

-Work from home

-Fire drills and other periodic inspections are being carried out as per the mandate of The General Directorate of Civil Defence Dubai Compliance with Instructions given by Dubai Health Authority and HR guidelines to ensure the health, safety and wellbeing of staff

-Employees are able to provide quality education for their children as Orient ensures its employees are paid on time within market norms.

-For its own staff, Orient Insurance sponsors insurance training and certifications through bearing the cost of external training, tuition and books. In addition, staff may attend the over 5000 training courses conducted by Orient and Group in- house technical training staff.

-Orient also provide education fees discount for staffs children attending group schools.

4 QUALITY EDUCATION

Life Insurance protects the family from the impact of losing earning family members, help in retaining homes, sustain their business, continue their child's education, and help in managing and maintaining the financial stability of the family.

Contributing to gender and cultural diversity, Orient Insurance has more than 37% of women in the workforce.

Pregnant employees are able to claim reimbursement for costs of hospitalization and delivery.

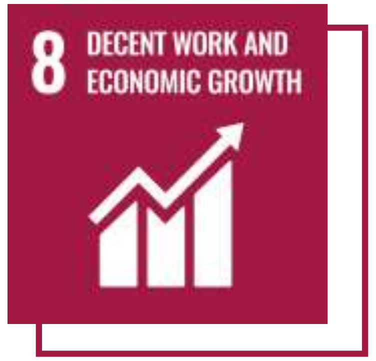
5 GENDER EQUALITY

Recognising that the need for water saving has become imperative, Orient Insurance measures the savings that they are achieving through an audit of the flow reducers and sensor taps installed. The taps installed throughout the building showed a significant reduction in the litres/ minute readings, a significant saving of more than 60%.

6 CLEAN WATER AND SANITATION

Orient Insurance has participated in the Nuclear insurance pool of the government. In keeping with the need to contribute to the overall uptake of renewable technologies, Orient Insurance offers insurance for electric cars and autonomous cars.

The Energy Optimization project of the company has so far resulted in energy savings of as much as 30% from using LED bulbs for office lighting as well as optimising air-conditioning use through centralised ACs



Orient insurance contributes to this goal by

- Creating social and economic value for shareholders, clients, employees, through various products
- Promoting a safe and healthy, diverse and inclusive working environment free from discrimination
- Promoting training and professional and personal development of employees
- Protecting labour rights with effective monitoring and control systems
- Orient insurance has a multicultural team with more than 25 nationalities across the company.
- Further, the company builds a safety net which supports economic growth as well as benefits the entire workforce within the community

Providing Insurance to small and medium enterprises protects them from losses due to risks related to business, natural disasters and other catastrophes Orient insurance supports its SME clients with providing access to its entire gamut of commercial policies

Providing Insurance to technology companies, R&D companies, and infrastructure companies supports industrial innovation and growth.

Orient is the insurance partner with a number of infrastructure projects in the UAE, including Expo 2020.

Within its own products, Orient Insurance has some innovative policies to support women and families. These include a policy to protect as well as to support women suffering from cancer.

The company supports a number of social organisations through its insurance policies.

With over 39 years of experience in the UAE insurance market, Orient Insurance currently has policies across General Insurance products related to Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical as well as its Life Insurance products. The assessment and management of risks and contributes significantly to sustainability in cities and communities.

The insurance business drives responsible consumption and production through its format of reducing risk for all participants in the economy, which in itself has certain pre requisites of the insured party's performance.

In an example, Orient Insurance offers its customers a better pricing on account of No Claims in the Motor Insurance business, thus promoting better driving. In addition, customers who participate in Al Futtaim blue loyalty app are entitled to additional discounts and free personal accident cover

13 CLIMATE ACTION

Insurance products mitigate the effects of extreme weather events and strengthens climate change resilience Different products provide the insurance cover against the damage caused due to natural disasters like earthquakes, floods, storms etc

14 LIFE BELOW WATER

Orient insurance supports a number of organisations dealing with marine transport, marine transport, which indirectly supports marine resources through developing a marine risk model.

15 LIFE ON LAND

Orient Insurance indirectly helps to combat desertification through its support of clients in the water sector. It also supports clients which operate in the Dairy Farming sector.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Orient insurance ensures that it contributes to an ethical, accountable, transparent, diverse, inclusive and effective governance system and to systems for controlling potential conflicts of interest in the following ways

- Orient insurance ensures all operations and activity are within companies ethics, values and principles In order to promote these behaviours among stakeholders, especially employees, providers and clients, Orient has in place a Code of Conduct and Ethics policy as well as a Whistle blower policy
- Orient insurance has adequate systems in place for monitoring and controlling compliance with laws, agreements, commitments and goals of the Group and with due diligence mechanisms for human rights. This is done through the Internal Audit function at the Company and at Group level
- Orient insurance has adequate data protection systems to ensure data security and privacy
- Customer complaints are made to the Regulatory Authority As per the law, any complaint submitted is escalated to Dispute Committee if not resolved a customer care number is available on the website
- The website displays the Annual Accounts, Annual Corporate Governance Report which are also submitted to DFM and ESCA
- Every customer is provided with a copy of the policy together with all applicable terms, conditions, warranties and exclusions

17 PARTNERSHIPS FOR THE GOALS

Partnering with many of the best government and private sector projects in the UAE and GCC, Orient Insurance is now also the official provider for Expo 2020.

It thus has the opportunity to participate in the exchange of best practices with its market presence and partnerships with global reinsurers, TPAs and brokers, among others.

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Thank You