Orient Insurance PJSC

Integrated Report

2022

DIRECTORS' REPORT

Insurance Market:

The effective handling of the pandemic situation by the UAE government, provided good opportunity for commerce in the year 2022. The technology strategies implemented by Orient well before the pandemic situation and the agile talent of Orient team came to bear fruits during the year 2022. We are confident Orient's inherent culture of innovation and customer-centricity approach will continue to keep us well ahead of the market in all the parameters by which the robustness of an Insurance Company is measured.

The digital capabilities developed by Orient, long before the pandemic struck the world made it business as usual for Orient, seamlessly shifting from onsite working to remote working. Our business in fact grew during this period. Orient closed down seven of the twelve branches thanks to the robust digitalization programme, that resulted in reduction in cost and enhancement in efficiency.

Orient's Group Performance:

The futuristic government initiatives, increased consumer spending and the buoyancy in market sentiments bode well for Orient to continue its winning streak in the year 2023. The retail industry which suffered the most during the pandemic has bounced back and consumer spending is bullish. Automobile industry which was hit by the pandemic and the chip crisis, sees a huge resurgence in sale of automobile.

Orient grew by 21% crossing the landmark figure of AED 6 billion. This growth of 21% is all the more significant in view of the fact the base was AED 5 billion. This growth has come on the back of humungous technical profit growth of 19%, clearly demonstrating that Orient grew without ever compromising its underwriting values and philosophy. Orient continued to post industry's highest net profit in excess of AED 500 million with a growth of 9%. Orient's achievement is even more commendable, in the wake of reduction in the overall net profit of the listed companies which came down from AED 1.98 billion to AED 1.52 billion, as shown in the published preliminary results.

Orient's Expansion and Overseas Performance:

Orient's Takaful grew from AED 401 million to AED 531 million in Gross Written Premium, doubling its Net Profit from AED 15 million to AED 30 million. Orient Takaful Egypt had a phenomenal growth of 48% in Gross Written Premium from 1.5 billion EGP to 2.22 billion EGP and 34% in Net Profit from 167 million EGP to 224 million. All our other overseas entities continued to perform very well showing healthy growth in Premium and Net Profit.

We will also continue to explore opportunities of expansion wherever possible. Following our enormous success in General Insurance space in Egypt, we are exploring the feasibility of establishing a Life Insurance Company in partnership with major banks in Egypt leveraging their good distribution channel network.

Orient Interactive Rating:

Our prestigious "a+" by AM Best has been reaffirmed for Orient UAE, Orient Takaful UAE and Orient Takaful Egypt. Whilst S&P reaffirmed our 'A' rating, they have also assigned Positive Outlook to all the three entities. The combination of these ratings is the highest in the whole region, clearly amplifying the outstanding performance of Orient Group in all parameters.

Reinsurance Treaties:

Our restructured reinsurance program with substantial capacity increase proved to be a timely and appropriate step in the right direction. The revised structure contributed greatly to our enormous growth in our Premium, whilst maintain our high degree of profitability. We are grateful to QBE for their support and cooperation. The synergy between both our firms will stand us in good stead for a long time to come. We are thankful to our following market for their continued support.

2023 Outlook:

We are excited and extremely optimistic about the year 2023. Our optimism springs from the resilience of the local market despite global political conflict and the economic fallout. Real estate is booming and tourism is reaching pre-Covid numbers. Government's announcement of new visa reforms encourages easier movement of people and capital and fostering entrepreneurship. Our investment composition also stands to gain from the increase in interest rates.

IFRS 17:

International Financial Reporting Standard 17 (IFRS 17), replaced IFRS 4 for Insurance Contracts, coming into effect for the financial periods beginning 01 January 2023. Orient has selected state of the art actuarial system for implementing IFRS 17. It is being implemented centrally and rolled out to all our subsidiaries. We are at the very advanced stage of implementation and confident of producing our results for the First Quarter of 2023 under IFRS 17 in time.

FINANCIAL HIGHLIGHTS:

	2022	2021	Increase over 2021
	AED'000		%
Gross Premium Written	6,070,736	5,007,762	21%
Net Premium Written	1,926,676	1,651,259	17%
Net Claims Incurred	777,547	758,635	2%
Technical Profit	306,354	256,822	19%
Net Profit	521,286	476,105	9%
Share Capital	500,000	500,000	0%
Shareholders' Equity	3,998,247	3,795,746	5%
Total Investments, cash and bank balances	6,683,018	6,107,050	9%

Appreciation:

We continue to enjoy the trust and support of our business partners. Orient Evening held in November 2022, commemorating our 40th Anniversary, saw a record participation of well over 1,400 of our business partners. We also would like to thank most sincerely our dedicated staff for their loyalty, sincerity and hard work. Teamwork makes dream work. This has made our success possible and achievable. We look forward to their continued great efforts in the coming period.

Omar Abdulla Al-Futtaim
Vice Chairman **COMPANY SEAL**

Dated: 27 Feb 2023

Orient Insurance PJSC
and its subsidiaries

Consolidated financial statements
for the year ended 31 December 2022

Orient Insurance PJSC and its subsidiaries

Consolidated financial statements

for the year ended 31 December 2022

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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 2022, 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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.

Key Audit Matters (continued)

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 gross liabilities involves significant judgements 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 been incurred but not reported ("IBNR") to the Group. IBNR is calculated by an independent qualified external 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 statement of profit or loss. The key assumptions that drive the liability 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. If the data used in calculating 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 considering if the amounts recorded in the consolidated financial statements are valued adequately; – obtaining an understanding of and assessing the methodology and key assumptions applied by management. Independently re-projecting the reserve balance for certain classes of business; – assessing the experience and competence of the Group's actuary and degree of challenge applied through the reserving process; – following sampling, checking appropriateness of reserves for reported outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; – assessing the appropriateness of Group's disclosure in relation to these liabilities including the claims development table; and – considering the completeness and accuracy of the data used by the actuaries and corroborating the data with other information used by the team during our audit work.

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 balances receivable 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 audit procedures on the recoverability of insurance balance receivables included: – testing key controls over the process designed to record and monitor insurance receivables; – testing the ageing of insurance balances receivable to assess if this has been accurately determined. Testing samples of long outstanding insurance receivables where no impairment allowance is made with management's evidence to support the recoverability of these balances; – performing a recalculation of provision for impairment of insurance balances receivable following management's provisioning policy. – verifying payments received from such counterparties post year end; – considering the adequacy of provisions for impairment of insurance balances receivable 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 information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and 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 2022 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 Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the components within the Company 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 Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

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 Decree Law No. (32) of 2021;

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 purchased and sold shares and debt instruments during the year ended 31 December 2022;

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 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 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 2022; and

viii) note 22.1 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

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: 27 February 2023

Orient Insurance PJSC and its subsidiaries

Consolidated statement of financial position

as at 31 December

	Notes	**31 December 2022 AED '000**	31 December 2021 AED '000
Assets			
Property and equipment	*7*	**87,596**	96,922
Investment in an associate	*8*	**-**	-
Held to maturity investments	*9*	**241,262**	232,342
Available for sale investments	*9*	**1,896,161**	1,673,154
Investments carried at fair value through profit and loss	*9*	**617,511**	454,443
Insurance balances receivable	*11*	**1,238,037**	1,046,421
Statutory deposits	*10*	**94,800**	131,256
Reinsurance contract assets	*13*	**3,594,303**	3,200,932
Other receivables and prepayments	*12*	**150,121**	82,006
Bank deposits	*14*	**3,424,432**	2,849,330
Cash and cash equivalents	*14*	**408,852**	766,525
Total assets		**11,753,075**	10,533,331
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*	**334,762**	333,951
General reserve	*16*	**1,682,227**	1,627,458
Reinsurance risk reserve	*16*	**50,026**	27,688
Available for sale investments reserve	*16*	**626,933**	580,093
Foreign currency translation reserve	*16*	**(218,796)**	(136,664)
Capital reserve	*16*	**17,910**	10,982
Retained earnings		**587,688**	405,042
Equity attributable to equity holders of the Company		**3,955,750**	3,723,550
Non-controlling interests		**42,497**	72,196
Total equity		**3,998,247**	3,795,746
Liabilities			
Insurance contract liabilities	*13*	**5,139,378**	4,549,866
Unit linked funds reserve		**604,510**	439,326
Retirement benefit obligation	*18*	**33,720**	29,050
Lease liabilities	*26*	**4,409**	8,749
Reinsurance and other payables	*19*	**1,972,811**	1,710,594
Total liabilities		**7,754,828**	6,737,585
Total liabilities and equity		**11,753,075**	10,533,331

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 2022. These consolidated financial statements were authorised for issue and approved by the Board of Directors on 27 February 2023 and signed on their behalf by:

Vice Chairman

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

The notes on pages 14 to 67 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	2022 AED '000	2021 AED '000
Gross written premium	13	**6,070,736**	5,007,762
Reinsurance share of ceded premiums	13	**(4,144,060)**	(3,356,503)
Net premium written		**1,926,676**	1,651,259
Net movement in provision for unearned premiums reserve, mathematical reserve and unit-linked funds reserve	13	**(486,560)**	(338,645)
Net premium earned		**1,440,116**	1,312,614
Commission income		**346,102**	316,810
Commission expense		**(391,203)**	(350,894)
Gross underwriting income		**1,395,015**	1,278,530
Gross claims paid		**2,849,879**	2,675,771
Reinsurance share of claims paid		**(2,078,462)**	(1,938,140)
Net claims paid		**771,417**	737,631
Change in outstanding claims reserve		**(59,837)**	185,517
Change in reinsurers' share of outstanding claims reserve		**70,091**	(149,074)
Net change in incurred but not reported claims reserve		**(5,555)**	(17,773)
Change in allocated and unallocatedloss adjustment expenses reserve		**1,431**	2,334
Net claims incurred		**777,547**	758,635
Net underwriting income		**617,468**	519,895
Income from investments	20	**221,217**	210,363
Other income		**8,317**	6,219
Gain on bargain purchase	21	**-**	18,291
Share of profit from investment in an associate	8	**-**	364
Total income		**847,002**	755,132
General and administrative expenses	22	**(311,114)**	(263,073)
Profit before tax		**535,888**	492,059
Income tax expense net of deferred taxes	23	**(14,602)**	(15,954)
Profit after tax		**521,286**	476,105
Attributable to:			
Equity holders of the Company		**510,552**	458,009
Non-controlling interests		**10,734**	18,096
		521,286	476,105
Basic and diluted earnings per share attributable to equity holders of the Company (AED / share)	24	**102.11**	91.60

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 profit or loss and other comprehensive income

for the year ended 31 December

	2022 AED '000	2021 AED '000
Profit after tax	**521,286**	476,105
Other comprehensive income		
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Net unrealised gain from available for sale investments	**46,840**	122,451
Foreign currency adjustments from translation of foreign operations	**(97,184)**	(31,201)
	(50,344)	91,250
Total comprehensive income for the year	**470,942**	567,355
Attributable to:		
Equity holders of the Company	**475,260**	551,323
Non-controlling interests	**(4,318)**	16,032
	470,942	567,355

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

The notes on pages 14 to 67 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 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**	**Capital Reserve AED '000**	**Retained earnings AED '000**	**Total AED '000**	**Non-controlling interests AED '000**	**Total AED '000**
Balance as at 1 January 2022	500,000	125,000	250,000	333,951	1,627,458	27,688	580,093	(136,664)	10,982	405,042	3,723,550	72,196	3,795,746
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	510,552	510,552	10,734	521,286
Other comprehensive income **for the year**													
Net unrealised gain from available for sale investments	-	-	-	-	-	-	46,840	-	-	-	46,840	-	46,840
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	-	(82,132)	-	-	(82,132)	(15,052)	(97,184)
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	46,840	(82,132)	-	510,552	475,260	(4,318)	470,942
Transactions with owners directly recorded in equity													
Transfer to reserves	-	-	-	811	54,769	22,338	-	-	-	(77,906)	12	-	12
Retained earning of Subsidary- Orient Takaful	-	-	-	-	-	-	-	-	-	-	-	(25,381)	(25,381)
Dividend paid (note 17)	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Capital Reserve (note 21 (iii))	-	-	-	-	-	-	-	-	6,928	-	6,928	-	6,928
Balance as at 31 December 2022	**500,000**	**125,000**	**250,000**	**334,762**	**1,682,227**	**50,026**	**626,933**	**(218,796)**	**17,910**	**587,688**	**3,955,750**	**42,497**	**3,998,247**

The notes on pages 14 to 67 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 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	Capital Reserve AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	Total 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)	-	277,401	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- Orient Takaful	-	-	-	-	-	-	-	-	-	-	-	(920)	(920)
Dividend paid (note 17)	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
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**	**405,042**	**3,723,550**	**72,196**	**3,795,746**

The notes on pages 14 to 67 form an integral part of these consolidated financial statements.

Orient Insurance PJSC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 December

	Notes	**2022**	2021
		AED '000	AED '000
Cash flows from operating activities			
Profit before tax for the year		**535,888**	492,059
Adjustments for:			
Depreciation	*22*	**9,271**	10,415
Interest income	*20*	**(152,965)**	(158,320)
Dividend income	*20*	**(70,369)**	(49,669)
Share of profit from equity accounted investees	*8*	**-**	(364)
Provision for EOSB	*18*	**8,058**	5,754
Unrealised loss / (gain) on investments at fair value through profit or loss	*20*	**2,117**	(2,374)
Gain on bargain purchase		**-**	(18,291)
(Gain) / loss on sale of property and equipment		**(53)**	64
Finance cost on lease liabilities	*26*	**693**	328
Allowance for doubtful debts	*11*	**(3,557)**	(1,127)
Operating cash flows before movements in working capital		**329,083**	278,475
(Increase) / decrease in insurance receivables		**(188,059)**	111,006
Increase in reinsurance contract assets		**(393,371)**	(272,849)
Increase in other receivables and prepayments		**(44,715)**	831
Increase in insurance contract liabilities		**589,512**	397,979
Increase in unit linked funds reserve		**165,184**	244,789
Increase in reinsurance and other payables		**270,730**	187,772
Cash generated from operating activities		**728,364**	948,003
Income tax paid	*23*	**(16,874)**	(12,501)
Employees' end of service benefits paid	*18*	**(2,231)**	(2,080)
Net cash generated from operating activities		**709,259**	933,422
Cash flows from investing activities			
Purchase of property and equipment		**(4,488)**	(9,744)
Proceeds from disposal of property and equipment		**638**	72
Interest received		**127,612**	142,605
Dividend income	*20*	**70,369**	49,669
Withdrawal / (Deposits) with bank		**(538,646)**	149,198
Acquisition of subsidiary - net of cash acquired	*21*	**(18,452)**	(63,235)
Purchase of investments carried at fair value through profit and loss		**(288,929)**	(294,342)
Purchase of held to maturity investments		**(249,832)**	(79,559)
Purchase of available for sale investments		**(235,665)**	(405,167)
Proceeds from sale of investments carried at fair value through profit and loss		**123,745**	49,554
Proceeds from sale of held to maturity investments		**129,715**	61,139
Proceeds from sale of available for sale investments		**49,425**	91,834
Foreign exchange differences		**117,340**	2,766
Net cash used in investing activities		**(717,168)**	(305,210)
Cash flows from financing activities			
Dividend paid	*17*	**(250,000)**	(200,000)
Payment of lease liabilities	*26*	**(2,580)**	(2,173)
Net cash used in financing activities		**(252,580)**	(202,173)
Net increase in cash and cash equivalents		**(260,489)**	426,039
Cash and cash equivalents at 1 January		**766,525**	371,687
Movement in foreign currency translation reserve		**(97,184)**	(31,201)
Cash and cash equivalents at 31 December	*14*	**408,852**	766,525

The independent auditors' report is set out on pages 1 to 7.
The notes on pages 14 to 67 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*	
			2022	*2021*
Arab Orient Insurance Company	General and life insurance	Syria	40%	40%
Orient Takaful Insurance Company (S.A.E)	General insurance	Egypt	80%	80%
Orient Insurance Limited	General insurance	Sri lanka	100%	100%
Orient Takaful PJSC (note 21)	General insurance	UAE	95.78%	84%
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.

Taxation of Corporations and Businesses

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. (47) of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold. In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

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 2022, 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").

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.

2 Basis of preparation (continued)

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.

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 2022 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 2022, 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 property and equipment not commissioned are not depreciated. The estimated useful life of property and equipment 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.

Property and equipment 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 will initially adopt IFRS 17 Insurance Contracts ("IFRS 17"), which replaces IFRS 4 Insurance Contracts ("IFRS 4"), from 1 January 2023.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies. IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. Further details are provide in note XIV.

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 2022 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)

(ii) 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 2022.

(iii) 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 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
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IFRS 3 – Reference to Conceptual Framework	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022

The Company will apply IFRS 17 and IFRS 9 for the first time on 1 January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material / significant impact on the Company's Consolidated financial statements in the period of initial application.

(iv) IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. The Group expects to first apply IFRS 17 on that date. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

A. Structure and status of the Implementation project

The International Accounting Standards Board (IASB) issued the final draft of IFRS 17 in May 2017. Thereafter, IASB issued the amendment to IFRS 17 in June 2020. Under the directives of the Central Bank of UAE ("CBUAE"), all insurance companies in UAE are required to implement IFRS 17 as per the stipulated revised deadline of 1 January 2023.

The Company's IFRS implementation plan was prepared in accordance with the IFRS 17 Standard as issued by IASB on 18 May 2017 and amended in June 2020. The IFRS 17 Project Governance and Control Structure of the Company has been developed to ensure robust project management and governance practices. The Project Management Team comprises of the functional leads of the relevant departments to ensure a smooth implementation process. The Company has implemented an IFRS 17 core system to cater to the requirements of IFRS 17 standards and as at the reporting date, we are in the last stage of project Implementation to complete the final transition to IFRS 17.

3 Summary of significant accounting policies (continued)

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

B. Significant Judgements and Accounting Policy Choices

The Company is expected to apply the following significant accounting policies in the preparation of financial statement on the effective date of this Standard i.e., Jan 01, 2023:

1. Initial Recognition

Insurance Contracts Issued

The Company will recognise a group of insurance contracts that it issues at the earliest of:
- The beginning of the coverage period (inception date);
- The date the first premium is due (or date first premium received in absence of contractual due date); and
- When a group of contracts becomes onerous.

Reinsurance Contracts Held

The Company will recognise a group of non-proportionate reinsurance contracts held at the start of the period of coverage, and in the case of proportionate reinsurance, at the later of:
- the beginning of the coverage period; or
- the date the first underlying gross insurance contract is recognised.

2. Level of Aggregation

IFRS 17 requires contracts to be grouped into portfolios based on:
a. the similarity of risks, and
b. contracts being managed together.

Judgement and interpretation are required in the application of these two concepts as IFRS 17 does not clearly define them;

a. Similarity of risks
The risks to be considered when defining portfolios should be insurance risks that the Company accepts from the policyholder (or risks ceded to the reinsurer) and not financial risks. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if managed together.

b. Managed together
i) Information is managed together when it is analysed and used in aggregate for decision-making, reporting and assessment of business performance.

3 Summary of significant accounting policies (continued)

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

2. Level of Aggregation (continued)

Based on the Company's analysis, at Group level, the portfolio definition shall consider the statutory entity level with the exception where such entities are separately identifiable. In this case, portfolios should be identified for each entity separately to reflect the independent internal management and profitability reporting structure of such entities. At a Group level, the portfolios shall be aggregated on the basis of the Central Bank of UAE statutory reporting forms.

3. Contract boundaries

Under IFRS 17 the measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the Group. Compared with the current accounting, the Group expects that for certain contracts, the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts.

Insurance contracts

For insurance contracts, cash flow is within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policy holder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contracts and can set a price or level of benefits that fully reflects the risks of that portfolio and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

Some term life and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. Currently, the Group accounts for these contracts as annual contracts. Under IFRS 17, the cash flows related to future renewals i.e., the guaranteed renewable terms of these contracts will be within the contract boundary. This is because the Group does not have practical ability to reassess the risks of the policy holder is at individual contract or portfolio level.

Investment contracts with Direct participation Features (DPF)

For investment contracts with DPF the cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash at a present or future date. The Group has no substantive obligations to deliver cash if it has the practical ability to set a price for the promise to deliver the cash that fully reflects the amount of cash promised and related risks.

Reinsurance contracts

For reinsurance contracts cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is to pay amounts to the reinsurer or has a substantive right to receive services form the reinsurer.

Some of the Group's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17, cash flows arising from the underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

3 Summary of significant accounting policies (continued)

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

Significant Judgements and Estimates

4. PAA eligibility assessment approach

An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group:

a) the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the requirements in GMM approach; or

b) the coverage period of each contract in the group (including coverage arising from all premiums within the contract boundary determined at that date) is one year or less.

The criterion is not met if at the inception of the group an entity expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

The Company will apply the PAA approach where the eligibility criteria has been fulfilled for all its portfolios; however, in case of any changes in the terms and conditions of the contracts or introduction of new contracts with coverage period of more than one year, the Company will re-perform the PAA eligibility test.

For contracts which are more than 1 year and that does not meet the PAA eligibility test, the Company shall apply General Measurement Model (“GMM”).

As per IFRS 17, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

This choice is only available, if Premium Allocation Approach is applied for a group of insurance contracts and claims are expected to be paid the within one year from the date they are incurred. Furthermore, the choice is available on portfolio level. Based on the analysis of Company’s portfolios, the Company will apply discounting on Liability for Incurred Claims (“LFIC”).

5. CSM release pattern

As per IFRS 17, if an entity prepares interim financial statements applying IAS 34 Interim Financial Reporting, the entity shall make an accounting policy choice as to whether to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period. The entity shall apply its choice of accounting policy to all groups of insurance contracts it issues and groups of reinsurance contracts it holds.

As per the current assessment, the Company may apply PAA (for majority of its portfolios), under which the CSM calculation is not required. However, where the Company chooses to apply GMM, the Company will elect to change the treatment of accounting estimates made in previous interim financial statements.

6. Onerosity determination

Basis of determining Onerousness

IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Company assesses the Onerosity considering the factors such as:

a) the expected ratio of claims to premiums (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganisations or changes to the prices of services or products used to fulfil its insurance obligations.

7. Reinsurer Default provision

IFRS 17 requires changes in the risk of non-performance by reinsurers to be included by reducing future cash inflows. This adjustment should be included in the Asset for Incurred Claim (AFIC) and Asset for Remaining Coverage (AFRC) under the GMM as it relates to future cash flows. Under the standard, any adjustment to future cash flows due to non-performance by the reinsurer will take account of known credit worthiness issues (Watchlist) anticipated levels of non-performance on existing reinsurers which have currently no issues (future default) and other known specific recoverability issues.

3 Summary of significant accounting policies (continued)

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

Accounting Policy Choices

8. Length of Cohorts:

The Company shall identify portfolios of insurance contracts. A portfolio comprises of contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Contracts in different product lines would not be expected to have similar risks and hence would be expected to be in different portfolios.

An entity shall divide a portfolio of insurance contracts issued into a minimum of:

a) a group of contracts that are onerous at initial recognition, if any;

b) a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and

c) a group of the remaining contracts in the portfolio, if any.

IFRS 17 prohibits contracts issued more than one year apart to be included in the same cohort. Considering the operational structure and its portfolios, the Company, has decided to select the cohort duration of one year which the Company will use on an underwriting year as an approximation for issue year to determine these cohorts on the basis that these two dates would not be materially different.

9. Discounting

For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. It is based on liquid risk-free yield curve adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the insurance contract (illiquidity premium). The derivation of the risk free rate is not prescribed in the Standard.

The company has elected to use the Bottom-up approach in determining the discount rates based on liquid risk-free yield curve.

10. Risk Adjustment

The risk adjustment will be required when calculating:
- the Liability for Incurred Claims (LFIC) under both the PAA and the GMM;
- the Liability for Remaining Coverage (LFRC) under GMM; and
- the loss component for onerous groups under PAA.

The risk adjustment will allow for stresses to the best estimate cash flows due to non-financial risk associated with all insurance contracts recognised under IFRS 17 (both inwards business and outwards reinsurance).

The Company would be using Mack Method to arrive at the confidence level for the risk adjustment.

11. Disaggregation of Risk Adjustment

In compliance with the Company's decision to apply discounting on LFIC, the Company has chosen to disaggregate Risk Adjustment into insurance service result and Insurance Finance Income or Expense (IFIE).

3 Summary of significant accounting policies (continued)

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

12. Expense Attribution

The following are the key definitions of the relevant concepts as per the IFRS 17 standard related to the Expense Allocation:

I. Attributable Expenses

Expenses are considered "directly attributable" if they can be attributed to a "portfolio" level, even though they may not be directly attributable to individual contracts or groups of insurance contracts. Nevertheless, the expenses still have to be allocated to groups of contracts within a portfolio for measurement purposes mandated by IFRS 17.

II. Direct Expenses

Direct expenses (e.g., insurance benefits, commissions, direct administrative expenses) are incurred because of the existence of the insurance contracts, and they can often be directly attributed to individual insurance contracts.

III. Indirect Expenses

Indirect expenses (e.g., general overhead) are included in the measurement of insurance contracts if and only if they can be directly attributed to the portfolio of insurance contracts. The variable or fixed indirect expenses should be allocated using a systematic and rational method to be consistently applied to all costs with similar characteristics.

IV. Insurance Acquisition Cash Flows

IFRS 17 defines insurance acquisition cash flows as "the cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio".

The Company has decided to classify the expenses based on the following categories:

1. Directly classified attributable non-acquisition expenses
2. Allocated attributable non-acquisition expenses with systematic and rationale allocation (S&RA)
3. Directly classified insurance acquisition cost
4. Allocated Acquisition costs with S&RA

The Company has performed an assessment to identify expenses to be included in the LFRC and LFIC by applying a certain degree of judgement to determine the appropriate expense allocation.

13. Deferral of Acquisition Cost

According to IFRS 17, in applying the premium allocation approach, an entity may choose to recognise any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year.

This policy choice is only applicable to acquisition cash flows associated with insurance contracts with coverage period of one year. The Company has decided to defer acquisition cost.

14. Liability for Incurred Claims

The Company will calculate the LFIC as follows:

• Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER.

• Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.

• Adjustment for the time value of money.

• Risk adjustment for non-financial risks.

3 Summary of significant accounting policies (continued)

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

15. Presentation and Disclosure

As per IFRS 17, the Company may present the income or expense from a group of reinsurance contracts held, other than finance income and expense, as either:

• A single amount (net presentation); or

• Separately (gross presentation):
  - the amounts recovered from the reinsurer; and
  - an allocation of the premium paid.

Based on the current assessment, the Company will choose to present reinsurance as a single line item.

For Life risk and Life savings contracts, the Group will choose to disaggregate insurance finance income or expenses between profit or loss and OCI. This is expected to reduce accounting mismatches in profit or loss, considering that many of the supporting financial assets will be debt investments measured at FVOCI under IFRS 9. The amount included in profit or loss will be determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation will be determined using the following rates:

• Life risk contracts: the discount rates determined on initial recognition of the group of Contracts and

• Life savings contracts for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e.) effective yield and for insurance finance income or expenses arising from the CSM, the discount rate determined on initial recognition of the group of contracts.

If the group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss as a reclassification adjustment.

For participating and non-life contracts, the Group will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

Transition

IFRS 17 requires an entity to restate the balance sheet at the transition date. This will result in significant changes to the measurement and presentation of insurance contract liabilities for historical periods. IFRS 17 standard has outlined 3 approaches under which the insurance reinsurance assets and liabilities at the transition date can be determined.

a) Full Retrospective approach (FRA)

b) Modified Retrospective approach (MRA)

c) Fair value approach (FVA)

An entity is required to adopt the FRA when applying IFRS 17 for the first time unless impracticable. Under the FRA at the transition date the entity will account for insurance contracts as if IFRS 17 had always been applied. Only when the FRA is impracticable the entity is permitted to choose between MRA or FVA. When the FRA is impracticable the entity is required to choose MRA.

The choice between the methods is not required to be made in aggregate. The choice of the transition approach should be made more granularly and may for example vary by Portfolio.

Considering all aspects, the Company has assessed that it would be impractical to apply FRA across all its group of contracts and accordingly the Company would be opting for the Modified Retrospective Approach (MRA), for transition purposes. For the life risk segment, the Group will apply the modified retrospective approach to identify, recognise and measure certain assets for insurance acquisition cash flows at 01 Jan 2023.

3 Summary of significant accounting policies (continued)

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

IFRS 9 Financial Instruments

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.

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 Company estimates that, on adoption of IFRS 17 and IFRS 9, there would be an impact on the Group's equity.

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 fair value information of the Group's directly held financial assets at 31 December 2022 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 2022				
Assets				
Held to maturity investments	**241,262**	**-**	**-**	**-**
Available for sale investments	**685,898**	**(72,256)**	**1,210,263**	**119,096**
Investments carried at FVTPL	**-**	**-**	**617,511**	**(2,117)**
Insurance balances receivable	**1,280,664**	**-**	**-**	**-**
Statutory deposits	**94,800**	**-**	**-**	**-**
Other receivables	**101,714**	**-**	**-**	**-**
Bank deposits	**3,424,432**	**-**	**-**	**-**
Cash and cash equivalents	**408,799**	**-**	**-**	**-**
	6,237,569	**(72,256)**	**1,827,774**	**116,979**
31 December 2021				
Assets				
Held to maturity investments	232,342	-	-	-
Available for sale investments	570,854	(6,525)	1,102,300	6,525
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	8,899

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			
	A+ to A-	BBB+ to BBB-	Below BBB- or not rated	Total
	AED '000	AED '000	AED '000	AED '000
31 December 2022				
Assets				
Held to maturity investments	**-**	**-**	**241,262**	**241,262**
Investments carried at FVTPL	**-**	**-**	**617,511**	**617,511**
Available for sale investments	**1,719,241**	**-**	**176,920**	**1,896,161**
Statutory deposits	**818**	**16,000**	**77,982**	**94,800**
Bank deposits	**1,413,620**	**825,886**	**1,184,926**	**3,424,432**
Cash and cash equivalents	**265,549**	**4,238**	**139,012**	**408,799**
	3,399,228	**846,124**	**2,437,613**	**6,682,965**
31 December 2021				
Assets				
Held to maturity investments	-	-	232,342	232,342
Investments carried at FVTPL	-	-	454,443	454,443
Available for sale investments	1,648,910	-	24,244	1,673,154
Statutory deposits	29,238	16,000	86,018	131,256
Bank deposits	33,754	178,131	2,637,445	2,849,330
Cash and cash equivalents	285,259	3,540	477,671	766,470
	1,997,161	197,671	3,912,163	6,106,995

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

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 2022 and 31 December 2021.

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 below:

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

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.

4 Risk management (continued)

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

Regulation (continued)

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.

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.

4 Risk management (continued)

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

a) *Insurance risk (continued)*

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.

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 32% of the maximum credit exposure at 31 December 2022 (*2021: 26%*). 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 2022		31 December 2021	
	Gross loss ratio	**Net loss ratio**	Gross loss ratio	Net loss ratio
General insurance	**57%**	**54%**	64%	60%
Life insurance	**50%**	**52%**	67%	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 32% (*31 December 2021: 33%*) 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

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 2022 AED'000	31 December 2021 AED'000
Held to maturity investments	**241,262**	232,342
Available for sale investments	**1,896,161**	1,673,154
Insurance balances receivable	**1,238,037**	1,046,421
Other receivables	**101,714**	52,215
Statutory deposits	**94,800**	131,256
Deposits with banks and bank balances	**3,833,231**	3,615,800
	7,405,205	6,751,188

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 2022				
Investments carried at FVTPL	**-**	**617,511**	**-**	**617,511**
Held to maturity investments	**-**	**241,262**	**-**	**241,262**
Available for sale investments	**1,719,241**	**176,920**	**-**	**1,896,161**
Insurance balances receivable	**1,238,037**	**-**	**42,627**	**1,280,664**
Other receivables	**-**	**101,714**	**-**	**101,714**
Statutory deposits	**16,818**	**77,982**	**-**	**94,800**
Deposits with banks and bank balances	**2,509,294**	**1,323,990**	**-**	**3,833,284**
				8,065,396
Less: allowance for doubtful debts				**(42,627)**
				8,022,769
31 December 2021				
Investments carried at FVTPL	-	454,441	-	454,441
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
				7,251,813
Less: allowance for doubtful debts				(46,184)
				7,205,629

The ageing analysis of insurance balance receivables is as follows:

31 December 2022	Policyholders AED '000	Insurance / reinsurance companies AED '000	Total AED '000
Inside UAE			
Less than 30 days	**493,851**	**24,805**	**518,656**
30 - 90 days	**147,045**	**17,136**	**164,181**
91 - 180 days	**88,679**	**26,398**	**115,077**
181 - 270 days	**31,241**	**6,581**	**37,822**
271 - 360 days	**14,661**	**2,585**	**17,246**
More than 360 days	**105,055**	**11,745**	**116,800**
Total	**880,532**	**89,250**	**969,782**
Outside UAE			
Less than 30 days	**50,563**	**34,378**	**84,941**
30 - 90 days	**25,787**	**22,088**	**47,875**
91 - 180 days	**28,336**	**26,171**	**54,507**
181 - 270 days	**15,397**	**30,761**	**46,158**
271 - 360 days	**10,232**	**14,207**	**24,439**
More than 360 days	**28,761**	**24,201**	**52,962**
Total	**159,076**	**151,806**	**310,882**
Total	**1,039,608**	**241,056**	**1,280,664**

4 Risk management (continued)

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

b) *Financial risk (continued)*

i) Credit risk (continued)

31 December 2021	Policyholders AED '000	Insurance / reinsurance 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

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 of 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 companies provided by rating agencies.

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 2022			
	Less than one year	**More than one year**	**No term**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**
Assets				
Held to maturity investments	**91,542**	**149,720**	**-**	**241,262**
Available for sale investments	**5,106**	**690,367**	**1,200,688**	**1,896,161**
Investments carried at FVTPL	**-**	**-**	**617,511**	**617,511**
Insurance balance receivables	**1,238,037**	**-**	**-**	**1,238,037**
Statutory deposits	**81,077**	**13,723**	**-**	**94,800**
Other receivables	**101,714**	**-**	**-**	**101,714**
Cash and bank balances	**2,431,058**	**1,033,668**	**368,505**	**3,833,231**
Total assets	**3,948,534**	**1,887,478**	**2,186,704**	**8,022,716**
Liabilities				
Reinsurance and other payables	**1,972,811**	**-**	**-**	**1,972,811**
Lease liabilities	**(81)**	**4,490**	**-**	**4,409**
Total liabilities	**1,972,730**	**4,490**	**-**	**1,977,220**

	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

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 2022	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	**91,542**	**149,720**	**-**	**241,262**	2.15% to 18.65%
Available for sale investments	**5,106**	**690,367**	**1,200,688**	**1,896,161**	9.00% to 29.25%
Investments carried at FVTPL	**-**	**-**	**617,511**	**617,511**	
Statutory deposits	**81,077**	**13,723**	**-**	**94,800**	2.00% to 11.35%
Deposits with banks	**2,390,764**	**1,033,668**	**-**	**3,424,432**	0.50% to 29.50%
Deposits with banks and bank balances	**40,347**	**-**	**368,452**	**408,799**	0.10% to 28.00%
	2,608,836	**1,887,478**	**2,186,651**	**6,682,965**	
31 December 2021					
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	

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 rates.

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 rate	Effect on consolidated profit and loss and other comprehensive	
		31 December 2022 AED '000	31 December 2021 AED '000
Egyptian Pounds	**+5%**	**7,417**	9,038
Syrian Pounds	**+5%**	**235**	211
Sri Lankan Rupees	**+5%**	**647**	1,045
Turkish Lira	**+5%**	**1,567**	1,918

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 Emirates.

The effect on equity (as a result of a change in the fair values of available for sale investments at 31 December 2022) 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 2022) 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 2022			
All investments - (Mainly Dubai Financial Market and Abu Dhabi Stock Market)	**10**	**120,069**	**1,300**
31 December 2021			
All investments - (Mainly Dubai Financial Market and Abu Dhabi Stock Market)	10	108,166	1,512

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 as 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 2022 AED '000	31 December 2021 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 2022

Financial assets	**Level 1 AED '000**	**Level 2 AED '000**	**Level 3 AED '000**	**Total AED '000**
Financial assets held-for-trading:				
Equity securities	**13,001**	-	-	**13,001**
Investments held on behalf of policy holders of unit linked products	**604,510**	-	-	**604,510**
	617,511	-	-	**617,511**
Available-for-sale financial assets:				
Banking Sector	**1,196,648**	**685,898**	-	**1,882,546**
Other Sector	**13,615**	-	-	**13,615**
	1,210,263	**685,898**	-	**1,896,161**

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

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 2022	**At 1 January 2022 AED '000**	**Purchase / transfer AED '000**	**Sales AED '000**	**Fair value movement in equity AED '000**	**At 31 December 2022 AED '000**
Available-for-sale financial assets:					
Other sectors	-	-	-	-	-
Total	-	-	-	-	-

31 December 2021	At 1 January 2021 AED '000	Purchase 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	-

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 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
At 1 January 2022	20,000	96,830	39,888	2,717	16,361	175,796
Additions	-	-	2,922	464	1,102	4,488
Disposal	-	-	(3,022)	(259)	(538)	(3,819)
Foreign exchange differences	-	-	(4,477)	(341)	(3,570)	(8,388)
At 31 December 2022	**20,000**	**96,830**	**35,311**	**2,581**	**13,355**	**168,077**
Accumulated depreciation						
At 1 January 2021	-	34,801	26,593	1,590	5,235	68,219
Acquisitions through business	-	-	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
At 1 January 2022	-	38,783	30,530	1,949	7,612	78,874
Charge for the year	-	3,983	2,658	302	2,328	9,271
On disposals	-	-	(2,445)	(251)	(42)	(2,738)
Foreign exchange differences	-	-	(3,091)	(272)	(1,563)	(4,926)
At 31 December 2022	**-**	**42,766**	**27,652**	**1,728**	**8,335**	**80,481**
Net carrying amount						
At 31 December 2021	20,000	58,047	9,358	768	8,749	96,922
At 31 December 2022	**20,000**	**54,064**	**7,658**	**853**	**5,020**	**87,596**

8 Investment in an associate

On 16 March 2021, the Group's equity interest in its associate, Orient Takaful PJSC (formerly 'Orient UNB Takaful PJSC'), increased from 35% to 84% and accordingly Orient Takaful PJSC has become a subsidiary from that date (see note 21). Orient Takaful PJSC is a public shareholding company registered and incorporated in UAE. Orient Takaful PJSC commenced its commercial operations in 2017. The principal activity of the company 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. The company also invests its funds in deposits.

Following is the movement in investment in associate:

	31 December 2022	31 December 2021
	AED '000	AED '000
Balance as at 1 January	**-**	67,635
Group's share of net profit for the period / year	**-**	364
Transfered to investment in subsidiaries (note 21 (iii))	**-**	(67,999)
	-	-

9 Investment securities

<u>At 31 December 2022</u>	**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		**1,200,686**	**13,001**	**1,213,687**
Quoted debt securities in UAE	**-**	**685,898**	**-**	**685,898**
Unquoted equity securities in UAE		**-**	**95,687**	**95,687**
Unquoted equity security outside UAE		**1**	**-**	**1**
Quoted equity securities in UAE held on behalf of policyholders' unit linked products		**-**	**95,687**	**95,687**
Quoted equity securities outside UAE held on behalf of policyholders' unit linked products		**-**	**413,136**	**413,136**
Total equity securities	**-**	**1,886,585**	**617,511**	**2,504,096**
Total other invested assets (note 9.2)	**241,262**	**9,576**	**-**	**250,838**
Total	**241,262**	**1,896,161**	**617,511**	**2,754,934**

<u>At 31 December 2021</u>	Held to maturity	Available for sale	Fair value through profit and loss	Total
	AED '000	AED '000	AED '000	AED '000
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 security 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

9 Investment securities *(continued)*

9.1 During the year ended 31 December 2022, the Group has purchased and sold equity shares and debt instruments amounting to AED 774,426 and AED 302,885 thousand (*31 December 2021: AED 779,068 and AED 202,527 thousand*) respectively.

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

10 Statutory deposits

		31 December 2022	31 December 2021
		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 Central Bank of UAE	**-**	10,000
c)	Amounts under lien with Capital Market Authority, Sultanate of Oman	**52,544**	57,744
d)	Amounts under lien with Omani Unified Bureau for the Orange Card	**-**	544
e)	Amounts under lien with Insurance Authority Syria	**37**	37
f)	Amounts under lien with Egyptian Financial Supervisory Authority	**3,723**	32,187
g)	Amounts under lien with Turkish Treasury	**21,678**	13,942
h)	Amounts under lien with Central Bank of UAE on behalf of Orient Takaful PJSC	**6,000**	6,000
i)	Amounts under lien with Central Bank of Bahrain	**818**	802
		94,800	131,256

11 Insurance balances receivable

	31 December 2022	31 December 2021
	AED '000	AED '000
<u>**Inside UAE:**</u>		
Due from policyholders	**880,532**	765,604
Due from insurance / reinsurance companies	**89,250**	56,147
	969,782	821,751
<u>**Outside UAE:**</u>		
Due from policyholders	**159,076**	144,429
Due from insurance / reinsurance companies	**151,806**	126,425
	310,882	270,854
Total insurance balances receivable	**1,280,664**	1,092,605
Less: allowance for doubtful debts	**(42,627)**	(46,184)
Net insurance balances receivable	**1,238,037**	1,046,421

11 Insurance balances receivable *(continued)*

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

	31 December 2022	31 December 2021
	AED '000	AED '000
Balance at 1 January	**46,184**	47,311
Movement during the year	**(3,557)**	(1,127)
	42,627	46,184

12 Other receivables and prepayments

	31 December 2022	31 December 2021
	AED '000	AED '000
Receivable from employees	**6,951**	2,980
Refundable deposits	**9,248**	9,525
Prepayments	**47,269**	26,464
Deferred tax asset	**1,138**	3,327
Accrued interest	**46,239**	20,886
Others	**39,276**	18,824
	150,121	82,006

13 Insurance contract liabilities and reinsurance contract assets

	For the year ended 31 December					
	Gross		Reinsurers' share		Net	
	2022 AED '000	2021 AED '000	**2022 AED '000**	2021 AED '000	**2022 AED '000**	2021 AED '000
Written premium	**6,070,736**	5,007,762	**(4,144,060)**	(3,356,503)	**1,926,676**	1,651,259
Movement in provision for unearned premiums reserve, mathematical reserve and unit-linked funds reserve	**(903,003)**	(476,874)	**416,443**	138,229	**(486,560)**	(338,645)
Premium earned	**5,167,733**	4,530,888	**(3,727,617)**	(3,218,274)	**1,440,116**	1,312,614

	Gross		Reinsurers' share		Net	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Unearned premium reserve	**2,344,555**	1,908,254	**(1,754,796)**	(1,388,492)	**589,759**	519,762
Mathematical reserve	**562,342**	410,120	**(27,934)**	(26,393)	**534,408**	383,727
	2,906,897	2,318,374	**(1,782,730)**	(1,414,885)	**1,124,167**	903,489
Outstanding claims	**1,408,434**	1,492,143	**(1,168,480)**	(1,242,538)	**239,954**	249,605
Incurred but not reported claims reserve	**784,508**	702,285	**(622,124)**	(524,057)	**162,384**	178,228
Allocated loss adjustment expense reserve	**25,899**	23,996	**(20,969)**	(19,452)	**4,930**	4,544
Unallocated loss adjustment expense reserve	**13,640**	13,068	**-**	-	**13,640**	13,068
	2,232,481	2,231,492	**(1,811,573)**	(1,786,047)	**420,908**	445,445
	5,139,378	4,549,866	**(3,594,303)**	(3,200,932)	**1,545,075**	1,348,934

13 Insurance contract liabilities and reinsurance contract assets (continued)

Outstanding claims and other reserves

	31 December 2022			31 December 2021		
	Gross	**Reinsurance share**	**Net**	Gross	Reinsurance share	Net
	AED '000	**AED '000**	**AED '000**	AED '000	AED '000	AED '000
At 1 January	**2,231,492**	**(1,786,047)**	**445,445**	1,941,642	(1,518,016)	423,626
UNB Takaful Claims - opening	**-**	**-**	**-**	149,407	(124,355)	25,052
Insurance claims paid	**(2,849,879)**	**2,078,462**	**(771,417)**	(2,675,771)	1,938,140	(737,631)
Claims incurred	**2,925,664**	**(2,148,117)**	**777,547**	2,904,786	(2,146,151)	758,635
Exchange differences	**(74,796)**	**44,129**	**(30,667)**	(88,572)	64,335	(24,237)
At 31 December	**2,232,481**	**(1,811,573)**	**420,908**	2,231,492	(1,786,047)	445,445

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:

Cumulative claims

Accident year	**Before 2019**	**2019**	**2020**	**2021**	**2022**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**
At the end of accident year	**-**	**2,357,718**	**2,307,481**	**3,131,391**	**3,383,154**	
One year later	**-**	**2,549,031**	**2,627,628**	**1,030,562**	**-**	
Two years later	**-**	**2,416,370**	**2,586,369**	**-**	**-**	
Three years later	**-**	**2,381,273**	**-**	**-**	**-**	
Four years later	**13,011,024**	**-**	**-**	**-**	**-**	
Current estimate of cumulative claims	**13,011,024**	**2,381,273**	**2,586,369**	**1,030,562**	**3,383,154**	
Cumulative payments						
At the end of accident year	**-**	**(1,757,240)**	**(1,709,021)**	**(1,971,151)**	**(2,062,104)**	
One year later	**-**	**(2,080,757)**	**(2,219,244)**	**(607,511)**	**-**	
Two years later	**-**	**(2,250,534)**	**(2,375,858)**	**-**	**-**	
Three years later	**-**	**(2,308,133)**	**-**	**-**	**-**	
Four years later	**(12,806,295)**	**-**	**-**	**-**	**-**	
Cumulative payments to date	**(12,806,295)**	**(2,308,133)**	**(2,375,858)**	**(607,511)**	**(2,062,104)**	
	204,729	**73,140**	**210,511**	**423,051**	**1,321,050**	**2,232,481**

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 Group.

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 2022	31 December 2021
	AED '000	AED '000
Bank balances and cash	**368,505**	697,591
Deposits with banks maturing within three months	**40,347**	68,934
Cash and cash equivalents	**408,852**	766,525
Bank deposits maturing after three months	**3,424,432**	2,849,330
	3,833,284	3,615,855
Cash and bank balances:		
Inside UAE:	**3,575,991**	2,995,553
Outside UAE:	**257,293**	620,302
	3,833,284	3,615,855

Bank balances include AED 4,578 thousand *(2021: AED 5,918 thousand)* under lien against the bank guarantees.

Interest on deposits with banks at fixed rates range from 0.50% - 29.50% (31 December 2021: *0.04% - 19.00%*) per annum.

15 Share capital

	31 December 2022	31 December 2021
	AED '000	AED '000
Issued and fully paid 5,000,000 shares of AED 100 each *(2021: 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, Law No. (32) of 2021 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 has resolved to discontinued such transfers when the reserve totals 50% of the paid up share capital. Accordingly no transfer to Legal reserve has been made during the year. 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 50.026 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 was created against additional purchase of shares from subsidiaries.

17 Dividends

For the year ended 31 December 2022, the Board of Directors has proposed a cash dividend of AED 60 per share amounting to AED 300 million (*2021: AED 250 million*). This is subject to the approval of the shareholders at the Annual General Meeting to be held during 2023.

For the year ended 31 December 2021, the Shareholders at the annual general meeting dated 18 March 2022 approved a cash dividend of AED 50 per share amounting to AED 250 million and the same was paid during 2022.

18 Retirement benefit obligation

	31 December 2022	31 December 2021
	AED '000	AED '000
At 1 January	**29,050**	25,494
Charge for the year	**8,058**	5,754
Paid during the year	**(2,231)**	(2,080)
Exchange differences	**(1,157)**	(118)
At 31 December	**33,720**	29,050

19 Reinsurance and other payables

	31 December 2022	31 December 2021
	AED '000	AED '000
Payables – Inside UAE	**695,393**	648,786
Payables – Outside UAE	**1,277,418**	1,061,808
	1,972,811	1,710,594
Inside UAE:		
Insurance and reinsurance companies payable	**292,404**	214,053
Payable to agents and brokers	**63,193**	57,874
Payable to employees	**31,933**	29,634
Other payables	**307,863**	347,225
	695,393	648,786
Outside UAE:		
Insurance and reinsurance companies payable	**1,035,046**	834,560
Payable to agents and brokers	**229**	285
Payable to employees	**3,151**	2,630
Other payables	**238,992**	224,333
	1,277,418	1,061,808

20 Income from investments

	For the year ended 31 December	
	2022	2021
	AED '000	AED '000
Interest income	**152,965**	158,320
Dividend income	**70,369**	49,669
Realised gain on sale of investments	**-**	-
Fair value (loss) / gain on investments carried at fair value through profit or loss	**(2,117)**	2,374
	221,217	210,363

21 Acquisition of subsidiary

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

From the date of acquisition, Orient Takaful PJSC 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. Furthermore during April 2022 the Group acquired additional 11.87% share of non controlling interest (note iv).

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 goodwill 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 Takaful PJSC– based on their respective fair values as of 16 March 2021 is presented below.

ii *Identifiable assets acquired and liabilities assumed*

Against the acquisition of additional equity share, the Group has transferred cash consideration amounting to AED 77,170 thousand. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	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

The provisional bargain purchase gain arising from the acquisition has been recognised as follows.

	AED '000
Fair value of identifiable net assets	**194,286**
Fair value of pre-existing interest in Orient Takaful PJSC	**(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 Takaful PJSC	**(30,978)**
	18,291

iv During the month of April 2022 there was an additional purchase of non controlling interest share of 11.87%. Details of the transaction is presented below.

Fair value of identifiable net assets as at 31 March 2022	**25,380**
Fair value of consideration transferred	**(18,452)**
Capital reserve	**6,928**

22 General and administrative expenses

	For the year ended 31 December	
	2022	2021
	AED '000	AED '000
Staff costs	**178,381**	160,975
Rent	**6,348**	4,111
Depreciation	**9,271**	10,415
Others	**117,114**	87,572
	311,114	263,073

22.1 During the year the Group has not made any social contributions (*2021: nil*).

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 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	
	2022	2021
	AED '000	AED '000
Current income tax expense	**14,391**	14,845
Deferred taxes	**211**	1,109
	14,602	15,954

	31 December 2022	31 December 2021
	AED '000	AED '000
As at 1 January	**17,265**	14,741
Provisions during the year	**14,391**	15,084
Less: payments	**(16,874)**	(12,501)
Exchange differences	**(4,929)**	(59)
At 31 December	**9,853**	17,265

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	
	2022	2021
	AED '000	AED '000
Profit after tax for the year	**521,286**	476,105
Less : attributable to non-controlling interests	**(10,734)**	(18,096)
Profit attributable to equity holders	**510,552**	458,009
Weighted average number of shares outstanding during the year ('000)	**5,000**	5,000
Earnings per share (AED / share)	**102.11**	91.60

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	
	2022	2021
	AED '000	AED '000
Gross premium written	**266,736**	191,011
General and administration expenses	**55,890**	38,178
Motor vehicle repair charges paid relating to claims	**42,938**	39,064
Interest income	**18,440**	16,025
Dividend income	**64,119**	49,546
Equity purchase from Related party(Orient Takaful PJSC)	**18,689**	-

Compensation of key management personnel

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

	For the year ended 31 December	
	2022	2021
	AED '000	AED '000
Short term benefits	**33,098**	27,673
Employees' end of service benefits	**6,409**	3,152
	39,507	30,825

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

	31 December 2022	31 December 2021
	AED '000	AED '000
Deposit with banks	**531,832**	513,874
Investment securities	**1,360,810**	1,077,727
Amounts due from related parties	**139,855**	141,681
Amounts due to related parties	**9,165**	41,243

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 2022 and 31 December 2021, 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 2024. 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 2022	31 December 2021
	AED '000	AED '000
Balance at 1 January	**8,749**	3,867
Acquisitions through business combinations	**-**	3,457
Additions	**1,102**	3,493
Net disposals	**(496)**	(202)
Depreciation charge for the year	**(2,328)**	(1,655)
Foreign exchange differences	**(2,007)**	(211)
	5,020	8,749

ii. Lease liabilities

Less than one year	**2,113**	4,259
Between one and five years	**2,296**	4,490
	4,409	8,749

iii. Amounts recognised in consolidated statement of profit or loss

	For the year ended 31 December	
	2022	2021
	AED '000	AED '000
Depreciation expense	**2,328**	1,655
Finance cost on lease liabilities	**693**	328
Foreign exchange differences	**3,559**	202

26 Leases (continued)

(a) *As lessee (continued)*

iv. Amounts recognised in consolidated statement of cash flows

	For the year ended 31 December	
	2022	2021
	AED '000	AED '000
Payment of lease liabilities	**2,580**	2,173

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 2022.

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

	31 December 2022		31 December 2021	
	Gross	**Net**	Gross	Net
	AED '000	**AED '000**	AED '000	AED '000
Unearned premium reserve (UPR) and unexpired risk reserve (URR)	**2,344,555**	**589,759**	1,908,254	519,762
Case Reserves (OSLR)	**1,408,434**	**239,954**	1,492,143	249,605
IBNR Reserve	**784,508**	**162,384**	702,285	178,228
Unallocated loss adjustment expense reserve and Allocated loss adjustment expense reserve	**39,539**	**18,570**	37,064	17,612
Mathematical reserves and Unit linked funds' reserve	**1,166,852**	**1,138,918**	849,446	823,053
	5,743,888	**2,149,585**	4,989,192	1,788,260

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

<u>As per consolidated financial statements:</u>

	31 December 2022		31 December 2021	
	Gross	**Net**	Gross	Net
	AED '000	**AED '000**	AED '000	AED '000
Unearned premium reserve	**2,344,555**	**589,759**	1,908,254	519,762
Mathematical reserve	**562,342**	**534,408**	410,120	383,727
Unit-linked funds' reserve	**604,510**	**604,510**	439,326	439,326
Outstanding claims	**1,408,434**	**239,954**	1,492,143	249,605
Incurred but not reported claim reserve	**784,508**	**162,384**	702,285	178,228
Allocated loss adjustment expense reserve	**25,899**	**4,930**	23,996	4,544
Unallocated loss adjustment expense reserve	**13,640**	**13,640**	13,068	13,068
As per actuarial valuation	**5,743,888**	**2,149,585**	4,989,192	1,788,260

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 2022	31 December 2021	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
	5,226,868	4,350,772	**843,868**	656,990	**6,070,736**	5,007,762
Gross underwriting income	**1,186,601**	1,139,382	**208,414**	139,148	**1,395,015**	1,278,530
Net underwriting income	**528,616**	445,831	**88,852**	74,064	**617,468**	519,895
General and administrative expenses	**(267,390)**	(223,078)	**(43,724)**	(39,995)	**(311,114)**	(263,073)
Net technical profit	**261,226**	222,753	**45,128**	34,069	**306,354**	256,822
Investment and other income					**229,534**	235,237
Profit before tax					**535,888**	492,059
Income tax expense net of deferred taxes					**(14,602)**	(15,954)
Profit after tax					**521,286**	476,105

28 Segment information (continued)

	General insurance		Life insurance		Investments		Total	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Segment assets	**5,002,239**	4,745,970	**476,670**	446,836	**6,274,166**	5,340,525	**11,753,075**	10,533,331
Segment liabilities	**6,141,246**	5,466,253	**1,613,582**	1,271,332	**-**	-	**7,754,828**	6,737,585

29 Capital risk management

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Operations and the total capital held to meet these required Solvency Margins.

	30 September 2022	31 December 2021
	AED '000	AED '000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**890,571**	648,516
Minimum Guarantee Fund (MGF)	**413,631**	340,314
Own funds		
Basic Own Funds	**2,378,209**	1,899,225
MCR Solvency Margin - (surplus)	**2,278,209**	1,799,225
MCR Solvency Margin - (surplus)	**1,487,638**	1,250,709
MCR Solvency Margin - (surplus)	**1,964,578**	1,558,911

30 Commitments and contingent liabilities

a) Capital commitments

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

	31 December 2022	31 December 2021
	AED '000	AED '000
Commitment for investments	**-**	-

b) Contingent liabilities

At 31 December 2022, guarantees, other than those relating to claims for which provisions are held, amounting to AED 89,702 thousand (2021: AED 57,861 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.

ORIENT INSURANCE PJSC

Corporate GOVERNANCE REPORT

2022

Contents

1 A statement of procedures taken to complete the Corporate Governance System during 2022 and how they are applied

2 A statement of transaction of the members of Board Directors and spouse and children thereof in the company's securities during 2022

3 Composition of the board

4 External auditor

5 Audit Committee

6 Nominations and remunerations committee

7 Insiders` Trading Follow up and supervision Committee

8 Investment Committee

9 Internal control system

10 Details of the violations committed during the year 2022, ant a statement of reasons thereof, and how they addressed and how they will avoid in the future.

11 A statement of the cash and in-kind contributions made by the company during the year 2022 towards the local community development and environmental conservation

12 General Information

Approval and signature of the report

Board declaration of liability for the company y's internal control system is attached

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1- The procedures taken to complete the Corporate Governance System during 2022.

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 2022:

Federal Decree-Law No. 32 of 2021 on Commercial Companies

Federal -Law No. 25 of 2020 Amending Some Provisions of Federal Decree-Law No. (14) of 2018 on the Central Bank and the Regulation of Financial Establishments and Regulations

Federal Decree-Law No. 24 of 2020 Amending Some Provisions of Law No. 6 of 2007 Regulating Insurance Business

Decision No. (03/R.M) of 2020 Issued by the Board of Directors of the Securities and Commodities Authority Regarding the Approval of the Governance Manual for Public Shareholding Companies

The company has taken the following steps:

a- The company's articles of association have been amended to be in line with the legislative amendments, and the company's general assembly approved in its meeting held on 18/3/2022 the proposed amendments to the articles of association and the procedures related to the implementation of the resolution were followed up with the official authorities

b- The Corporate Governance Manual has been amended to be in line with the requirements of Resolution No. (03/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies.

c- 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.

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

e- 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.

f- the company organized internal training courses during 2022 to its employees to explain the rules and controls of corporate governance and the organizing administrative decisions.

g- The board election of 2022 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.

h- the company's board followed up during 2022 the nominations and remunerations committees and the auditing committee in line with the governance rules and controls.

i- 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.

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

k- 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.

l- 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.

m- 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.

n- 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 2022

No	Name	Title/ relation	Own shares as on 31/12/2022	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	----	----

No trading of the company's shares was undertaken during 2022 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	**Mira Omar Al Futtaim**	Non-executive Independent	Finance , business administration ,	Diploma	5 year	2017
4	**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 2008-2021. - Minister of Communications from 2004 to 2006 - Minister of Government Sector Development from 2006 to 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.	1 year	2022

			- Chairman of Aman Insurance Board of Directors for the period 2002-2008 - Vice President, Dubai Islamic Bank from 1999-2008 - Previously, was the chairman of Federal Civil Aviation Authority, Dubai Islamic Economy Development Center, the Emirates Authority for Standardization and Metrology, Chairman of the Board of Trustees of the National Fund for Corporate Social Responsibility, and a member of the Education and Human Resources Council, the Ministerial Committee for Legislation, the National Committee for Demographics, and the Finance and Economy Committee			
5	**HE Hameed Mohamed Al Qatami**	Non – executive – independent	H.E Hameed Mohamed Al Qatami Previously held the following positions ▪ Director General of DHA until 2021 ▪ 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	1 year	2022

	(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
Mira Omar Al Futtaim	None	None
H.E Sultan Saeed Mohamed Nasir Al Mansoori	Board director in CBD	Chairman of the Supreme Committee for Consumer Protection Chairman of the Coordination and Economic Cooperation Committee Chairman of the National Committee for the Follow-up of the Investment Climate Program Chairman of the UAE International Investors Council Chairman of the Emirates Council for Small and Medium Enterprises
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 2022

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 2021:

Concerning the year of 2021, the company paid AED2,000,000 as board remunerations and

2- Total remunerations proposed to be paid to the members of the Board of Directors for the year 2022, which shall be presented in the annual General Assembly for approval

3- Concerning the year of 2022, it is recommended AED2,000,000 as board remunerations **A Statement of the details of attendance allowances for attending the sessions of and committees derived from the BOD, which were paid to the BOD members for the fiscal year 2022**

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

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 2022 as well as the attendant frequency by all the members, in person and by proxy

Board of Orient Insurance Company (PJSC) held (4) meetings during the year 2022 according to the following details:

	Date of meeting	Number of attendance	Attendance with proxy	Absent
1	18/03/2022	5	None	None
2	29/11/2022	5	None	None
3	**21/12/2022**	5	None	None
4	27/12/2022	5	None	None

Number of times of personal attendance of board members:

1	Mr. Abdullah Hamad Al Futtaim	4
2	Mr. Omar Abdullah Al Futtaim	4
3	Mrs. Mira Omar Al Futtaim	4
4	HE Sultan AL Mansoori	4
5	HE Hameed Al Qatami	4

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 2022

The BOD issued 5 resolution by circulation during 2022

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:

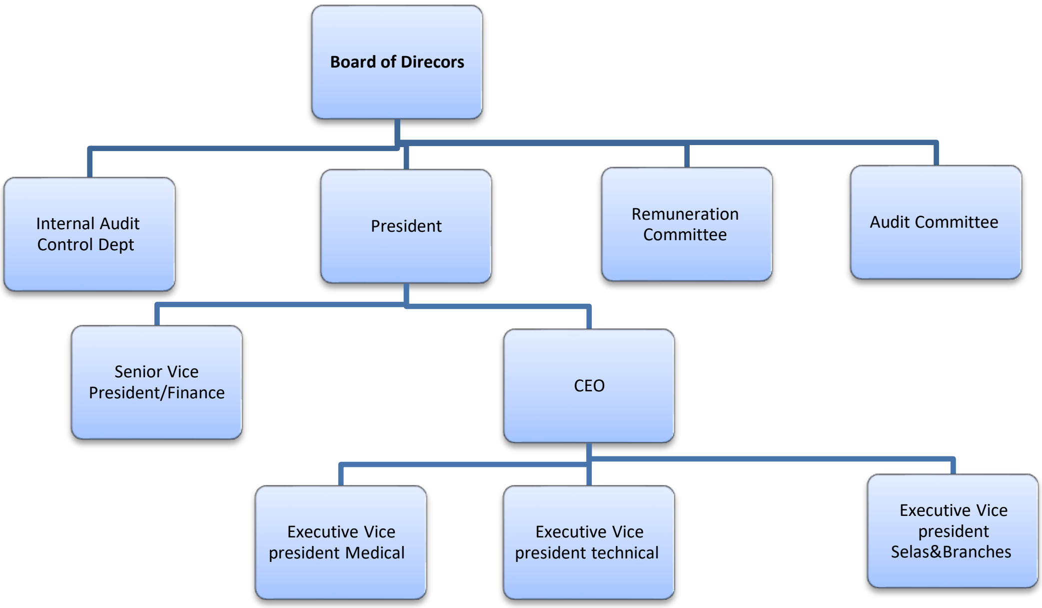
Name of authorized person	Delegation Authorities	Duration of delegation
Omer Hassan Elamin	1- All capacities required for assuming the burdens of management and the practical and technical requirements of the company, including, without limitation:	The executive management of the company is carrying out the functions and authority according to Power of attorney

Executive President	- 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	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 2022 as indicated in the consolidated statements of income provided in the financial auditing report were as follows:

Ser.	Statement of related parties		Clarifying the nature of relationship	Value of transaction
1	Al Futtaim Group, Al Futtaim Motors	Gross Written Premium	Mother Company/Sister Company	266,736
2	Al Futtaim Group	Administrative expenses	Mother Company	55,890
3	Al Futtaim motor / Trading Enterprises, Motor agencies	Cost of repair of vehicles related to claims	Sister companies	42,938
4	EIB	Interest income	Sister Company	18,440
5	CBD	Dividends	Affiliate Company:	64,119
6	Al Futtaim family	Equity purchase from Related party(Orient Takaful)	Related party individual	18,689
7	EIB /CBD	Investment securities	Sister Company /Affiliate Company	1,360,810
8	EIB & Al Futtaim Group	Deposits with banks	Sister company/mother Company	531,832
9	Al Futtaim Group	Amounts due from related parties	Mother Company	139,855
10	Al Futtaim Group	Amounts due to related parties	Mother Company:	9,165

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 2022 (AED)	Total bonuses paid in 2022 (AED)
1	Omer Hassan Elamin	President	18/10/1982	1,852,080.00	Not paid yet
2	Xavier Arputharaj	CEO	16/10/2011	1,065,623.87	Not paid yet
3	Wissam Khalifaeh	CMO /Medical	19/08/2008	1,126,922.00	Not paid yet
4	Mono Gorge Mathew	CFO	12/10/2015	697,441.50	Not paid yet
5	Gilbert Espiritu	SVP/HR	08/03/2008	512,889.50	Not Paid Yet
	Total			5,254,956.87	

No Bonuses were paid in 2022, and the expected time of release of the Bonuses is 30/04/2023.

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 2022. 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 2022, the company paid AED 911,000 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 AED 404,000 /- 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	5	
Number of years of the partner	2	
Total auditing fees of financial statements for 2022 (AED)	911,000	
The fees and costs of special services other than auditing of financial statement in 2022	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 2022	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 2022 on the following dates:

No	Date of meeting	Agenda
First meeting	08/02/2022	Review of the internal control department report- review of the annual fiscal year of 2021- appointment of auditor for 2022- review the risk management policy , review IT policy , review evolution plan , review Oman branch activities , review Bahrain branch activities.
Second meeting	12/05/2022	Review the company's financial evaluation-review the evaluation of rating agencies - review the financial statements for the first quarter of 2022, review internal audit policy for Oman branch.
Third meeting	27/09/2022	Review the financial statements for the second quarter of 2022, review internal audit report
Fourth meeting	02/11/2022	Review the internal audit report , review internal audit plan from Oct 2022 to March 2023 for Oman Branch, , review internal audit plan from Oct 2022 to March 2023 for Bahrain Branch, review the financial statements for the third quarter of 2022

All members of the auditing committee attended all meetings that were held during 2022.

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 2021.

C- Meetings of nominations and remunerations committee

One meeting of the nominations and remunerations committee was held during 2022.

Meeting date	18/03/2022

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 2021.

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 2022

There was no trading of the company's shares during 2022 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	08/02/2022	Review of Investment Policy Investment Schedule Fixed-Deposited -placement/Renewal in Quarter 4/2021
Second meeting	12/5/2022	Investment Schedule review for the period from Jan till 31/03/2022.
Third meeting	29/07/2022	Investment Schedule review for the period from April till 30/06/2022 Review deposits from April – June 2022
Fourth meeting	02/11/2022	Investment Schedule review for the period from July till 30/09/2022 Review deposits for 3 Q

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

Ghaleb Abdelraheem shall assume the duty of compliance Officer

Academic Qualifications

Experiences:

- Served as Compliance Manager and AML/CFT Officer for over 10 years.
- Experience in the legal field for more than 15 years.
- He obtained his certificate to practice law from the Jordanian Bar Association in 2008.

Date of Appointment
13/07/2022

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 2022 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.

Internal Audit issued 5 audit reports during 2022 .

10 - Details of the violations committed during the year 2022

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 2022.

11- Contribution of the company during 2022 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 2022, 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 2022

No transactions on the company's shares were done during 2022, and the stock price is fixed from 01/01/2022 to 31/12/2022 for AED 66.30.

Table that indicates the stock price during the fiscal year 2022 that indicates the maximum and minimum price by the end of each month.

Month	Highest price	Lowest price	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

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 2022

No transactions were done to the shares of the company during 2022, so the share price didn't interact with the general market indicator or the sector indicator.

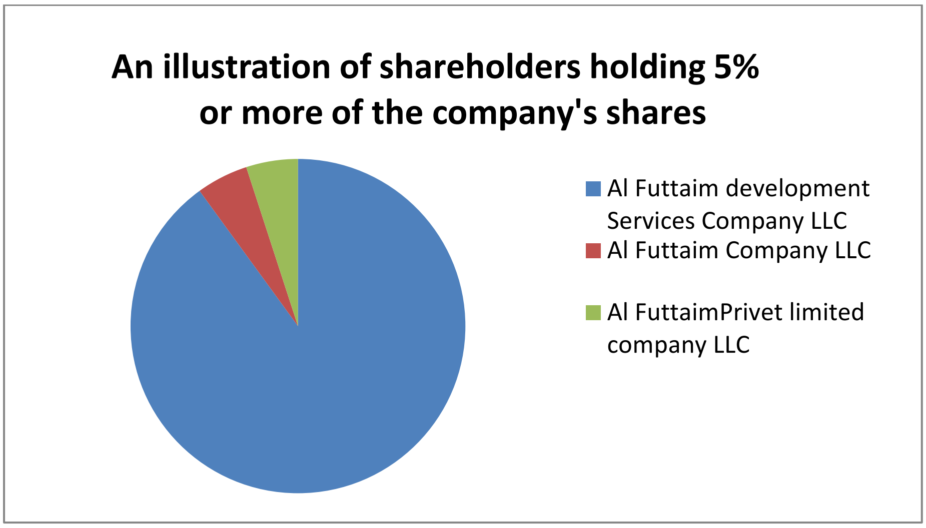


Diagram that indicates stability of stock price and its non-interaction with the general market index and sector index during 2022

C- A Statement of shareholders distribution as of 31/12/2022

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 31/12/2022

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%

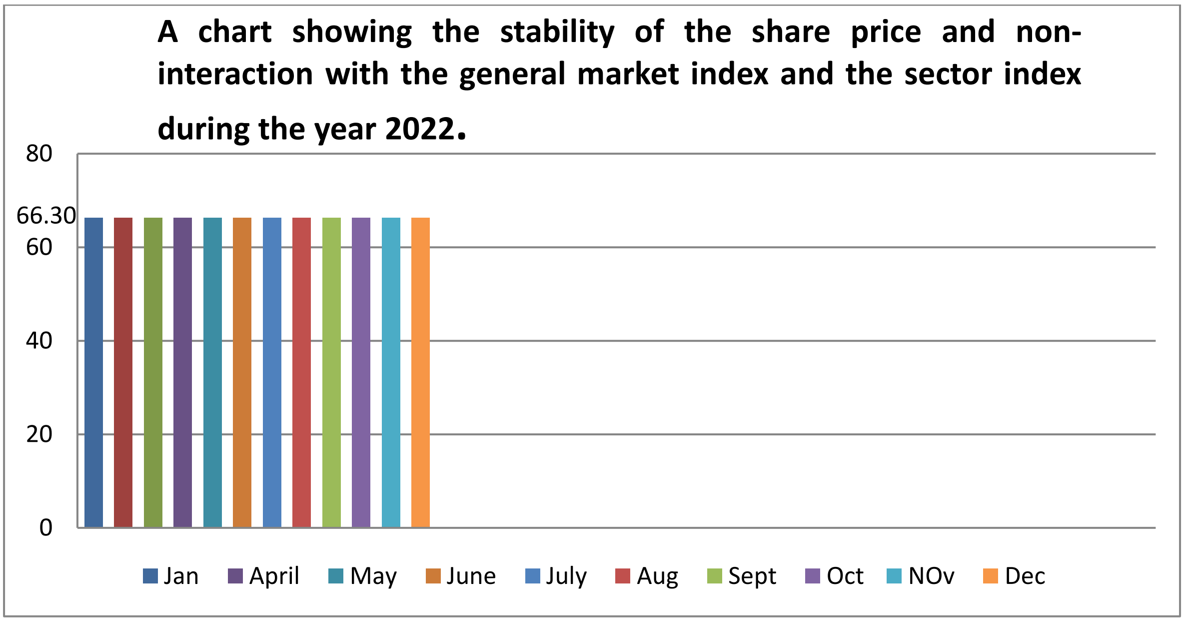


Diagram of shareholders who own 5% or more of the company's shares

E- A Statement of shareholders distribution by the size equity as of 31/12/2022

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 2022 and the procedures taken in respect thereof

- There are 1 particular decisions that were referred to the general meeting during 2022. Related to amendment of article of Association to comply with amendment in legalization as

  - Federal Decree-Law No. 32 of 2021 on Commercial Companies
  - Federal -Law No. 25 of 2020 Amending Some Provisions of Federal Decree-Law No. (14) of 2018 on the Central Bank and the Regulation of Financial Establishments and Regulations
  - Federal Decree-Law No. 24 of 2020 Amending Some Provisions of Law No. 6 of 2007 Regulating Insurance Business
  - Decision No. (03/R.M) of 2020 Issued by the Board of Directors of the Securities and Commodities Authority Regarding the Approval of the Governance Manual for Public Shareholding Companies

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 27 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 2022**

The company has submitted acquisition offer on Orient Takaful and the acquisition procedures has completed

j- Statement of the percentage of Emiratization by the end of 2022

Percentage of Emiratization by the end of 2022 was 18 %, and the company works on increase of this percentage.

Percentage of Emiratization for 2021 17%

Percentage of Emiratization for 2019 16%

k- Statement of creative projects and initiatives done by the company or those under development during 2022

The company did not submit any creative projects during 2022

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

Date : 27/02/2023

Orient Insurance PJSC
orient
P.O.Box 27966, Dubai, UAE

ORIENT INSURANCE PJSC

ENVIROMENT SOCIAL GOVERNANCE REPORT (ESG)

FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

About Us

Orient Insurance PJSC (Orient Insurance) is listed on the Dubai Financial Market (DFM). It was established in 1982 and has since grown to become one of the largest insurance providers not only in UAE but also in the region as well. Orient is a market leader, consistently achieving the highest Gross Written Premium (GWP) and Net Profit in the UAE market.

Orient holds high credit ratings of a+ from AM Best and A (Positive Outlook) from S&P. Consistently winning prestigious awards for its different product lines, business practices and strategy. Orient was awarded the prestigious Mohammed Bin Rashid Al Maktoum Business Award for Excellence and holds an ISO 9001:2015 certification for Quality Management Systems.

As the market leader of UAE Insurance sector, Orient Insurance has a strong presence with a network of branches and agents across UAE. The company is providing wide range of insurance products, covering life, general and health risks. Orient is known as a benchmark for trust, quality and completeness. 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).

AWARDS

MRM AWARD -2017

Mohammed Bin Rashid Al Maktoum
Business Award for Excellence

2018 WINNER | 2018 WINNER | 2017 WINNER | 2016 WINNER | 2016 WINNER

Financial Strength Rating A M BEST A Excellent

2017 WINNER

RATED STRONG STANDARD & POOR'S A

Forbes Middle East

MENAIR INSURANCE AWARDS 2018 Winner Commercial Lines Insurer Orient Insurance Company

ISO 9001 Registered Quality Assured IMS Certification

MENAIR INSURANCE AWARDS 2018 Winner Insurer - Overall Orient Insurance

MENAIR INSURANCE AWARDS 2014 WINNER

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

Orient Insurance Branches

Orient Insurance has 7 branches:

- Five (5) in the UAE *(Abu Dhabi, Al-Ain*, *Sharjah*, *Ras Al-Khaimah*, *Jabal Ali*);
- One (1) in Sultanate of Oman;
- One (1) in Kingdom of Bahrain.

Orient Insurance has also a several subsidiaries in UAE and aboard:

- Takaful insurance company based in UAE under name of "*Orient Takaful PJSC*";

- Other aboard subsidiaries in *Syria*, *Egypt*, *Sri Lanka* and *Turkey*.

Orient Insurance Shareholders

- 90% Al Futtaim Development Services Co. LLC
- 5% Al Futtaim Private Company LLC
- 5% Al Futtaim Company LLC

About ESG Report

Orient Insurance aim in this report is to emphasis on its commitment to Environmental, Social and Governance (ESG) best-practices in the insurance market and its great performance for the year 2022.

This report has been prepared in accordance with the applicable standards of the General Reporting Initiatives "GRI 102: GENERAL DISCLOSURES".

The GRI Standards is the most widely used framework for ESG Reporting.

ESG Approach

Orient Insurance will continue with the same structured ESG Approach which has been adopted in 2022 to ensure the integration of their Environmental strategy into their core insurance and supporting processes.

Alignment with the UAE National Agenda

Orient Insurance has aligned their ESG initiatives and actions with UAE's commitment to the United Nations Global Compact (UNGC) Principles and the United Nations' Sustainable Development Goals.

Also, focusing on activities to support UAE's vision of promoting sustainable development initiatives and international collaboration by adopting innovative green solutions in order to achieve economic growth sustainability and achieving Sustainable Development Goals by 2030 and Net Zero carbon emissions by 2050.

Alignment with the DFM ESG Reporting Guide

Wherever feasible, Orient has aligned with the ESG reporting guidelines of Dubai Financial Market (DFM).

These guidelines are deemed essential for reporting by the Sustainable Stock Exchanges Initiative and the World Federation of Exchanges.

Orient Insurance aims to improve and develop all ESG aspects and criteria announced in the DFM ESG guidelines.

DFM
سوق دبي المالي

Strategy & Principles

Orient Insurance has announced in its previous ESG Reports of the aspects of an insurance company's core operations to help reduce the risk of climate change.

In this report, Orient announce that the aspects become a strategy and principles to be followed going forward.

- **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
Business & Financials

Orient Insurance is pleased to report significant growth in our gross written premiums, net profits, equity, and overall prosperity of the business.

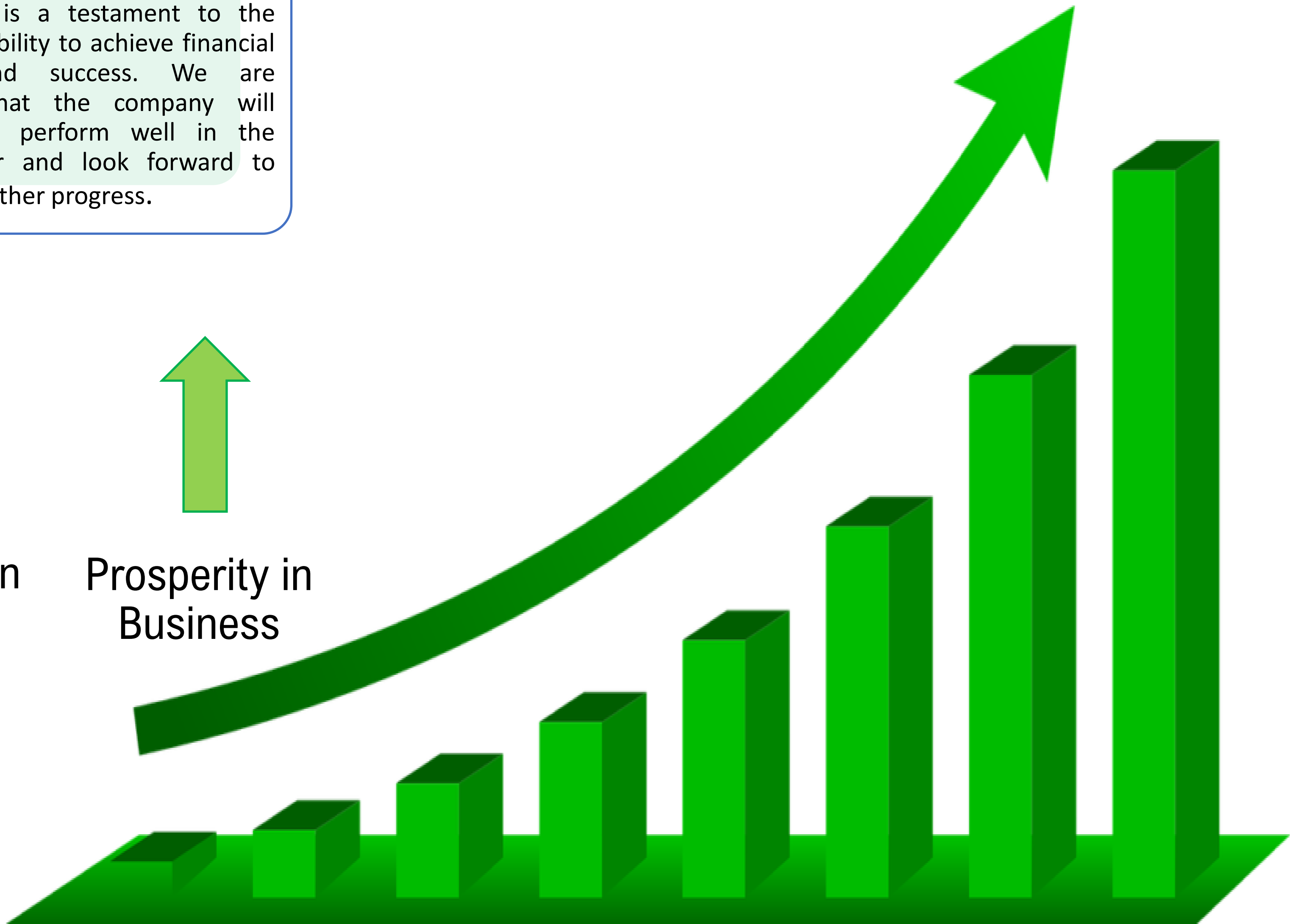
The growth in premiums, net profits, and equity is a testament to the company's ability to achieve financial stability and success. We are confident that the company will continue to perform well in the coming year and look forward to reporting further progress.

Increase in GWP

Increase in Net Profit

Increase in Equity

Prosperity in Business



Governance & Compliance

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled.

Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community.

Board of Directors

The Board of Directors oversees management and ensures proper Internal Control and Corporate Governance. They also monitor the necessary human resources for the implementation of the company's strategies. Additionally, the Board approves investments, business plans, budgets, financial statements. The Executive Management implements strategies and activities that have been approved by the Board. The Board consists of 5 non-executive members, including a woman, as an affirmation of the Board's consideration of diversity in its formation.

Chairman

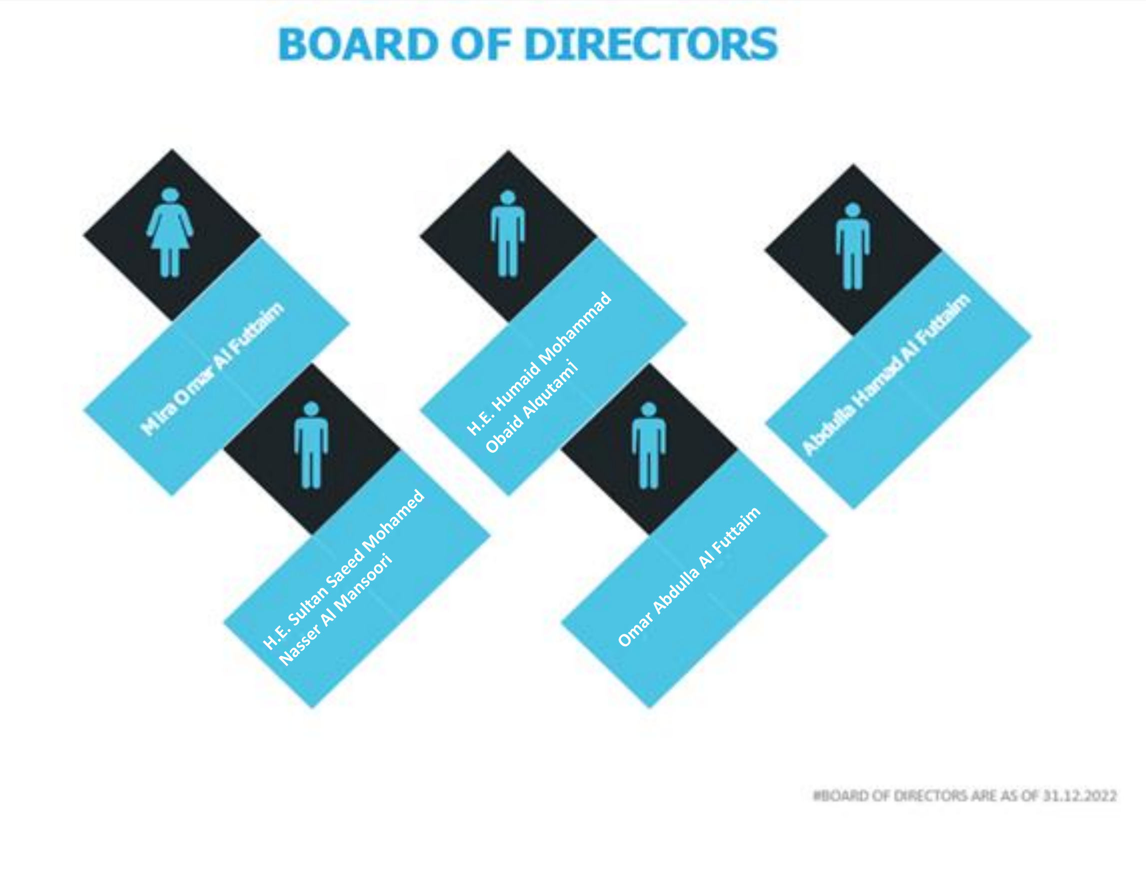
Mr. Abdulla Hamad Al Futtaim

Vice Chairman

Mr. Omar Abdulla Al Futtaim

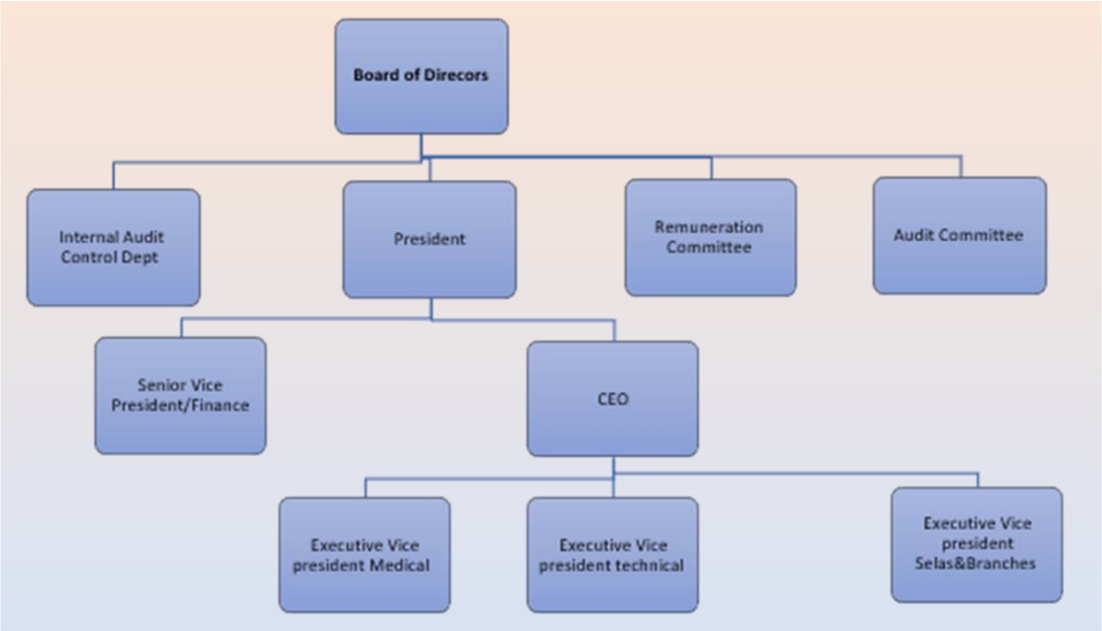
Members

Ms. Mira Omar Al Futtaim
HE. Sultain Saeed Mohamed Nasser AL Monsoori
HE. Humaid Mohammed Obaid AL Qutami



Committees

The Board of Directors plays a key role in overseeing and implementing corporate policies, including those related to environmental, social, and governance (ESG) issues. In addition to Board Committees, the company also regularly reviews the activities of various management sub-committees, such as the Technical Committee, Sales and Marketing Committee, Risk Management Committee, Investment Committee, and IT Steering Committee.



Internal Control & Audit

Internal audit is an independent activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit is the "third line of defense" in overall risk management structure, with the first line of defense being the day-to-day management and control activities, and the second line of defense being the risk management and compliance functions.

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 Board member 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.

Orient insurance ensures all operations and activity are within companies ethics, values and principles In order to promote these behaviors 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

Compliance

Orient Insurance is dedicated to adhering to governance guidelines set by its regulators and all regulations relevant to the insurance industry. The company also encourages all employees to uphold the best practices in accountability, transparency, and integrity in their business activities, reflecting the company's commitment to the highest standards of corporate governance. The Board of Directors is continuously directing the company to ensure full compliance as a foundation for any improvement, development, and success

Executive Compensation

An independent Board member is in charge of the Nominations & Remunerations Committee which oversees the remunerations, benefits, incentives and salaries of the company's board and senior executives.

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 Orient’s 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 undergo the Corporate Ethics Training.

Tax Transparency

Orient Insurance ensures full compliance with all Tax regulations.

Sustainability

The 17 SUSTAINABILITY DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are 17 connected aims designed to provide a "roadmap for attaining a better and more sustainable future for all people". The SDGs, put forward by the UN General Assembly in 2015 and intended to be achieved by 2030, are part of a UN resolution called Agenda 2030.

Orient & UAE Sustainability Agenda

The UAE primarily focuses on the SDGs that enable create a sustainable economic growth, healthy environmental systems, and increased resource efficiency. The UAE has also pledged to "leave no one behind" and to push the world towards a sustainable and resilient path. Therefore, and 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.

ENVIRONMENTAL

Orient Insurance supports the Environmental vision and objectives of the UAE by ensuring its own operations are progressively moving towards greater Sustainable Environment and Infrastructure by supporting clients to take effective action to reduce environmental impact and hence reduce their own risk, as well as providing necessary insurance products to clients in sectors such as energy, water saving, waste management, and infrastructure.

ENVIRONMENTAL MANAGEMENT AND GHG EMISSIONS

With investment in renewable energy and the role as the host of the International Renewable Energy Agency (IRENA), UAE is at the heart of the clean energy revolution. Dubai plans to reach a 30% reduction in carbon emissions by 2030 and Net Zero by 2050, as announced by the Dubai Supreme Council of Energy.

Orient Insurance has taken the following specific steps towards supporting the reduction of greenhouse gases:

- Encourages employees to shift to electric cars by offering incentives such as discounts on electric vehicle purchases from its partners.
- Company is planning to provide charging stations at the workplace.

  This helps promote a more sustainable and environmentally-friendly mode of transportation for the employees, while also reducing the company's carbon footprint. Additionally, it can also be a perk for the employee and help in employee retention.

- Supporting adoption of electric and autonomous cars by being one of the first companies to offer insurance for these.

ENERGY CONSUMPTION

Orient Insurance has taken the specific steps towards supporting the reduction the energy consumption

- Orient Insurance maintained the energy consumption rate close to the consumption rate of year 2021, despite the year 2021 being under the influence of the pandemic "Corona Virus (Covid-19)".

- Reducing power usage by optimizing lighting through LED bulbs and switching off unnecessary lights as well as air-conditioning in addition to encourage the employees to assist in saving the power.

- Orient has a motion-sensor lights in some areas and building parking, which only turn on when that area is occupied. Also, has a timers for all the light to ensure the light is not on always.

Water Management

Water management is the process of balancing the availability of water resources with the high demand for those resources. One important aspect of water management is water conservation, which involves reducing the amount of water used through various means.

One example of this is the use of sensor-type taps in place of manual taps. This type of tap is designed to automatically shut off when not in use, thereby reducing the amount of water wasted.

In the Head Office building of Orient Insurance, this approach has been implemented for around 60 taps, resulting in significant water savings.

Paper Waste Management

As referred in the previous ESG reports, Orient has implemented the Enterprise Level Document Management System for underwriting and claims department which has greatly reduced the need for printing of papers.

The use of paper in 2022 is less by 50% as compared to 2021.

Now, most of the documents are stored and retrieved digitally.

Sustainable Digital Transformation

Orient Insurance Company believe that sustainable digital transformation is one of the important reasons for the success of any company. Therefore, Orient has implemented an enterprise-level document management system for its Underwriting and Claims departments which has greatly reduced the need for printing paper documents and allowed for most records to be digitally stored and easily retrieved.

Additionally, various workflow automations have been implemented across departments, which allows for better task management based on well-defined process cycles and eliminates the need for manual interaction through emails and telephone calls.

The company is also in the process of implementing a Digi Locker concept for handling incoming and returning IT assets, such as desktop computers and laptops, which will be a self-service facility. This will avoid the need for manual printing and signing of asset entry and exit forms with the business users.

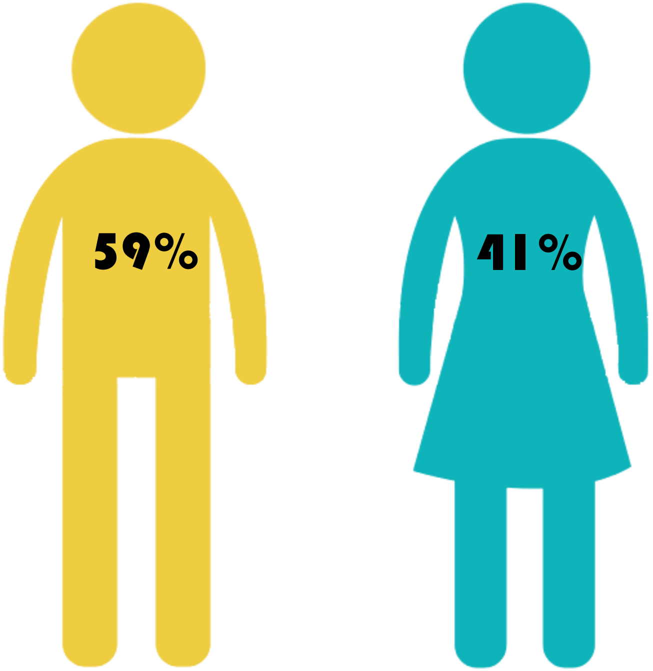
These advancements are a testament to Orient Insurance's commitment to sustainable digital transformation and providing top-notch services to its customers.

Customer Support

Orient Insurance has enhanced its digital sales and service process by adding more online products, endorsements, and claims requests in an online mode. This has not only reduced the need for customers to visit the company's office but also enabled 24/7 access for customers to request various services, buy policies, and intimate claims.

To further improve efficiency and sustainability, Orient Insurance has replaced redundant tasks such as bank reconciliation with the use of RPA’s.

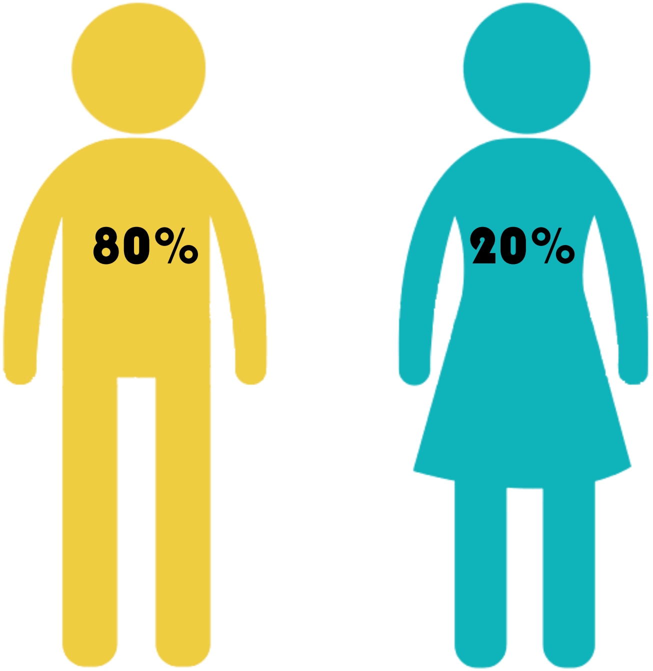
Green
Human Resources



PERCENTAGE OF FULL-TIME MALE AND FEMALE EMPLOYEES

HUMAN CAPITAL

Our company boasts a diverse and multicultural team of over 1000 employees, promoting equality and inclusiveness in the workplace. We believe in the importance of human capital and value each and everyone of our team members. Our commitment to gender equality is evident in our fair hiring and promotion practices, creating a supportive and empowering work environment for all.



PERCENTAGE OF MALE AND FEMALE IN ORIENT BOARD

Emiratisation

In 2022, the number of Emirati Employees in Orient Insurance has increased by 31.4% compared to the number of Emirati employees in 2021.

Awards for Achieving Tripled Emiratization Target within Two Months

Orient Insurance has been awarded by the Minister of Human resources & Emiratization for achieving tripled Emiratization target within two months.

The best Engagement in the Training & Emiratization Award

Orient Insurance won the "The best Engagement in the training & Emiratization Award" by the Emirates Institute of Banking and Financial Studies.

Also, Orient was awarded by Mr. Saif Humaid Al Dhaheri, Assistant Governor of CBUAE and Vice Chairman of EIBFS, Mr. Shahab Essa Al Zaabi, Head of Licensing at CBUAE and Board Member of EIBFS & Mr. Jamal Al Jassmi, General Manager at EIBFS.

Training calendars are prepared annually by Orient HR Department based on training need analysis inputs received from functional heads.

The training calendar not only caters to the negation of skill gaps, but also imbibes a culture of continuous learning among the employees.

Technical trainings are conducted by Orient's In-House technical trainers who are technically equipped for the same as well as specifically groomed in Professional Training Techniques imparted by the faculties of Al Futtaim L&D Team.

More than 10,000 training courses (both online & instructor led classroom sessions) are available for employees at online employee portal known as IGROW in collaboration with LinkedIn Learning.

Employees are at liberty to nominate themselves for attending any of the courses (on self-development, soft skills, IT skills, specific functional skills, Health & Safety programmers etc.) available at the portal. With a special emphasis on creating, developing & grooming current & future leaders, the management nominates potential employees to undergo comprehensive leadership programmers.

Orient Insurance and its stakeholders has a very good relationship and Orient is always supporting their programs and initiatives such as the Ministry of human resources & Emiratization, UAE Central Bank, NAFIS & Higher colleges of Technology.

Orient's Rewards & Recognitions

Annual Bonus schemes as well as periodical salary increments & promotions are linked to Annual Performance reviews to motivate & retain high performers as well as to promote a culture of pay-for-performance.

HR Department initiates & implements various reward & recognition schemes such as Employee of the Quarter, You have been spotted award, Annual Sales awards, On the Spot Recognition, President's Special Appreciation Award, Model Employee Award, Long Service Award and Exceptional Effort Award.

Orient Insurance Healthcare Activities

STAFF HEALTH & WELLBEING

Orient also is always keen on integrated health protection and believes in the Quote "Prevention is Better than Treatment". So, the company sending periodic Well-Being Newsletter, Orient News, Raise awareness by shares various information that provides information to staff about their own insurance needs as well as general health and safety information.

Orient Health Insurance improves health care seeking behavior and lowers/removes the barriers to obtain healthcare, especially the financial barriers. Therefore, Orient Insurance provides its employees with medical insurance at all levels. Family cover is also provided based on seniority, including prenatal and postnatal care. Maternity cover is provided for women.

ON WORLD HEART DAY, USE ❤ FOR EVERY ❤

World Heart Day is an opportunity for everyone to stop and consider how best to use ❤ for humanity, for nature, and for yourself.

Your health and well-being is our priority and we are pleased to bring to you a **complimentary heart screening on Monday 26th September 2022** between 9:00 AM- 5:00 PM in the Innovation Hub at Festival Tower, Dubai Festival City.

We look forward to seeing you there to celebrate the World Heart Day and create awareness to beat cardiovascular diseases.

Please note:

- *No pre-registration is required*
- *Employees may walk in at their convenience between 9:00 AM - 5:00 PM*
- *The screening is Free of Cost*
- *Refer to the flyer below for all tests included*

Orient Healthy and Safety Committee Celebrate Breast Cancer Month with Awareness Session

Donation & Humanitarian Aid

In its efforts to make a positive social impact, Orient Insurance has launched donation and humanitarian aid campaigns such as the "Charity Toy Drive“ etc which was launched on the International Day of Charity and the Food Donation campaign which encouraged staff to give back to the society by donating dry food packages to those in need. The food distribution was with the support of UAE Red Crescent.

Orient Insurance and its staff believes that these donations made a significant impact on the lives of individuals and families, providing them with the basic necessities for survival. This gesture of kindness has helped to bring hope and happiness to communities in need and demonstrates Orient's commitment to giving back to society making a difference. Orient has shown that they are dedicated to make a positive impact in the world and improve the society.

Social Activities

To embrace the spirit of giving during Ramadan and to enhance the values and principles of Social responsibility, Orient Insurance has partnered with Emirates Red Crescent to distribute Iftar meals at traffic intersections in Dubai.

Stakeholders & Partnerships

Orient Insurance stakeholders are the individuals or groups who have an interest or concern in a particular situation, project, or organization. They can be directly or indirectly affected by the outcome and may have the power to influence decisions. Stakeholders can include Orient's customers, employees, suppliers, shareholders, government entities, and the community. Therefore, Orient Insurance is committed to maintain a good relationship and an open communication channel with its stakeholders to address all concerns about the sustainability principals and actions taken in this regard.

Partners, on the other hand, are organizations or individuals who work together towards a common goal or objective. Based on this, Orient Insurance is aware that the partners are important for the success and sustainability of the Company. Together with the partners the long-term goals can be achieved. Partnerships can bring different strengths, resources, and perspectives to a project or initiative, and can help increase the impact and reach of the effort.

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