دبـــــــي للتــــــأمــين
DUBAI INSURANCE
CARE & COMMITMENT SINCE 1970

The Integrated Report of 2021

Dubai Insurance Company

Dubai Insurance Company is delighted to disclose its Integrated Report of 2021 which contains the following:

1. Board of Director's Report
2. Auditor's Report
3. Financial Statement of 2021
4. Corporate Governance Report
5. Sustainability Report

Abdellatif Abuqurah

Chief Executive Officer

شركة دبي للتأمين ش.م.ع
Dubai Insurance Co. Psc

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DUBAI INSURANCE
CARE & COMMITMENT SINCE 1970

Board of Directors' Report of 2021

Dear valued Shareholders, In The Name of Allah, The Most Beneficent, and The Most Merciful.

The Board of Directors have pleasure in presenting the Fifty one Report on the business of your Company during 2021.

Firstly, I would like to provide an outline of the most important figures and results in the General Balance Sheet:

1. Written Premiums amounted to AED 1,226 Billion against AED 919 million in 2020 with an increase of 33%.
2. Paid and under-settlement compensation amounted AED 515 million against AED 543 million in 2020 , with a decrease of 5%
3. The Company achieved technical profits of AED 75 million against AED 49 million in 2020 with an increase of 53%.
4. The Company achieved net profits of AED 80.5 million against AED 55 million in 2020 with an increase of 46%.
5. The assets of the Company amounted to AED 2,108 billion against AED 1,713 billion in 2020 with an increase of 23 %
6. Shareholders' equity amounted AED 630 million against AED 521 million in 2020 with an increase of 21%

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شركـة دبـي للتـأمـين ش.م.ع.
ص.ب ٣٠٢٧، دبـي، إ.ع.م.
هاتف : ٣٠٣٠ ٢٦٩ ٤ ٩٧١+ فاكس: ٣٧٢٧ ٢٦٩ ٤ ٩٧١+
بريـد الإلكتروني : info@dubins.ae

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Dear Valued Shareholders:

2021 was excellent by all standards, where a high growth rates were achieved and we were able – Al Hamdullah - to become one of the five largest national companies at the state level as per the figures of the third quarter, and this was helped by the state's successful management of Corona pandemic and the general economic situation improvement which was supported by financial incentives for the private sector.

We are also proud that we were able to achieve Emiratization rates in various jobs, whether administrative or technical, and the Emiratization rates has become 34% of the total workforce, which might be the highest within the insurance sector of the state.

The percentage of female employees in the company reached 53%.

Action Plan for 2022:

We are looking to improve our ranking between the leading companies from raising the income and profit prospective where we target an increase of income of 10% and increase in profits of 7%.

Management and Analysis Report

List of main figures	(in '000)	
	2021	2020
Total written premiums	1,226,465	919,457
Net paid premium	258,372	122,133
Net claims	(54,397)	(36,775)
Net of underwriting profits	75,067	48,781
Net of investment profit	18,826	18,772
Other expenses	(13,319)	(12,547)
Net profit	80,574	55,006
Unrealized gain	63,633	20,306
Total assets	2,108,248	1,713,318
Shareholders' equity	630,492	521,968

1- Important events and Developments:

- The second phase of the Worker Protection Program was successfully launched in April, and we are working on continuity by adding new free zones.
- The percentage of income received through digitization in insurance policies is about 62% of the total public income.

2- Expected Capital expenses:

The residential tower was completed and fully rented during the first half of 2021. Accordingly, the capital expense is related to the development of computer systems and digitization.

Dears:

The Board of Directors make the following recommendations, looking for your kind approval:

1. Listen to and approve the Board of Directors' Report on the Company's activity and its financial position for the fiscal year ended on 31/12/2021
2. Listen to and approve the Auditor's Report for the fiscal year ended on 31/12/2021
3. Approve transfer of 4,640,140 Dhs from the retained earnings of 2021 to Reinsurance Reserve as per Article 34 of Insurance Authority Board's decision No.23 of 2019.
4. Discuss and approve the Company's balance sheet and profit and loss account for the fiscal year ended on 31/12/2021
5. Consider the Board of Directors' proposals concerning the distribution of cash dividends of 40% of capital in equal to 40 fills per share & 40 million Dhs in total.
6. Approve a proposal to distribute 4,500,000 Dhs as remuneration of the members of the Board of Directors.
7. Discharge the members of the Board of Directors for the fiscal year ended on 31/12/2021, or remove them and file a liability action against them, as the case may be.
8. Discharge the auditors for the fiscal year ended on 31/12/2021, or remove them and file a liability action against them, as the case may be.
9. Appoint the auditors for 2022 and determine their fees.
10. Special resolution to amend the Company's Articles of Association to be in accordance with Federal law No.32/2021 concerning Companies Law and the Federal Decree Law No. 24/2020 which issued to amend Law No. 6/2007 concerning regulating Insurance Business and the Federal Decree Law No.25/2020 concerning the amendments of some terms of Federal Decree Law No. 14/2018 regarding the Central Bank & Organization of Financial Institutions and Activities along with the content of SCA's Decision No. (3/R.M) /2020 concerning Approval of Joint Stock Companies Governance Guide, where shareholders can review these amendment on the company's web www.dubins.ae

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Finally, the Board of Directors would like to submit its thanks and appreciation to all clients, staff and management of the Company for all their efforts throughout the last year, and also extend their thanks and appreciation to the Auditor's continues cooperation.

Greetings,

Buti Obaid Al Mulla

Chairman of the Board

Dubai Insurance Company (P.S.C.)
and its subsidiary

Consolidated financial statements

For the year ended 31 December 2021

Grant Thornton

Grant Thornton Audit and Accounting Limited (Dubai Branch)

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Level 3
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One Central, DWTC
Dubai, UAE
P.O. Box 1620
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Independent Auditor's Report

To the Shareholders of Dubai Insurance Company (P.S.C.) and its subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dubai Insurance Company (P.S.C.) (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of 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 the audit of the consolidated financial statements of the current year. 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. For each matter on the next page, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters on the next page, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report
To the Shareholders of Dubai Insurance Company (P.S.C.) and its subsidiary (continued)

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

Key Audit Matters (continued)

i) Valuation of technical provisions

The estimation of liabilities arising from insurance contracts such as unearned premium reserve, outstanding claims reserve, incurred but not reported reserve and unallocated loss adjustment expense reserve as disclosed in note 22 to these consolidated financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs, mortality and persistency (including consideration of policyholder behaviour). Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

We assessed management's calculations of the technical reserves by performing the following procedures:

- Understood the governance process in place to determine the insurance contract liabilities;
- Tested the underlying Group data to source documentation on sample basis;
- Evaluated competence, capabilities and objectivity of management's actuarial specialist;
- Using our actuarial specialist team members, we applied our industry knowledge and experience, and compared the methodology, models and assumptions used against recognised actuarial practices; and
- Using our actuarial specialist team members, we checked the mathematical accuracy of the methodology applied on selected classes of business, particularly focusing on the largest and most uncertain reserves.

ii) Classification of freehold land

Included in property and equipment (as disclosed in note 9 to the consolidated financial statements) is the amount of AED 44,173 thousand (2020: AED 44,173 thousand) paid for the purchase of land. The Board of Directors of the Group has passed resolutions to construct the Group's head-office on the land in the foreseeable future. The amount paid for the purchase of land is carried at cost, but is subject to consideration for impairment when indicators of impairment exist. As a consequence, for impairment consideration on this asset, the Group is the lowest level of cash generating unit and hence the asset is not assessed for impairment as a standalone asset.

The work that we performed to address this key audit matter included the following procedures:

- We discussed with management the status of the proposed construction and noted that construction will be commenced once infrastructure is ready in near future;
- We inspected the resolution for Board approval for the property to be used as the Group's head-office; and
- We reviewed the Group's business performance for existence of indicators of impairment at the Group level.

Independent Auditor's Report

To the Shareholders of Dubai Insurance Company (P.S.C.) and its subsidiary (continued)

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

Key Audit Matters (continued)

iii) Impairment losses on insurance receivables including third party recoveries

The Group has insurance receivables that are overdue and not impaired (as disclosed in note 13 to these consolidated financial statements). The key associated risk is the recoverability of receivables. Management's related allowance for expected credit losses (ECL) is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

The work that we performed to address this key audit matter included the following procedures:

- Obtained an understanding of the Group's process for estimating ECL and assessed the appropriateness of ECL methodology against the requirements of IFRS 9;
- Assessed the reasonableness of managements' key assumptions and judgements made in determining the allowance for ECL, segmenting of receivables and macroeconomic factors; and
- We tested the key inputs of model such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also assessed reasonableness of forward-looking factors used by the Group by corroborating with publicly available information.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Group's Articles of Association and of the UAE Federal Law No. (2) of 2015 (as amended) and the UAE Federal Law No. (6) of 2007 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Dubai Insurance Company (P.S.C.) and its subsidiary (continued)

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

Auditor's Responsibilities for The Audit of The Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Dubai Insurance Company (P.S.C.) and its subsidiary (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that:

i) the Group has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

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

iv) investments in shares and stocks during the year ended 31 December 2021, are disclosed in note 11 to these consolidated financial statements;

v) notes 24 and 25 reflect material related party transactions and the terms under which they were conducted;

vi) note 7 to the consolidated financial statements reflects the social contributions made during the year; and

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or its Articles of Association which would have a material impact on its activities or its consolidated financial position. Further, as required by the UAE Federal Law No. (6) of 2007, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON

Farouk Mohamed
Registered Auditor Number: 86
Dubai, 7 February 2022

Consolidated statement of income
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
UNDERWRITING INCOME			
Gross premium	3	**1,226,465**	919,457
Movement in provision for unearned premium	3	**(154,688)**	(9,499)
Insurance premium revenue	3	**1,071,777**	909,958
Reinsurance share of premium	3	**(928,028)**	(791,116)
Movement in provision for reinsurance share of unearned premium	3	**114,622**	3,291
Reinsurance premium revenue		**(813,406)**	(787,825)
Net insurance premium revenue	3	**258,371**	122,133
Reinsurance commission income		**80,418**	60,309
Other underwriting income		**17,532**	13,034
Total underwriting income		**356,321**	195,476
UNDERWRITING EXPENSES			
Claims incurred	4	**(511,552)**	(543,292)
Reinsurers' share of claims incurred	4	**457,155**	506,517
Net claims incurred	4	**(54,397)**	(36,775)
Commission expenses		**(61,827)**	(47,581)
Other direct expenses		**(126,711)**	(25,284)
General and administration expenses relating to underwriting activities	7	**(38,320)**	(37,055)
Total underwriting expenses		**(281,255)**	(146,695)
NET UNDERWRITING INCOME		**75,066**	48,781
INVESTMENT INCOME			
Realised (loss)/gain on disposal of investments in debt instruments at amortised cost		**(103)**	292
Fair value gain/(loss) on financial assets at fair value through profit or loss		**241**	(147)
Other investment income	6	**18,799**	18,709
Other investment costs		**(111)**	(82)
		18,826	18,772
OTHER INCOME AND EXPENSES			
General and administration expenses not allocated	7	**(12,961)**	(12,608)
Other (expense)/income		**(358)**	61
		(13,319)	(12,547)
PROFIT FOR THE YEAR		**80,573**	55,006
Basic and diluted earnings per share (AED)	8	**0.77**	0.51

The attached explanatory notes 1 to 29 form part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 AED'000	2020 AED'000
Profit for the year		**80,573**	55,006
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on sale of investments designated at fair value through other comprehensive income		**3,128**	(513)
Net unrealised gain/(loss) on financial assets at FVTOCI	11 (b)	**63,633**	(34,187)
Other comprehensive income/(loss) for the year		**66,761**	(34,700)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**147,334**	20,306

The attached explanatory notes 1 to 29 form part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2021

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Property and equipment	9	49,015	48,590
Investment properties	10	65,016	50,128
Financial instruments	11	566,415	475,012
Reinsurance assets	22	943,982	828,405
Insurance receivables	13	267,332	179,235
Prepayments and other receivables	14	28,422	25,355
Statutory deposits	15	10,000	10,000
Cash and cash equivalents	16	178,066	96,593
TOTAL ASSETS		2,108,248	1,713,318
EQUITY AND LIABILITIES			
Equity			
Share capital	17	100,000	100,000
Statutory reserve	18	50,000	50,000
General reserve	18	50,000	50,000
Reinsurance reserve	18	8,596	3,956
Retained earnings		203,039	162,790
Cumulative changes in fair value of investments	18	218,855	155,222
Total equity		630,490	521,968
Liabilities			
Bank loan	20	11,039	1,212
Employees' end of service benefits	21	5,537	5,209
Insurance contract liabilities	22	1,060,013	901,628
Amounts held under reinsurance treaties		27,284	35,862
Reinsurance balances payable	23 (a)	136,255	86,529
Insurance and other payables	23 (b)	237,630	160,910
Total liabilities		1,477,758	1,191,350
TOTAL EQUITY AND LIABILITIES		2,108,248	1,713,318

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 7 February 2022.

Buti Obaid Almulla
Chairman

Marwan Abdulla Al Rostamani
Vice Chairman

The attached explanatory notes 1 to 29 form part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Reinsurance reserve AED'000	Retained earnings AED'000	Cumulative changes in fair value of investments AED'000	Total equity AED'000
Balance at 1 January 2021	100,000	50,000	50,000	3,956	162,790	155,222	521,968
Profit for the year	-	-	-	-	80,573	-	80,573
Other comprehensive loss	-	-	-	-	-	66,761	66,761
Total comprehensive income for the year	-	-	-	-	80,573	66,761	147,334
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	3,128	(3,128)	-
Directors' fees (note 25)	-	-	-	-	(3,812)	-	(3,812)
Cash dividend paid (note 19)	-	-	-	-	(35,000)	-	(35,000)
Transfer to reinsurance reserve (note 18)	-	-	-	4,640	(4,640)	-	-
Balance at 31 December 2021	100,000	50,000	50,000	8,596	203,039	218,855	630,490
Balance at 1 January 2020	100,000	50,000	20,000	-	181,665	189,409	541,074
Profit for the year	-	-	-	-	55,006	-	55,006
Other comprehensive income	-	-	-	-	-	(34,700)	(34,700)
Total comprehensive income for the year	-	-	-	-	55,006	(34,700)	20,306
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	(513)	513	-
Directors' fees (note 25)	-	-	-	-	(4,412)	-	(4,412)
Cash dividend paid (note 19)	-	-	-	-	(35,000)	-	(35,000)
Transfer to reinsurance reserve	-	-	-	3,956	(3,956)	-	-
Transfer to general reserve (note 18)	-	-	30,000	-	(30,000)	-	-
Balance at 31 December 2020	100,000	50,000	50,000	3,956	162,790	155,222	521,968

The attached explanatory notes 1 to 29 form part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
OPERATING ACTIVITIES			
Profit for the year		**80,573**	55,006
Adjustments for:			
Depreciation on property and equipment	9	**1,531**	1,507
Depreciation on investment property	10	**372**	-
Provision for employees' end of service benefits	21	**675**	612
Investment income	6	**(18,799)**	(18,709)
Change in fair value of investments at FVTPL		**(241)**	147
Expected credit losses	13	**1,726**	363
Loss/(gain) on sale of investments in debt instruments at amortised cost		**103**	(292)
		65,940	38,634
Changes in operating assets and liabilities:			
Reinsurance assets		**(115,577)**	(133,988)
Insurance receivables		**(89,823)**	23,142
Prepayments and other assets		**(3,067)**	(3,027)
Insurance contract liabilities		**158,385**	148,958
Amounts held under reinsurance treaties		**(8,578)**	(10,644)
Reinsurance balances payable		**49,726**	(55,991)
Insurance and other payables		**76,720**	42,209
Cash generated from operations		**133,726**	49,293
Employees' end of service benefits paid	21	**(347)**	(176)
Net cash generated from operating activities		**133,379**	49,117
INVESTING ACTIVITIES			
Interest received	6	**3,617**	4,719
Dividend income received	6	**15,915**	14,374
Expenses on investment property – net	6	**(733)**	(384)
Proceeds from maturity of investments at FVTPL		**69,788**	15,424
Proceeds from disposal of investments at amortised cost		**3,572**	2,200
Proceeds from sales of investment at FVTOCI		**9,022**	-
Purchase of investment at FVTOCI		**(101,320)**	(5,846)
Purchase of investments held at amortised cost		**(5,566)**	(14,590)
Purchase of investment property	10	**(15,260)**	(13,621)
Purchase of property and equipment	9	**(1,956)**	(2,547)
Net cash used in investing activities		**(22,921)**	(271)
FINANCING ACTIVITIES			
Dividends paid	19	**(35,000)**	(35,000)
Net proceeds from bank loan		**9,827**	(1,758)
Directors' fees paid		**(3,812)**	(4,412)
Net cash used in financing activities		**(28,985)**	(41,170)
INCREASE IN CASH AND CASH EQUIVALENTS		**81,473**	7,676
Cash and cash equivalents at 1 January		**96,593**	88,917
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	**178,066**	96,593

The attached explanatory notes 1 to 29 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Dubai Insurance Company (P.S.C.) (the "Company") is a public shareholding Company registered under the UAE Federal Law No. (2) of 2015 (as amended) and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE. The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering and general accident (collectively known as general insurance) and group life and medical risks (collectively referred to as medical and life insurance). The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in the United Arab Emirates and most of the insurance policies are issued in the United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 27 September 2020 and shall take effect starting from 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

The Federal Decree-Law No. 24 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Central Bank of the United Arab Emirates and Organisation of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

During the current year, the Company established a new subsidiary for communication and consultation purposes. These consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as the "Group").

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. 2 of 2015 (as amended) relating to commercial companies, and of UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations, concerning insurance companies and agents. These consolidated financial statements are prepared in UAE Dirhams ("AED").

2.2 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

Subsidiary	Principal activity	Country of incorporation	Ownership
Insurance Pool For Communication And Consulting Services L.L.C	Human Resources Consultancy	United Arab Emirates	100%

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of financial assets carried at fair value.

The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE FROM 1 JANUARY 2021

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IFRS 16	COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)	1 April 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)"	1 January 2021

These standards have been adopted by the Group and did not have a material impact on these consolidated financial statements.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied)

IFRS 17 Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied) (continued)

- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The key principles in IFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:
  i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts. Group is currently evaluating the expected impact.

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Revenue recognition

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. Gross premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written. Premiums on insurance policies are accounted for on the date of writing of policies except premium income on marine cargo policies which is accounted for on the expected date of voyage. Premiums are adjusted for unearned premium.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Reinsurance premiums

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into during the period and are recognised on the date on which the policy incepts. Premiums include 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 risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Gross reinsurance premiums on life are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Commissions earned

Commissions earned are recognised at the time policies are written.

Other investment income

(i) Interest income is recognised on a time proportion basis.
(ii) Dividend income is accounted for when the right to receive payment is established.
(iii) Rental income is recognised as income over the period to which it relates.

Claims and expenses recognition

Claims, comprising amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries, are charged to income as incurred.

The Group generally estimates its claims based on previous experience. Independent loss adjusters normally estimate property claims. Any difference between the provisions at the reporting date and settlements and provisions for the following year is included in the underwriting account for that year.

Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Finance cost

Interest paid is recognised in the consolidated statement of income as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

Policy acquisition costs

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

General and administration expenses

Direct expenses of general insurance business are charged to respective departmental revenue accounts. Indirect expenses of the general insurance business are allocated to departmental revenue accounts on the basis of gross retained premiums of each department. Other administration expenses are charged to the consolidated statement of income.

Leases

The Group has no finance leases. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 light of estimated future cash flows, the entire deficiency is immediately recognised in income and an unexpired risk provision is 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.

Foreign currency translation

The presentation currency is UAE Dirhams (AED). This is also the functional currency of the Group. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the consolidated statement of income, except when it relates to items when gains or losses are recognised directly in equity, the gain or loss is then recognised net of the exchange component in the consolidated statement of comprehensive income.

Segment reporting

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

a) The medical and life insurance segment offers short term group health and life insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income.
b) The general insurance segment comprises insurance to individuals and businesses. General insurance products offered include motor, marine, fire, engineering, general accident 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, e.g., employee liability claims and asbestos. Revenue in this segment is derived primarily from insurance premiums.
c) The investment segment includes investment in equity, fixed income securities such as bonds and fixed deposits and net rental income from investment properties. Income from this segment is primarily from investment income and fair value gains and losses on investments.

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the consolidated financial statements. Unallocated administrative expenses are managed on a group basis and are not allocated to individual operating segments.

No inter-segment transactions occurred in 2021 and 20. If any transaction were to occur, transfer prices between operating segments would be set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation.

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. Financial risk is the risk of

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Product classification (continued)

a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable.

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 expire. Investment contracts can however be reclassified as insurance contracts after inception, if insurance risk becomes significant.

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

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment as follows:

Furniture and equipment	4 – 10 years
Motor vehicles	4 years

No depreciation is charged on land.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

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 comprehensive income as the expense is incurred.

Investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Building	40 years

No depreciation is charged on freehold land.

Fair value measurement

The Group measures financial instruments, such as, equity instruments, and non-financial assets such as investment properties (for disclosure purposes), at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 11.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described in note 12, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in these consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A financial asset and financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification and initial measurement of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Financial assets at amortised cost and the effective interest method

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents, which include cash on hand and current accounts with banks, are classified as financial assets at amortised cost.

Insurance and other receivables, deposits and statutory deposits

Insurance and other receivables (excluding prepayments), deposits and statutory deposits are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Dividends on these investments in equity instruments at FVTOCI are recognised in income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The fair value is determined in line with the requirements of IFRS 9 'Financial Instruments', which does not allow for measurement at cost. Fair value is determined in the manner described in note 12. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

IFRS 9's impairment requirements use forward looking information under Expected credit loss (ECL) model for the financial assets measured at amortised cost which consist of insurance and other receivables (excluding prepayments), cash and cash equivalents, investments at amortised cost and due from related parties.

Measurement of ECLs

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of "investment grade".

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2). Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Insurance and other receivables

The Group makes use of a simplified approach in accounting for insurance and other and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of insurance receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to note 26B for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Financial liabilities

Group's financial liabilities include bank loan and insurance and reinsurance payables.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Derecognition of financial instruments

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial instruments (continued)

- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of non-financial assets

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. 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in the statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

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.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. 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. The impairment loss is recorded in the consolidated statement of income. Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance contracts held (continued)

The Group also assumes reinsurance risk in the normal course of business for life insurance and general insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party. Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the consolidated statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. 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 income.

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

Cash and cash equivalents

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

Insurance contract liabilities

(i) Unearned premium reserve

At the end of each year a proportion of net retained premiums of the general insurance, medical and group life business is provided to cover portions of risks which have not expired at the reporting date. The reserves are calculated in accordance with the requirements of the Insurance Law relating to insurance companies at 1/365 of annual premiums earned net of reinsurance for all classes of insurance, except marine which is calculated at 25%. Unearned premium reserves for medical and group life business are calculated on a time proportion basis.

(ii) Incurred but not reported reserve

A provision is made for the estimated excess of potential claims over unearned premiums and for claims incurred but not reported at the financial position date.

The reserves represent the management's best estimates on the basis of:

a) claims reported during the year
b) delay in reporting these claims
c) claim handling provision

(iii) Unexpired risk reserve

A provision is made for the claims expected to be incurred after the reporting date in respect of current insurance contracts that will, together with any deferred expenses, exceed the premium to be earned on those contracts after the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance contract liabilities (continued)

(iv) Outstanding claims

Insurance contract liabilities are recognised when contracts are entered into and premiums are charged. 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 reporting date, whether reported or not, after reduction for the expected value of salvage and other recoveries. 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 reporting date. The liability is not discounted for the time value of money. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract expires, is discharged or is cancelled.

Provisions

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

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' 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 UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include:

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of properties

Management decides whether a property under construction will be used upon completion as owner-occupied property or for renting out to third parties. If used as owner-occupied property, the value in use of the property is determined as part of the cash generating unit to which it belongs. Otherwise, the asset is classified as investment property and its fair value is determined on an individual asset basis.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Classification of investments

Management decides on acquisition of an investment whether it should be classified as of fair value through profit or loss, at fair value through OCI or at amortised cost.

Outstanding claims, IBNR, ULAE, UPR and URR

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims, UPR and URR made under insurance contracts is the Group's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the consolidated statement of profit or loss. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same; and
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or other valuation models.

Provision for outstanding claims, whether reported or not

Considerable judgement 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 possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting 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 claim 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, on a quarterly basis.

Impairment losses on insurance receivables

The Group reviews its insurance receivables on a regular basis to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Estimation uncertainty (continued)

Impairment losses on insurance receivables (continued)

In addition to specific provisions against individually significant insurance receivables, the Group also makes a collective impairment provision against insurance receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for insurance receivables within each grade and is adjusted to reflect current economic changes.

Reinsurance

The Group is exposed to disputes with, and possibility of defaults by, its reinsurers. The Group monitors on a regular basis the evolution of disputes with and the strength of its reinsurers.

3 INSURANCE PREMIUM REVENUE

2021

	General insurance			Life insurance			Total		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross premium	1,224,224	(926,023)	298,201	2,241	(2,005)	236	1,226,465	(928,028)	298,437
Movement in provision for unearned premium	(154,306)	114,249	(40,057)	(382)	373	(9)	(154,688)	114,622	(40,066)
Insurance premium revenue	1,069,918	(811,774)	258,144	1,859	(1,632)	227	1,071,777	(813,406)	258,371
Unearned premium as of 31 December (note 22)	744,530	(668,434)	76,096	1,078	(1,043)	35	745,608	(669,477)	76,131

2020

	General insurance			Life insurance			Total		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross premium	917,209	(789,186)	128,023	2,248	(1,930)	318	919,457	(791,116)	128,341
Movement in provision for unearned premium	(9,594)	3,384	(6,210)	95	(93)	2	(9,499)	3,291	(6,208)
Insurance premium revenue	907,615	(785,802)	121,813	2,343	(2,023)	320	909,958	(787,825)	122,133
Unearned premium as of 31 December (note 22)	590,224	(554,185)	36,039	696	(670)	26	590,920	(554,855)	36,065

Insurance contracts premium includes AED 189,797 thousand (2020: AED 166,639 thousand) of reinsurance premium accepted.

4 CLAIMS INCURRED

	General Insurance			Life insurance			Total		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Year 2021	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Claims paid	506,768	(455,175)	51,593	1,087	(1,025)	62	507,855	(456,200)	51,655
Changes in provision for outstanding claim (note 22(c))	6,391	(7,558)	(1,167)	(749)	673	(76)	5,642	(6,885)	(1,243)
Movement in incurred but not reported reserve (note 22(a))	(1,816)	5,937	4,121	3	(7)	(4)	(1,813)	5,930	4,117
Movement in loss adjustment expense reserve (note 22(b))	(106)	-	(106)	(26)	-	(26)	(132)	-	(132)
	511,237	(456,796)	54,441	315	(359)	(44)	511,552	(457,155)	54,397

	General Insurance			Life insurance			Total		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Year 2020	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Claims paid	400,714	(373,003)	27,711	3,118	(2,817)	301	403,832	(375,820)	28,012
Changes in provision for outstanding claim (note 22(c))	99,913	(92,256)	7,657	(492)	442	(50)	99,421	(91,814)	7,607
Movement in incurred but not reported reserve (note 22(a))	38,903	(38,662)	241	243	(221)	22	39,146	(38,883)	263
Movement in loss adjustment expense reserve (note 22(b))	861	-	861	32	-	32	893	-	893
	540,391	(503,921)	36,470	2,901	(2,596)	305	543,292	(506,517)	36,775

5 SEGMENTAL INFORMATION

Identification of reportable segments

Primary segment information

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 and general accident.

5 SEGMENTAL INFORMATION (continued)

- The medical and life segment includes medical and group life.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented below:

	General insurance		Medical and life insurance		Investments		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
UNDERWRITING INCOME								
Gross premium	**875,000**	612,915	**351,465**	306,542	-	-	**1,226,465**	919,457
Reinsurers' share of premium	**(704,278)**	(571,071)	**(223,750)**	(220,045)	-	-	**(928,028)**	(791,116)
Net movement in unearned premium	**(23,906)**	3,122	**(16,160)**	(9,330)	-	-	**(40,066)**	(6,208)
Net insurance premium revenue	**146,816**	44,966	**111,555**	77,167	-	-	**258,371**	122,133
Reinsurance commission income	**80,371**	60,256	**47**	53	-	-	**80,418**	60,309
Other income	**17,532**	13,034	**-**	-	-	-	**17,532**	13,034
	244,719	118,256	**111,602**	77,220	-	-	**356,321**	195,476
UNDERWRITING EXPENSES					-	-		
Claims incurred	**(236,414)**	(311,788)	**(275,138)**	(231,504)	-	-	**(511,552)**	(543,292)
Reinsurers' share of claims incurred	**222,496**	289,454	**234,659**	217,063	-	-	**457,155**	506,517
Net claims incurred	**(13,918)**	(22,334)	**(40,479)**	(14,441)	-	-	**(54,397)**	(36,775)
Commission expenses	**(33,102)**	(25,038)	**(28,725)**	(22,543)	-	-	**(61,827)**	(47,581)
Other direct expenses	**(103,219)**	(1,183)	**(23,492)**	(24,101)	-	-	**(126,711)**	(25,284)
General and administration expenses relating to underwriting activities	**(28,622)**	(24,942)	**(9,698)**	(12,113)	-	-	**(38,320)**	(37,055)
	(178,861)	(73,497)	**(102,394)**	(73,198)	-	-	**(281,255)**	(146,695)
NET UNDERWRITING INCOME	**65,858**	44,759	**9,208**	4,022	-	-	**75,066**	48,781
Total investment income	-	-	-	-	**18,826**	18,772	**18,826**	18,772
Unallocated other expenses	-	-	-	-	-	-	**(13,319)**	(12,547)
PROFIT FOR THE YEAR							**80,573**	55,006

For operational and management reporting purposes, the Group is organised as one geographical segment.

5 SEGMENTAL INFORMATION (continued)

OTHER INFORMATION

	General insurance		Medical and life insurance		Investment		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Segment assets	**1,187,752**	950,413	**289,065**	237,764	**631,431**	525,141	**2,108,248**	1,713,318
Segment liabilities	**1,152,070**	955,562	**314,649**	234,576	**11,039**	1,212	**1,477,758**	1,191,350
Capital expenditure	**1,956**	2,547	**-**	-	**-**	-	**1,956**	2,547
Depreciation	**1,531**	1,507	**-**	-	**-**	-	**1,531**	1,507

The Group's operations are primarily conducted in the United Arab Emirates. General insurance figures reported above include certain assets and liabilities that are common for all three reportable segments. These amounts are not significant and are not reported separately to the chief decision maker.

6 OTHER INVESTMENT INCOME

	2021	2020
	AED'000	AED'000
Rental income from investment properties	**1,031**	508
Investment property expenses	**(1,764)**	(892)
	(733)	(384)
Dividend income received on financial assets at FVTOCI	**15,915**	14,374
Interest income from bonds and fixed deposits	**2,612**	873
Interest income from cash and cash equivalents and statutory deposits	**1,005**	3,846
	18,799	18,709

7 GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses allocable to the underwriting and non-underwriting activities include mainly the following:

	2021	2020
	AED'000	AED'000
Staff costs	**27,133**	30,813
Rental costs – short term operating leases*	**1,235**	1,353
Social contributions**	**500**	1,000

* The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

** During the year social contributions were paid to Islamic affairs & Charitable Activities Department and in the previous year social contributions were paid for COVID-19 relief program.

8 BASIC AND DILUTED EARNINGS PER SHARE

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

	2021	2020
Profit for the year (AED'000)	80,573	55,006
Directors' fees (AED'000)	(3,812)	(4,412)
Net (AED'000)	76,761	50,594
Weighted average number of shares outstanding during the year ('000)	100,000	100,000
Earnings per share (AED)	0.77	0.51

No figures for diluted earnings per share are presented as the Group has not issued any instruments which would have an impact on earnings per share when exercised.

9 PROPERTY AND EQUIPMENT

	Land AED'000	Furniture and equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost:				
At 1 January 2021	44,173	18,783	815	63,771
Additions during the year	-	1,921	35	1,956
At 31 December 2021	44,173	20,704	850	65,727
Depreciation:				
At 1 January 2021	-	(14,493)	(688)	(15,181)
Charge for the year	-	(1,411)	(120)	(1,531)
At 31 December 2021	-	(15,904)	(808)	(16,712)
Net carrying amount:				
At 31 December 2021	44,173	4,800	42	49,015

	Land AED'000	Furniture and equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost:				
At 1 January 2020	44,173	16,260	791	61,224
Additions during the year	-	2,523	24	2,547
At 31 December 2020	44,173	18,783	815	63,771
Depreciation:				
At 1 January 2020	-	(13,124)	(550)	(13,674)
Charge for the year	-	(1,369)	(138)	(1,507)
At 31 December 2020	-	(14,493)	(688)	(15,181)
Net carrying amount:				
At 31 December 2020	44,173	4,290	127	48,590

9 PROPERTY AND EQUIPMENT (continued)

The depreciation charge for the year of AED 1,531 thousand (2020: AED 1,507 thousand) has been allocated as follows:

	2021 AED'000	2020 AED'000
Underwriting expenses	1,148	1,130
Non-underwriting expenses	383	377
	1,531	1,507

Included in property and equipment is land situated in the Emirate of Dubai, United Arab Emirates with a carrying value of AED 44,173 thousand (2020: AED 44,173 thousand). The Group's Board of Directors has resolved to construct the Group's head office on the land in the foreseeable future.

10 INVESTMENT PROPERTIES

	Freehold land AED'000	Building AED'000	Total AED'000
Cost:			
At 1 January 2021	50,128	18,392	68,520
Additions during the year	-	15,260	15,260
Transferred to building	(32,832)	32,832	-
At 31 December 2021	17,296	66,484	83,780
Depreciation:			
At 1 January 2021	-	(18,392)	(18,392)
Charge for the year	-	(372)	(372)
At 31 December 2021	-	(18,764)	(18,764)
Net carrying amount:			
At 31 December 2021	17,296	47,720	65,016

	Freehold land AED'000	Building AED'000	Total AED'000
Cost:			
At 1 January 2020	36,507	18,392	54,899
Additions during the year	13,621	-	13,621
At 31 December 2020	50,128	18,392	68,520
Depreciation:			
At 1 January 2020	-	(18,392)	(18,392)
At 31 December 2020	-	(18,392)	(18,392)
Net carrying amount:			
At 31 December 2020	50,128	-	50,128

Investment properties comprise of properties as mentioned below:

Lands at Nad Al Shiba First, Dubai

These properties are carried at cost and the fair value of the investment properties as of 31 December 2021, based on a valuation undertaken by an independent qualified valuer, amounted to AED 7,300 thousand each.

10 INVESTMENT PROPERTY (continued)

Land and Building at Deira, Dubai

The property is carried at cost and the fair value of the investment property as of 31 December 2021, based on an average of valuation undertaken by independent qualified valuers, amounted to AED 29,860 thousand (2020: AED 31,730 thousand).

Land and Building at Satwa, Dubai

Additions during the year pertain to this property which is carried at cost and the fair value of the investment property as of 31 December 2021, based on an average of valuation undertaken by independent qualified valuers, amounted to AED 38,290 thousand.

The fair value of investment properties has been determined using level 2 fair value hierarchy.

11 FINANCIAL INSTRUMENTS

	Carrying value		Fair value	
	2021 AED'000	2020 AED'000	**2021 AED'000**	2020 AED'000
Financial instruments				
At fair value through profit or loss (note 11(a))	**44,781**	114,328	**44,781**	114,328
At fair value through other comprehensive income (note 11(b))	**483,375**	324,316	**483,375**	324,316
Investments held at amortised cost (note 11 (c))	**38,259**	36,368	**38,229**	36,514
	566,415	475,012	**566,385**	475,158

11(a) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 AED'000	2020 AED'000
a) Shares – quoted	**3,975**	3,733
b) Designated upon initial recognition		
Bank deposits – unquoted	**40,806**	110,595
	44,781	114,328

The entire shares and bank deposits are within the United Arab Emirates. Bank deposits include deposits amounting to AED 40,806 thousand (2020: AED 30,254 thousand) with maturity over three months as at the reporting date.

11(b) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 AED'000	2020 AED'000
Shares – quoted (within UAE)	**350,885**	287,427
Shares – unquoted (outside UAE)	**125,700**	30,008
Shares – unquoted (within UAE)	**6,790**	6,881
	483,375	324,316

The fair value gain amounting to AED 63,633 thousand (2020: loss of AED 34,187 thousand) has been recognised in the consolidated statement of comprehensive income.

Investments amounting to AED 20,921 thousand are pledged against bank loan (note 20). The investments carry interest at an effective interest rate 4.96% per annum.

11 FINANCIAL INSTRUMENTS (continued)

11(c) DEBT INSTRUMENTS AT AMORTISED COST

	2021	2020
	AED'000	AED'000
Amortised cost		
Debt securities (within UAE)	10,960	24,706
Debt securities (outside UAE)	27,299	11,662
	38,259	36,368

Debt securities amounting to AED 21,778 thousand were pledged in 2020 against bank loan (note 20). The investments carry interest at an effective interest rate 4.96% per annum. The maturity profile of these debt instruments is shown below:

	31 December 2021		
	Less than 5 years	More than 5 years	Total
	AED'000	AED'000	AED'000
Debt securities (within UAE)	6,361	4,599	10,960
Debt securities (outside UAE)	9,944	17,355	27,299
	16,305	21,954	38,259

	31 December 2020		
	Less than 5 years	More than 5 years	Total
	AED'000	AED'000	AED'000
Debt securities (within UAE)	6,433	18,273	24,706
Debt securities (outside UAE)	9,822	1,840	11,662
	16,255	20,113	36,368

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair values hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Determination of fair value and fair values hierarchy (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
At 31 December 2021				
Financial instruments				
At fair value through profit or loss:				
Bank deposits	-	40,806	-	40,806
Quoted equity securities	3,975	-	-	3,975
	3,975	40,806	-	44,781
At fair value through other comprehensive income:				
Quoted equity securities	350,885	-	-	350,885
Unquoted equity securities	-	-	132,490	132,490
	350,885	-	132,490	483,375
	354,860	40,806	132,490	528,156

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
At 31 December 2020				
Financial instruments				
At fair value through profit or loss:				
Bank deposits	-	110,595	-	110,595
Quoted equity securities	3,733	-	-	3,733
	3,733	110,595	-	114,328
At fair value through other comprehensive income:				
Quoted equity securities	287,427	-	-	287,427
Unquoted equity securities	-	-	36,889	36,889
	287,427	-	36,889	324,316
	291,160	110,595	36,889	438,644

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Movements in level 3 financial instruments measured at fair value

31 December 2021

	At 1 January 2021 AED'000	Purchases AED'000	Sales AED'000	Total gain/(loss) recorded in OCI AED'000	Transfers AED'000	At 31 December 2021 AED'000
Financial instruments						
At fair value through other comprehensive income						
Unquoted investments	36,889	100,811	(6,676)	1,466	-	132,490
Total level 3 financial assets	36,889	100,811	(6,676)	1,466	-	132,490

31 December 2020

	At 1 January 2020 AED'000	Purchases AED'000	Sales AED'000	Total loss recorded in OCI AED'000	Transfers AED'000	At 31 December 2020 AED'000
Financial instruments						
At fair value through other comprehensive income						
Unquoted investments	31,818	15,253	(6,161)	(4,021)	-	36,889
Total level 3 financial assets	31,818	15,253	(6,161)	(4,021)	-	36,889

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Asset for which fair value approximates carrying value

For financial assets and financial liabilities that have short term maturities (less than three months) it is assumed that the carrying amounts approximate their fair values. This assumption is also applied to insurance receivables, reinsurance payables, demand deposits and savings accounts without specific maturity. Fair value of quoted bonds is based on price quotations at the reporting date. Long term bank loan and bank deposits designated at FVTPL are evaluated by the Group based on Level 2 input parameters such as interest rates.

13 INSURANCE RECEIVABLES

	2021 AED'000	2020 AED'000
Due from policyholders	139,574	100,806
Due from insurance companies	54,264	53,582
Due from insurance brokers	28,550	7,934
Other insurance receivables	298	89
Due from re-insurance companies in respect of settled claims	57,814	28,266
Less: Allowance for expected credit losses	(13,168)	(11,442)
	267,332	179,235

All of the above amounts are due within twelve months of the reporting date. The amounts due from reinsurers are normally settled on a quarterly basis. Movements in the allowance for expected credit losses were as follows:

	2021 AED'000	2020 AED'000
Loss allowance as at 1 January	11,442	11,079
Loss allowance provided during the year	1,726	363
Loss allowance as at 31 December	13,168	11,442

The following table shows analysis of insurance receivables by class of business:

	General		Life	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Due from policyholders	138,570	100,439	1,004	367
Due from insurance companies	54,264	53,582	-	-
Due from insurance brokers	28,402	7,846	148	88
Other insurance receivables	298	89	-	-
Due from re-insurance companies	56,432	27,452	1,382	814
Less: Allowance for expected credit losses	(13,168)	(11,442)	-	-
	264,798	177,966	2,534	1,269

13 INSURANCE RECEIVABLES (continued)

Inside UAE:

	General		Life	
	2021	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000
Due from policyholders	**138,469**	98,905	**1,004**	357
Due from insurance companies	**54,264**	53,582	**-**	-
Due from insurance brokers	**28,402**	7,846	**148**	88
Other insurance receivables	**298**	89	**-**	-
Due from re-insurance companies	**4,933**	591	**-**	-
Less: Allowance for expected credit losses	**(13,168)**	(11,442)	**-**	-
	213,198	149,571	**1,152**	445
Outside UAE:				
Due from policyholders	**101**	1,534	**-**	10
Due from insurance companies	**-**	-	**-**	-
Due from re-insurance companies	**51,499**	26,861	**1,382**	814
	51,600	28,395	**1,382**	824

The following table provides an ageing analysis of insurance receivables:

31 December 2021

	Less than 30 days AED'000	***30-90 days AED'000***	***91 to 180 days AED'000***	***181 to 270 days AED'000***	***271 to 365 days AED'000***	***> 365 days AED'000***	***Total AED'000***
Inside UAE:							
Due from:							
Policyholders	**108,034**	**2,287**	**2,224**	**5,024**	**3,891**	**4,844**	**126,304**
Insurance companies	**32,931**	**2,553**	**2,934**	**3,259**	**4,533**	**8,054**	**54,264**
Insurance brokers	**20,021**	**1,514**	**2,396**	**460**	**221**	**3,939**	**28,551**
Other receivables	**166**	**-**	**-**	**-**	**-**	**132**	**298**
Re-insurance companies	**4,427**	**94**	**180**	**4**	**30**	**198**	**4,933**
Total	**165,579**	**6,448**	**7,734**	**8,747**	**8,675**	**17,167**	**214,350**
Outside UAE:							
Due from:							
Policyholders	**89**	**-**	**33**	**37**	**11**	**-**	**170**
Re-insurance companies	**25,958**	**11,951**	**11,453**	**2,767**	**458**	**225**	**52,812**
Total	**26,047**	**11,951**	**11,486**	**2,804**	**469**	**225**	**52,982**

13 INSURANCE RECEIVABLES (continued)

31 December 2020

	Less than 30 days AED'000	*30-90 days AED'000*	*91 to 180 days AED'000*	*181 to 270 days AED'000*	*271 to 365 days AED'000*	*Above 365 days AED'000*	*Total AED'000*
Inside UAE:							
Due from:							
Policyholders	76,671	1,320	1,575	1,151	1,745	5,478	87,940
Insurance companies	6,905	9,920	11,616	4,025	5,849	15,147	53,462
Insurance brokers	2,307	280	181	240	361	4,565	7,934
Other receivables	74	-	-	5	-	10	89
Re-insurance companies	52	83	13	107	41	295	591
Total	86,009	11,603	13,385	5,528	7,996	25,495	150,016
Outside UAE:							
Due from:							
Policyholders	1,059	102	69	-	3	311	1,544
Re-insurance companies	12,239	5,265	6,151	2,400	1,008	612	27,675
Total	13,298	5,367	6,220	2,400	1,011	923	29,219

14 PREPAYMENTS AND OTHER RECEIVABLES

	2021 AED'000	2020 AED'000
Accrued interest receivable	**601**	1,470
Prepayments	**2,884**	2,682
Staff debtors and advances	**99**	165
VAT receivable	**8,404**	4,051
Other receivables	**16,434**	16,987
	28,422	25,355

15 STATUTORY DEPOSITS

	2021 AED'000	2020 AED'000
Bank deposits:		
Amounts 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

The bank deposit expires after one year and is renewable every year and earns an interest of 0.65% per annum (2020: 2.30%) per annum.

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	2021 AED'000	2020 AED'000
Bank balances and cash	**178,066**	96,593

Cash and cash equivalents are within United Arab Emirates, Europe and GCC. The cash and cash equivalents include e-Dirham account amounting to AED 233 thousand (2020: AED 5,556 thousand).

17 SHARE CAPITAL

	2021 AED'000	2020 AED'000
Issued and fully paid 100,000,000 shares of AED 1 each (2020: 100,000,000 shares of AED 1 each)	**100,000**	100,000

18 RESERVES

NATURE AND PURPOSE OF RESERVES

Statutory reserve

In accordance with UAE Commercial Companies Law and the Group's Articles of Association, the Group has resolved to discontinue the annual transfer of 10% of the profit for the year since the statutory reserve reached 50% of the paid-up share capital. The reserve is not available for distribution, except in the circumstances stipulated by the UAE Commercial Companies Law.

General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. During the year, no transfer was made (31 December 2020: AED 30,000 thousand) was transferred to the general reserve from retained earnings. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

Reinsurance reserve

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 4,640 thousand (31 December 2020: AED 3,956 thousand) based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution, and will not be disposed of without prior approval from Central Bank of the United Arab Emirates.

Cumulative changes in fair value of investments

This reserve records fair value changes on financial instruments held at fair value through other comprehensive income.

19 DIVIDENDS

For the year ended 31 December 2020, the shareholders at the annual general meeting dated 28 February 2021 approved a cash dividend of 35% (AED 0.35 per share) totalling AED 35 million. For the year ended 31 December 2019, the shareholders at the annual general meeting dated 5 March 2020 approved a cash dividend of 35% (AED 0.35 per share) totalling AED 35 million.

20 BANK LOAN

	2021 AED'000	2020 AED'000
Loan II	11,039	-
Loan I	-	1,212
	11,039	1,212

Loan II

During the year, the Group entered into credit facility agreement with an international bank. The loan facilities are secured against investments in fixed income funds held at FVTOCI amounting to AED 20,921 thousand for the Group's investment operations and carry interest at 1-month USD LIBOR plus 0.75% per annum. The maturity of loan is till April 2025.

Loan I

In 2015, the Group entered into credit facility agreements with another international bank. The loan facilities were secured against investments in debt instruments held at amortised cost amounting to AED 11,630 thousand (2020: AED 11,630 thousand) for the Group's investment operations and carried interest at 1-month USD LIBOR plus 0.5% per annum. The tenure of the loan was directly linked to the maturity period of the debt instruments which are financed by the loan. The net decrease in carrying amount during the year is due to total repayment of loan AED 1,212 thousand (2020: AED 1,678 thousand) by cash and cash equivalent.

21 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2021 AED'000	2020 AED'000
Provision as at 1 January	5,209	4,773
Provided during the year	675	612
End of service benefits paid	(347)	(176)
Provision as at 31 December	5,537	5,209

22 INSURANCE CONTRACT ASSETS AND LIABILITIES

	Gross		Reinsurers' share		Net	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Incurred but not reported reserve (note 22(a))	154,460	156,273	(126,681)	(132,611)	27,779	23,662
Unallocated loss adjustment expense reserve (note 22(b))	3,380	3,512	-	-	3,380	3,512
Outstanding claims (note 22(c))	156,565	150,923	(147,824)	(140,939)	8,741	9,984
Unearned premium reserve (note 22(d))	745,608	590,920	(669,477)	(554,855)	76,131	36,065
	1,060,013	901,628	(943,982)	(828,405)	116,031	73,223

22 INSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

22 (a) Incurred but not reported reserve

	General insurance AED'000	Life insurance AED'000	Total AED'000
31 December 2021			
Gross	**154,098**	**362**	**154,460**
Reinsurers' share	**(126,349)**	**(332)**	**(126,681)**
	27,749	**30**	**27,779**
31 December 2020			
Gross	155,914	359	156,273
Reinsurers' share	(132,286)	(325)	(132,611)
	23,628	34	23,662

Incurred but not reported reserve of AED 9,624 thousand (2020: AED 7,624 thousand) has been provided by the Group in General insurance segment compared to the Group's actuary's report.

22 (b) Unallocated loss adjustment expense reserve

	General insurance AED'000	Life insurance AED'000	Total AED'000
At 31 December 2020	**3,475**	**37**	**3,512**
Movement during the year	**(106)**	**(26)**	**(132)**
At 31 December 2021	**3,369**	**11**	**3,380**

22 (c) Outstanding claims

	General insurance AED'000	Life insurance AED'000	Total AED'000
At 31 December 2021			
Gross	**155,011**	**1,554**	**156,565**
Reinsurers' share	**(146,424)**	**(1,400)**	**(147,824)**
	8,587	**154**	**8,741**
At 31 December 2020			
Gross	148,620	2,303	150,923
Reinsurers' share	(138,866)	(2,073)	(140,939)
	9,754	230	9,984

22 (d) Unearned premium reserve

	General insurance AED'000	Life insurance AED'000	Total AED'000
At 31 December 2021			
Gross	**744,530**	**1,078**	**745,608**
Reinsurers' share	**(668,434)**	**(1,043)**	**(669,477)**
	76,096	**35**	**76,131**
At 31 December 2020			
Gross	590,224	696	590,920
Reinsurers' share	(554,185)	(670)	(554,855)
	36,039	26	36,065

23 (a) REINSURANCE BALANCES PAYABLE

	2021	2020
	AED'000	AED'000
Reinsurance balances payable	**136,255**	86,529

The following table shows analysis of reinsurance balances payable by class of business:

	General		Life	
	2021	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000
Inside UAE	**15,295**	1,694	**-**	-
Outside UAE	**120,581**	84,778	**379**	57
	135,876	86,472	**379**	57

23 (b) INSURANCE AND OTHER PAYABLES

	2021	2020
	AED'000	AED'000
Insurance and other payables	**237,630**	160,910

The following table shows analysis of payables by class of business:

	General		Life	
	2021	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000
Payables-Inside UAE	**230,163**	145,033	**257**	245
Payables-Outside UAE	**7,210**	15,632	**-**	-
	237,373	160,665	**257**	245

Inside UAE:

	General		Life	
	2021	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000
Payable to policy holders	**100,028**	52,341	**87**	89
Payable to insurance companies	**31,888**	29,612	**-**	-
Payable to brokers	**12,743**	11,539	**163**	149
Payable to TPAs	**34,967**	36,266	**-**	-
Other payables	**50,537**	15,275	**7**	7
	230,163	145,033	**257**	245

Outside UAE:

	General		Life	
	2021	2020	**2021**	2020
	AED'000	AED'000	**AED'000**	AED'000
Other payables	**7,210**	15,632	**-**	-

24 RELATED PARTY TRANSACTIONS

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

The significant balances outstanding at 31 December in respect of related parties included in the consolidated financial statements are as follows:

	2021 AED'000	2020 AED'000
Affiliates of major shareholders:		
Due from policyholders	**28,867**	21,458
Outstanding claims	**17,195**	21,385

The income and expenses in respect of related parties included in the consolidated financial statements are as follows:

	2021 AED'000	2020 AED'000
Affiliates of major shareholders:		
Premiums	**14,640**	27,294
Claims paid	**(10,830)**	(27,182)
Commission expenses	**(5,031)**	(5,927)
Rent received	**59**	59
Rent paid	**(748)**	(931)

Compensation of the key management personnel is as follows:

	2021 AED'000	2020 AED'000
Short term employee benefits	**6,936**	7,213
End of service benefits	**199**	199
	7,135	7,412

Outstanding balances at the year-end arise in the normal course of business. For the years ended 31 December 2021 and 31 December 2020, the Group has reversed and recorded expected credit losses of AED 189 thousand and AED 192 thousand on balances owed by related parties respectively.

25 DIRECTORS' FEES

Directors' fees have been included as an appropriation of net profit for the year as agreed by the Group's management.

26 RISK MANAGEMENT

(a) Governance framework

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

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 Chief Executive Officer and senior managers.

26 RISK MANAGEMENT (continued)

(a) Governance framework (continued)

The board of directors meets regularly to approve any commercial, regulatory and organisational decisions. The Chief Executive Officer 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.

The Group's enterprise risk management framework is established to identify and analyse the key risks faced by the Group to set appropriate controls and manage those risks. As part of the risks identification process, the Group uses risk based capital model to assess the capital requirement and uses stress analysis to apply changes to capital. The Group's risk appetite is derived from the changes to capital.

(b) Capital management framework

The primary objective of the Group's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

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

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders 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 jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

(d) Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages these positions to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders.

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

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

(e) Disclosure as per the circular no.33 of 2016 of Central Bank of the United Arab Emirates

For the purpose of disclosure as per the circular no.33 of 2016 of Central Bank of the United Arab Emirates, the Group's financial information is grouped into business units based on its products and services as follows:

- The general insurance segment, comprises motor, marine, fire, engineering, medical and general accident.
- The life class includes group life.

26 RISK MANAGEMENT (continued)

(e) Disclosure as per the circular no.33 of 2016 of Central Bank of the United Arab Emirates (continued)

The table below summarises the operating activities of the general and life insurance class of business of the Group.

		General insurance		Life insurance	
		2021	2020	**2021**	2020
	Notes	**AED'000**	AED'000	**AED'000**	AED'000
UNDERWRITING INCOME					
Gross premium	3	**1,224,224**	917,209	**2,241**	2,248
Reinsurers' share of premium	3	**(926,023)**	(789,186)	**(2,005)**	(1,930)
Net movement in unearned premium	3	**(40,057)**	(6,210)	**(9)**	2
Net insurance premium revenue	3	**258,144**	121,813	**227**	320
Reinsurance commission income		**80,371**	73,290	**47**	53
Other income		**17,532**	-	**-**	-
		356,047	195,103	**274**	373
UNDERWRITING EXPENSES					
Claims incurred	4	**(511,237)**	(540,391)	**(315)**	(2,901)
Reinsurers' share of claims incurred	4	**456,796**	503,921	**359**	2,596
Net claims incurred	4	**(54,441)**	(36,470)	**44**	(305)
Commission expenses		**(61,785)**	(47,475)	**(42)**	(106)
Other direct expenses		**(126,711)**	(25,281)	**-**	(3)
General and administration expenses relating to underwriting activities*		**(38,218)**	(36,926)	**(102)**	(129)
		(281,155)	(146,152)	**(100)**	(543)
NET UNDERWRITING INCOME/(LOSS)		**74,892**	48,951	**174**	(170)
Total investment income		**16,545**	16,321	**2,281**	2,451
Other operating expenses		**(13,308)**	(12,522)	**(11)**	(25)
PROFIT FOR THE YEAR		**78,129**	52,750	**2,444**	2,256
Net gain/(loss) on revaluation of investments through other comprehensive income		**54,647**	(27,057)	**12,114**	(7,643)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**132,776**	25,693	**14,558**	(5,387)

*General and administration expenses are allocated between both classes of business in proportion with the gross written premiums in respective classes of business as agreed by the management.

26 RISK MANAGEMENT (continued)

(e) Disclosure as per the circular no.33 of 2016 of Central Bank of the United Arab Emirates (continued)

The table below summarises the assets and liabilities of the general and life insurance class of business of the Group.

		General insurance		Life insurance	
		2021	2020	**2021**	2020
	Notes	**AED'000**	AED'000	**AED'000**	AED'000
ASSETS					
Property and equipment		**49,015**	48,590	**-**	-
Investment properties		**65,016**	50,128	**-**	-
Financial instruments		**500,855**	421,566	**65,560**	53,446
Reinsurance assets		**941,209**	825,338	**2,773**	3,067
Insurance receivables	13	**264,798**	177,966	**2,534**	1,269
Prepayments and other receivables		**28,422**	25,355	**-**	-
Statutory deposits		**6,000**	6,000	**4,000**	4,000
Cash and cash equivalents		**176,994**	95,698	**1,072**	895
TOTAL ASSETS		**2,032,309**	1,650,641	**75,939**	62,677
EQUITY AND LIABILITIES					
Equity					
Share capital		**100,000**	100,000	**-**	-
Statutory reserve		**50,000**	50,000	**-**	-
General reserve		**50,000**	50,000	**-**	-
Reinsurance reserve		**8,576**	3,946	**20**	10
Retained earnings		**203,039**	162,790	**-**	-
Cumulative changes in fair value of investments		**174,782**	123,263	**44,073**	31,959
Reserve for life segment		**(28,207)**	(26,983)	**28,207**	26,983
Total equity		**558,190**	463,016	**72,300**	58,952
Liabilities					
Bank loan		**11,039**	1,212	**-**	-
Employees' end of service benefits		**5,537**	5,181	**-**	28
Insurance contract liabilities		**1,057,010**	898,233	**3,003**	3,395
Amounts held under reinsurance treaties		**27,284**	35,862	**-**	-
Reinsurance balances payable		**135,876**	86,472	**379**	57
Insurance and other payables	23	**237,373**	160,665	**257**	245
Total liabilities		**1,474,119**	1,187,625	**3,639**	3,725
TOTAL EQUITY AND LIABILITIES		**2,032,309**	1,650,641	**75,939**	62,677

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

26A Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

26 RISK MANAGEMENT (continued)

26A Insurance risk (continued)

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

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

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

Frequency and severity of claims

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

Property insurance contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The insurance risk arising from insurance contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. For medical insurance, the main risks are illness and related healthcare costs. For group life and personal accident, the main risks are claims from death and permanent or partial disability. The Group generally does not offer medical insurance to walk-in customers. Medical, group life and personal accident insurance are generally offered to corporate customers with large population to be covered under the policy.

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 affected under treaty, facultative and excess of loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers. The Group deals with reinsurers approved by the Board of Directors.

26 RISK MANAGEMENT (continued)

26A Insurance risk (continued)

Reinsurance risk (continued)

The five largest reinsurers account for 71% of amounts due from reinsurance companies at 31 December 2021 (2020: 66%). The maximum theoretical credit risk exposure in this connection is mainly in Europe.

Sources of uncertainty in the estimation of future claim payments

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

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

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

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

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by type of risk where the insured operates for current and prior year premium earned.

	Year ended 31 December 2021		Year ended 31 December 2020	
Type of risk	**Gross loss ratio**	**Net loss ratio**	Gross loss ratio	Net loss ratio
Life insurance	**17%**	**-**	124%	96%
General insurance	**48%**	**21%**	60%	30%

26 RISK MANAGEMENT (continued)

26A Insurance risk (continued)

Process used to decide on assumptions

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

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

Claims development process

Claims development tables are disclosed in order to put the unpaid claims estimates included in the financial statements into a context, allowing comparison of the development claims provisions with those seen in previous years.

In effect, the table highlights the Group's ability to provide an estimate of the total value of claims. This table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. Data in the table related to acquired businesses is included from the acquisition date onwards.

26 RISK MANAGEMENT (continued)

26A Insurance risk (continued)

Claims development process (continued)

The Group believes that the estimates of total claims outstanding as of the end of 2021 are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate. Following table shows the development of gross general outstanding claims (excluding life and medical) reflecting cumulative incurred claims including both notified and incurred but not reported for each successive accident year:

31 December 2021 **Incurred claims** Accident year	2013 AED' 000	2014 AED' 000	2015 AED' 000	2016 AED' 000	2017 AED' 000	2018 AED' 000	2019 AED'000	2020 AED'000	2021 AED'000	Total AED' 000
At the end of accident year	91,453	108,488	169,288	224,778	181,936	224,281	232,339	333,209	262,094	
One year later	98,734	114,658	324,572	245,384	192,973	233,454	238,533	396,250	-	
Two years later	98,973	113,497	325,722	245,027	187,726	237,409	236,269	-	-	
Three years later	98,260	112,309	288,727	243,306	183,963	232,023	-	-	-	
Four years later	97,814	111,596	137,200	243,356	183,715	-	-	-	-	
Five years later	97,281	111,715	136,960	243,078	-	-	-	-	-	
Six years later	95,675	111,738	137,032	-	-	-	-	-	-	
Seven years later	94,644	111,527	-	-	-	-	-	-	-	
Eight year later	94,623	-	-	-	-	-	-	-	-	
Cumulative estimate of incurred claims	**94,623**	**111,527**	**137,032**	**243,078**	**183,715**	**232,023**	**236,269**	**396,250**	**262,094**	**1,896,611**
At the end of accident year	(62,991)	(84,771)	(94,966)	(177,216)	(145,493)	(188,026)	(168,400)	(210,925)	(209,237)	
One year later	(91,287)	(108,004)	(125,589)	(229,366)	(178,537)	(220,881)	(202,969)	(278,001)	-	
Two years later	(92,273)	(110,160)	(130,481)	(240,079)	(181,669)	(223,186)	(221,379)	-	-	
Three years later	(93,087)	(110,626)	(132,715)	(242,698)	(183,049)	(224,268)	-	-	-	
Four years later	(93,464)	(110,961)	(135,688)	(242,851)	(183,280)	-	-	-	-	
Five years later	(93,630)	(111,332)	(136,365)	(242,904)	-	-	-	-	-	
Six years later	(93,644)	(111,413)	(136,530)	-	-	-	-	-	-	
Seven years later	(94,384)	(111,424)	-	-	-	-	-	-	-	
Eight years later	(94,617)	-	-	-	-	-	-	-	-	
Cumulative claims paid	**(94,617)**	**(111,424)**	**(136,530)**	**(242,904)**	**(183,280)**	**(224,268)**	**(221,379)**	**(278,001)**	**(209,237)**	**(1,701,640)**
Total gross outstanding claims estimate	**6**	**103**	**502**	**174**	**435**	**7,755**	**14,890**	**118,249**	**52,857**	**194,971**

26 RISK MANAGEMENT (continued)

26A Insurance risk (continued)

Sensitivity of underwriting profit

The Group does not foresee any adverse change in the contribution of insurance profit due to the following reasons:

- The Group has an overall risk retention level of 24% for the year ended 31 December 2021 (2020: 14%). This is mainly due to low retention levels in general lines of business, the Group is adequately covered by reinsurance programs to guard against major financial impact.
- The Group has commission income of AED 80,418 thousand in 2021 (2020: AED 60,309 thousand) predominantly from the reinsurance placement which remains a comfortable source of income.
- Because of low risk retention, 24% during the year, (2020: 14%) of the volume of the business and limited exposure in high retention areas such as motor, the Group is comfortable to maintain an overall net loss ratio of 24% (2020: 30%) and does not foresee any serious financial impact in the net underwriting profit.

26B Financial risk

The Group's principal financial instruments include financial assets and financial liabilities which comprise financial investments (at fair value through profit or loss and other comprehensive income), receivables arising from insurance and reinsurance contracts, statutory deposits, cash and cash equivalents, trade and other payables, and re-insurance balance payables.

The Group does not enter into derivative transactions.

The main risks arising from the Group's financial instruments are credit risk, geographical risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

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

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

- The Group only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Group's exposure to bad debts.
- The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Group's investments at fair value through profit or loss or OCI are managed by the Chief Executive Officer in accordance with the guidance of the Chairman and the supervision of the Board of Directors.
- The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

***Credit risk* (continued)**

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

	Notes	2021 AED'000	2020 AED'000
Financial instruments – deposits and debt instruments	11	**79,065**	146,963
Reinsurance assets	22	**943,982**	828,405
Insurance receivables	13	**267,332**	179,235
Other receivables (excluding prepayments)	14	**25,538**	22,673
Statutory deposits	15	**10,000**	10,000
Cash and cash equivalents	16	**178,066**	96,593
Total credit risk exposure		**1,503,983**	1,283,869

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 value.

All the Group's investments in bonds measured at amortised cost are considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Management considers "low credit risk" for bonds to be those with high quality external credit ratings (investment grade). The credit risk in respect of deposits with banks (including statutory deposits) and cash and cash equivalent held with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions. Reinsurance assets and the associated risks including Group's appropriate measure have been discussed in detail in the "Reinsurance risk" section. Other receivables (excluding prepayments) have been determined by management not to have a material credit risk hence no allowance for expected credit losses has been recognized as at 31 December 2021 (2020: Nil).

Insurance receivables comprise a large number of customers and insurance companies mainly within the United Arab Emirates. Reinsurance assets are from reinsurance companies based mainly in Europe and the Middle East.

The Group's financial position can be analysed by the following geographical regions:

	2021			2020		
	Assets **AED'000**	**Liabilities and equity** **AED'000**	**Contingent liabilities and commitments** **AED'000**	Assets AED'000	Liabilities and equity AED'000	Contingent liabilities and commitments AED'000
United Arab Emirates	**1,337,008**	**1,953,141**	**10,105**	1,082,996	1,578,735	10,650
Europe	**275,507**	**98,961**	**-**	247,611	106,858	-
Rest of the world	**495,733**	**56,146**	**-**	382,711	27,725	-
Total	**2,108,248**	**2,108,248**	**10,105**	1,713,318	1,713,318	10,650

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

***Credit risk* (continued)**

The table below provides information regarding the credit risk exposure of the Group by classifying financial assets according to the Group's credit rating of counterparties.

31 December 2021

	Neither past due nor impaired				
	High grade	**Standard grade**	**Sub-standard grade**	**Past due and impaired**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Financial instruments	-	**79,065**	-	-	**79,065**
Reinsurance assets	-	**943,982**	-	-	**943,982**
Insurance receivables	-	**267,332**	-	**13,168**	**280,500**
Other receivables (excluding prepayments)	**25,538**	-	-	-	**25,538**
Statutory deposits	**10,000**	-	-	-	**10,000**
Cash and cash equivalents	**178,066**	-	-	-	**178,066**
	213,604	**1,290,379**	-	**13,168**	**1,517,151**
Less: expected credit losses					**(13,168)**
					1,503,983

31 December 2020

	Neither past due nor impaired				
	High grade	Standard grade	Sub-standard grade	Past due and impaired	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Financial instruments	-	146,963	-	-	146,963
Reinsurance assets	-	828,405	-	-	828,405
Insurance receivables	-	179,235	-	11,442	190,677
Other receivables (excluding prepayments)	22,673	-	-	-	22,673
Statutory deposits	10,000	-	-	-	10,000
Cash and cash equivalents	96,593	-	-	-	96,593
	129,266	1,154,603	-	11,442	1,295,311
Less: expected credit losses					(11,442)
					1,283,869

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

***Credit risk* (continued)**

The following table provides an ageing analysis of insurance receivables arising from insurance and reinsurance contracts past due but not impaired:

		Past due but not impaired							
	Neither past due nor impaired	*90 days*	*91 to 180 days*	*181 to 270 days*	*271 to 365 days*	*> 365 days*	*Total*	*Past due and impaired*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
2021	**65,513**	**144,512**	**19,219**	**11,551**	**9,144**	**30,561**	**280,500**	**(13,168)**	**267,332**
2020	86,535	31,717	19,605	7,929	9,072	35,819	190,677	(11,442)	179,235

For assets to be classified as 'past due and impaired' the contractual payments in arrears are more than 180 days and an impairment adjustment is recorded in the consolidated statement of income for this. When the credit exposure is adequately secured or when management is confident of settlement, arrears more than 180 days might still be classified as 'past due but not impaired", with no impairment adjustment recorded.

	Insurance receivables days past due (AED'000)			
31 December 2021	**0-90 days**	**91-365 days**	**365 days and above**	**Total**
Expected credit loss rates	**1.60%**	**0.35%**	**31.63%**	
Gross carrying amount	**210,025**	**39,914**	**30,561**	**280,500**
Life-time expected credit losses	**3,361**	**140**	**9,667**	**13,168**

	Insurance receivables days past due (AED'000)			
31 December 2020	0-90 days	91-365 days	365 days and above	Total
Expected credit loss rates	1.67%	0.18%	26.25%	
Gross carrying amount	118,252	36,606	35,819	190,677
Life-time expected credit losses	1,975	66	9,401	11,442

Geographical risk

The Group has geographical risk exposure. Such exposure arises from investments, cash and cash equivalents and insurance contracts concentrated within certain geographical areas. The investments and cash and cash equivalents are primarily with local companies and financial institutions. The risk arising from insurance contracts is concentrated mainly in the United Arab Emirates. The geographical concentration of risks is similar to previous year.

In accordance with the requirement of the Securities and Commodities Authority (Circular dated 12-10-2011) following are the details of the geographical concentration of assets in the Group's consolidated financial statements as of 31 December 2021:

(a) Investment property

Investment property represents the Group's investment in a freehold land and building situated in the Emirate of Dubai, United Arab Emirates.

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

Geographic risk (continued)

(b) Financial instruments – investments

Investments in financial assets represent investments in quoted and unquoted shares of companies incorporated within and outside the United Arab Emirates and investments in bonds issued locally and outside United Arab Emirates.

(c) Cash and cash equivalents

Cash and cash equivalents of the Group are with banks registered and operating in the United Arab Emirates and in Europe.

Currency risk

The Group also has transactional currency exposures. Such exposure arises from investments in securities and reinsurance transactions in currencies other that the Group's functional currency.

At 31 December, the Group's exposure to foreign currency risk was as follows:

		2021	2020
		AED'000	AED'000
Debt instruments at amortised cost	*- US Dollars*	**38,259**	36,368
Insurance receivables	*- US Dollars*	**39,368**	36,676
	- Euro	**419**	329
	GBP	**274**	1,010
	- Others	**3,423**	482
Other receivables	*- US Dollars*	**1,497**	1,585
Cash and cash equivalents	*- US Dollars*	**10,624**	15,016
	- Euro	**3,276**	2,863
	- GBP	**254**	623
	- Others	**-**	2
Reinsurance balances payable	*- US Dollars*	**17,970**	13,943
	- Euro	**1,676**	2,208
	- GBP	**1,052**	1,298
	- Others	**-**	-
Other creditors and accruals	*- US Dollars*	**9,316**	8,216
	- Euro	**132**	436
	- GBP	**68**	19
	- Others	**1,138**	933

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 effect on equity.

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

Currency risk (continued)

	Increase in exchange rate	Effect on profit AED'000 2021	Effect on profit AED'000 2020
Assets			
US Dollars	+5%	**4,487**	4,482
Euro	+5%	**185**	160
GBP	+5%	**26**	82
Others	+5%	**171**	24
Liabilities			
US Dollars	+5%	**1,364**	(1,108)
Euro	+5%	**90**	(132)
GBP	+5%	**56**	(66)
Others	+5%	**57**	(47)

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

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 when 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 summarises the maturity of the assets and liabilities of the Group based on remaining contractual settlement dates.

	31 December 2021				31 December 2020			
	Less than one year AED'000	More than one year AED'000	No maturity date AED'000	Total AED'000	Less than one year AED'000	More than one year AED'000	No maturity date AED'000	Total AED'000
ASSETS								
Property and equipment	-	-	49,015	49,015	-	-	48,590	48,590
Investment property	-	-	65,016	65,016	-	-	50,128	50,128
Financial instruments	40,806	38,259	487,350	566,415	110,595	36,368	328,049	475,012
Reinsurance assets	943,982	-	-	943,982	828,405	-	-	828,405
Insurance receivables	267,332	-	-	267,332	179,235	-	-	179,235
Prepayments and other receivables	28,422	-	-	28,422	25,355	-	-	25,355
Statutory deposits	-	-	10,000	10,000	-	-	10,000	10,000
Cash and cash equivalents	178,066	-	-	178,066	96,593	-	-	96,593
TOTAL ASSETS	1,458,608	38,259	611,381	2,108,248	1,240,183	36,368	436,767	1,713,318
Liabilities								
Bank loan	-	11,039	-	11,039	-	1,212	-	1,212
Employees' end of service benefits	-	5,537	-	5,537	-	5,209	-	5,209
Insurance contract liabilities	1,060,013	-	-	1,060,013	901,628	-	-	901,628
Amounts held under reinsurance treaties	27,284	-	-	27,284	35,862	-	-	35,862
Reinsurance balances payable	136,255	-	-	136,255	86,529	-	-	86,529
Insurance and other payables	237,630	-	-	237,630	160,910	-	-	160,910
Total liabilities	1,461,182	16,576	-	1,477,758	1,184,929	6,421	-	1,191,350

26 RISK MANAGEMENT (continued)

26B Financial risk (continued)

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 cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group is exposed to interest rate risk on certain of its investment in financial instruments held at fair value though profit or loss, designated upon initial recognition, statutory deposits and bank loan. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest-bearing investments and borrowings are denominated.

Interest rate sensitivity

The effective interest rates for all major classes of interest-bearing financial instruments as at 31 December, are as follows:

	Total AED'000	Effective interest rate %
31 December 2021		
Time deposits	**40,806**	**0.55% to 2.65%**
Bank loan	**(11,039)**	**1 Month USD Libor plus 0.75%**
	29,767	
31 December 2020		
Time deposits	110,595	1.25% to 3.20%
Bank loan	(1,212)	3 Month USD Libor plus (0.5% to 0.85%)
	109,383	

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would increase/decrease by AED 298 thousand (2020: AED 1,093 thousand).

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments held as financial assets at fair value through others comprehensive income at 31 December 2020) and on consolidated statement of income (as a result of changes in fair value of equity instruments held as financial assets through profit or loss) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2021			2020		
	Change in equity price %	**Effect on equity AED'000**	**Effect on income statement AED'000**	Change in equity price %	Effect on equity AED'000	Effect on income statement AED'000
All investments – (Dubai Financial Market and Abu Dhabi Stock Market)	**10**	**35,089**	**398**	10	28,743	373

26 RISK MANAGEMENT (continued)

26C 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.

27 CONTINGENCIES

Contingent liabilities

At 31 December 2021 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 10,105 thousand (2020: AED 10,650 thousand).

Legal claims

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

Capital and lease commitments

At 31 December, the Group's capital and short-term lease commitments are payable as follows:

	2021	2020
	AED'000	AED'000
Short-term lease commitments - less than one year	**497**	518

28 COMPARATIVES

Comparative figures have been reclassified in order to conform to current period's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities and profit for the year.

29 POST REPORTING DATE EVENTS

The Ministry of Finance has introduced federal corporate tax on business profits that will be effective for financial years starting on or after 1 June 2023. Management is in the process of determining the effects of this new legislation.

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DUBAI INSURANCE

Corporate Governance Report

Of 2021

Dubai Insurance Company (PJSC)

Based on Resolution No. (3/R.M) of 2020 issued by Chairman of Securities and Commodities Authority on Corporate Discipline and Governance Standards of Public Joint Stock Companies, the Extraordinary General Assembly adopted on 7/3/2010, the provision set out in DIC's Articles of Association.

Accordingly, in 2021, DIC has taken the following measures to implement the Resolution above:

1- The Measures Taken to Satisfy the Corporate Governance Regulations in 2021:

A- DIC (the "Company") has disclosed its quarterly financial results audited and approved by an external auditor and the most important decisions taken by the Company's BOD, and has sent copies of those results and decisions to the Securities and Commodities Authority (SCA) and Dubai Financial Market (DFM).

B- On 13/01/2021, the Nominations and Remunerations Committee ascertained the extent of the independence of the independent members of the Board of Directors and that there was no change in their status by signing an acknowledgment of this.

2- Transactions of the Directors, their Spouses and Children in securities during 2021:

A. Regarding the transactions of the Directors, their spouses and children in the Company's securities during 2021, according to a statement of the shareholders names received from DFM until 31/12/2021.

No.	Name	Position/ Relation	Owned shares as on 31.12.2021	Total of Sale	Total of Purchase
1	Abdul Wahid Al Rostamani Group	Related to board member Khalid Al Rostamani	17,706,654	N/A	493,674
2	Obaid Buti Almulla	Chairman's Son	5,000,000	N/A	1,000,000
4	Hana Obaid Almulla	Abdullah Al-Huraiz's Wife (Director's Wife)	1,673,195	N/A	588,309

(Kindly see attachment No. 1 which includes a statement from DFM of the company's shares)

DUBAI INSURANCE

3- Composition of Board of Directors:

a) The current Board of Directors consists of the following non-executive directors:

No.	Name	Category	Experience and Qualifications	The date of the first election as a member of the Council
1	Buti Obaid Almulla	Non-independent	* 1 below	11/04/1991
2	Marwan Abdullah Al Rostamani	Non-independent	* 2 below	29/03/2006
3	Khalid Abdul Wahid Al Rustamani	Non-independent	* 3 below	29/03/2006
4	Ahmed bin Issa Al-Serkal	Independent	* 4 below	16/03/2008
5	Abu Bakr Abdullah Al - Futtaim	Independent	* 6 below	25/03/2003
6	Mohammed Ahmed Al Moosa	Independent	* 5 below	04/03/2009
7	Abdullah Al-Huraiz	Independent	* 7 below	13/03/2012

(Kindly see attachment No. 2 which includes acknowledgment of the validity of what was stated in clause 2 + 3 above)

b) There are no female members in the Board of Directors.

c) No females have been nominated for this position in the elections held on 28/02/2021. The Board membership period according to the Company's Articles of Association shall be three years. The current Board members were elected by the General Assembly on 28/02/2021 and their membership expires on 27/02/2024.

* - Board Members Experiences and Qualifications and their Memberships in other Companies' Boards:

1. **Buti Obeid Almulla**: born in 1967 and holds a Diploma in Business Administration from Newberry College in Boston, USA. He is the Chairman of Mohammed & Obaid Almulla Group LLC and the Chairman of Dubai Insurance Company. He is also a Board member of Emaar Properties Group, a Board member of Emirates NBD and Board member in Dubai Refreshment and vice chairman of Emirates Islamic Bank.
2. **Marwan Abdullah Hassan Al Rostamani**: born in 1968 and obtained a bachelor's degree in public administration in 1992 from the George Washington University, USA and a Master's degree in information management in 1995 from the same university. He is the chairman of Al Rostamani Group, vice chairman of Dubai Insurance Company and Board Member of Umm Al Quwain National Bank.
3. **Khalid Abdul Wahid Hassan Al Rustamani**: born in 1967 and holds a bachelor degree in business administration, finance division, from the George Washington University. He is the chairman of Abdul Wahid Al Rostamani Group, a Board member of Dubai Insurance Company, a Board member of Dubai Commercial Bank and a member of Etisalat's Board of Directors

4. **Ahmed bin Issa Al-Sarkal**: born in 1968 and holds a bachelor's degree in administrative sciences, business administration, from the United Arab Emirates University - Al Ain. He is the chairman of Al Serkal Group, vice chairman of Nasser bin Abdul Latif Alserkal, a Board member of Dubai Insurance Company and Chairman of Dubai Refreshments Company.
5. **Mohammed Ahmed Abdullah Al-Moosa**: born in 1967 and holds a bachelor of computer science and a Bachelor of business administration from the University of Seattle Pacific, USA since 1993. He is the CEO of United Emirates Real Estate Co. L.L.C., the CEO of Ahmed Abdullah Al Moosa Real Estate LLC and a Board member of Dubai Insurance Company.
6. **Abu Bakr Abdullah Al-Futtaim**: born in 1964 and obtained a bachelor's degree in business administration in 1987 from the Macalester College, USA. He is a Board member of Dubai Insurance Company.
7. **Abdullah Mohammed Al-Huraiz**: born in 1973 and obtained a bachelor's degree in accounting from the Emirates University in 1994. He is the Deputy of Director General of the Financial Control Authority of the Government of Dubai, a Board member of Dubai Insurance Company and a Board Member of Dubai Refreshments Company

d) Board Members' Remuneration:

Board members' Remuneration shall be distributed by a percentage of net profit. The Company shall also pay additional expenses or fees or a monthly salary as may be decided by the Board of Directors to any of its Board members if such member, in addition to his ordinary duties as a member of the Company's board of Directors, is also a member of a committee, makes special efforts or performs additional work on behalf of the Company. Under no circumstances the Board members' Remuneration shall exceed 10% of the net profit after deduction of depreciations and retentions and distribution of profits of not less than 5% of the capital to the shareholders.

1) The total Board members' Remuneration paid for 2020 was AED 3,800,000.
2) The Board of Directors propose 4,500,000 Dhs as remuneration to the directors for the year 2021, and
3) The allowances for attending the committees meetings was limited to the Nomination and Remuneration Committee only.

Name	Committee	Allowance Value per each meeting	Number of meetings
Ahmed Alserkal	Nomination Committee	AED 2,000	2
Mohammed Al Moosa	Nomination Committee	AED 2,000	2
Abu Bakr Al-Futtaim	Nomination Committee	AED 2,000	2
Total		AED 12000	

4. No more allowances or fees were paid to any director save as the committees' attendance allowances.

e) Board Meetings:

In 2021, the Board of Directors met six times on the dates below:

Date of the Meeting	Attendance	Attendance by Proxy	Absence

13/01/2021	6	0	Khalid Rustamani
27/01/2021	6	0	Khalid Rustamani
28/04/2021	6	0	Khalid Rustamani
01/08/2021	7	0	No Absence
25/10/2021	7	1	No Absence
21/12/2021	7	1	No Absence

(Kindly see attachment No. 3)

f) No decisions by circulation have been made during 2021.

g) A statement of the duties and responsibilities of the board of directors by one of the board member or the executive management based on the board's authorization and the period /term of the authorization :

- According to the Articles of Association of Dubai Insurance Company, the CEO shall be authorized to sign all documents, enter into contracts, and conduct all business on behalf of the company under the open authorization given to him by the Board chairman, and being the legal representative under the company's articles of association. .

- DIC's CEO, however, has not been given special authorization in 2021.

No.	Authorized Person	Authorization Power	Authorization Period
1	Abdellatif Abuqurah	Management of all the Company's affairs	Open

h) The Company's Transactions with the Stakeholders and Related Parties in 2021:

Stakeholder	Nature of Relation	Nature of Engagement	Value of Transaction
Mohammed & Obaid AlMulla	Related to the Chairman; Mr. Buti Almulla	Debtor / Rent	AED 747,700

(Kindly see attachment No. 4 Which includes all transactions by the company, which are equal to 5% of the capital or more)

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DUBAI INSURANCE

i) The Company Organizational Structure

j) Detailed Description of the senior executives' names, positions, appointment dates and total salaries and Remuneration:

S.	Position	Appointment Date	Total paid Salaries and Allowances for 2021	Total Remuneration Paid for 2021	Any other Cash/in Kind Remuneration for 2021 or payable in the future
1	CEO	17/7/2006	2,172,000	TBD	407,087
2	CFO	13/8/2006	655,920	TBD	103,225
3	COO	10/12/2007	642,216	TBD	14,859
5	Head of Legal & Compliance	23/05/2010	394,500	TBD	115,528
6	Director-Life & medical *	02/06/2019	480,000	TBD	20,548
7	Distribution Manager	15/02/2021	435,750	TBD	15,491

4- External Auditor (Grant Thornton):

a. About the External Auditor:

The Company's auditor is one of the largest auditors in the world and has branches in more than 130 countries. The Company's General Assembly, at its meeting held on 28/02/2021, reappointed M/s. Grant Thornton to perform a financial audit, match the financial statements to the payments, expenses and profits, ensure that the financial documents are archived, indexed and in their proper place and ensure that all the activities performed by the Company's Finance Department is in compliance with the Country's laws and international accounting standards.

b. Auditor's Fees:

Name of Auditing Firm-Partner	Grant Thornton
Years of experience as the Company's External Auditor & the partner	3
Total fees for auditing the financial statements for 2021	AED 210,000
Fees and charges for other special services other than auditing the financial statements for 2021	15,600
Details and nature of the other services	Additional copies and translations of data
Services of another external auditor	N/A

c. The Auditor's reservations on the interim / annual financial statements N/A

5- Audit Committee:

a- Mr. Mohammed Ahmed Al-Moosa, Chairman of Audit Committee acknowledges his responsibility for performing the Committee's rule in the Company, reviewing its business and ensuring its effectiveness.

b- The Committee shall consist of the following persons,

1. Mr. Mohammed Ahmed Abdullah Al-Moosa, chairman / independent member for his extensive experience in accounting and financial statements.
2. Mr. Ahmed bin Issa Al-Sarkal - member /independent.
3. Mr. Abdulla AlHuraiz– member /independent.

The Audit's Committee shall:

1. Develop and implement the policy of contracting with the external auditor and submit a report to the Board of Directors setting out the issues in respect of which the Audit Committee finds an action should be taken and recommends the measures to be taken.
2. Ensure and verify the external auditor independence and objectivity and discuss the external auditor on the nature, scope and effectiveness of the audit in accordance with the approved auditing standards.
3. monitor the integrity of and audit the Company's (annual, semi-annual and quarterly) financial statements and reports as part of its normal duties during the year, focusing in particular on the following:
4. Be liable for any changes in accounting policies and practices.
5. Highlight the areas subject to the discretion of the Board of Directors.
6. Be liable for the significant amendments resulting from the audit.
7. Assume that the Company's business is continuous.
8. Comply with the accounting standards as determined by the SCA.
9. Comply with the listing and disclosure rules and the other legal requirements on the development of financial reports.
10. Coordinate with the Company's Board of Directors, Executive Management, Financial Manager or the manager acting on behalf of the financial manager. The Committee shall meet at least once a year with the Company's External Auditor
11. consider any important and unusual items that are or to be included in such reports and accounts and exercise the due diligence to any matters raised by the Company's CFO, acting CFO, Compliance Officer or the External Auditor.
12. Review the Company's financial control, internal control and risk management regulations.
13. Discuss the internal control regulation with the management and ensure that it fulfills its duty to develop an effective internal control regulations.
14. Consider the results of the main investigations into the internal control issues assigned to the Audit Committee by the Board of Directors or initiated by the Committee and approved by the Board of Directors.
15. Ensure that there is coordination between the Internal Auditor and the External Auditor and ensure that the due resources are available to the internal audit team and to discuss and monitor the effectiveness of such team.
16. Review the Company's financial and accounting policies and procedures.
17. Review the External Auditor's report and action plan and any material inquiries raised by the auditor to the executive management in respect of the accounting records, financial accounts or control regulations and its replies and approval thereof.

18. Ensure that the Board of Directors responds in a timely manner to the inquiries and material issues raised in the external auditor's report.
19. Develop the controls that secretly enable the Company's employees to report any potential violations in the financial reports, internal control or any other matters and the measures ensuring that independent and fair investigations of such violations are made.
20. Monitor the company's compliance with the code of professional conduct.
21. Ensure that the business rules related to the Audit Committee obligations and the powers entrusted to the Audit Committee by the Board of Directors are implemented.
22. Submit a report to the Board of Directors on the matters included in this Clause.
23. Consider any other matters determined by the Board of Directors.

c- In 2021, the Audit Committee held four meetings on the dates set out below:
1. 27/01/2021 (No absence)
2. 28/04/2021 (No absence)
3. 01/08/2021 (No absence)
4. 25/10/2021 (No absence)

6- <u>Nomination and Remuneration Committee:</u>

a- Mr. Ahmed Al- Sarkal, Chairman of Nomination and Remuneration Committee acknowledges his responsibility for performing the Committee's rule in the Company, reviewing its business and ensuring its effectiveness.

b- The Committee shall be composed of the following persons,
1. Mr. Ahmed bin Issa Al-Sarkal, chairman / independent member
2. Mr. Abu Baker Abdullah Al-Futtaim - member /Independent.
3. Mr. Mohammed Ahmed Abdullah Al-Moosa –member/independent.

The Nomination and Remuneration Committee shall:

1. Continuously ensure that the independent board members are actually independent.
2. Develop and annually review the policy of Remuneration, benefits, incentives and salaries related to the Company's Board members and employees. The Committee shall ensure that the Remuneration and benefits given to the Company's senior executive management are reasonable and commensurate with the Company's performance.
3. Determine the Company's requirements of efficient and effective persons at the senior executive management and employees levels and how shall they be selected.
4. Develop, monitor the implementation of and annually review the Company's HR policy and training.
5. Organize and monitor the procedures for nomination to the Board membership in accordance with the applicable laws and regulations and the provisions hereof.

c- The Nomination and Remuneration Committee held two meetings in 2021 on the dates set out below:
- 13/01/2021 (No absence)
- 25/10/2021 (No absence)

d- Committee of Monitoring and supervision of the Insiders' Transactions:

a- Mr. Mohammad Al-Moosa, Chairman of Committee of Monitoring and supervision of the Insiders' Transactions acknowledges his responsibility for performing the Committee's rule in the Company, reviewing its business and ensuring its effectiveness.

b- The Committee consists of Mr. Mohammad Al-Moosa, Chairman, Ghareen Dayas, and Samer Helo.

The Committee shall:

1. Monitor the implementation of the provisions of the Code of Professional Conduct relating to the transactions of the Company's Board and its employees in securities issued by the company and ensure compliance with their content.
2. Develop a special and integrated register for all the insiders including the temporarily insiders having or may have the right to access to the Company's internal information prior to publication.
3. Monitor and supervise the transactions of the insiders and their title of securities traded in the market.
4. Maintain the insiders' records to ensure that the information obtained is not used to the individual's interest.
5. Submit the periodic statements and reports to and coordinate with the market to satisfy the Committee's objectives.
6. Submit an annual report to the Board members on the activities performed and any notes regarding the insiders' transactions, in particular during the no-trade period.
7. The Committee shall verify whether the speculative transactions in securities by the employees and temporary employees are performed in compliance with the terms and requirements of such rules. The committee shall submit a report of its conclusions to the Board of Directors.

c- The Committee held a meeting on 25/10/2021 in which it reviewed the names of persons deemed as insiders and they have provided an acknowledgment to the Committee on the quarterly disclosure relating to the rules governing the Company's transactions in securities and verify that such rules are not violated, in particular during the no-trade period.

8. Other Committees:

a) Mr. Khalid Al-Rustamani, Chairman of Investment Committee acknowledges his responsibility for performing the Committee's rule in the Company, reviewing its business and ensuring its effectiveness.

b) Investment Committee:

c) The Committee shall consist of (Mr. Khalid Al-Rustamani as a Chairman, Mr. Buti Al-Mulla, Mr. Mohammed Al-Moosa and Mr. Abdullah Al-Huraiz as members). The Committee shall review the investment plans and proposals and ensure that they are useful and make recommendations to the Board of Directors with their regard.

d) The committee did not hold any meetings (the investment decisions were taken by circulation).

9. **Internal Audit System**:

a. The Board approved the Company's internal control policy and its liability for the same, reviewing its business and ensuring its effectiveness. For this purpose, on 27/10/2010, the

Board established the Department of Internal Control to report directly to the Board and assigned to it following roles and responsibilities:

i. To follow up and monitor the quality of the course of actions by developing a coherent schedule for this purpose addressing all activities, with focusing on the control side.
ii. To select different samples of documents and conduct various interviews with employees for evaluating and monitoring the same.
iii. To examine and evaluate documents and procedures and monitor their compatibility with the requirements of the applicable laws and regulations.
iv. To report to the Board of Directors to find out the weaknesses and shortcomings with the recommendations and suggestions for their treatment.
v. To discuss the heads of departments regarding the mistakes found out and how to treat the same and the suggestions on them.
vi. To monitor the compliance with the recommendations and directives of the internal auditor.
vii. To monitor the compliance with the guide of applicable procedures and the service contracts for each department.
viii. To ensure that the management information, quality control and work procedures regulations are processed.
ix. To ensure that the customer is committed to his obligations and that all the due documents are maintained in his file.
x. To ensure that the documents relating to the customers studies and referendums have been renewed and maintained both in the competent division and the control department.

The Internal Audit Department and the Audit Committee, on behalf of the Board of Directors, shall regularly monitor the Company's internal control environment. The Department shall meet with the Committee almost every three months to review the proposed reports and recommendations in this regard by ensuring the Company's departments and divisions compliance with the senior management instructions, objectives and policies.

b. Since 6/4/2010, the duties of the Internal Control Department shall be performed by the department head, Ms. Garene Dias, an Indian national who has worked for more than 17 years in this field, holds a Bachelor of Arts from the Ottoman University, Hyderabad, India, diploma in commercial practice, Kamala Nehru College for women, Hyderabad, India, a Bachelor from India Insurance Institute, Mumbai, (Subjects: commercial / maintaining bookkeeping/ insurance principles / insurance practice) and a fellow, India Insurance Institute, Mumbai, Internal Auditor, Quality Management System and registered at Lloyd Foundation in London .

c. Compliance officer:

On 3/5/2017, pursuant to Article (51) of the Chairman of Securities and Commodities Authority's Resolution No. (7/M.R) of 2016 concerning the Standards of Corporate Discipline and Governance of Public Shareholding Companies, the Company appointed the head of the internal control department, Ms. Garene Dias, as an independent compliance officer to verify the Company and its employees compliance with the laws and the regulations in force in the Country. She has the qualifications and experience mentioned in item (b) above.

d. How the Internal Control Department deal with the Big Problems:

In the event of an emergency, a major problem or such a major problem is mentioned within the reports and annual accounts, the Internal Control Department shall identify such a problem or an emergency or assess its impact on the Company and call the Audit Committee for an urgent meeting to discuss this problem and its causes, methods of treatment, how to mitigate its effects and the measures to prevent the aggravation and recurrence of the problem in the future and make recommendations to the Board of Directors for appropriate decision. The Company has not experienced any major problem during 2021.

e. The number of reports issued to the Board of Directors are two reports of the 1st and 2nd quarters of 2021, as for the reports related to the 3rd and 4th quarters, they will be completed during the 1st quarter of 2022.(Please attach No. 6)

10. Violations Committed in 2021:

The company was violated by the DHA for not including the IPromes link for complaints on the company's information page and not updating some data.

11. Cash and In-Kind Contributions during 2021 to Develop Local Community:

a. During the month of Ramadan of 2021, the company donated AED 500,000 from 2020's profits in to the initiative of "Your Donation is Life", which was adopted by Emirates Today newspaper in cooperation with the Mohammed bin Rashid University of Medicine and Health Sciences, and the Department of Islamic Affairs and Charitable Activities in Dubai. The initiative aims to support 38 people with kidney failure of different nationalities, by performing kidney transplants for them, providing medication and following up after the operation.
b. Coordination with Zulekha Hospital - Sharjah to conduct a free examination for female employees and employees' families on the occasion of the International Day against Breast Cancer.

c. Providing a 40% discount of the EXPO 2020 entry fee for the company's employees.

d. Providing a discount on some types of insurance policies for members of the Emirates Association for Lawyers and Legal.

12. General Information:

A- The Company's share price in the market (highest price and lowest price) at the end of each month during the financial year 2021 (according to Dubai Financial Market) as follows:

Closing price	Lowest Price	Highest Price	Month
4.2	No Trade	No Trade	January
7.5	4.830	7.5	February
7.5	7.300	7.5	March
7.5	7.500	7.5	April
7.5	No Trade	No Trade	May
7.5	No Trade	No Trade	June
7.5	No Trade	No Trade	July
7.5	8.330	7.250	August
8.33	8.00	8.330	September
8.00	4.00	8.330	October
7.5	7.700	7.5	November
7.5	7.250	7.5	December

B- The comparative performance of the Company's share with the general market index and the sector index to which the Company belongs:

- The General Index of the price of Dubai Insurance Company's share at the beginning of 2021 amounted to 4.2 while, at the end of 2021, it amounted to 7.75, with an increase by 84.5% during the year.
- In comparison with the Insurance Sector index, the price of Dubai Insurance Company's share at the beginning of 2021 amounted to 2017.14 while, at the end of the year, it amounted to 2262.63 with an increase by 12.1% during the year.
- In comparison with DFM index, the price of Dubai Insurance Company's share at the beginning of 2021 amounted to 2654.06 while, at the end of the year, it amounted to 3195.91 with an increase by 20.4% during the year.
- In comparison between the two sectors, the price of Dubai Insurance Company's share increased by 84.5% during 2021.

C- The distribution of shareholders' equity as on 31/12/2021 (individuals, Companies, governments) classified as follows: local, gulf, Arabic, foreign:

Sector	Local	Gulf	Arabic	Foreign
Individuals	42.791%	2.025%	0.003%	0
Companies	55.181%	0	0	0
Governments	0	0	0	0

D- The shareholders holding 5% or more of the capital as on 31/12/2021:

Name	Nationality	Number of owned shares	Shareholder Equity Ratio to the Capital
Abdul Wahid Al Rustamani Group LLC	UAE	17,706,654	17.7%
Barah Investment Company LLC	UAE	16,467,600	16.4%
Mohammed and Obaid Almulla LLC	UAE	8,447,270	8.4%
Buti Obaid Buti Almulla	UAE	8,271,570	8.2%
Abdullah Hamad Majid Al Futtaim	UAE	7,195,200	7.1%
Muna Hassan Ali Saleh	UAE	5,034,340	5%
Saeed Ahmed Omran Al Mazroui	UAE	5,000,000	5%
Obaid Buti Almulla	UAE	5,000,000	5%
Total		73,122,634	73.1%

E- Distribution of shares according to the equity rate as on 31/12/2021:

No.	Ownership of Shares (share)	Number of Shareholders	Number of Owned shares	Shareholder Equity Ratio to the Capital
1	Less than 50,000	75	833,920	0.8%
2	50,000 to less than 500,000	38	5,836,386	5.8%
3	500,000 to less than 5,000,000	15	20,207,060	20.2%
4	More than 5,000,000	8	73,122,634	73.1%

F- The Investor Relations Officer is Mr. Sahem Abdel Haq. He may be contacted on the following telephone No. 04 2693030 ext. 158, email: abdelhaq.s@dubins.ae fax: 042693727.

- The reports can be found at:

http://dubins.ae/Investors-Relation

The company has published its financial statements, minutes of the general assembly's meetings, board reports, governance reports, unpaid profits, and any other information for the previous years and the contact details with the Investor Relations Officer on its website in the investor relations section.

G- The General Assembly's special decisions:

The General Assembly, held on 28/02/2021, decided by a special decision to make the proposed amendments to Articles (41, 42, 51, 52) of the statute, as approved by the Insurance Authority and the Securities and Commodities Authority.

H- The Board Secretary is Mrs. Athary Kassim, who was appointed on 4/11/2020.

- Qualifications: she holds a bachelor degree in law from Shat Al Arab University-Al Basrah-Iraq in 1999. Practice as a lawyer.
- Duties: serve invitations for Board's and Committees' meetings, write down and file the minutes of meetings, and follow up the decisions issued thereon.

I- No major events experienced by the Company in 2021.

J- Transactions amounted 5% of the Capital or more which not related to the main business nature:

Party	Type of business	amount
Dubai Commercial Bank	fixed deposit	10,000,000
Invest corp	Excellent shares	29,408,156

K- The Company's Emiratization rate in the following years:

2019	2020	2021
16%	17%	34%

Noting that the highest percentage of employees in terms of nationality for the year 2021 are of Emirati nationality, followed by Indian nationality.

L- The innovative projects and initiatives developed or are being developed by the company during 2021

- After the notable success of Worker's Protection Scheme, further steps was taken in order to enhance it for more protection to the Workers inside UAE. The Insurance Pool will establish and operate a call center to receive and process labor complains from all UAE districts. The Center will answer questions and legal consultants received from labors or employers. Also, an enhance to the coverage on behalf of the labors is under process aiming to increase the coverage period & to be apply for more workers which is expected to be ready on 2021.

Buti Obaid Almulla/Chairman

Ahmed Al- Serkal /Chairman of Nomination and Remuneration Committee

Mohammed Ahmed Al-Moosa/ Chairman of Audit Committee

Garin Dayas/Internal Audit Manager

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DUBAI INSURANCE

ACHIEVING A BETTER WORLD TOGETHER
SUSTAINABILTY REPORT 2021

DUBAI INSURANCE

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CEO Message

(GRI 102-14)

In November 2021, the UAE launched a major new initiative that will have a profound impact on the local economy as well as our society over the coming decades. Ahead of the COP26 UN Climate Change Summit in Glasgow, the country became the first major oil producing nation to pledge to achieve net zero emissions by 2050. There could be no clearer statement of intent by the UAE that it plans to lead on climate action.

This move follows other sustainability initiatives, including huge investments in renewable energy capacity, the development of green hydrogen projects, in addition to the UAE's commitment to the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs). The private sector has a responsibility to support these efforts by aligning its priorities with government initiatives and targets. Corporate Sustainability, otherwise referred to as Environmental, Social, Governance (ESG) integration and reporting is an important part of that process. The preparation of our inaugural Sustainability Report in 2020 enabled us to begin the process of critically assessing which ESG factors have the most material impact on our business as well as how our business impacts various ESG factors.

One of the outcomes of the first report is the establishment of a Sustainability Committee which will set the roadmap for our sustainability journey starting from this year. Composed of four senior managers, the Sustainability Committee had its inaugural meeting in December 2021 and will meet at least four times a year to review ESG performance, propose measures for discussion at Board level, oversee ESG integration within our operation, and to drive greater awareness among our employees around ESG issues.

In addition to this, we have mandated an independent consultant to conduct a thorough stakeholder engagement process, with the results to be revealed in the next Sustainability Report. This is an important step towards creating sustainable value for all stakeholders and catering to their needs. The outcome of the engagement process will help guide our ESG strategy in the coming years.

The COVID-19 pandemic has severely disrupted the economy and daily life for people all over the world. However, it presents an opportunity to reassess priorities and to build more resilient businesses and society. ESG issues are now firmly at the top of the corporate agenda for companies across every sector. Insurance companies, which are well used to managing risk, are perhaps better placed than many to address critical issues, such as climate change. While transitioning to a sustainable workplace, we must also support emissions reduction initiatives and measure the climate risk imbedded in our investment portfolios, including real estate, and capital markets. We must also enhance our risk management framework to include ESG material factors and develop innovative new products that meet rising demand for sustainable solutions.

While much attention is understandably focused on the environmental pillar of ESG, we must not neglect the social pillar. From a corporate point of view, this covers a number of different areas, including the relationship a company maintains with its employees, as well as its responsibility to society as a whole.

In 2021, Dubai Insurance embarked on a successful drive to expand its diverse and talented workforce which comprises 20 nationalities. Of the 98 workers we hired last year to meet the needs of our fast-growing business, 60% were women. We are proud to say that females now represent just over half of our workforce, including almost a third of senior-to-executive level employees. This supports UAE initiatives to empower more women as well as SDG 5 to 'achieve gender equality and empower all women and girls'.

In addition to this achievement, in 2021 Dubai Insurance became the first national UAE insurance company to have UAE nationals as the largest group of employees. UAE nationals now make up more than a third of our workforce. We are proud to empower local talent and support government initiatives on Emiratisation in the private sector, which has a net positive impact on Emirati society. In fact, 84% of UAE nationals working at the company are women. These are clear examples of how recruitment practices can have a positive impact on society as a whole. Dubai Insurance is proud to blaze a trail and we hope other companies will follow our lead.

Abdellatif Abuqurah,
Chief Executive Officer

2021 Highlights

A3 MOODY'S RATING

5th LARGEST INSURER BY GWP

53% FEMALE REPRESENTATION

34% EMIRATIZATION RATE

SUSTAINABILITY COMMITTEE

802,813 PAPERS SAVED

AED 500,000 TO THE COMMUNITY

About Dubai Insurance

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, G5)

COMPANY PROFILE

Dubai Insurance Company P.S.C. (DIN) was incorporated on October 8, 1970 by His Highness Sheikh Rashid bin Saeed Al Maktoum as the first national insurance company in the UAE.

Under its composite Property & Casualty (P&C) and Life License, DIN offers a varied portfolio of products including Property, Liability, Marine, Group Life and Medical and many other specialty lines.

2006 was a turning point in DIN's evolution as a company. The election of a new Board of Directors and appointment of a new dynamic executive management team marked the beginning of a period of unprecedented expansion. Since then, revenues have multiplied 51-fold and in 2021, premiums surpassed AED 1 billion for the first time to exactly reach AED 1.2 billion.

Today, DIN has become the fifth largest player in the UAE insurance market, in terms of gross premium. The company is headquartered in Dubai and has a branch in Abu Dhabi.

Business Overview

Corporate clients represent approximately 80% of DIN's business in terms of gross premium.

Recent revenue growth has been underpinned by a mandate to lead the UAE's Workforce Protection Programme (WPP). This scheme replaces the bank guarantee UAE employers are required to provide during the submission of visa applications with a certificate of insurance to be issued upon completion of the application. The UAE Ministry of Human Resources and Emiratisation (MoHRE) awarded the contract in 2018 to a pool of A-rated insurance companies under DIN's lead.

In product terms, WPP accounts for the largest share of DIN's revenues (approximately 50% in 2021) followed by medical and motor insurance.

Product Offerings

For Individuals

- Car Insurance
- Medical Insurance
- Home Insurance
- Property Insurance
- Marine Hull (Yacht) Insurance

For Corporates

- Fleet Insurance
- Group Medical
- Group Life
- Group Personal Accident
- Property
- Marine & Transit
- Liability
- Engineering
- Worker Compensation

Corporate Speciality Lines

- Credit Insurance
- Directors and Officer's Insurance
- Medical Malpractice Insurance
- Cyber Liability
- Professional Indemnity Insurance

New 2021 Offering Update:

- Participating Insurer Status by Dubai Health Authority
  Late in 2021, DIN was selected among nine other insurance companies to provide the Essential Benefits Plan making it one of only 16 insurance companies in the UAE to have such a license. This grants DIN the right to directly offer insurance solutions to those residents earning AED 4,000 or less per month. Insurers that are awarded this status must go through a rigorous process and must have the operational and technical capacity to manage such an offering.

Memberships

Dubai Insurance is a member of the following associations:

- General Arab Insurance Federation (GAIF)
- Emirates Insurance Association
- Platinum Member of Tawteen Partners Club

Certifications and Credit Rating

Dubai Insurance is a holder of the following certifications and ratings:

- AM Best
- Moody's
- In-Country Value Certification

Our Leadership Team

Abdellatif Abuqurah

- Chief Executive Officer

Ramanathan Narayana

- Chief Financial Officer

Mohammed Tahsin Al Ali

- Chief Operating Officer

Sahem Abdel Haq

- Head of Legal & Compliance

Shamsudeen Sajeev

- Director of Medical and Life

Jasjeet Bindra

- Director of Distribution

Dana Kansou

- Manager- Distribution & Strategic Partnerships

Amal Jallouq

- Consultant-WPP, Reinsurance, Specialty Lines & Risk Management

Mohammad Al Attar

- Liasing Director

CREDIT RATING

Moody's assigns A3 rating

On December 6, 2021, Moody's Investors Service (Moody's) assigned DIN an A3 insurance financial strength rating (IFSR) with a stable outlook. Moody's said the rating reflects DIN's good market position and brand, strong capital adequacy, profitability, and reserve adequacy, in addition to DIN's continued strong financial performance in 2021.

The Workers' Protection Programme (WPP) supports DIN's market position and brand whilst also aiding product diversification profitably, the ratings agency said, also noting the extensive use of reinsurance by DIN to protect its capital, thereby reducing retention. The A3 rating takes into account DIN's governance as part of Moody's environmental, social and governance (ESG) considerations.

Moody's expects DIN to maintain a financial strategy and risk management focused on underwriting profits and preservation of strong capital levels. The stable rating outlook reflects Moody's expectation that DIN will grow its business while maintaining underwriting discipline, as well as maintain its strong capital adequacy.

AM Best affirms A- rating

In 2021, AM Best affirmed DIN's Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "A-" (Excellent), with a stable outlook. AM Best said the rating reflects DIN's very strong balance sheet, as well as its strong operating performance, limited business profile and appropriate enterprise risk management.

BUSINESS PARTNERS

DIN prides itself on partnering with leading international and local companies to offer clients solutions for all their traditional and non-traditional risk management needs. We have gradually built a network of strong partnerships with reputable players in the global and local insurance industry.

As acknowledged by Moody's, international partnerships support DIN's environmental, social, governance (ESG) evolution as global companies have advanced their ESG agendas and are keen to see local partners do the same.

Third Party Administrators (TPA's)

Dubai Care

- Is DIN's inhouse claims management system. With an extensive network, Dubai Care has a dedicated fraud waste and abuse unit and offers 24/7 call center and medical assitance, home country treatment and second opinion options, cashless treatment facilities, dedicated onsite case managers and arrangement of concierge services.

DubaiCare

MSH International (Dubai)

- Is the first UAE-based TPA entirely dedicated to managing personal insurance for people living and working in the GCC and MENA regions.

MSH INTERNATIONAL

MedNet

- Is a managed care service provider of quality solutions that meet an individual's long-term healthcare needs and offers financial protection against unforeseen health crisis and expenses.

mednet

Nextcare

- Is a leading TPA for the insurance industry in the GCC & MENA region. The company specialises in providing complete health insurance management and administration services to insurers and other healthcare payers.

NEXtCARE

NAS

- Is an established leading TPA headquartered in Abu Dhabi and operating in the GCC. With a focus on advanced in-house IT solutions and innovative products, NAS is dedicated to offer partnerships tailored to its clients' needs.

NAS

Neuron

- Is a UAE-based provider of high quality healthcare services which include 24/7 pre-authorisation team, policy management, 100% medically qualified claims processing team and network management amongst other.

neuron

Underwriting Businesses

MaxHealth

- Provides product lines with a focus on SMEs and designed in cooperation with leading Swiss/German Re-Insurance Partners and supervised by a German management team. MaxWealth allows customers to leverage world-class treatment, and the best healthcare facilities on a global level.

Integra Global

- Creates international health plans for expats, nomads, and remote workers worldwide, offering a wide range of well-known UK-based healthcare products for personal and professional needs.

William Russell

- Has partnered with DIN to offer a range of international expat insurance plans based on prominent UK-based products and allowing residents of the UAE to take the plans as they move and to easily renew them each year.

Momentum Insurance Agency (MIA)

- Established in 2020 to provide quality insurance solutions for clients in the UAE by providing Medical, Motor, General Insurance and speciality lines.
- MIA creats value for customers, brokers & partners through product innovaition, tailor-made solutions and service excellence.

Harel Insurance Company

- Provides comprehensive financial and insurance solutions. The company offers life insurance, general insurance, health insurance, provident funds, pension funds, mutual funds, ETFs, and investment portfolio management.

International Reinsurance Partners

Hannover Re

- Is the third-largest reinsurer in the world. It transacts all lines of property & casualty and life & health reinsurance. .

hannover **re**

Allianz Re

- Provides tailored reinsurance solutions in both the underwriting and risk management fields, combining global and local market expertise and multi-segment know-how.

Allianz

Other partners:

SwissLife Global Solutions

- DIN is the exclusive regional partner of the SwissLife network. This is a premium medical insurance pooling system that allows DIN to access multinational corporations looking for a global solution for their medical insurance needs.

SwissLife
Global Solutions

La Caisse des Français de L'Étranger (CFE):

- The CFE (the Fund for French Nationals Abroad) enables French nationals abroad to keep the Social Security benefits they had in France. DIN has an exclusive partnership with CFE for the UAE.

cfe

Free zones

In addition to the WPP agreements signed with MoHRE, DIN has partnered with several Free Zones within the UAE to offer its WPP products directly. Agreements were concluded in 2021 with:

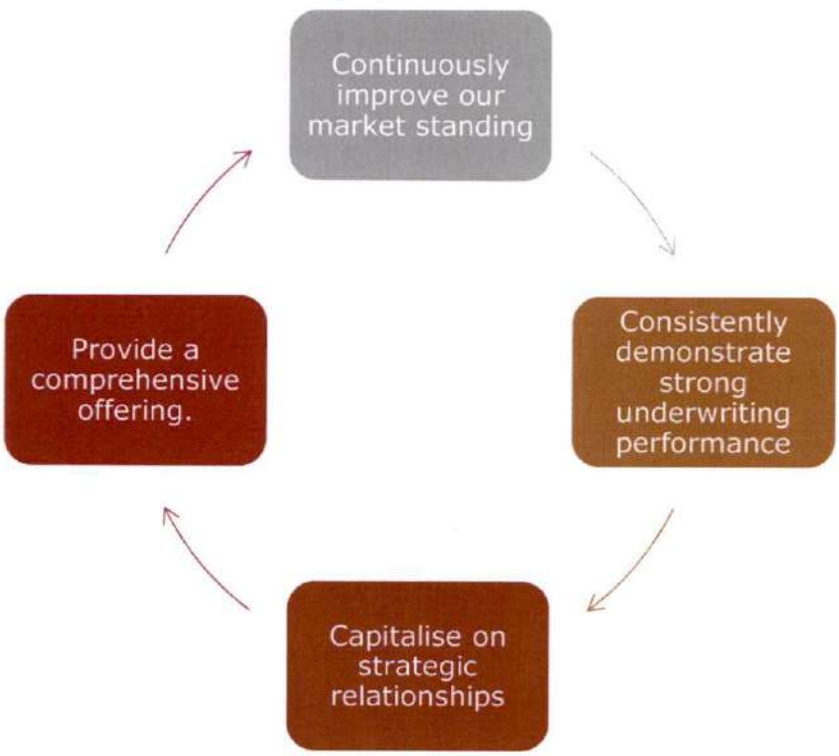
An agreement with Khalifa Industrial Zone (KIZAD) became effective in February 2022.

DIN is working to conclude similar agreements with more Free Zones throughout the UAE and hopes to announce these during 2022.

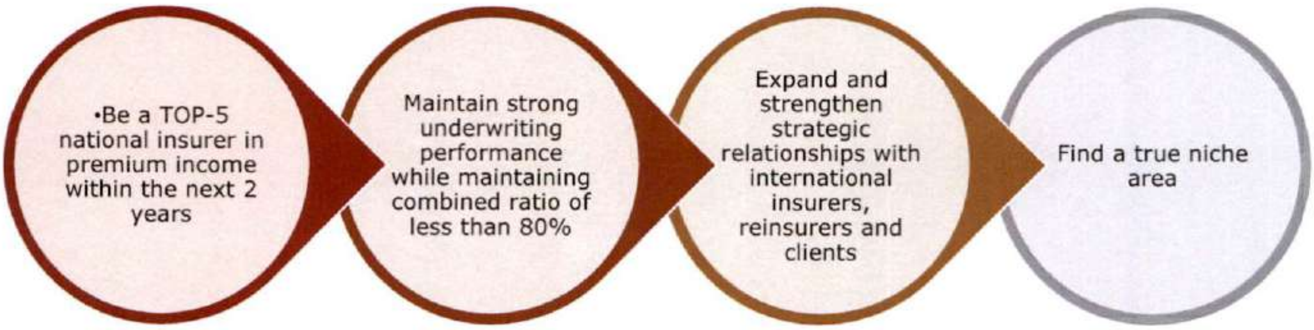
STRATEGIC PILLARS

DIN's ambition to be the insurance provider of choice and to offer quality services at the highest standard in the UAE is supported by four strategic pillars based around being a customer centric organisation that consistently delivers outstanding performance and provides a comprehensive product offering in partnership with leading companies.

Our four strategic pillars are:



Vision



Mission

To enhance shareholder value by being an indispensable partner to our customers by providing value added general and specialty products and services.

Core Values

Progress on Our Sustainability Journey

(GRI 102-20, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47, E8, E9)

ADVANCING STEADILY

Sustainability issues are becoming increasingly material to our business and are having a growing influence on our decision-making process. As a leading UAE insurance company, we have a responsibility to be a role model when it comes to developing positive impact and driving progress on social and environmental issues.

A clear sustainability approach is needed to understand the company's primary ESG-related risks and opportunities and thus to determine what our key sustainability priorities should be moving forward. For our inaugural sustainability report in 2020, we developed a three-phase initial strategic roadmap outlining the company's approach.

PHASE 1
1. Building sustainability and ESG-related awareness within DIN 2. Engaging with key stakeholders on sustainability and ESG-related issues to prioritise key topics affecting our business ecosystem
2021 Progress
a. DIN has been gradually building awareness within the company about sustainability matters and specifically how they impact the insurance sector. Awareness started at the senior-to-executive levels who will lead the spread of knowledge and awareness amongst their teams b. DIN continuously engages with stakeholders on ESG-related topics and through an independent consultant will be conducting thorough independent stakeholder engagement exercise in 2022
PHASE 2
1. Progressing our sustainability reporting journey and expanding on the inaugural report to provide a more enhanced version in 2022 2. Integrating sustainability as part of our Corporate Governance 3. Introducing a sustainability and ESG framework for Dubai Insurance
2021 Progress
a. The 2021 report includes enhanced ESG data and strategic-oriented elements outlining the company's priorities and next steps b. A Sustainability Committee was established to integrate sustainability into the company's governance and address the subject from a strategic perspective and with a more structured approach, as opposed to an ad-hoc basis approach previously. Such a committee will be a catalyst for achieving our ESG integration ambitions.

PHASE 3
1. Develop a clear sustainability and ESG integration action plan 2. Build internal ESG-related capabilities and know-how
Progress
Phase 3 represents the last strategic priority step of the roadmap and will be completed once Phases 1 and 2 are fully implemented

OUR NEW COMMITTEE

In 2021, DIN established a Sustainability Committee reporting directly to the CEO. Members of the committee include the Heads of the following departments: Legal and Compliance, Internal Audit, HR, and Distribution and Strategic Partnerships.

The first meeting took place in December 2021 to establish a plan for the next year. A charter will be developed to define clear responsibilities for the committee which will oversee the implementation of all sustainability and ESG-related frameworks and activities within the company.

For 2022, it has been decided to expand the scope of the Committee's responsibilities to include innovation. The ESG and Innovation Committee will engage with employees and encourage them to think outside the box and share creative ideas on how to further advance the company.

ENGAGING WITH OUR STAKEHOLDERS

In 2020, DIN carried out its first materiality assessment in order to develop a clear understanding of which ESG-related topics are most material to the organisation. The process began by identifying the company's key stakeholders and then analysing existing stakeholder engagement process to understand which issues mattered most to each one.

In 2021, DIN hired an independent consultant to conduct a thorough stakeholder engagement process, with the outcome to be released in the next report. This process involves engaging with different stakeholders on specific topics using a variety of channels. Examples of engagement channels include surveys, focus groups and one-to-one meetings with selected stakeholders.

The results of the engagement process will be used to develop a comprehensive and effective ESG strategy. This is the first of many steps towards progressing and enhancing our sustainability journey.

For this year's report, we revised and updated the 2020 stakeholder analysis and materiality assessment:

<table>
<tr><th colspan="2">KEY STAKEHOLDERS</th><th>EXISTING METHODS OF ENGAGEMENT</th></tr>
<tr><td colspan="2">CUSTOMERS</td><td>• Customer Satisfaction Surveys
• Suggestion or Complaint Platform:
o Via direct link on the website
o Via DIN's Customer Service Department
o Or via the Central Bank's platform
• Website</td></tr>
<tr><td colspan="2">MANAGEMENT & EMPLOYEES</td><td>• Employees Training & Development
• Company events
• Open Door Policy
• Company Internal Announcements
• Performance Appraisals
• Exit Interviews</td></tr>
<tr><td colspan="2">SHAREHOLDERS</td><td>• Regular Communication
• 3 shareholders are on the Board of Directors: regular interactions
• The others: during the AGM</td></tr>
<tr><td rowspan="4">GOVERNMENT</td><td>Central Bank of the UAE</td><td>• Regular communication via reporting requirements and meetings
• Frequent Announcements</td></tr>
<tr><td>SCA</td><td>• Quarterly interaction for the submission of the financial results
• Interactions by email for new regulatory requirements</td></tr>
<tr><td>DFM</td><td>• Regular interaction through reporting requirements
• Interactions through webinars
• Frequent announcements</td></tr>
<tr><td>Dept. of Economy</td><td>• Annual interaction</td></tr>
<tr><td rowspan="4">BUSINESS PARTNER</td><td>Reinsurers</td><td rowspan="4">• Regular interaction related to business coordination, development, and agreement renewal</td></tr>
<tr><td>TPAs</td></tr>
<tr><td>Affinity Schemes</td></tr>
<tr><td>Brokers</td></tr>
<tr><td colspan="2">RATING AGENCY (AM BEST and Moody's)</td><td>• Yearly interaction when conducting rating review</td></tr>
<tr><td colspan="2">COMMUNITY</td><td>• Regular local community-related initiatives, donations, and volunteering activities</td></tr>
</table>

The list of material topics, shown in the table below, remains the same as in 2020. We will review and re-evaluate the list next year based on the outcome of the ongoing stakeholder engagement process.

In 2020, we followed a dual approach to prioritise and select the topics that are most material to our business and which are included as part of the reporting scope. This dual approach allowed the company to grade the topics based on:

1. The importance to DIN's business model and the ESG impact of the insurance sector

2. What matters most to DIN's Stakeholders

- List of material topics:

ITEM	KEY MATERIAL TOPIC	CORRESPONDING GRI DISCLOSURE	CORRESPONDING DFM DISCLOSURE
1	Financial Performance	GRI 201 – Economic Performance	N/A
2	Data Protection & Customer Privacy	GRI 418 – Customer Privacy	G7: Data Privacy
3	Digitalisation	N/A	N/A
4	Employment Practices	GRI 401 – Employment	S3: Employee Turnover
5	Employee Skills Development	GRI 404 – Training and Education	N/A
6	Equal Opportunity, Diversity & Inclusion	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity
7	Environmental Impact & Sustainability Practices	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
8	Emiratisation	N/A	S11: Nationalisation
9	Community	GRI 413 – Local Community	S12: Community Investment

CLIMATE CHANGE

(GRI 102-20, GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-4, E1, E2, E3, E4, E5, E6, E7, E8, E9, E10)

OVERVIEW

Climate scientists are observing climate related changes in every region across the world which will be causing more extreme and frequent weather-related events. Accordingly, climate change has become a primary risk in the corporate and financial world.

Humans have already heated the planet by roughly 1.2 degrees Celsius when compared to the pre-industrial era. Despite the many net-zero government pledges leading up to the main annual climate change event, which took place in Glasgow last November (COP 26), temperatures are on track to rise by 2.5 degrees. This is due to the gap between the announced pledges and the short-term climate action plans.

This calls for an urgent action by all governments, corporations, and other stakeholders to limit warming to 1.5 degrees Celsius above pre-industrial levels, as per the Paris Climate Agreement, and avoid future catastrophic scenarios.

To that end, we have seen several insurance related alliances that are ramping up calls for meaningful action and to increase the level of resources available for insurance companies to help them adapt to rising climate-related risks and develop their own net zero plans. Such alliances include the Net Zero Insurance Alliance, which is also linked with the Glasgow Financial Alliance for Net Zero, as well as the Principles for Responsible Insurance (part of the United Nations Environment Program – Finance Initiative), among others.

Insurance-Specific Exposure to Climate Change

Climate change risks are both physical and transitional and insurance companies are exposed on both fronts of the balance sheet, on the asset side which relates to their investments and on the liability side mainly through property and casualty underwriting.

As rising climate-related losses threaten the viability of insurers' underwriting books and investment portfolios, it is crucial that insurers raise the profile of climate risks in their respective organisations and build the necessary plans to mitigate against them.

Climate-related risks can be split into two forms, the first being physical risk which can be driven by extreme weather events, as well as transitional risk which factors in (1) policy risk, (2) litigation risk, (3) market risk, and finally (4) technological risk.
The below chart summarizes the climate-related risks as they pertain to corporations:

Physical Risk		Transitional Risk			
Driven by climate events such as extreme weather, flooding, droughts, etc.		This risk is driven by the move to a lower carbon global economy which will trigger the below types of risks			
Chronic Risk	Acute Risk	Policy Risk	Litigation & Legal Risk	Market Risk	Tech Risk
These are longer-term shifts in climate patterns due to sustained higher temperatures such as sea-level rise	Refers to those risks that are event-driven such as wildfires, flooding, etc.	This risk is government driven. As they increase their actions against climate change, they will need to implement policies to ensure unified action	These would be related to climate-related litigation claims which we are seeing increasingly taking place against those that fail to adapt to climate change	This relates to the shift in supply and demand of various products and services due to the risk of climate-related risks and opportunities	Technological innovations are needed to support the transition to net-zero. This will change the competitive nature of many industries

One additional risk that should be considered is reputational risk. The community and consumers' perception of corporations' contribution (or lack thereof) to combating climate change will be an important factor in positioning a company's products and services in the market.

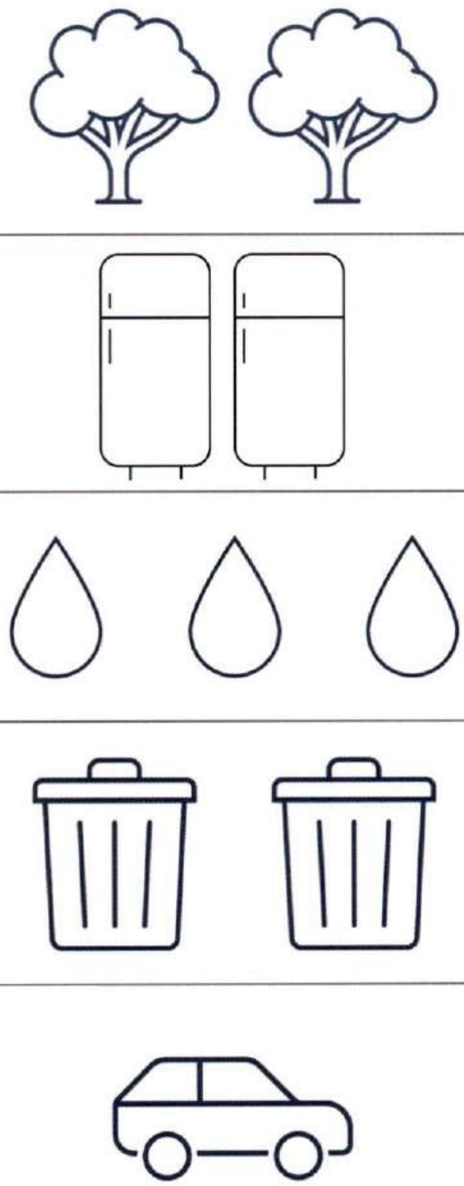
ACTION AGAINST CLIMATE CHANGE

2021 Initiatives

1. Completion of our Dubai Insurance Residential Building as per the Dubai Green Buildings Regulations:
    a. Our newly built Dubai Insurance residential building in Satwa, Dubai, was completed in June 2021 and had provisioned, during the construction phase, for all environmental regulations applied by Dubai Municipality. These regulations ensure the building's resource efficiency in terms of energy, water and materials while reducing building-related impacts on human health and the environment throughout the building's life cycle.
    b. In addition, we provisioned for two parking lots to be reserved for electric vehicles and equipped them with charging facilities.

2. We have dynamically pursued our efforts to become paperless and as a result decreased our carbon footprint from the purchase of paper. Such efforts are being implemented in tandem with our digitalisation efforts which have switched several of our processes from paper to become automated:

a. In 2021, a total of **802,813** pages were scanned instead of being printed. The impact is shown below:



106 trees were saved from being cut and turned into wood pulp

Energy saved equivalent to **134** residential refrigerators/year

358,100 Litres of water were saved

2,359 kg of solid waste saved

36,015 Kg of Co_2 saved, equivalent to **7.2** cars/year

3. As a follow up to point 2, we have extended our digitalisation efforts to include all our processes linked with our policies. Accordingly, Dubai Insurance now issues its policies in digital format:

a. Our Workers' Protection Program continues to be digitally managed. During 2021 we digitally issued 100% of the policies without any interruptions,
b. Moreover, in 2021, almost 80% of our insurance policies were issued digitally making 65% of our gross premium generated through digital applications.

2022 Initiatives

Raising Internal Awareness

Through our sustainability committee we will be working in 2022 to raise climate-related awareness throughout the company and organising round table discussions to tackle how these risks are currently impacting the UAE insurance sector.

Our Balance Sheet

Moreover, we will be scrutinising our balance sheet and assessing the elements that would need to be considered when planning for our net zero journey. This primarily pertains to the following:

1. Our property and casualty underwriting portfolio which amounted in 2021 to 9 % of our total gross premium,
2. Our investment portfolio which was drastically increased due to shifting an important portion of our deposits into investment grade fixed income securities,
3. Our Real Estate holdings which include the building in which we operate as well as the residential building that we own in Satwa, Dubai, completed during 2021.

Circular Workplace

We will continue our efforts to transition our offices and operation into a circular workplace. Some of the initiatives would include:

- Consuming less energy and eventually using 100% renewables,
- Decreasing our waste and aim for a 'zero-to-landfill' culture (primarily through becoming 100% paperless and no longer using plastic),
- Sourcing 'circular' products when replacing furniture or refurbishing,

Our Energy & GHG Emissions Data

The below tables cover our scope 1 & 2 energy consumption and greenhouse gas emissions as they relate to our headquarters which covers more than 95% of our operation.

ENERGY CONSUMPTION

Energy Consumption in GJ	2020	2021
Direct Energy – (Fuel)	234.41	206.99
Indirect Energy – (Electricity)	4,585.34	4,622.38
Total Energy Consumption	4,819.75	4,829.37

Energy Intensity in GJ per Employee	2020	2021

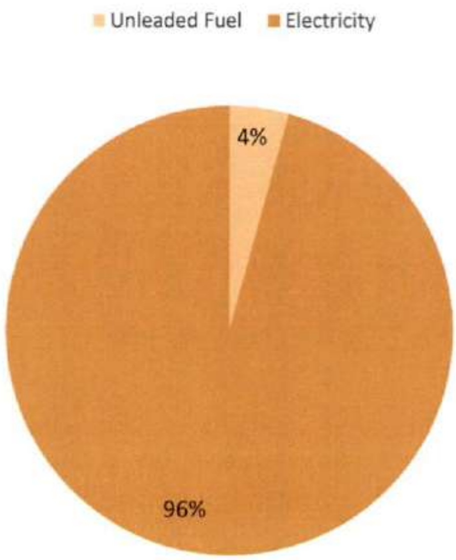
Direct Energy – (Fuel)	1.34	0.88
Indirect Energy – (Electricity)	26.20	19.67
Energy Intensity	27.54	20.55

GHG Emissions

Total GHG Emissions (MT CO_2 e)	2020	2021
Direct Energy – Scope 1 Emissions	14.86	13.54
Indirect Energy – Scope 2 Emissions	535.00	546.74
Indirect Energy – Scope 3 (Water)	N/A	9.18
Total Emissions	549.86	569.46

GHG Emissions Intensity MT CO_2 e per Employee	2020	2021
Direct Energy – Scope 1	0.09	0.06
Indirect Energy – Scope 2	3.06	2.33
Indirect Energy – Scope 3 (Water)	N/A	0.04
Total Emissions Intensity	3.14	2.42

2021 ENERGY MIX



WATER CONSUMPTION

Water Consumption in m^3	2020	2021
Total Water Consumption	4,304.83	4,100.57
Water Consumption per Employee	24.46	17.45

Our Commitment to our Employees

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 404, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6, S11)

OUR PEOPLE

DIN places great emphasis on creating a workplace culture that is conducive to getting the best out of employees, who we recognise as our biggest asset and critical to the success and growth of our business. As such, maintaining a high level of employee wellbeing and satisfaction is among our highest priorities. As part of this, we endeavour to engage and empower our workers to play a proactive role in the development of the organisation.

Maintaining a diverse and gender-balanced workforce is an essential part of our corporate identity. Our Code of Ethics and Conduct ensures all employees are treated fairly and equally, regardless of gender, nationality, and religion. As a result of our human capital strategy, DIN has built an exceptionally talented workforce and created a family-like culture based on the values of mutual respect, fairness, inclusion, teamwork, and unity.

Recruitment

Attracting, developing, and retaining the best available talent is critical to achieving our objectives and we are proud to have delivered considerable success in that regard. In line with the company's growth and business plan, DIN accelerated its recruitment drive in 2021, hiring a total of 105 new employees compared to 20 in 2020, taking the total headcount at the end of 2021 to 242 (from 175 in 2020) covering 20 nationalities. We will strive to lower our turnover rate which remains unchanged from last year at 17%.

Offering a competitive package of incentives and benefits is a crucial part of attracting top talent and maintaining a high level of employee satisfaction. All of our employees receive the following benefits, inclusive of the requirements of the UAE Labour Law, and additional allowances offered by DIN:

- Medical and Life Insurance
- Parental leave
- Annual flight ticket
- Bonus
- Educational Leave
- Family Visa Renewal
- Motor Insurance Discounts
- Reimbursement of Insurance Exams

Emiratisation

DIN has made it a priority to empower local talent, in line with government initiatives to increase the presence of UAE nationals in the private sector. The company accelerated these efforts in 2021, recruiting a total of 57 UAE nationals during the year - including three managers, 11 administrative supervisors, 32 legal researchers, one computer programmer and 10 customer service agents - bringing the total number of locals working at DIN to 82 employees.

As a result of this successful recruitment drive, UAE nationals now make up more than a third (34%) of the workforce compared to 18% previously. DIN is the first national Insurance Company in the UAE to have UAE nationals as the largest group of nationals working at the company, an achievement we are immensely proud of. We are now a Platinum member of the Tawteen Partners Club, an initiative by the UAE Ministry of Human Resources and Emiratisation (MOHRE), which offers a package of special privileges, incentives, and services to members according to each organisation's classification in the Club. Following the onboarding of UAE recruits, DIN has exceeded the targets set by Tawteen by 56% as of end of 2021.

EMIRATIZATION RATE AT DUBAI INSURANCE			
2021	2020	2019	2018
34%	18%	16%	5%

Gender Balance

While employees are hired primarily on the basis of skills and experience, DIN ensures equal opportunities for men and women and endeavours to maintain a gender balance across its workforce. At the end of 2021, more than half (53%) of all employees were female, including 31% of senior-to-executive level employees. 61% of new hires in 2021 were female and 84% of UAE nationals working at the company are women. This achievement reflects DIN's status as an employer of choice for UAE women.

Performance Management and Training

Managing the training and development needs of employees is key to our strategy of retaining the best talent and promoting internally wherever possible. In 2021, a significant number of employees, particularly at the junior level, were promoted internally. In addition to the large intake of UAE nationals, in 2021 DIN promoted 18 UAE nationals in recognition of their valuable contributions to the company's growth.

Moving forward, we plan to continue developing our internal training programme to meet the objectives around internal progression. In 2021, two types of anti-money laundering (AML) trainings were conducted. The first training, organised by an external consulting company, was attended by 100% of DIN employees. In parallel, 63% of our employees successfully completed the ICA Certificate in Financial Crime Compliance for the Insurance Sector in the UAE, mandated by the Central Bank. We are one of the first insurance companies in the UAE to achieve this level of qualification.

DIN has introduced a new appraisal system to monitor and manage the performance of employees. The process, which will be completed every six months, assesses an employee's merit for promotion, future leadership potential, identifies training and development needs, and sets clear performance KPIs.

DIN also plans to launch an innovation committee in 2022 with a view to engaging and encouraging employees to suggest ways to improve the business, with incentives and rewards offered to the best suggestions. This is an important step in the process of fostering a culture of inclusion and ownership among employees.

EMPLOYEE WELLBEING

In light of the challenges brought about by the COVID-19 pandemic, in 2021 DIN continued to place great emphasis on managing both the physical and mental wellbeing of all employees. Since the start of the pandemic DIN has not reduced employee salaries.

We maintain rigorous health and safety protocols across our offices to protect employees from the coronavirus. Offices are sanitised on a weekly basis, hand sanitiser is provided throughout our buildings, and mask wearing is strictly enforced among employees as well as customers.

In addition, DIN covers the cost of PCR testing for everyone in the relevant department if an employee tests positive for COVID-19 and carries out extra sanitising in such cases. DIN staff, who are all vaccinated, can take PCR tests at discounted rates under their medical insurance policies. Employees that test positive work remotely.

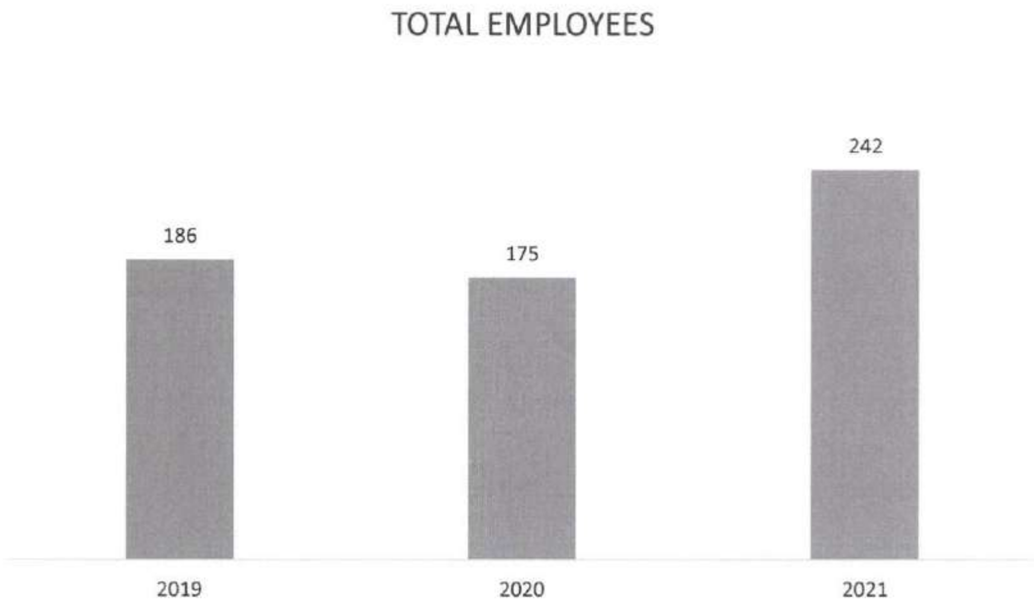
All these measures allowed DIN to witness a significant decrease in the number of positive cases and to successfully reduce the spread of the virus in the workplace.

To foster a good team spirit among the multi-cultural workforce, we ensure that all religious holidays are marked together. This gives employees a chance to bond and get to know each other and we have found this practice to have a positive impact on the company.

DIN offers some additional employee benefits including:

- 40% discounts on Expo 2020 tickets
- Vouchers for female employees and family members for free breast cancer screening at Zulekha hospital

Below are our various Human Resource Data and performance



FEMALE 53% MALE 47%

TOTAL OF 20 NATIONALITIES

2021 Breakdown by Gender	Number of Employees
Male	114
Female	128
Total	**242**

2021 Breakdown by Branch	Number of Employees
Dubai	237
Abu Dhabi	5

TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER						
	Entry-Level		**Mid-Level**		**Senior-to-Executive Level**	
Year	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
2021	46%	54%	37%	63%	67%	33%
2020	45%	55%	66%	34%	64%	36%
2019	55%	45%	67%	33%	80%	20%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE GROUP									
	Entry-Level			**Mid-Level**			**Senior-to-Executive Level**		
Year	**Below 30 y.o.**	**30-50 y.o.**	**Over 50 y.o.**	**Below 30 y.o.**	**30-50 y.o.**	**Over 50 y.o.**	**Below 30 y.o.**	**30-50 y.o.**	**Over 50 y.o.**
2021	41%	58%	2%	37%	60%	3%	0%	66%	34%
2020	28%	70%	2%	6%	84%	9%	0%	64%	36%
2019	27%	72%	2%	8%	84%	8%	0%	58%	42%

TOTAL NEW HIRES BY GENDER					
Year	**Male**	**%**	**Female**	**%**	**TOTAL**
2021	41	39%	64	61%	**105**
2020	7	35%	13	65%	**20**
2019	23	40%	35	60%	**58**

TOTAL NEW HIRES BY AGE GROUP							
	Below 30 y.o.		**Between 30-50 y.o.**		**Over 50 y.o.**		**TOTAL**
Year	**#**	**%**	**#**	**%**	**#**	**%**	
2021	58	55%	42	40%	5	5%	**105**
2020	9	45%	11	55%	0	0%	**20**
2019	23	66%	12	34%	0	0%	**35**

TOTAL EMPLOYEES THAT LEFT BY GENDER					
Year	**Male**	**%**	**Female**	**%**	**TOTAL**
2021	23	59%	16	41%	**39**
2020	15	50%	15	50%	**30**
2019	15	48%	16	52%	**31**

TOTAL EMPLOYEES THAT LEFT BY AGE GROUP							
	Below 30 y.o.		**Between 30-50 y.o.**		**Over 50 y.o.**		**TOTAL**
Year	**#**	**%**	**#**	**%**	**#**	**%**	
2021	8	21%	29	74%	2	5%	**39**
2020	9	30%	20	67%	1	3%	**30**
2019	10	32%	20	65%	1	3%	**31**

Year	TOTAL NEW HIRE RATE	TOTAL TURNOVER RATE
2021	43%	17%
2020	11%	17%
2019	31%	17%

Our Client's Wellness Defines Our Prosperity

(GRI 102-7, GRI 201-2, GRI 418-1, S12, G7)

DIGITALISATION & CUSTOMER PRIVACY

Customer Satisfaction

Over the past 50 years, DIN has built a reputation in the market that is second to none. This reputation has been built on trust, which we have worked hard to earn by consistently delivering outstanding products and services to our customers. Going above and beyond expectations sets us apart from our peers and has earned us the goodwill and loyalty of existing customers while allowing us to expand our customer base. As a testament to our customer-oriented approach, we are the insurance partner of choice for many large corporations that consistently renew their policies with us. Our successful bid to become the lead insurance provider for the UAE's Workforce Protection Program (WPP) is proof of our credibility and immaculate track record.

We aim to surpass customer expectations at every step of the value chain, from designing new products, through sales and marketing, to handling claims, and delivering fast, effective administration. Providing our customers with excellent service begins by listening to them. Through tried and trusted methods, such as customer surveys, we engage constantly with them to gain valuable feedback which we use to shape and enhance our products and services, tailoring them to suit individual needs.

We make it easy for customers that need to get in touch for any reason to reach us at any time through multiple available channels, both in person and online, including a live chat box on our website homepage. In addition, all insurance claims can be submitted digitally (online) making the process more convenient and automated.

Should customers wish to share feedback with us on how we can improve our service, they have three ways to do so:

- Internally through website or customer service
- Link on the website (directly related to DHA)
- Via the Central Bank's platform

This year we have placed particular emphasis on harnessing social media to increase engagement with our existing as well as potential customers. In 2021, DIN leveraged both social and traditional media to engage with key stakeholders.

LinkedIn has become DIN's primary channel for this purpose and the company now has over 20.9K followers.
We are also looking to engage with customers through the following platforms:

In addition to social media, DIN has successfully leveraged traditional media channels to spread awareness of the company's activities. News of DIN's recruitment successes around gender balance and Emiratisation secured extensive coverage across 18 media outlets in the UAE.

Digitalisation

COVID-19 has accelerated the rapid trend towards the digital transformation of the economy, unleashing new opportunities to deliver faster and more effective products and services. This digital revolution means the needs and expectations of today's customers are constantly changing. Customers want their insurance company to provide simple, easy-to-understand products, and faster claims handling. They also want to access their policies easily whenever they choose and from anywhere in the world. We are responding to these demands by simplifying and digitalising our products and processes. As a result, our customers will have a clearer understanding of what they are buying and improved access to advice and support.

Digitalisation will help to:

(1) enhance customer experience, and
(2) optimise internal processes and improve work productivity.

Digitalisation has helped DIN to develop new and simpler products and to develop partnerships with companies that complement DIN's core capabilities with digital technologies. Some examples include:

- Partnering with local community apps to offer their services as part of a full package of services such as their recent agreement with the app GAIN. The app brings value added services and savings to the community
- DubaiCare: Our in-house TPA offers 24/7 support though an easy-to-use mobile app. DIN has partnered with TruDoc 24x7, a telemedicine service offered for free to all customers under Dubai Care. TruDoc's mission is to change consumer behaviour through their 24x7 Entry

Points to align patients, their healthcare payers and preferred provider insurance networks
- Mobile app for motor insurance is in development

Other projects that were completed in 2021 to enhance the customer experience:

- All business units now have an active portal that customers can purchase products through
- A new corporate website was developed offering an improved user experience, making it easier for customers to follow and understand the product lines

IT projects to optimise internal processes:

- Document management system has been implemented, reducing printing across the workplace. Customers receive digital versions of their policies. The impact of this transition to a paperless workplace is detailed in the Environment section.

Managing the transition to a more digitally enabled company is a strategic priority and the IT department's key objective. The company has put in place short- and long-term plans on digitalisation covering the following:

- Create company policies that encourage digital transformation
- Improve IT infrastructure to adapt quickly to new technologies:
    - Roadmap for the next five years to become more user friendly and secure
    - On track to become fully digital
- Create integrated digital solutions that can automatically link with and optimise other existing digital insurance solutions
    - All implemented solutions will be implemented only after thorough assessment
- Targeting more partnerships to develop digital solutions to promote and sell products
    - Engage with customers in new ways – full automation so they don't need to physically come to DIN anymore.
- Working on new products and implementing their websites (new digital products)

Data Protection

While digitalisation undoubtedly presents opportunities to optimise business processes and enhance the customer experience, it also raises challenges around customer privacy and data protection, for example having to comply with data privacy laws across jurisdictions or the risk of being targeted by cyber criminals. Complying with regulations and protecting our customers' privacy and their data are DIN's highest priorities and the company has processes and procedures in place to ensure data is handled securely at all times. In 2021, there were no issues concerning breaches of customer privacy and losses of customer data.

We are in the process of launching a project to be fully compliant with the UAE's new protection laws developed by the National Electronic Security Authority (NESA). The Personal Data Protection Law, which came into force at the beginning of 2022, is an integrated framework to ensure the confidentiality of information and protect the privacy of individuals in the UAE. It provides regulations governing data management and protection and defines the rights and duties of all parties concerned.

Customer Privacy (GRI - 418)	
Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Number of complaints received from outside parties and substantiated by the organization	ZERO
Number of complaints from regulatory bodies	ZERO
Number of identified leaks, thefts, or losses of customer data	ZERO

ECONOMIC PROSPERITY

DIN can reflect on more than 50 years as a leading player in the UAE insurance market, providing the highest levels of customer service.

Our business model and strategy are based on the following four pillars:

- Improve market standing
- Capitalise on strategic relationships
- Strong underwriting performance
- Comprehensive offerings

In 2021, all business lines performed strongly, resulting in significant growth in revenues as well as profit. Our solid financial position is reflected by credit ratings company AM Best, which reaffirmed its A- rating (Excellent) in 2021, and by Moody's, which awarded DIN an A3 rating for the first time in 2021.

The Workforce Protection Programme remains our most important segment forming around 50% of our revenues. DIN was contracted in 2018 by the UAE Ministry of Human Resources and Emiratisation (MoHRE) as lead insurer for the Workforce Protection Programme (WPP). In 2021, premiums from the programme grew by 33% despite the COVID-19 pandemic. DIN continues to look for growth avenues for the WPP. Accordingly, we managed to partner with a number of Free Zones, including the Jebel Ali Free Zone Authority (JAFZA), Dubai Airport Free Zone (DAFZA), and Dubai Multi Commodities Centre (DMCC), to offer them the same program. Such partnerships will further contribute the growth of the WPP segments and to our overall gross premium.

In addition, during 2021, employment levels in the UAE recovered strongly following a contraction in 2020. This is particularly important for DIN as corporate clients constitute around 80% of our gross premium.

Financial performance over the next few years will be supported by two important developments:

- An exclusive three-year agreement with the General Directorate of Residency and Foreign Affairs (GDRFA) to provide travel insurance for visitors to Dubai.
- On December 31, 2021, DIN was awarded the Participant Insurer license by the Dubai Health Authority (DHA) – to provide insurance for people with salaries under AED 4,000. This license will allow DIN to greatly expand its customer base.

2021 CONTRIBUTIONS TO THE COMMUNITY

In 2017, DIN pledged to allocate up to 1% of annual net profits for social responsibility purposes. This decision by the Board was validated during the Annual General Meeting held in March 2017.

As part of this initiative, in 2021 DIN donated AED 500,000 to the Islamic Affairs & Charitable Activities Department to treat patients with kidney failure. This followed DIN's 2020 donation of AED 1 million to support efforts by DHA and its frontline workers to combat the spread of the COVID-19 virus.

Robust Governance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 405-1, G1, G2)

Fulfilling our purpose of being a leading player in the UAE insurance sector and an employer of choice for the best talent, requires a robust governance structure that integrates the values of ethical integrity, transparency, accountability, and the highest levels of professionalism in our workplace culture.

To achieve these goals, DIN has adopted the highest standards of corporate governance practices, and established stringent internal control systems, on a par with international standards, to ensure we are always in compliance with applicable laws and regulations.

Continuous engagement with all our key stakeholders, including investors, customers, staff, business partners, government, and regulators ensures that we have the internal rules, processes and practices in place to deliver good governance and risk management.

OUR GOVERNANCE STRUCTURE AND COMMITTEES

Board of Directors

Our Board of Directors remained unchanged in 2021. It is composed of seven experienced, highly qualified non-executive members:

No	Name	Category	Duration as Director
1	Buti Obaid Almulla	Non-independent	30
2	Marwan Abdullah Al Rostomani	Non-independent	15
3	Khalid Abdul Wahid Al Rustomani	Non-independent	15
4	Ahmed Bin Issa AlSerkal	Independent	13
5	Abubakr Abdullah Al-Futtaim	Independent	18
6	Mohammed Ahmed Al Moosa	Independent	12
7	Abdullah Al-Huraiz	Independent	9

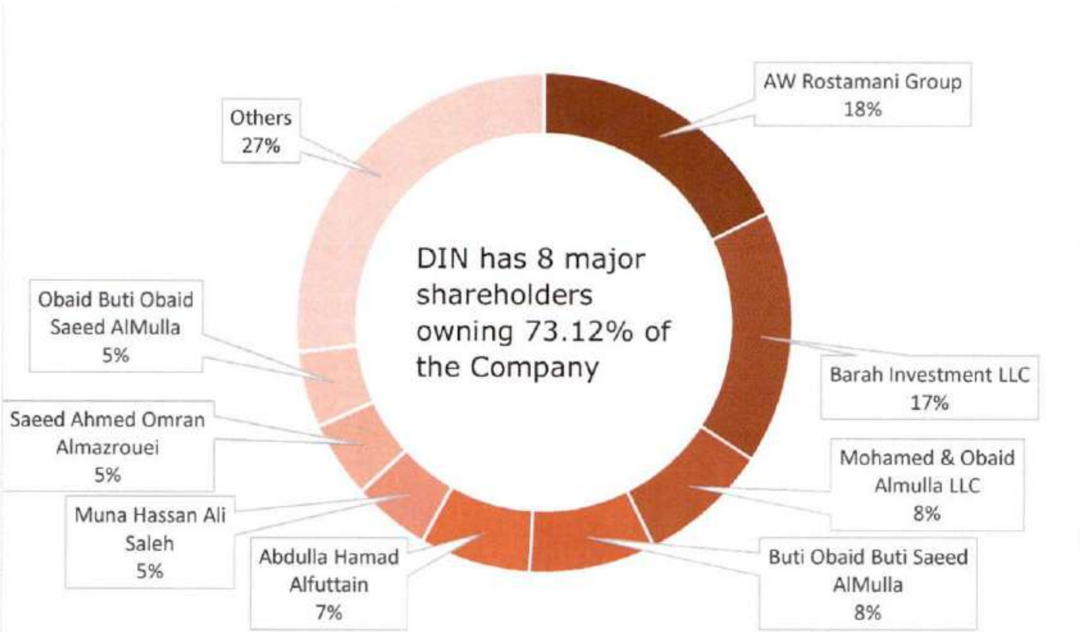
DIN currently has no female presence on the Board. Elections were held in 2021, however there were no female candidates. As per the Company's Articles of Association, Board membership is for three years. We will encourage female candidates to put themselves forward at the next election with a view to increasing female presence to 20%, upon approval of the Board.

Shareholder Structure

The shareholder structure consists of 129 investors classified as follows:

Sector	Local	Gulf	Arabic	Foreign
Individuals	41.351%	2.025%	0.003%	0
Companies	56.62%	0	0	0
Governments	0	0	0	0

Ownership amongst our shareholders is divided as follows:



In 2021, two major shareholders increased their equity holding, bringing the total number of shareholders that own 5% or more of DIN's capital to eight individuals.

Establishing specialised committees supports good governance and a healthy functioning Board and contributes to the effective strategic direction of the company to ensure it reaches its full potential. To that end, the company is continuously reviewing its committees and charter to build a strong governance model.

In 2021, the company established a Sustainability Committee that reports to the CEO. More details can be found in Section 4 of the report. The other five existing committees that report directly to the Board are the Audit Committee, the Nomination and Remuneration Committee, Committee of Monitoring and Supervising Insiders' Transactions, the Risk Committee, and the Investment Committee.

More details on the Governance Structure of the company can be found in the 2021 Corporate Governance Report.

Compliance

All DIN employees are required to comply with the company's Code of Ethics and Conduct ("Code"), which outlines the fundamental principles and key policies and procedures that govern the conduct of DIN's business practices. The Code is regularly reviewed and updated to ensure adherence to best practices.

The purpose of the Code is to ensure that:

- DIN employees observe the highest standards of corporate and individual conduct while carrying out their duties
- All other parties dealing directly with DIN, including suppliers, customers or business partners can be guided by the Code

The Code holds that the following values are essential to professional conduct and should be consistently upheld: honesty, trustworthiness, respect, and fairness in dealing with other people. A sense of responsibility towards others and loyalty towards DIN's ethical principles.

The Code also addresses critical business issues such as Data Protection, Confidentiality, Conflict of Interest, and Anti-Corruption. It offers practical guidance and examples to help employees decide the appropriate course of action when faced with ethical dilemmas. It also details procedures employees should follow if they witness a breach of the Code.

In addition to the Code, the company has established various policies and procedures that govern the company's day-to-day operations. These ensure compliance with applicable laws and regulations and provide guidance for decision-making and streamline internal processes. Policies are regularly reviewed and updated.

Policies include:

- AML Policy and Procedures (updated in 2021)
- Risk Management Policy
- System Continuity Management Policy
- Whistleblowing policy

Our Enhanced AML Policy

DIN is committed to Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT).

In 2021, we conducted an extensive audit of our AML policies and procedures in conjunction with the Central Bank of the UAE. Following the review, and upon the recommendations of the Central Bank for 2022, we have introduced a series of measures aimed at strengthening this area of our operations. We have introduced an updated AML policy to ensure full compliance with applicable laws and regulations. This was accompanied by the appointment of a specialist officer with responsibility for overseeing AML compliance.

In addition to these initiatives, DIN has invested in a state-of-the-art software system to monitor and ensure our business practices are not in breach of any local or international sanctions. The system has been integrated into our risk management processes with the support of a specialist independent consultant who we continue to work with to ensure effective operation of the system.

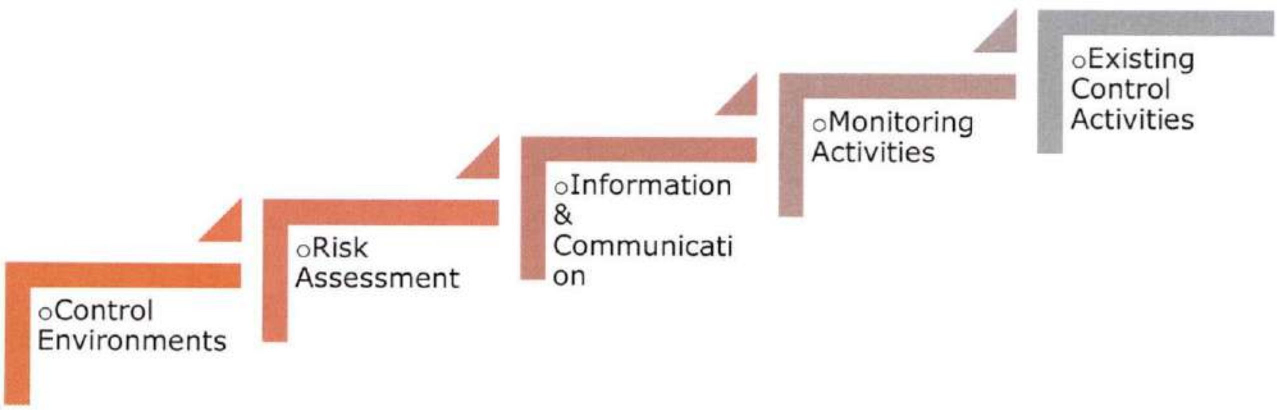
The new integrated system has three main functions:

- Monitor Politically Exposed Persons (PEPs)
- Screening prospective customers to ensure we have no dealings with any sanctioned individuals and entities, be it in relation to terrorism, money laundering, etc.
- Risk Assessment Approach system to evaluate our client/product risk

Internal Control System and Risk Management

Effective internal control systems are crucial to ensure compliance with applicable laws and regulations as well as consistent adherence to best business practices, while furthering business objectives.

DIN has implemented 227 business processes with specific KPIs that help define and measure progress towards organisational goals. The framework has been designed to address the five essential components of effective Internal Control Systems:



The Audit Committee is responsible for systematically monitoring and evaluating internal control systems and recommending revisions and additions when necessary. As a testament to the robustness of our control systems, there have been no incidents of corruption at the company.

Effective risk management is embedded in all strategic and operational decision-making and supports DIN's ambition to generate long-term value for all stakeholders, including investors, customers, and employees, among others. Our risk management framework is designed to address all material financial and non-financial risks to the business.

The Board of Directors, assisted by its associated committees, has overall responsibility for risk management at DIN, including establishing risk appetite and monitoring risk-taking through established protocols and policies. A Risk Management Committee is also in place to manage and assess the underwriting business.

Our SDG Report

Last year we conducted a thorough mapping exercise through which we identified and selected those Sustainable Development Goals (SDGs) that could significantly benefit from the insurance as a risk protection mechanism to support their achievement. The resulting SDGs were then further screened against the UAE Vision 2021 pillars as well as our corporate purpose, vision, and mission.

Accordingly, we adopted a two-tiered approach whereby SDG 3 was selected as high priority and SDGs 1, 5, 8, and 13 as being important.

In this year's sustainability report, we have opted to focus our reporting on our high priority SDG 3 which relates to the insurance sector as per the below:

SDG 3 Good Health and Well-being for All: Ensure healthy lives and promote well-being for all, at all ages:

- Insurance and social protection can play complementary roles to cover a range of household healthcare costs,
- Insurance improves healthcare seeking behaviour.

DIN's objective is to provide affordable health and longevity solutions to society and ensure health and well-being is promoted across all genders, age groups, nationalities, and socioeconomic status.

The above objective is directly linked with SDG 3 as it results in lowering financial barriers to obtaining healthcare given that households would be less likely to incur expenditures to cover their medical expenses.

During 2021, DIN increased its contribution to SDG 3 through the following two initiatives:

1. Lower-Income Bracket Employees

Inclusive and affordable insurance is an essential part of SDG 3 and also forms an integral part of our purpose. By making health coverage more affordable and accessible to a larger portion of the community, insurance companies would be contributing to society's wellbeing and protecting those with limited income against various risks.

To that end, the Dubai Health Authority (DHA) has a rigorous screening process whereby only those that meet certain criteria, which would include the ability to provide quality insurance packages within pre-fixed affordable prices (between AED 550 and AED 650) as well as having the necessary mechanisms and processes to offer such service seamlessly, are granted the license to provide the Essential Benefits Plan insurance package.

Dubai Insurance was awarded the Participating Insurer Status
Late in 2021, DIN was selected among three other insurance companies to provide the Essential Benefits Plan. This achievement will increase our contribution to SDG 3 and have a positive impact on the community.

2. Telemedicine's role in expanding healthcare coverage

Innovations such as telemedicine are helping to expand healthcare coverage. In the era of COVID-19, where physical interactions are having to be minimized, telemedicine can allow for continued access to healthcare. Moreover, it also reduces treatment costs as it offers more convenience for both the healthcare providers and patients who would otherwise have to commute to hospitals and clinics.

Offering free of charge virtual appointments under Dubai Care
Under the brand name Dubai Care, DIN offers medical coverage that is inclusive of free virtual appointments with doctors available through TrueDoc 24/7. Through this collaboration, all customers that are under Dubai Care now have an extended means of accessing healthcare at an affordable premium.

During 2021, 50% of our Dubai Care clients were issued access to TrueDoc's virtual consultations through our Dubai Care offering

About This Report

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56, G8, G9, G10)

This is the second Sustainability Report to be issued by Dubai Insurance Company P.S.C following its inaugural report in 2020. The report highlights the Company's achievements related to economic as well as environmental, social, governance (ESG) factors during 2021. This report can be read in conjunction with the company's 2021 Consolidated Financial Statements and Corporate Governance Report to obtain a comprehensive and complete overview of the Company.

REPORTING SCOPE

Dubai Insurance Company (P.S.C.) is a Public Shareholding Company registered under the Federal Law No. 8 of 1984 (as amended) and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE. The Company's headquarters is on 37 Al Rigga Road, Deira, P.O. Box 3027, Dubai (Makani: 31016 95309).

The Company operates in the UAE out of its headquarters in Dubai as well as its Abu Dhabi branch.

In June 2021, The Company completed construction of a building in Dubai, comprising 31 residential units and two commercial units. The Company fully owns the building, which was occupied at 90% as of December 31, as well as the land on which it is built.

The commercial building which serves as the company's headquarters, as well as the Abu Dhabi leased branch, fall under the scope of this report.

This report provides a summary of the Company's activities during fiscal year 2021, between January 1 and December 31, unless stated otherwise.

BASIS OF PREPARATION

This report has been prepared in accordance with the GRI Standards (GRI): Core option, as well as with the Dubai Financial Market's (DFM) ESG metrics. In addition, the report outlines Dubai Insurance Company's alignment with the Sustainable Development Goals.

The GRI Content Index at the end of the report also includes our alignment with the DFM ESG disclosures.

EXTERNAL ASSURANCE

The content of this Report has been reviewed and validated by the Company's internal audit function.

However, all financial data extracted from any of our financial statements have been independently audited by internationally recognised audit firms.

FORWARD-LOOKING

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the Company operates.

The Company holds no obligation to publicly update or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations. It is, therefore, not within the scope of our internal audit team to form an opinion on these forward-looking statements.

COMMUNICATION & FEEDBACK

For any queries or feedback about this report, please contact the following email: abdelhaq.s@dubins.ae

GRI & DFM Content Index

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GRI 103 Management Approach				

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401-2	Benefits provided to full-time employees that are not provided to part-time employees		23	
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103-1	Explanation of the material topic and its boundary		14,23	

103-2	The management approach and its components		14,23	
103-3	Evaluation of the management approach		14,23	*Only the management approach has been disclosed as data is not available*
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GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		14,23	
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103-2	The management approach and its components		14,29	
103-3	Evaluation of the management approach	S12: Community Investment	14,29	*Only the management approach has been disclosed as data is not applicable*
GRI 418: Customer Privacy 2016				
GRI 103 Management Approach				

103-1	Explanation of the material topic and its boundary		14,29	
103-2	The management approach and its components		14,29	
103-3	Evaluation of the management approach		14,29	
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418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	29	

Additional DFM disclosures		
DFM DISCLOSURE	**CONTENT**	**REFERENCE SECTION & NOTES**
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S1	**CEO Pay Ratio** Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation Does your company report this metric in regulatory filings?	*We currently disclose the CEO's salary in our Corporate Governance Report as well as that of the entire executive team*
S6	**Non-Discrimination** Does your company follow a sexual harassment and/or non-discrimination policy?	*We have Sexual Harassment and Non-Discrimination clauses in our Code of Ethics*
S9	**Child & Forced Labor** Does your company follow a child and/or forced labor policy?	*We are in full support of combating child and/or forced labor, this risk is less applicable to the Insurance Sector*
S10	**Human Rights** Does your company follow a human rights policy?	*We have Human Rights clauses in our Code of Ethics*
S11	**Nationalisation**	23

	Percentage of national employees	
	Direct and indirect local job creation	
Governance		
G3	**Incentivized Pay** Are executives formally incentivized to perform on sustainability?	*This will be considered as part of our Sustainability Strategy*
G6	**Ethics & Anti-Corruption** Does your company follow an Ethics and/or Anti-Corruption policy?	*Ethics and Anti-Corruption is part of our Code of Ethics*