Al-Sagr National Insurance Company (PSC)

Financial Statements

For the year ended 31 December 2021

الصقر للتأمين
AL SAGR INSURANCE

شركة مساهمة عامة خاضعة لأحكام القانون رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين وتنظيم أعماله ومقيدة في سجل شركات التأمين تحت رقم (١٦) وسجل الشركات التجارية تحت رقم (٤١٣٧٠) مركزها الرئيسي دبي رأس المال المدفوع بالكامل ٢٣٠ مليون درهم

شركة الصقر الوطنية للتأمين - المنطقة الدبلوماسية، شارع السيف، بر دبي، هاتف: ٠٤-٧٠٢٨٥٠٠، فاكس: ٠٤-٣٩٦٨٤٤٢، ص.ب: ١٤٦١٤، دبي، إ.ع.م.

Al Sagr National Insurance Company - Diplomatic Area, Al Seef Roac, Bur Dubai, Tel: 04-7028500, Fax: 04-3968442, PO Box 14614, Dubai, UAE

Al-Sagr National Insurance Company (Public Shareholding Company)

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of Al-Sagr National Insurance Company (Public Shareholding Company); for the year ended 31 December 2021.

Financial Highlights

The Company has reported a premium of AED 500.7 million for year ended 31 December 2021 compared to AED 510.7 million for the corresponding prior year, The Company has reported an underwriting loss of AED 7.3 million for the year ended 31 December 2021 compared to underwriting profit of AED 70.3 million for the corresponding prior year. the Company reported for the year ended 2021 a net loss of AED 62.9 million compared to a net profit of AED 5.7 million in 2020 .

Directors:-

Mr. Majid Abdulla Al Sari	Chairman
Mr. Khalid Abdulla Omran Tariam	Vice Chairman
Mr. Ayman Mohd Yusri Al Dweik	Director
Mr. Mohamed Ali Al Sari	Director
Mr. Abdel Muhsen Jaber	Director & CEO

Auditors:-

Grant Thornton were appointed as auditors of the Al Sagr National Insurance Company for the year 2021 at the Annual General Meeting held on 24/04/2021

For and on behalf of the board

Abdel Muhsen Jaber
Director & CEO
21/03/2022

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Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Sagr National Insurance Company (PSC) (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company 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 Financial Statements* section of our report. We are independent of the Company 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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 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 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 financial statements.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the 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, unallocated loss adjustment expense reserve and mathematical reserve, as disclosed in note 11 to these 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 behavior). 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 company 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) Valuation of investment property

The Company hold investment property under the fair value model as at 31 December 2021 amounting to AED 157,931,895 (2020: AED 157,931,895), as detailed in note 9. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Company has involved independent external valuer in order to value the investment property for the purpose of determining the fair value for inclusion in the financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of these investment property was significant to our audit.

Our procedures in relation to management's valuation of investment property included:

- Evaluation of the independent external valuers' competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry; and
- Checking, on a sample basis, the accuracy and relevance of the input data used.

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Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

iii) Impairment losses on insurance receivables including third party recoveries

The Company has insurance receivables that are overdue and not impaired (as disclosed in note 10 to these 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 Company'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 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 Company by corroborating with publicly available information.

iv) Significant judgment relating to investment in associates

The Company holds investment in associates as at 31 December 2021, as disclosed in note 6 to these financial statements. The management assesses at least annually the existence of impairment indicators for its investment in associates. Accordingly, the processes and methodologies for assessing and determining the recoverable amount of the investment are based on complex assumptions, in particular with reference to identification of impairment indicators, forecast of future cashflows, long term growth rates and discount rates applied to such cashflows. Considering the judgement required for estimating the cashflows and the complexity of the assumptions used, this is considered as a key audit matter.

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

- Obtained an understanding of the Company's process for assessment of impairment of investment in associates;
- Assessed the methodology used by the management to estimate the recoverable amount of the investment and consistency with the IFRS;
- Compared the carrying values of the investments with their respective net asset values and market value available as at the reporting date;
- Where any indicators of impairment were expected, we obtained and read the projections and future cashflows and checked the mathematical accuracy of those figures; and
- Evaluated the adequacy of the disclosures in these financial statements.

Other information

Management is responsible for the other information. Other information consists of the information included in the report of Company's Board of Directors, prior to the date of our auditor's report.

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

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Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Company'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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for The Audit of The Financial Statements

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

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

- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

i) the Company has maintained proper books of account;

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

iii) the 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) the financial information included in the Board of Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2021, are disclosed in note 7 to these financial statements;

vi) note 24 reflect material related party transactions and the terms under which they were conducted;

Independent Auditor's Report

To the Shareholders of Al-Sagr National Insurance Company (PSC)

Report on the Audit of the Financial Statements (continued)

Report on other legal and regulatory requirements (continued)

vii) note 21 to the financial statements reflects the social contributions made during the year; and

viii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company 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 financial position. Further, as required by the UAE Federal Law No. (6) of 2007, as amended, 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, 21 March 2022

Statement of financial position
As at 31 December 2021

	Notes	2021 AED	2020 AED
ASSETS			
Property and equipment	5	88,521,494	85,898,250
Investment in associates	6	118,340,804	135,846,353
Investment in financial assets at FVTPL	7	15,587,696	16,035,325
Investment property	9	157,931,895	157,931,895
Insurance receivables	10	199,194,939	145,699,528
Reinsurer share of outstanding claims	11	156,949,806	148,879,390
Reinsurer share of incurred but not reported claims	11	26,313,057	16,036,589
Reinsurer share of unearned premium reserve	11	73,880,741	54,989,405
Reinsurer share of mathematical reserve	11	1,149,880	1,137,870
Deferred acquisition costs	11	24,212,266	37,338,946
Reinsurance share of unexpired risk reserve	11	395,922	-
Due from related parties	24	15,683,726	15,088,672
Other receivables and prepayments	12	11,119,028	6,660,423
Cash and bank balances	13	192,309,830	201,685,769
TOTAL ASSETS		1,081,591,084	1,023,228,415
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	230,000,000	230,000,000
Statutory reserve	15	70,203,206	70,203,206
General reserve	16	20,000,000	50,000,000
Reinsurance reserve	16	1,612,577	652,827
Accumulated losses		(66,011,660)	(30,572,826)
TOTAL EQUITY		255,804,123	320,283,207
LIABILITIES			
Provision for employees' end of service indemnity	17	7,612,039	10,401,343
Bank borrowings	18	154,550,305	47,343,293
Insurance and other payables	19	131,342,702	118,180,997
Outstanding claims reserve	11	205,521,572	192,617,171
Incurred but not reported claims reserve	11	74,865,138	50,581,753
Unearned premium reserve	11	218,630,722	266,320,166
Mathematical reserve	11	1,157,216	1,146,197
Unexpired risk reserve	11	5,795,710	118,641
Unallocated loss adjustment expense reserve	11	6,337,177	4,083,362
Deferred commission income	11	11,349,207	6,967,369
Lease liabilities	20	8,625,173	5,184,916
TOTAL LIABILITIES		825,786,961	702,945,208
TOTAL EQUITY AND LIABILITIES		1,081,591,084	1,023,228,415

These financial statements were approved and authorised for issue by the Board of Directors on 21 March 2022 and signed on their behalf by:

Majid Abdulla Al Sari
Chairman

Abdel Muhsen Jaber
Director and CEO

The notes from 1 to 29 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 AED	2020 AED
UNDERWRITING INCOME			
Gross premium		**500,476,669**	510,772,918
Less: reinsurance share of gross premium		**(165,357,517)**	(116,056,254)
Less: reinsurance share of ceded business premium		**(26,592,437)**	(14,509,099)
Net retained premium		**308,526,715**	380,207,565
Net change in unearned premium reserve		**49,072,262**	(44,142,184)
Net insurance premium		**357,598,977**	336,065,381
Commission earned		**23,417,849**	15,736,719
Commission incurred		**(62,096,973)**	(68,439,993)
Other operational income – net		**17,219,021**	14,728,651
Gross underwriting income		**336,138,874**	298,090,758
UNDERWRITING EXPENSES			
Gross claims paid		**(412,829,309)**	(299,081,432)
Insurance claims recovered from reinsurers		**95,755,774**	73,407,527
Net claims paid		**(317,073,535)**	(225,673,905)
Change in provision for outstanding claims		**(12,904,431)**	(115,832,515)
Change in reinsurer share of outstanding claims		**8,070,416**	116,298,242
Net change in unexpired risk reserve		**(5,281,147)**	(118,641)
Net change in IBNR reserve		**(14,006,917)**	(2,284,164)
Net change in mathematical reserve		**991**	1,673
Change in unallocated loss adjustment expense reserve		**(2,253,815)**	(98,362)
Net claims incurred		**(343,448,438)**	(227,707,672)
UNDERWRITING (LOSS)/INCOME		**(7,309,564)**	70,383,086
Net investments loss	21	**(311,344)**	(6,785,024)
Share of losses from equity accounted investees	6	**(17,505,549)**	(18,115,006)
Finance costs		**(2,296,081)**	(2,187,701)
General and administrative expenses	22	**(35,521,546)**	(37,547,664)
(LOSS)/PROFIT FOR THE YEAR		**(62,944,084)**	5,747,691
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(62,944,084)**	5,747,691
(LOSS)/EARNINGS PER SHARE	23	**(0.3)**	0.02

The notes from 1 to 29 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2021

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
As at 1 January 2020	230,000,000	69,628,437	100,000,000	-	(83,597,921)	316,030,516
Total comprehensive income for the year						
Profit for the year	-	-	-	-	5,747,691	5,747,691
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	5,747,691	5,747,691
Transfer to statutory reserve (note 15)	-	574,769	-	-	(574,769)	-
Transfer from general reserve to retained earnings (note 16)			(50,000,000)	-	50,000,000	-
Transfer to reinsurance reserve (note 16)	-	-	-	652,827	(652,827)	-
Transactions with owners directly recorded in equity						
Directors' fee paid (note 27)	-	-	-	-	(1,495,000)	(1,495,000)
Balance at 31 December 2020	230,000,000	70,203,206	50,000,000	652,827	(30,572,826)	320,283,207
Balance at 1 January 2021	**230,000,000**	**70,203,206**	**50,000,000**	**652,827**	**(30,572,826)**	**320,283,207**
Total comprehensive income for the year						
Loss for the year	-	-	-	-	**(62,944,084)**	**(62,944,084)**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	**(62,944,084)**	**(62,944,084)**
Transfer from general reserve to retained earnings (note 16)			**(30,000,000)**	-	**30,000,000**	-
Transfer to reinsurance reserve (note 16)	-	-	-	**959,750**	**(959,750)**	-
Transaction with owners directly recorded in equity						
Directors' fee paid (note 27)	-	-	-	-	**(1,535,000)**	**(1,535,000)**
Balance at 31 December 2021	**230,000,000**	**70,203,206**	**20,000,000**	**1,612,577**	**(66,011,660)**	**255,804,123**

The notes from 1 to 29 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2021

	Notes	2021 AED	2020 AED
OPERATING ACTIVITIES			
(Loss)/profit for the year		(62,944,084)	5,747,691
Share of losses from equity accounted investees	6	17,505,549	18,115,006
Net unrealised loss from investments in financial assets at FVTPL	21	498,888	3,441,371
Depreciation	5	5,855,854	3,252,277
Finance costs		2,296,081	2,187,701
(Reversal)/allowance for expected credit losses	10	(244,287)	1,894,262
Net allowance for expected credit losses of related parties	24	(1,200,000)	-
Provision for employees' end of service indemnity	17	1,094,939	867,398
Reversal of provision for employees' end of service indemnity	17	(3,011,801)	-
Interest on lease liabilities		447,406	260,647
Loss on disposal of property and equipment	21	518	41,952
Net gain on sale of investments in financial assets at FVTPL	21	(20,269)	(27,521)
Dividend income from investment in financial assets at FVTPL	21	(198,120)	(176,212)
Interest income	21	(4,584,789)	(5,734,997)
Operating cash flows before movements in working capital		(44,504,115)	29,869,575
Change in insurance receivables		(53,251,124)	(35,531,794)
Change in reinsurer share of outstanding claims		(8,070,416)	(116,298,242)
Change in reinsurer share of incurred but not reported claims		(10,276,468)	1,009,411
Change in reinsurer share of unearned premium reserve		(18,891,336)	10,517,595
Change in reinsurer share of mathematical reserve		(12,010)	42,130
Change in deferred acquisition costs		13,126,680	(15,868,946)
Change in reinsurance share of unexpired risk reserve		(395,922)	-
Change in related parties		604,946	576,491
Change in other receivables and prepayments		(4,458,605)	9,910,147
Change in insurance and other payables		13,161,705	10,787,366
Change in outstanding claims reserve		12,904,401	115,832,510
Change in incurred but not reported claims reserve		24,283,385	1,274,753
Change in unearned premium reserve		(47,689,444)	54,427,166
Change in mathematical reserve		11,019	(43,803)
Change in unexpired risk reserve		5,677,069	118,641
Change in unallocated loss adjustment expense reserve		2,253,815	98,362
Change in deferred commission income		4,381,838	(4,933,631)
Net cash (used in)/generated from operations		(111,144,582)	61,787,731
Employees' end of service benefits paid	17	(872,442)	(1,600,670)
Net cash (used in)/generated from operating activities		(112,017,024)	60,187,061
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(745,489)	(683,347)
Proceeds from sale of property and equipment		13,534	3,501
Acquisition of investment property	9	-	(26,976,278)
Additions of investment in financial assets at FVTPL	7	(514,916)	-
Net proceeds from sale of investment in financial assets at FVTPL		483,926	172,242
Dividends received from investment in financial assets at FVTPL	21	198,120	176,212
Interest received	21	4,584,789	5,734,997
Net cash generated from/(used in) investing activities		4,019,964	(21,572,673)
FINANCING ACTIVITIES			
Finance costs paid		(2,296,081)	(2,187,701)
Directors' fee paid		(1,535,000)	(1,495,000)
Payment of lease liabilities		(4,754,810)	(2,004,810)
Net cash used in financing activities		(8,585,891)	(5,687,511)
Net changes in cash and cash equivalents		(116,582,951)	32,926,877
Cash and cash equivalents at 1 January		154,342,476	121,415,599
Cash and cash equivalents at 31 December	13	37,759,525	154,342,476

The notes from 1 to 29 form an integral part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

Al-Sagr National Insurance Company (PSC), (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates (U.A.E.) under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investments Company (the "Parent Company"), a public company incorporated in U.A.E.

The principal activity of the Company is the writing of insurance of all types. The Company operates through its head office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaimah and Ajman in the U.A.E.

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.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These 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 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 financial statements are prepared in Arab Emirates Dirhams ("AED").

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following which are measured at fair value.

i) financial instruments at fair value through profit and loss ("FVTPL"); and
ii) investment property.

The methods used to measure fair values are discussed in note 3.6.

2.3 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 Company and did not have a material impact on these financial statements.

2 BASIS OF PREPARATION (continued)

2.4 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 Company's financial statements are disclosed below. The Company 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 2022 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
- 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. The Company is currently evaluating the expected impact.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contracts

Classification

The Company issues contracts that transfer either insurance risk or both insurance and financial risks.

Contracts under which the Company 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 are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Company to pay significant additional benefits as a result of an insured event occurring.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Insurance contracts (continued)

Insurance contracts may also transfer some financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Recognition and measurement

Premiums

Gross premiums written reflect business incepted during the year, and exclude any fees and other amounts collected with and calculated based on premiums. These are recognised when underwriting process is complete and policies are issued.

The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis described below:

Unearned premium reserve (UPR)

The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date. UPR are calculated using the 1/365 method except for marine cargo and engineering.

The UPR of the written premiums as required in the financial regulation and UPR for engineering assumes a linear increase in risk with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the premium is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy. UPR for medical and group life business are calculated on a time proportion basis.

Claims

Claims incurred comprise the settlement and the internal and external handling costs paid and changes in the provisions for outstanding claims arising from events occurring during the financial period and movement in other technical reserves. Where applicable, deductions are made for salvage and their recoveries.

Claims outstanding comprise provisions for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expense reduced by expected salvage and other recoveries. Claims outstanding are assessed by reviewing individual reported claims. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior periods are reflected in the financial statements of the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provision is also made for any claims incurred but not reported ("IBNR") at the date of statement of financial position using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required by the new regulations. The use of estimation and judgements in outstanding claims and IBNR are mentioned in note 4.

Liability adequacy test

Provision is made for premium deficiency arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision and already recorded claim liabilities in relation to such policies. The provision for premium deficiency is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and claims provisions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Insurance contracts (continued)

Reinsurance

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expenses from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Amounts due to and from reinsurers are accounted for in a manner consistent with the related insurance policies and in accordance with the relevant reinsurance contracts. Reinsurance premiums are deferred and expensed using the same basis as used to calculate unearned premium reserves for related insurance policies. The deferred portion of ceded reinsurance premiums is included in reinsurance assets.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in statement of comprehensive income in the period in which they are incurred. Profit commission in respect of reinsurance contracts is recognised on an accrual basis.

Deferred acquisition cost and deferred commission income

For insurance contracts, the deferred acquisition cost asset represents the portion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the reporting date. Commission income related to underwriting activities are recognised on a time proportion basis over the effective period of policy using the same basis as described for unexpired risk premium.

Insurance receivables and payables

Amounts due from and to policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

Insurance contract liabilities and reinsurance assets

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the statement of financial position date, in addition for claims incurred but not reported. The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date.

The reinsurers' portion towards the above outstanding claims, claims incurred but not reported and unearned premium is classified as reinsurance contract assets in the financial statements.

3.2 Revenue (other than insurance revenue)

Revenue (other than insurance revenue) comprises the following:

Fee and commission income

Fee and commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

Investment income

Investment income comprises income from financial assets, rental income from investment properties, realised and unrealised fair value gains or losses on investment property and financial assets at fair value through profit or loss (FVTPL).

Income from financial assets comprises interest and dividend income, net gains or losses on financial assets classified at FVTPL, and realised gains or losses on other financial assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Revenue (other than insurance revenue) (continued)

Investment income (continued)

Interest income is recognised on a time proportion basis using effective interest rate method. Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities. Basis of recognition of net gains or losses on financial assets classified at FVTPL and realised gains on other financial assets is described in note 3.5.

Fair value gains or losses on investment property are included in the statement of comprehensive income in the period these gains or losses are determined.

3.3 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income/other expenses in statement of comprehensive income. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in statement of income as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate. No depreciation is charged on capital-work-in-progress.

The estimated useful lives for various categories of property and equipment are as follows:

Office fixture	8 years
Furniture and equipment	8 years
Motor vehicles	8 years
Right to use assets	3 - 5 years

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in statement of comprehensive income.

The Company determines fair value on the basis of valuation provided by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3.5 Financial instruments

Recognition and measurement

The Company initially recognises insurance receivables and insurance payables on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes party to the contractual provision of the instrument.

A financial assets or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Financial assets

Classification

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 measured at amortised cost

A financial asset qualifies for amortised cost measurement only if it meets both of the following two conditions:

- 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 principle and interest on the principle amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value. The Company makes an assessment of a business model at portfolio level as this reflect the best way the business is managed and information is provided to the management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- How management evaluates the performance of the portfolio;
- Whether management's strategy focus on earning contractual interest revenue;
- The degree of frequency of any expected asset sales;
- The reason of any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets (continued)

Financial assets measured at FVTPL

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Company has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Dividend in these investments in equity instruments are recognised in the statement of comprehensive income when the Company's right to receive the dividends is established, unless the dividends clearly represents a recovery of part of the cost of the investment.

Financial assets are not reclassified subsequent to their initial recognition, except when the Company changes its business model for managing financial assets.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

Loans and receivables comprise mainly insurance receivables, due from related parties, deposits and other receivables.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with the banks and fixed deposits that are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Equity securities

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Non-derivate financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

De-recognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the transferred asset.

The Company derecognises a financial liability when its contractual obligation are discharged or cancelled or expire.

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 receivables, deposits, other receivables, due from related parties and cash and cash equivalents.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets (continued)

Measurement of ECLs

The Company 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 Company 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.

Impairment of non-derivative financial assets carried at amortised cost

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost are impaired. A financial asset or group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows relating to the asset that can be estimated reliably. The Company considers evidence of impairment at both a specific and collective level.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Company.

Impairment of loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

At each reporting date, the Company assesses on a case-by-case basis whether there is any objective evidence that an asset is impaired. Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off and/or any event resulting in a reduction in impairment loss, decreases the amount of the provision for loan impairment in the statement of comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Financial assets (continued)

***Impairment of loans and receivables* (continued)**

Impairment losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Fair value measurement

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 Company 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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Foreign currency transactions

These financial statements are presented in U.A.E. Dirham (AED), which is the functional currency. Except as otherwise indicated, financial information is presented in AED. Transactions denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to AED at the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. The assets and liabilities of foreign subsidiary and the equity of associates are translated at the rate of exchange ruling at the reporting date.

The results of associates are translated at the average exchange rates for the year. The exchange differences on the retranslation are taken directly to the other comprehensive income.

3.8 Leases

The Company 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 for the short-term leases and leases of low value assets are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

3.9 Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Employee terminal benefits

Defined benefit plan

The Company provides for staff terminal benefits based on an estimation of the amount of future benefits that employees have earned in return for their service until their retirement. This calculation is performed on a projected unit credit method.

Defined contribution plan

The Company contributes to the pension scheme for nationals under the pension and social security law. This is a defined contribution pension plan and the Company's contribution are charged to the statement of profit or loss in the period in which they relate. In respect of this scheme, the Company has a legal and constructive obligation to pay the fund contribution as they fall due and no obligations exists to pay the future benefits.

3.11 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.12 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Segment reporting (continued)

All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and value added tax assets and liabilities.

3.13 Investments in associate

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

3.14 Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Company's trading activity.

4 USE OF ESTIMATES AND JUDGEMENTS

The areas of the Company's business containing key sources of estimation uncertainty include the measurement of insurance contract provisions and the determination of valuation of investment properties.

Measurement of insurance contract liabilities

The Company's accounting policy in respect of insurance contract accounting is discussed in more detail in note 3.1. The key assumptions made in respect of insurance contract liabilities are as follows:

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company for provision of IBNR takes into account historical data, past estimates and details of the reinsurance program, to assess the expected size of reinsurance recoveries. Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

The assumptions that have the greatest effect on the measurement of insurance contract provisions are the expected loss ratios for the most recent accident years.

4 USE OF ESTIMATES AND JUDGEMENTS (continued)

Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Company.

There are a number of contracts sold where the Company exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Company is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

Provision for outstanding claims, whether reported or not

Considerable judgment by the management is required in the estimation of amounts due to the 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 judgment 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 date of statement of financial position and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the date of statement of financial position. Estimates are made for the expected ultimate cost of IBNR claims at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation and are presented in note 11.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and IBNR claims regularly.

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating adequacy of the liability. Any deficiency is immediately charged to statement of comprehensive income.

Impairment of financial instruments

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL"). The Company considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Impairment of insurance receivables

An estimate of the collectible amount of insurance receivables is made when collection of the full amount is no longer probable. This determination of whether the insurance receivables are impaired, entails the Company evaluating the credit and liquidity position of the policy holders and the insurance and reinsurance companies, historical recovery rates and feedback received from the legal department. The difference between the estimated collectible amount and the book amount is recognised as an expense in the profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the profit or loss at the time of collection.

4 USE OF ESTIMATES AND JUDGEMENTS (continued)

Reinsurance

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

Impairment of investment is associates

At each reporting date, the Company reviews the carrying amounts of its investment in associates to determine whether there is any indication of impairment. If any indication exists, the management estimates recoverable amount of the investment. The recoverable amount of investment is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment. An impairment loss is recognised if the carrying amount of investment exceeds its recoverable amount. Impairment losses are recognised in statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill recognised, and then to the remaining carrying amount of the investment.

Valuation of investment property

Determining the fair value requires an estimation of future cash flows expected to arise from the investment properties, a suitable growth rate, expected occupancy and a suitable discount rate in order to calculate the present value. It is reasonably possible on the basis of the existing knowledge that outcomes within next financial year that are different from estimates made could require material adjustment to the fair value of the investment property.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The Company has taken the valuation for the fair value measurement of its investment property.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
1)Income capitalisation approach by comparable method	- Owner property	-The property is owned in full and free of any onerous restrictions.
	-Risk adjusted discount rates	-The risk adjusted discount rates were lower/higher.
	-Free of covenants, third party rights and obligations	-The property is subject to any covenants, rights and obligations
	-Expected yield rate	-The expected yield rate is applied.
	-Operational expenditure of the rental value	-The property is subject to expenses in line with similar existing buildings.
	-Sales transactions of similar properties in similar location	-The property is subject to sales value fluctuations of surrounding properties in the area.

5 PROPERTY AND EQUIPMENT

	Land AED	Right to use assets AED	Office fixture AED	Furniture and equipment AED	Motor vehicles AED	Total AED
Cost						
At 1 January 2020	76,750,806	8,559,897	7,792,368	10,595,804	735,230	104,434,105
Additions	-	-	100,000	583,347	-	683,347
Disposal	-	-	-	(334,209)	-	(334,209)
At 31 December 2020	76,750,806	8,559,897	7,892,368	10,844,942	735,230	104,783,243
At 1 January 2021	**76,750,806**	**8,559,897**	**7,892,368**	**10,844,942**	**735,230**	**104,783,243**
Additions	**-**	**7,747,661**	**393,944**	**351,545**	**-**	**8,493,150**
Disposal	**-**	**-**	**-**	**(6,867)**	**(14,477)**	**(21,344)**
At 31 December 2021	**76,750,806**	**16,307,558**	**8,286,312**	**11,189,620**	**720,753**	**113,255,049**
Depreciation						
At 1 January 2020	-	1,802,084	5,520,407	8,357,470	241,511	15,921,472
Charge for the year	-	1,802,084	801,668	578,415	70,110	3,252,277
Disposal	-	-	-	(288,756)	-	(288,756)
At 31 December 2020	-	3,604,168	6,322,075	8,647,129	311,621	18,884,993
At 1 January 2021	**-**	**3,604,168**	**6,322,075**	**8,647,129**	**311,621**	**18,884,993**
Charge for the year	**-**	**4,384,637**	**837,774**	**607,474**	**25,969**	**5,855,854**
Disposal	**-**	**-**	**-**	**-**	**(7,292)**	**(7,292)**
At 31 December 2021	**-**	**7,988,805**	**7,159,849**	**9,254,603**	**330,298**	**24,733,555**
Carrying amounts						
At 31 December 2021	**76,750,806**	**8,318,753**	**1,126,463**	**1,935,017**	**390,455**	**88,521,494**
At 31 December 2020	76,750,806	4,955,729	1,570,293	2,197,813	423,609	85,898,250

Right to use assets

The table below describes nature of the Company's leasing activities by type of right to use assets recognised:

Right to use assets description	Number of right to use assets leased	Remaining term	Number of leases with extension option	Number of leases with purchase option	Number of leases with variable payments	Number of leases with termination option
Office building and premises	2	1.75 - 2 years	-	-	-	-

6 INVESTMENT IN ASSOCIATES

	2021 AED	2020 AED
Green Air Technology L.L.C., UAE (note 6.1)	**16,716**	16,716
Sogour Al Khaleej General Trading L.L.C., UAE (note 6.2)	**150,000**	150,000
Al Sagr Cooperative Insurance Company (note 6.3)	**118,174,088**	135,679,637
	118,340,804	135,846,353

6 INVESTMENT IN ASSOCIATES (continued)

6.1 The Company holds 50% and the Parent Company holds 25% ownership respectively in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates.

6.2 The Company holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned by the Parent Company.

Although, the Company holds 50% equity and the voting rights in these two associates, these are controlled by the Parent Company. The Company's voting rights in these entities do not give it control over the management of these entities.

6.3 As at 31 December 2021, the Company hold 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 6% shares for the beneficial interest of other individuals. The Company accounts for the 20% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative under the equity method as follows:

	2021 AED	2020 AED
As at 1 January	**135,679,637**	153,794,643
Share of losses from equity accounted investees	**(17,505,549)**	(18,115,006)
As at 31 December	**118,174,088**	135,679,637
Percentage of interest	**20%**	20%
Assets	**746,265,421**	897,122,623
Liabilities	**(523,895,727)**	(587,225,182)
Net assets	**222,369,694**	309,897,441
Company's share in net assets at 20%	**44,473,939**	61,979,488
Goodwill and other intangibles at acquisition	**73,700,149**	73,700,149
Investment in associate	**118,174,088**	135,679,637
Revenue	**384,070,163**	431,824,509
Net loss	**(87,527,746)**	(90,575,030)
Company's share of loss at 20 %	**(17,505,549)**	(18,115,006)

7 INVESTMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

	2021 AED	2020 AED
Investment in financial assets at FVTPL	**15,587,696**	16,035,325

Following is the movement of investments at FVTPL during the year:

	2021 AED	2021 AED
As at 1 January	**16,035,325**	19,621,417
Additions	**514,916**	-
Net disposals during the year	**(463,657)**	(144,721)
Decrease in fair value	**(498,888)**	(3,441,371)
As at 31 December	**15,587,696**	16,035,325

During the year ended 31 December 2021, the Company has purchased shares 173,776 (2020: Nil) measured at fair value through profit or loss. All investments are held within U.A.E. except for investments at FVTPL amounting to AED 0.1 million (2020: AED 0.1 million).

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy of assets measured at fair value

The following table analyses assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement, as mentioned in note 3.6, is categorised. The amounts are based on the values recognised in the statement of financial position.

31 December 2021	**Level 1 AED**	**Level 3 AED**	**Total AED**
Financial assets			
Investment in financial assets at FVTPL (note 7) *	**14,793,563**	**794,133**	**15,587,696**
Non-financial assets			
Investment property (note 9)	**-**	**157,931,895**	**157,931,895**
	14,793,563	**158,726,028**	**173,519,591**

31 December 2020	Level 1 AED	Level 3 AED	Total AED
Financial assets			
Investment in financial assets at FVTPL (note 7)	11,131,248	4,904,077	16,035,325
Non-financial assets			
Investment property (note 9)	-	157,931,895	157,931,895
	11,131,248	162,835,972	173,967,220

* During the year, the Company made a transfer from level 3 to level 1.

9 INVESTMENT PROPERTY

	2021 AED	2020 AED
As at 1 January	**157,931,895**	130,955,617
Additions during the year	**-**	26,976,278
As at 31 December	**157,931,895**	157,931,895

Investment property comprises of a property in Al Barsha First, Dubai. As at 31 December 2021, the fair value of the property is based on valuation performed by accredited independent valuer who is specialist in valuing these type of investment property.

The valuation model used are in accordance with recommended industry practice. The fair value of the investment property was estimated based on fair valuation techniques and assumptions with reference to recent rental value of similar properties in an active market.

10 INSURANCE RECEIVABLES

	2021 AED	2020 AED
Due from policy holders	**21,691,990**	18,755,412
Due from insurance and reinsurance companies	**109,515,960**	53,362,635
Due from agents and brokers	**117,490,272**	127,183,164
Due from garages	**11,348,747**	7,494,634
	260,046,969	206,795,845
Expected credit losses	**(60,852,030)**	(61,096,317)
	199,194,939	145,699,528

10 INSURANCE RECEIVABLES (continued)

Movement in the expected credit losses is as follows:

	2021	2020
	AED	AED
As at 1 January	61,096,317	59,202,055
Charge during the year	-	1,894,262
Reversal during the year	(244,287)	-
As at 31 December	60,852,030	61,096,317

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

Movement in outstanding claims reserve is analysed as follows:

At 31 December 2021	**Gross**	**Reinsurance**	**Net**
	AED	**AED**	**AED**
As at 1 January	**192,617,171**	**(148,879,390)**	**43,737,781**
Settled during the year	**(412,829,309)**	**95,755,774**	**(317,073,535)**
Provision made during the year	**425,733,710**	**(103,826,190)**	**321,907,520**
As at 31 December	**205,521,572**	**(156,949,806)**	**48,571,766**
At 31 December 2020			
As at 1 January	76,784,657	(32,581,148)	44,203,509
Settled during the year	(299,081,432)	73,407,527	(225,673,905)
Provision made during the year	414,913,946	(189,705,769)	225,208,177
As at 31 December	192,617,171	(148,879,390)	43,737,781

Movement in IBNR reserve is analysed as follows:

At 31 December 2021	**Gross**	**Reinsurance**	**Net**
	AED	**AED**	**AED**
As at 1 January	**50,581,753**	**(16,036,589)**	**34,545,164**
Provision made during the year	**24,283,385**	**(10,276,468)**	**14,006,917**
As at 31 December	**74,865,138**	**(26,313,057)**	**48,552,081**
At 31 December 2020			
As at 1 January	49,307,000	(17,046,000)	32,261,000
Provision made during the year	1,274,753	1,009,411	2,284,164
As at 31 December	50,581,753	(16,036,589)	34,545,164

Movement in unearned premium reserve is analysed as follows:

At 31 December 2021	**Gross**	**Reinsurance**	**Net**
	AED	**AED**	**AED**
As at 1 January	**266,320,166**	**(54,989,405)**	**211,330,761**
Provision made during the year	**218,630,722**	**(73,880,741)**	**144,749,981**
Provision released during the year	**(266,320,166)**	**54,989,405**	**(211,330,761)**
As at 31 December	**218,630,722**	**(73,880,741)**	**144,749,981**
At 31 December 2020			
As at 1 January	211,893,000	(65,507,000)	146,386,000
Provision made during the year	266,320,166	(54,989,405)	211,330,761
Provision released during the year	(211,893,000)	65,507,000	(146,386,000)
As at 31 December	266,320,166	(54,989,405)	211,330,761

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

Mathematical reserve represents amounts set aside to meet the aggregate amount of the liabilities of the Company in relation to its long-term life business as at 31 December 2021.

Movement can be analysed as follows:

At 31 December 2021	**Gross**	**Reinsurance**	**Net**
	AED	**AED**	**AED**
As at 1 January	**1,146,197**	**(1,137,870)**	**8,327**
Movement during the year	**11,019**	**(12,010)**	**(991)**
As at 31 December	**1,157,216**	**(1,149,880)**	**7,336**
At 31 December 2020			
As at 1 January	1,190,000	(1,180,000)	10,000
Movement during the year	(43,803)	42,130	(1,673)
As at 31 December	1,146,197	(1,137,870)	8,327

Movement in unexpired risk reserve is analysed as follows:

At 31 December 2021	**Gross**	**Reinsurance**	**Net**
	AED	**AED**	**AED**
As at 1 January	**118,641**	**-**	**118,641**
Provision made during the year	**5,677,069**	**(395,922)**	**5,281,147**
As at 31 December	**5,795,710**	**(395,922)**	**5,399,788**
At 31 December 2020			
As at 1 January	-	-	-
Provision made during the year	118,641	-	118,641
As at 31 December	118,641	-	118,641

Movement in unallocated loss adjustment expense reserve is analysed as follows:

At 31 December 2021	**Gross**	**Reinsurance**	**Net**
	AED	**AED**	**AED**
As at 1 January	**4,083,362**	**-**	**4,083,362**
Provision made during the year	**2,253,815**	**-**	**2,253,815**
As at 31 December	**6,337,177**	**-**	**6,337,177**
At 31 December 2020			
As at 1 January	3,985,000	-	3,985,000
Provision made during the year	98,362	-	98,362
As at 31 December	4,083,362	-	4,083,362

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

Claim development table

Underwriting year	2016	2017	2018	2019	2020	2021	Total
Gross	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
Estimate of net incurred claims							
- At the end of underwriting year	273,372,583	279,431,127	205,287,445	226,190,970	390,602,730	420,012,910	1,794,897,765
- One year later	315,323,337	246,074,021	217,977,018	242,227,302	407,966,115	-	1,429,567,793
- Two years later	326,410,641	250,019,762	222,971,812	237,122,813	-	-	1,036,525,028
- Three years later	327,247,935	250,612,890	219,031,990	-	-	-	796,892,815
- Four years later	330,851,259	247,768,712	-	-	-	-	578,619,971
- Five years later	329,001,652	-	-	-	-	-	329,001,652
Current estimate of incurred claims	329,001,652	247,768,712	219,031,990	237,122,813	407,966,115	420,012,910	1,860,904,192
Cumulative payments to date	(328,636,483)	(247,004,541)	(217,416,744)	(231,854,572)	(315,109,994)	(316,013,669)	(1,656,036,003)
Liability recognized	365,169	764,171	1,615,246	5,268,241	92,856,121	103,999,241	204,868,189
Liability in respect of 2015 and prior years							653,383
Total liability included in the statement of financial position							205,521,572
Net							
Estimate of net incurred claims							
- At the end of underwriting year	171,150,776	130,810,502	124,909,612	158,336,315	210,655,408	312,617,330	1,108,479,943
- One year later	206,467,285	147,032,059	141,606,134	170,105,519	227,752,612	-	892,963,609
- Two years later	213,115,960	148,302,350	142,989,872	166,067,447	-	-	670,475,629
- Three years later	215,219,142	148,387,965	139,736,051	-	-	-	503,343,158
- Four years later	216,622,738	146,557,123	-	-	-	-	363,179,861
- Five years later	215,694,443	-	-	-	-	-	215,694,443
Current estimate of incurred claims	215,694,443	146,557,123	139,736,051	166,067,447	227,752,612	312,617,330	1,208,425,006
Cumulative payments to date	(215,724,612)	(146,183,745)	(139,613,764)	(166,231,601)	(225,618,656)	(266,664,663)	(1,160,037,041)
Liability recognized	(30,169)	373,378	122,287	(164,154)	2,133,956	45,952,667	48,387,965
Liability in respect of 2015 and prior years							183,801
Total liability included in the statement of financial position							48,571,766

11 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

DEFERRED ACQUISITION COSTS

	2021 AED	2020 AED
As at 1 January	**37,338,946**	21,470,000
Expenses incurred during the year	**48,970,293**	84,308,939
Less: amortisation charged to the statement of comprehensive income	**(62,096,973)**	(68,439,993)
As at 31 December	**24,212,266**	37,338,946

DEFERRED COMMISSION INCOME

	2021 AED	2020 AED
As at 1 January	**6,967,369**	11,901,000
Commission received during the year	**27,799,687**	10,803,088
Commission income released to the statement of comprehensive income	**(23,417,849)**	(15,736,719)
As at 31 December	**11,349,207**	6,967,369

12 OTHER RECEIVABLES AND PREPAYMENTS

	2021 AED	2020 AED
Accrued interest income	**630,692**	976,880
Prepayments	**2,098,447**	2,361,898
Staff advances	**35,814**	93,259
Other receivables	**8,354,075**	3,228,386
	11,119,028	6,660,423

13 CASH AND BANK BALANCES

	2021 AED	2020 AED
Cash in hand	**73,053**	97,399
Bank balances:		
Current accounts	**1,356,695**	2,319,718
Fixed deposits	**190,914,063**	199,302,633
Less: Expected credit losses	**(33,981)**	(33,981)
	192,309,830	201,685,769

Fixed deposits with banks as at 31 December 2021 include AED 10.3 million (2020: AED 10.3 million) deposited in the name of the Company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Insurance Authority.

Fixed deposits amounting to AED 158.4 million (2020: AED 132.5 million) are under lien in respect of bank credit facilities granted to the Company. All fixed deposits with banks mature within different periods not exceeding one year from the date of deposit and carry interest rates between 1% to 3% (2020: 1.1% to 3.25% per annum). Cash and cash equivalents for the purpose of statement of cash flows are analysed as follows:

	2021 AED	2020 AED
Cash and bank balances	**192,309,830**	201,685,769
Bank borrowings (note 18)	**(154,550,305)**	(47,343,293)
Cash and cash equivalents	**37,759,525**	154,342,476

14 SHARE CAPITAL

	2021 AED	2020 AED
Issued and fully paid 230,000,000 shares of AED 1 each	**230,000,000**	230,000,000

15 STATUTORY RESERVE

In accordance with the UAE Commercial Companies Law no. (2) of 2015 (the "Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law. During the year, no transfer was made to the statutory reserve (2020: AED 0.6 million).

16 GENERAL AND REINSURANCE RESERVE

General reserve

The general reserve is established through transfers from profit for the year as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors approved by a Shareholders' resolution. During the year no transfers were made to the general reserves (2020: Nil). On recommendation of Board of Directors, Shareholders have approved, in annual general meeting held on 24 April 2021, transfer of AED 30 million from general reserves to retained earnings (2020: AED 50 million).

Reinsurance reserve

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, an amount of AED 1 million based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve (2020: AED 0.7 million). The reserve is not available for distribution, and will not be disposed of without prior approval from Insurance Authority.

17 PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY

Movement in the provision is as follows:

	2021 AED	2020 AED
As at 1 January	**10,401,343**	11,134,615
Charge for the year	**1,094,939**	867,398
Paid during the year	**(872,442)**	(1,600,670)
Reversal during the year	**(3,011,801)**	-
As at 31 December	**7,612,039**	10,401,343

18 BANK BORROWINGS

	2021 AED	2020 AED
Bank overdrafts	**154,550,305**	47,343,293

The Company has bank facilities in the form of overdrafts payable upon demand and bearing interest ranging from 1.25% to 3.65% per annum (2020: 1.65% to 3.9%). These facilities are secured by lien on fixed deposits amounting to AED 158.4 million (2020: AED 132.5 million). The bank overdraft limit provided under the facilities is AED 156 million (2020: AED 116 million).

19 INSURANCE AND OTHER PAYABLES

	2021 AED	2020 AED
Due to policy holders	29,374,582	18,314,713
Due to insurance and reinsurance companies	56,875,472	58,057,729
Due to agents and brokers	6,857,486	5,052,449
Due to garages	20,408,933	15,566,081
Other payables	17,826,229	21,190,025
	131,342,702	118,180,997

Other payables can be analysed as follows:

	2021 AED	2020 AED
Accrued expenses and payable to suppliers	8,659,051	11,015,023
VAT payable	2,837,778	2,192,511
Others	6,329,400	7,982,491
	17,826,229	21,190,025

20 LEASE LIABILITIES

The Company has leases for the premises, head office building and its branch offices as at 31 December 2021. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right to use asset and a lease liability. The Company classifies its right to use assets in a consistent manner to its property and equipment (see note 5). Future minimum lease payments at 31 December 2021 were as mentioned below:

	Within 1 year AED	1-2 years AED	2-3 years AED	Total AED
31 December 2021				
Lease payments	4,754,810	4,253,608	-	9,008,418
Finance charges	(279,086)	(104,159)	-	(383,245)
Net present values	4,475,724	4,149,449	-	8,625,173
31 December 2020				
Lease payments	2,004,810	2,004,810	1,503,608	5,513,228
Finance charges	(187,130)	(110,514)	(30,668)	(328,312)
Net present values	1,817,680	1,894,296	1,472,940	5,184,916

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right to use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease payments represent rentals payable by the Company for its branch offices. At reporting date, the Company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2021 AED	2020 AED
Less than one year	337,780	320,250

21 NET INVESTMENT LOSS

	2021 AED	2020 AED
Allocated general and administrative expenses to investment	**(8,727,636)**	(9,233,709)
Loss on revaluation of financial assets at FVTPL (note 7)	**(498,888)**	(3,441,371)
Rental income from investment property	**4,112,520**	-
Interest income on fixed deposits	**4,584,789**	5,734,997
Dividend income from financial assets at FVTPL	**198,120**	176,212
Net gain on sale of financial assets at FVTPL	**20,269**	27,521
Loss on disposal of property and equipment	**(518)**	(41,952)
Other expenses	**-**	(6,722)
	(311,344)	(6,785,024)

No social contribution made by the Company to be included in unallocated general administrative expenses during the year (2020: Nil).

22 GENERAL AND ADMINISTRATIVE EXPENSES

Loss for the year has been arrived at after charging the following expenses which are included in the general and administrative expenses and unallocated general and administrative expenses.

	2021 AED	2020 AED
Staff cost	**28,806,099**	29,326,296
Depreciation of property and equipment (note 5)	**5,855,854**	3,252,277

23 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of shares outstanding at reporting date.

	2021	2020
(Loss)/profit for the year (AED)	**(62,944,084)**	5,747,691
Directors' fee paid (AED)	**(1,535,000)**	(1,495,000)
(Loss)/profit for the year attributable to equity holders (AED)	**(64,479,084)**	4,252,691
Weighted average number of shares	**230,000,000**	230,000,000
(Loss)/earnings per share (AED)	**(0.3)**	0.02

24 RELATED PARTY TRANSACTIONS

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Company, their close family members and entities controlled, jointly controlled or significantly influenced by such parties. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

24 RELATED PARTY TRANSACTIONS (continued)

At reporting date, amounts due from related parties were as follows:

	2021 AED	2020 AED
Included in due from related parties		
Due from related parties	**104,752,832**	104,397,726
Due from shareholders	**1,038,574**	1,998,626
Expected credit losses	**(90,107,680)**	(91,307,680)
	15,683,726	15,088,672
Included in insurance contract liabilities		
Gross outstanding claims	**98,264**	29,613

Movement in the expected credit losses can be analysed as follows:

	2021 AED	2020 AED
As at 1 January	**91,307,680**	91,307,680
Charge during the year	**51,301**	-
Reversal during the year	**(1,251,301)**	-
As at 31 December	**90,107,680**	91,307,680

These amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

During the year, the Company entered into the following transactions with related parties:

	2021 AED	2020 AED
Gross premiums	**3,239,919**	3,533,771
Claims paid	**(863,458)**	(1,810,093)
Compensation of key management personnel		
Salaries and benefits	**3,004,095**	2,593,140

25 SEGMENTAL INFORMATION

Operating segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which the Company reports its primary segment information.

	General insurance		Life assurance		Total	
	2021	2020	**2021**	2020	**2021**	2020
	AED	AED	**AED**	AED	**AED**	AED
ASSETS						
Property and equipment	**88,439,354**	85,804,375	**82,140**	93,875	**88,521,494**	85,898,250
Investment in associates	**118,340,804**	135,846,353	**-**	-	**118,340,804**	135,846,353
Investment in financial assets at FVTPL	**15,587,696**	16,035,325	**-**	-	**15,587,696**	16,035,325
Investment property	**157,931,895**	157,931,895	**-**	-	**157,931,895**	157,931,895
Insurance receivables	**198,240,261**	144,571,454	**954,678**	1,128,074	**199,194,939**	145,699,528
Reinsurer share of outstanding claims	**156,525,864**	145,290,732	**423,942**	3,588,658	**156,949,806**	148,879,390
Reinsurer share of IBNR	**26,192,441**	15,406,964	**120,616**	629,625	**26,313,057**	16,036,589
Reinsurer share of unearned premium reserve	**73,494,684**	53,452,934	**386,057**	1,536,471	**73,880,741**	54,989,405
Reinsurer share of mathematical reserve	**-**	-	**1,149,880**	1,137,870	**1,149,880**	1,137,870
Deferred acquisition costs	**24,194,937**	37,198,583	**17,329**	140,363	**24,212,266**	37,338,946
Reinsurance share of unexpired risk reserve	**661,824**	-	**(265,902)**	-	**395,922**	-
Due from related parties	**15,649,076**	15,058,126	**34,650**	30,546	**15,683,726**	15,088,672
Other receivables and prepayments	**11,119,028**	6,660,423	**-**	-	**11,119,028**	6,660,423
Cash and bank balances	**183,809,830**	193,185,769	**8,500,000**	8,500,000	**192,309,830**	201,685,769
Total assets	**1,070,187,694**	1,006,442,933	**11,403,390**	16,785,482	**1,081,591,084**	1,023,228,415

25 SEGMENTAL INFORMATION (continued)

	General insurance		Life assurance		Total	
	2021	2020	**2021**	2020	**2021**	2020
	AED	AED	**AED**	AED	**AED**	AED
LIABILITIES						
Provision for employees' end of service indemnity	**7,352,171**	10,146,995	**259,868**	254,348	**7,612,039**	10,401,343
Bank borrowings	**154,550,305**	47,343,293	**-**	-	**154,550,305**	47,343,293
Insurance and other payables	**129,795,765**	110,726,347	**1,546,937**	7,454,650	**131,342,702**	118,180,997
Outstanding claims reserve	**205,048,159**	188,613,216	**473,413**	4,003,955	**205,521,572**	192,617,171
Incurred but not reported claims reserve	**74,732,265**	49,888,519	**132,873**	693,234	**74,865,138**	50,581,753
Unearned premium reserve	**218,213,665**	264,679,662	**417,057**	1,640,504	**218,630,722**	266,320,166
Mathematical reserve	**-**	-	**1,157,216**	1,146,197	**1,157,216**	1,146,197
Unexpired risk reserve	**5,758,632**	-	**37,078**	118,641	**5,795,710**	118,641
Unallocated loss adjustment expense reserve	**6,318,698**	3,948,601	**18,479**	134,761	**6,337,177**	4,083,362
Deferred commission income	**11,344,149**	6,961,698	**5,058**	5,671	**11,349,207**	6,967,369
Lease liabilities	**8,625,173**	5,184,916	**-**	-	**8,625,173**	5,184,916
Total liabilities	**821,738,982**	687,493,247	**4,047,979**	15,451,961	**825,786,961**	702,945,208
EQUITY						
Share capital					**230,000,000**	230,000,000
Statutory reserve					**70,203,206**	70,203,206
General reserve					**20,000,000**	50,000,000
Reinsurance reserve					**1,612,577**	652,827
Accumulated losses					**(66,011,660)**	(30,572,826)
Total equity					**255,804,123**	320,283,207
Total liabilities and equity					**1,081,591,084**	1,023,228,415

25 SEGMENTAL INFORMATION (continued)

	General insurance		Life assurance		Total	
	2021	2020	2021	2020	2021	2020
	AED	AED	AED	AED	AED	AED
Underwriting income						
Gross premium	**499,156,605**	505,089,780	**1,320,064**	5,683,138	**500,476,669**	510,772,918
Less: reinsurance share of gross premium	**(164,275,853)**	(110,891,054)	**(1,081,664)**	(5,165,200)	**(165,357,517)**	(116,056,254)
Less: reinsurance share of ceded business premium	**(26,592,437)**	(14,509,099)	**-**	-	**(26,592,437)**	(14,509,099)
Net retained premium	**308,288,315**	379,689,627	**238,400**	517,938	**308,526,715**	380,207,565
Net change in unearned premium reserve	**49,121,651**	(44,060,843)	**(49,389)**	(81,341)	**49,072,262**	(44,142,184)
Net insurance premium	**357,409,966**	335,628,784	**189,011**	436,597	**357,598,977**	336,065,381
Commission earned	**23,406,037**	15,722,995	**11,812**	13,724	**23,417,849**	15,736,719
Commission incurred	**(62,077,413)**	(67,966,842)	**(19,560)**	(473,151)	**(62,096,973)**	(68,439,993)
Other operational income - net	**16,968,557**	12,993,655	**250,464**	1,734,996	**17,219,021**	14,728,651
Gross underwriting income	**335,707,147**	296,378,592	**431,727**	1,712,166	**336,138,874**	298,090,758
Gross claims paid	**(411,777,664)**	(297,734,618)	**(1,051,645)**	(1,346,814)	**(412,829,309)**	(299,081,432)
Insurance claims recovered from reinsurers	**94,753,426**	72,124,074	**1,002,348**	1,283,453	**95,755,774**	73,407,527
Net claims paid	**(317,024,238)**	(225,610,544)	**(49,297)**	(63,361)	**(317,073,535)**	(225,673,905)
Change in provision for outstanding claims	**(16,434,973)**	(114,502,317)	**3,530,542**	(1,330,198)	**(12,904,431)**	(115,832,515)
Change in reinsurer share of outstanding claims	**11,235,132**	115,114,850	**(3,164,716)**	1,183,392	**8,070,416**	116,298,242
Net change in unexpired risk reserve	**(5,096,808)**	-	**(184,339)**	(118,641)	**(5,281,147)**	(118,641)
Net change in incurred but not reported claims reserve	**(14,058,270)**	(2,276,555)	**51,353**	(7,609)	**(14,006,917)**	(2,284,164)
Net change in mathematical reserve	**-**	-	**991**	1,673	**991**	1,673
Change in unallocated loss adjustment expense reserve	**(2,370,097)**	(78,601)	**116,282**	(19,761)	**(2,253,815)**	(98,362)
Net claims incurred	**(343,749,254)**	(227,353,167)	**300,816**	(354,505)	**(343,448,438)**	(227,707,672)
Underwriting (loss)/ income	**(8,042,107)**	69,025,425	**732,543**	1,357,661	**(7,309,564)**	70,383,086
Net investments loss					**(2,607,425)**	(8,972,725)
Share of losses from equity accounted investees					**(17,505,549)**	(18,115,006)
General and administrative expenses					**(35,521,546)**	(37,547,664)
(Loss)/profit for the year					**(62,944,084)**	5,747,691

26 CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees

	2021 AED	2020 AED
Letters of guarantee	**15,831,735**	22,108,561

Contingent liabilities

The Company in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and are liable estimate of the amount of outflow can be made.

27 DIRECTORS' FEE

In accordance with the Ministry of Economy and Commerce Interpretation of Article 169 of Federal Law No. 2 of 2015 (as amended), directors' fee of the Company has been treated as an appropriation from equity and presented under statement of changes in equity.

28 RISK MANAGEMENT

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks. This section summarises these risks and the way the Company manages them:

28.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Management recognises the critical importance of having efficient and effective risk management systems in place.

28.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

28.3 Capital management framework

The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole is exposed, quantifying their impact on economic capital.

28 RISK MANAGEMENT (continued)

28.4 Regulatory framework

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

The operations of the Company are also subject to regulatory requirements within the U.A.E. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

28.5 Asset liability management (ALM)

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 main risk that the Company faces due to the nature of its investments and liabilities is interest rate risk and equity price risk. The Company manages these positions within an ALM framework that has been developed by management to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Company's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance.

Insurance risks

The Company accepts insurance risk through its written insurance contracts. The Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company writes the following types of general insurance and life insurance contracts:

General insurance contracts include Liability insurance, Property insurance, Motor insurance, Fire insurance, Medical insurance, Marine insurance and Engineering insurance contracts. Life insurance contracts include Group life and Credit life insurance contracts.

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company only issues short term insurance contracts in connection with property, motor, marine and casualty risks.

Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below:

Underwriting strategy

The Company's underwriting strategy is to build balanced portfolios based on a large number of similar risks. This reduces the variability of the portfolio's outcome.

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio. All general insurance contracts except marine and property, are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (continued)

Insurance risks (continued)

Underwriting strategy (continued)

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

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

Frequency and amounts of claims

The Company has developed their underwriting strategy to diversify the type of insurance risks accepted and within each of the categories to achieve sufficiently large populations of risk to reduce the variability of the expected outcome. The frequency and amounts of claims can be affected by several factors. The Company underwrite mainly property, motor, casualty, medical and marine risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place.

Property

Property insurance covers a diverse collection of risks and therefore property insurance contracts are subdivided into four risks groups, fire, business interruption, weather damage and theft.

These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured. The cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruptions are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm, flood damage or other weather-related incidents.

Motor

Motor insurance contracts are designed to compensate policies holders for damage suffered to vehicles, disability to third parties arising through accidents and fire or theft of their vehicles. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

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.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes.

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.

Casualty

For casualty class of business, such as workmen's compensation, personal accident, general third-party liability and loss of money, the extent of loss or damage and the potential court awards are the main factors that influence the level of claims.

The Company manage these risks through their 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. Underwriting limits are in place to enforce appropriate risk selections.

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (continued)

Insurance risks (continued)

Casualty (continued)

The Company proactively manages and pursues early settlement of claims to reduce their exposure to unpredictable developments. The Company have adequate reinsurance arrangements to protect their financial viability against such claims for all classes of business. The Company have obtained adequate non-proportionate reinsurance cover for all classes of business to limit losses to an amount considered appropriate by the management.

Medical

Medical selection is part of the Company's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

Products are reviewed by the business units on an annual basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual result from what was expected. This confirm the appropriateness of assumption and in underwriting and pricing.

Concentration of risk

The Company's underwriting activities are carried out in the United Arab Emirates and other Middle East countries.

Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources. Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Company has a Reinsurance department that is responsible for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy.

The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances. All purchases of facultative reinsurance are subject to business unit pre-approval and the total expenditure on facultative reinsurance is monitored regularly by reinsurance department.

Financial risk

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

At 31 December 2021	FVTPL	Amortised cost	Total
Financial assets	AED	AED	AED
Investment in financial assets at FVTPL (note 7)	15,587,696	-	15,587,696
Insurance receivables (note 10)	-	199,194,939	199,194,939
Due from related parties (note 24)	-	15,683,726	15,683,726
Other receivables (excluding prepayments) (note 12)	-	9,020,581	9,020,581
Cash and bank balances (note 13)	-	192,309,830	192,309,830
	15,587,696	416,209,076	431,796,772
Financial liabilities			
Bank borrowings (note 18)	-	154,550,305	154,550,305
Insurance and other payables (note 19)	-	131,342,702	131,342,702
Lease liabilities (note 20)	-	8,625,173	8,625,173
	-	294,518,180	294,518,180

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (continued)

Financial risk (continued)

At 31 December 2020	FVTPL	Amortised cost	Total
Financial assets	AED	AED	AED
Investment in financial assets at FVTPL (note 7)	16,035,325	-	16,035,325
Insurance receivables (note 10)	-	145,699,528	145,699,528
Due from related parties (note 24)	-	15,088,672	15,088,672
Other receivables (excluding prepayments) (note 12)	-	4,298,525	4,298,525
Cash and bank balances (note 13)	-	201,685,769	201,685,769
	16,035,325	366,772,494	382,807,819
Financial liabilities			
Bank borrowings (note 18)	-	47,343,293	47,343,293
Insurance and other payables (note 19)	-	118,180,997	118,180,997
Lease liabilities (note 20)	-	5,184,916	5,184,916
	-	170,709,206	170,709,206

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

(i) Credit risk;
(ii) Liquidity risk;
(iii) Market risk; and
(iv) Operational risk

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

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment. For all classes of financial assets held by the Company the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the reporting date. Reinsurance is placed with reinsurers' approved by the management, which are generally international reputed companies.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurer's and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers' and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment if required.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2021	2020
Financial assets	**AED**	AED
Insurance receivables (note 10)	**199,194,939**	145,699,528
Due from related parties (note 24)	**15,683,726**	15,088,672
Other receivables (excluding prepayments) (note 12)	**9,020,581**	4,298,525
Bank balances (note 13)	**192,236,777**	201,588,370
	416,136,023	366,675,095

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (continued)

Financial risk (continued)

i) Credit risk (continued)

Ageing of insurance receivables is as follows, management has booked an ECL of AED 60,852,030 against the total exposure indicated below:

	90 days AED	91 to 180 days AED	181 to 270 days AED	271 to 365 days AED	> 365 days AED	Total AED
2021	**95,756,612**	**22,808,604**	**35,882,129**	**18,035,357**	**87,564,267**	**260,046,969**
2020	89,974,073	25,813,918	13,020,167	1,509,454	76,478,233	206,795,845

ii) Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements are monitored on a daily basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given.

31 December 2021	Carrying amount AED	Contractual cash flows AED	Less than 180 days AED	180 days to 1 year AED
Liabilities				
Bank borrowings (note 18)	**154,550,305**	**(154,550,305)**	**(154,550,305)**	**-**
Insurance and other payables (note 19)	**131,342,702**	**(131,342,702)**	**(131,342,702)**	**-**
Lease liabilities (note 20)	**8,625,173**	**(8,625,173)**	**-**	**(8,625,173)**
Total Liabilities	**294,518,180**	**(294,518,180)**	**(285,893,007)**	**(8,625,173)**
31 December 2020				
Liabilities				
Bank borrowings (note 18)	47,343,293	(47,343,293)	(47,343,293)	-
Insurance and other payables (note 19)	118,180,997	(118,180,997)	(118,180,997)	-
Lease liabilities (note 20)	5,184,916	(5,184,916)	-	(5,184,916)
Total Liabilities	170,709,206	(170,709,206)	(165,524,290)	(5,184,916)

iii) Market Risk

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

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (continued)

Financial risk (continued)

iii) Market Risk (continued)

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the U.A.E Dirham. The Company has exposures in USD, which is pegged with AED and the Company's exposure to currency risk is limited to that extent, since almost all reinsurance arrangements are denominated in USD.

b) 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. The Company's exposure to interest rate relates to its bank deposits. At 31 December 2021, fixed deposits carried interest rates ranging from 1% to 3% (2020: 1.1% to 3.5% per annum).

If interest rates had been 100 basis points lower throughout the year and all other variables were held constant, the Company's net profit for the year ended 31 December 2021 would decrease by approximately AED 1.91 million (2020: AED 1.99 million). Similarly increase in interest by 100 basis points would result in equal and opposite effect on profit for the year.

c) Equity price risk

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

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Company's equity price risk policy requires is to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

Sensitivities

The table below shows the results of sensitivity testing on the Company's profit or loss and equity by type of business. The sensitivity analysis indicates the effect of changes in price risk factors arising from the impact of the changes in these factors on the Company's investments:

	10% increase in price		10% decrease in price	
	Profit or loss AED	Other comprehensive income AED	Profit or loss AED	Other comprehensive income AED
31 December 2021				
Fair value through profit or loss	**1,558,770**	**-**	**(1,558,770)**	**-**
31 December 2020				
Fair value through profit or loss	1,603,533	-	(1,603,533)	-

28 RISK MANAGEMENT (continued)

28.5 Asset liability management (continued)

Financial risk (continued)

iv) Operational Risk

Operational risk is the risk of loss arising from system 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 can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

29 POST REPORTING DATE EVENTS

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the financial statements of the Company for the year ended 31 December 2021. Management will assess the implications of this Federal Corporate Tax in due course.

Corporate Governance Report 2021

First - the measures taken to complete the corporate governance system during 2021:

The Authority's Chairman of the Board of Directors' Decision No. 3/R.M for the year 2020 AD regarding the adoption of the Governance Guide for Public Shareholding Companies was issued as a substitute for the Authority's Chairman of the Board's Resolution No. 7 of 2016 regarding standards for institutional discipline and corporate governance, and the new Commercial Companies Law No. 32 of the year was issued 2021 as an alternative to the Companies Law No. 2 of 2015 and it came into force on February 2, 202 and the company has worked to take the steps mentioned below, in implementation of the provisions contained in the new laws to achieve the goals of the governance system represented in institutional discipline:

• The Board of Directors held seven meetings during the year 2021, and the company's conditions were discussed, and the minutes of the meetings were recorded and saved in a way that is easy to view.

• The Audit Committee held its meetings 4 times during the year 2021.

• The Nominations and Remunerations Committee held one meeting during the year.

• Four meetings of the Investments Committee were held.

• The company's internal control reports were discussed and its work evaluated, which mainly aims to ensure integration and coordination between the various functions in the company with the management to allow the company to achieve its goals.

• A comprehensive governance report has been prepared explaining to shareholders the role played by the company's management in achieving institutional discipline and protecting the rights of shareholders and stakeholders.

• The Board of Directors has adhered to the principles of disclosure and transparency in accordance with the laws in force.

• The general assembly was held within the legal period, and the minutes of the meeting signed by the chairman of the board of directors, the external auditor and the meeting's rapporteur were edited.

• The data has been updated in the investor relations section on the company's website, which contains the financial data and the minutes of the meetings of the board of directors and general assemblies, in addition to the governance reports and other data of interest to investors.

• The statute was amended during 2021 and published in the Official Gazette.

• Starting work on amending the basic system again during 2022 to comply with Law 32/2021.

Second – A statement of the ownership and dealings of the members of the Board of Directors, their spouses and their children in the company's securities during the year 2021:

The Securities and Commodities Authority's Board of Directors' Decision No. 2 of 2001 regarding trading, clearing, settlement, transfer of ownership and custody of securities is governed by Decision of the Board of Directors of the Securities and Commodities Authority No. 2 of 2001 regarding trading, clearing, settlement, transfer of ownership and custody of securities. The employees who are familiar with the company's basic data may act by themselves or through others by dealing in the securities of the same company or of the parent, subsidiary, ally or sister company during the following periods:

1. 10 working days before announcing any material information that may affect the share price, up or down, unless the information is the result of sudden and emergency events.

2. 15 days before the end of the quarterly, semi-annual or annual financial period and until the financial statements are disclosed.

The provisions of the law shall be taken into account when any of the persons referred to above disposes himself or through others by dealing in the securities of the same company, or of the parent, subsidiary or ally company. and others who are familiar with the inside information in accordance with the provisions of Article 4-2 of the Market Regulations.

- All members of the Board of Directors of Al Sagr Insurance Company, in accordance with the provisions of the law, regulations and decisions issued pursuant thereto regarding their dealings in securities, acknowledged their commitment to the Board of Directors' Decision No. 2 of 2001 regarding the system for trading and dealing in the company's securities during the year 2020.

The members of the board of directors shall abide by the requirements of disclosure and transparency in accordance with the provisions of the laws during their dealings with securities.

- The chairman and members of the board of directors, the CEO of the company and any of the employees are obligated not to act himself or through others in any dealings in the company's securities except after disclosing - through the financial market - the purchase or sale process, its quantities and prices and obtaining approval Market manager to deal.

The persons referred to above are also obligated to disclose in advance to the market any dealings in the securities of the parent, subsidiary or sister company if this company is listed on the market.

- Below is the table of ownerships and transactions for the members of the Board of Directors and their spouses and children during the year 2021:

Purchase	Sell	Shares as at 31/12/2021	Title	Name	م
Nil	Nil	11,500,000	Director	Ayman dwaik	1
Nil	Nil	11,526,986	Deputy chairman	Khaled taryam	2

Third - Formation of the Board of Directors during 2021

A- Formation of the board of directors

Name	**Title**	**Class**		**Experience & Qualifications**	**Membership Duration**
Majid Abdulla Al Sari	Chairman	Independent	*Non-Executive*	Holder of a university degree, and he serves as a manager of several commercial companies	18 years
Khalid Abdulla Omran Tariam	Vice Chairman	Independent	*Non-Executive*	Chairman, Editor-in-Chief, and Director-General of Dar AlKhaleej for Press, Printing and Publishing. Owner of Global Private Group	27 years
Ayman Mohamed Yusri Al Dweik	Director	Independent	*Non-Executive*	Graduated from the University of Southern California /Markeing	2 years
Mohamed Ali Sari	Director	Independent	*Non-Executive*	Holder of a university degree, and he serves as a manager of several commercial companies	6 years
Abdel Muhsen Jaber	Director	Non-Independent	*Executive*	Bachelor of applied science Master of Science Master of Business Administration	3 years

				Insurance experience for 18 years	

Continued A- A statement of the membership and positions of the members of the board of directors in other companies and institutions.

Name	**Item**
Majid Abdulla Al Sari	Director in the Investment Group (Privacy) Limited Vice-Chairman of the Gulf General Investment Company Director in Al-Burj Real Estate Company Chairman of Discovery Investment Group
Khalid Abdulla Omran Tariam	Chairman, Editor-in-Chief, and Director- General of Da AlKhaleej for Press, Printing and Publishing. Chairman of Global Private Group *Director-General* of Gulf Economic Co. *Ltd.*
Ayman Mohamed Yusri Al Dweik	Board Member - Near East Investment Company LLC Member of the Board of Directors - Al-Ahlia Real Estate Company Member of the Board of Directors - The National Company for Trade and Industry Board Member - Cosmo Plast and Interplast - Member of the Board of Directors - Industrial Investment Company - Riviera Pot.
Mohamed Ali Sari	*Deputy Director-General* of GGICO

Abdel Muhsen Jaber	None

The members of the board of directors acknowledge the correctness of the information contained in item 2 and item 3-a.

B, C - There is no female component in the board of directors, knowing that the female candidates did not succeed in the elections in 2020

D- Remunerations of the members of the Board of Directors:

The remunerations of the members of the Board of Directors are calculated based on Article 29 of the Authority's Chairman of the Board of Directors' Decision No. (3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies and Article 171 of the Commercial Companies Law No. 32 of 2021, where the remunerations are paid according to the following:

The remuneration of the chairman and members of the board of directors consists of a percentage of the net profit, provided that it does not exceed 10% of those profits for the fiscal year. The company may also pay expenses, fees, additional remuneration or monthly salary to the extent determined by the board of directors for any of its members if That member works in any committee or makes special efforts or does additional work to serve the company beyond his normal duties as a member of the company's board of directors, and no attendance allowance may be paid to the chairman or member of the board of directors for board meetings.

As an exception to the previous clause, fees may be disbursed in the form of a lump sum of 200 thousand dirhams for each member in the event that no profit is realized or in the event that the member's share of the profit is less than 200 thousand dirhams

- Fines that may have been inflicted on the company by the authority or the competent authority due to the board of directors' violations of the companies law or the company's articles of association during the ended fiscal year must also be deducted from the remuneration of the chairman and members of the board of directors.

1. The total remuneration of the members of the Board of Directors for the year 2020 is 96,000 dirhams per member and a total of 480,000 dirhams.

2. Bonus for the year 2021: there is no remeneration for the year 2021

3. Details of the allowances for attending the sessions of the committees emanating from the board that were received by the members of the board of directors for the fiscal year 2021:

بدلات حضور جلسات اللجان المنبثقة عن المجلس				**Investment committee**	م
Total	Meeting No.	Allowance /AED	لجنة الاستثمار		
100,000	4	25,000	Chairman	Mr. Majid Al Sari	1
100,000	4	25,000	Deputy	Mr. Abdel Muhsen Jaber	2
75,000	3	25,000	Member	Mr. Khaled Taryam	3

بدلات حضور جلسات اللجان المنبثقة عن المجلس				**Audit Committee**	م
Total	Meeting No.	Allowance /AED	لجنة التدقيق		
60,000	4	15,000	Chairman	Mr. Khaled Taryam	1
60,000	4	15,000	Deputy	Mr. Mohamad Ali Alsari	2
30,000	2	15,000	Member	Mr. Ayman Dwaik	3

بدلات حضور جلسات اللجان المنبثقة عن المجلس				**Nomination and Remuneration Committee**	م
Total	Meeting No.	Allowance /AED	لجنة الترشيحات		
15,000	1	15,000	Chairman	Mr. Mohamad Ali Alsari	1

0	0	15,000	Deputy	Mr. Ayman Dwaik	2
15,000	1	15,000	Member	Mr. Khaled Taryam	3

4. Details of the allowances, salaries, or additional fees received by a member of the Board of Directors, other than the allowances for attending committees, and their reasons: Management allowance, restructuring, and controlling expenses of 396,000 dirhams for each of the CEO and Chairman and 96,000 for each of the rest members against special efforts and additional work that includes financial, marketing and technical studies

C / H - The company's board of directors held seven meetings during the year 2021, as shown below.

الغياب/ملاحظات	الحضور	التاريخ	الرقم
خالد عبدالله عمران تريم(وكالة) – أيمن محمد الدويك (وكالة)	ماجد عبد الله السري -خالد عبدالله عمران تريم(وكالة) – محمد علي السري عبد المحسن جابر - أيمن محمد الدويك (وكالة)	2021/03/17	1
بالتمرير	ماجد عبد الله السري -خالد عبدالله عمران تريم– محمد علي السري - عبد المحسن جابر – أيمن محمد الدويك -	2021/3/23	2
بالتمرير	ماجد عبد الله السري -خالد عبدالله عمران تريم– محمد علي السري - عبد المحسن جابر – أيمن محمد الدويك -	2021/03/30	3
لا احد	ماجد عبد الله السري -خالد عبدالله عمران تريم– محمد علي السري - عبد المحسن جابر – أيمن محمد الدويك -	2021/08/25	4
لا احد	ماجد عبد الله السري -خالد عبدالله عمران تريم– محمد علي السري - عبد المحسن جابر – أيمن محمد الدويك -	2021/09/22	5

بالتمرير	ماجد عبد الله السري ـخالد عبدالله عمران تريم – محمد علي السري ـ عبد المحسن جابر – أيمن محمد الدويك ـ	2021/10/07	6
لا احد	ماجد عبد الله السري ـخالد عبدالله عمران تريم عبد المحسن جابر ـ محمد علي السري ايمن محمد يسري الدويك	2021/11/23	7

M - Tasks and competencies delegated by the Board of Directors to the Executive Management:

The Executive Management is authorized by the Board of Directors to:

Name of Delegated Person	Abdel Muhsen Jaber
Delegation Period	Not determined
Delegation Power	• Management of ASNIC • Deposit and withdraw from ASNIC current bank accounts, conclude and sign contracts and agreements, and register related financial disposals. • Follow up and issue regular financial reports to be submitted to ASNIC Board of Directors. • Represent ASNIC before the competent authorities and official departments. • Sign on behalf of ASNIC on all the transactions, records, and documents related thereto with the ministries, courts, municipalities, NGOs, chambers of commerce and industry, and the departments of residence, traffic, police, labor, and immigration at the airports.

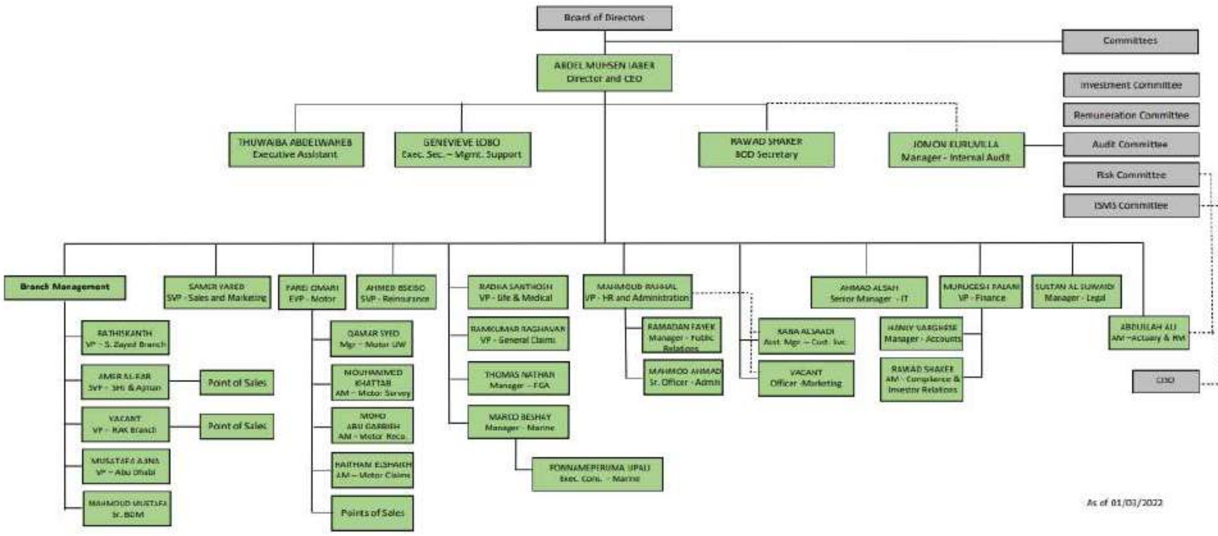
	• Appoint and remove employees as per the policy of the BOD and its committees. • Sell and market ASNIC production. • Lease offices for the branches and procure all the supplies. • Pay salaries and compensations to ASNIC employees and staff. • Approve payment of indemnities for the sums due as a result of realization of insurance risks.

D- Transactions with related parties.

حجم التعامل	نوع التعامل	طبيعة العلاقة	الطرف ذو العلاقة	م
773,034 درهم	قبول اعمال التامين	تأمين	الصقر للتأمين التعاوني /السعودية	1

Y- The company's organizational structure for the year 2021: shown on the next page.

ORGANIZATIONAL CHART



H- Names of the senior executives:

AL SAGR INSURANCE

Name	Title	Date Of Appointm	Total Salaries and Allowance during 2021	Total Bonus during 2021
ABDEL MUHSEN JABER	Director and CEO	14-May-12	1,150,000.00	504,000.00
SAMER GHATTAS GEORGE YARED	Senior Vice President - Sales & Marketing	23-Feb-20	585,000.00	25,000.00
FAREJ MOH'D MOUSA OMARI	Executive Vice President - Motor	10-Nov-98	747,000.00	60,000.00
THYAGARAJAN RADHA SANTHOSH KUMAR	Vice President - Life & Medical	5-Nov-06	442,500.00	35,000.00
AHMED KHALIL BSEISO	Senior Vice President - Reinsurance	7-Nov-95	435,000.00	50,550.00
MAHMOUD YOUSEF MAHMOUD RAHHAL	Vice President - HR & Administration	20-Oct-20	426,750.00	-
MURUGESH PALANI	Vice President -	21-Aug-19	425,700.00	49,500.00
AHMAD SHARIF AHMAD ALSAH	Senior Manager - Information	5-Aug-21	175,000.00	-
			4,386,950.00	**724,050.00**

- Mr. Faraj Al-Omari resigned on 03/03/2022

Fourth- External Auditor:

A- Brief about Grant Thornton Company: It is considered one of the largest consulting, auditing and professional services companies in the world and is recognized by the capital markets, regulatory bodies and international standard-setting bodies, and it is among the top five companies in the field of auditing.

Operations in the UAE are supported by more than 200 specialized people, and the local team is supported by the expertise of regional professionals distributed around the world.

B - An explanatory schedule of fees and details of work with the external auditor.

Grant Thornton –Farouk Mohamad	**Auditor**
3	**No. of years**
3	**No. of years as partner**
حددت اتعابهم بمبلغ 225,000 درهم اماراتي .	**Fees**
Nil	**Other fees**
Nil	**Other services**
Nil	**Other auditor's services**

C- There are no reservations by the company's external auditor on the interim and annual financial statements for the year 2021

Fifthly, the Audit Committee:

1. The Chairman of the Audit Committee, Mr. Khaled Abdullah Taryam, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and to ensure its effectiveness.

2. The Audit Committee is composed of the following gentlemen:

• Mr. Khaled Abdullah Omran Taryam - Chairman of the Committee - expert in financial and accounting affairs.

• Mr. Muhammad Ali Al-Sari - Committee member and Vice-Chairman.

• Mr. Ayman Dweik - Member of its Committee.

The committee performs all the competencies and tasks stipulated in Article 61 of the Authority's Chairman of the Board of Directors' Decision No. 3/2020 regarding governance controls, which are as follows:

1. Reviewing the company's financial and accounting policies and procedures.

2. Monitoring the integrity of the company's financial statements and reports (annual, semi-annual and quarterly) and focusing on the following:

• Any change in accounting policies.

• To highlight the aspects subject to the discretion of the Board of Directors.

• Fundamental modifications resulting from the audit.

• Ensure that the company updates its procedures on an annual basis.

• Assuming the continuity of the company's work.

• Compliance with the accounting standards decided by the Commission.

• Comply with the rules of disclosure and listing.

3. Coordination with the company's board of directors, the executive management and the financial manager in order to perform the tasks.

4. Considering any essential and unusual items that must be included in those reports and accounts.

5. Submitting a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the external auditor. In the event that the Board of Directors does not agree to the recommendations of the Audit Committee in this regard, the Board of Directors must include in the governance report a statement explaining the recommendations of the Audit Committee and the reasons that prompted the Board of Directors not to take them.

6. Establishing a policy for contracting with the external auditor and submitting a report to the Board of Directors specifying the issues that it deems necessary to take a decision on, with appropriate recommendations.

7. Ensuring that the external auditor fulfills the conditions stipulated in the applicable laws, regulations, decisions and the company's articles of association, and monitors and monitors his independence.

8. Meeting with the company's external auditor without the presence of any of the senior executive management persons or its representative at least once a year and discussing with him the nature and scope of audits and their effectiveness in accordance with the approved auditing standards.

9. Examine everything related to the work of the external auditor, his work plan, his correspondence with the company, his comments, suggestions, reservations, and any fundamental inquiries raised by the external auditor to the senior executive management regarding the accounting records, financial accounts, or control systems, and follow-up to the extent of the company’s management response to them. Provide them with the facilities necessary to carry out their work.

10. Ensure that the board of directors responds in a timely manner to the clarifications and essential issues raised in the external auditor's letter.

11. Reviewing and evaluating the company's internal control and risk management systems.

12. Discussing the internal control system with the Board of Directors and ensuring that it fulfills its duty to establish an effective internal control system.

13. Considering the results of the main investigations in the issues of internal control.

14. Reviewing the auditor's evaluation of the internal control procedures and ensuring that there is coordination between the internal and external auditors

15. Ensuring the availability of the necessary resources for the internal control department and monitoring the effectiveness of this department.

16. Studying and evaluating the internal control reports and following up on the implementation of corrective measures for the observations contained therein.

17. Setting the controls that enable the company's employees to report any potential violations in the financial reports or internal control and others confidentially, and the steps to ensure independent investigations for such violations.

18. Monitoring the company's compliance with the rules of professional conduct.

19. Review the transactions of the related parties with the company and make sure that there is no conflict of interest and recommend it to the Board of Directors before concluding it

20. Ensuring the implementation of the work rules related to its tasks and the powers entrusted to it by the Board of Directors.

21. Submit a report to the Board of Directors on the issues mentioned in this item.

22. Considering any other issues determined by the Board of Directors.

23. Approving the additional work carried out by the external auditor and their fees

3. Details of the Audit Committee’s meetings held during 2021:

Date	Attendee	الرقم
16/03/2021	All	1
24/08/2021	All	2
22/09/2021	All	3
20/12/2021	All	4

Sixth -

Nominations and Remunerations Committee:

A- The Chairman of the Nominations and Remunerations Committee, Mr. Muhammad Ali Al-Sari, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and to ensure its effectiveness.

B- The Nominations and Remunerations Committee was formed from the following gentlemen:

1- Mr. Muhammad Ali Al-Sari - Chairman of the Committee.

2- Mr. Ayman Mohamed Yousry Al-Dweik - Vice President

3- Mr. Khaled Abdullah Omran Taryam - Member.

The committee performs the tasks stipulated in Article No. 59 of the Authority's Chairman of the Board of Directors' Decision No. 3/2020:

1- Establishing a policy for candidacy for membership of the Board of Directors and the Executive Management

2- Organizing and following up the procedures for candidacy.

3- Ensuring the independence of the independent members.

4- Ensuring that the membership conditions for the members of the Council continue to be met

5- Presenting a case of loss of independence to the Council.

6- Preparing a policy for rewards, benefits and incentives.

7- Annual review of the required needs of the appropriate skills for the membership of the Board of Directors.

8- Reviewing the structure of the board of directors.

9 - Determining the company's needs of competencies.

10- Preparing the human resources policy.

11- Any other issues determined by the Board of Directors.

B- Details of the meetings of the Nomination and Remuneration Committee that were held during the year 2021:

Date	Attendee	الرقم

16/03/2021	All	1

A committee to follow up and supervise the transactions of insiders.

- Mr. Rawad Shaker and Mr. Jomon Korovila acknowledge their responsibility for the follow-up and supervision system of the dealings of insiders in the company and for their review of its work mechanism and to ensure its effectiveness

- Follows up and supervises the dealings of insiders, Mr. Rawad Shaker and Jomon Korovila.

The tasks assigned to this job are summarized in preparing a special register for insiders and submitting quarterly reports to the market on the names of insiders and other reports when any transactions by insiders occur.

- The Committee periodically reviewed the transactions in the company's securities, and it was not found that any transactions took place by insiders during the year 2021.

Eighth - Investments Committee:

A- The Chairman of the Investments Committee, Mr. Majid Abdullah Al-Sari, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and to ensure its effectiveness.

B- An investment committee was formed from the following gentlemen:

- Mr. Majid Abdullah Al-Sari - Chairman of the Committee.

- Mr. Abdel Mohsen Jaber - Committee Member and Vice-Chairman.

- Mr. Khaled Abdullah Tarim - Member of the Committee.

C - The committee sets investment rules and policies, monitors investments and submits periodic reports to the Board of Directors.

C- Schedule of the committee's meetings during 2021:

Date	Attendee	الرقم
17/03/2021	All	1

25/08/2021	All	2
22/09/2021	All	3
07/10/2021	All	4

Ninth - The system of internal control:

A- The board of directors acknowledged its responsibility for the company’s internal control system and also acknowledged its direct responsibility for its review and its effectiveness.

B- The name and qualifications of the director of the department: Jomon Korovila - an internal auditor. He holds an ICAI audit certificate from India for the year 2004 and has experience in accounts for 20 years. He was appointed on 01/02/2010.

C- The name and qualifications of the compliance officer: Rawad Shaker - Bachelor's degree in Economics and Accounting, Secretary of the Board of Directors approved by the Institute of Governance, and an Anti-Money Laundering Officer accredited by the International Compliance Institute. It was appointed on 01/11/2010.

D- In the event of discovering the existence of any major risks in the company, the Internal Control Department conducts a search and audit process to find out the following:

• The reasons for the occurrence of the problem and those responsible for its occurrence.

• The consequences of the problem and on all administrative, financial and operational aspects.

• How to treat the problem.

• And then put in place measures to prevent or limit the possibility of this problem occurring in the future

• The company's internal control department also makes a detailed report that includes all the points mentioned above and submits it immediately to the company's executive management and then includes it in the report submitted on a quarterly basis to the audit committee.

• The company did not face any major problems in 2021.

E - The Internal Control Committee issued four reports that were submitted to the Audit Committee, which in turn discussed the reports with the Board of Directors.

Tenth - No violations were committed during 2021

11 - The company’s contribution to preserving the environment and developing society:

• Organizing educational lectures for employees in the field of insurance.

• Cooperating with specialized companies to recycle papers.

• Stop consuming non-recyclable plastic water bottles.

12 - The company's share price in the market during 2021.

A- The highest, lowest and closing prices (the next page is Table 1).

b- Comparative performance with the market index and the sector index (table 2).

Table 1 .

No.	MonthName	Month_High	Month_Low	Month_Close
1	Jan 2021	No Trading	No Trading	1.67
2	Feb 2021	1.600	1.040	1.04
3	Mar 2021	No Trading	No Trading	1.04
4	Apr 2021	0.999	0.999	0.999
5	May 2021	No Trading	No Trading	0.999
6	Jun 2021	No Trading	No Trading	0.999
7	Jul 2021	No Trading	No Trading	0.999
8	Aug 2021	No Trading	No Trading	0.999
9	Sep 2021	No Trading	No Trading	0.999
10	Oct 2021	0.900	0.729	0.729
11	Nov 2021	No Trading	No Trading	0.729
12	Dec 2021	No Trading	No Trading	0.729

Table 2 .

No.	Month_Year	ASNIC	DFMGI	INSURANCE

1	Jan 2021	1.67	2654.06	2017.14
2	Feb 2021	1.04	2551.54	2188.75
3	Mar 2021	1.04	2550.23	2246.37
4	Apr 2021	0.999	2605.38	2183.31
5	May 2021	0.999	2797.52	2239.52
6	Jun 2021	0.999	2810.56	2246.81
7	Jul 2021	0.999	2765.71	2213.56
8	Aug 2021	0.999	2902.97	2267.46
9	Sep 2021	0.999	2845.49	2201.85
10	Oct 2021	0.729	2864.21	2220.52
11	Nov 2021	0.729	3072.91	2265.67
12	Dec 2021	0.729	3195.91	2262.63

D- A statement of the distribution of shareholders' ownership as on 31/12/2021 (individuals - companies - governments) classified (local - Gulf - Arab - foreign)

%نسبة الاسهم المملوكة				تصنيف المساهم	م
Total	Government	Company	Individual		
%100	%0	71.50%	28.50%	Local	1
-	-	-	-	Gulf	2
-	-	-	-	Arabic	3
-	-	-	-	Foreign	4
%100	%0	71.50%	28.50%	total	

E- A statement of the shareholders who own 5% or more of the company's capital as on December 31, 2021

%	Number	Name	م
%5.01	11,526,986	خالد عبد الله عمران تريم	1
47.08%	108,281,254	الشركة الخليجية للاستثمارات العامة	2
%5	11,500,000	امجد محمد يسري محمود الدويك	3

الصقر للتأمين
AL SAGR INSURANCE

%5	11,500,000	ايمن محمد يسري محمود الدويك	4
%8.75	20,125,000	شركة الشرق الادنى للاستثمار	5
%7.50	17,250,000	انماء الامارات للتجارة العامة	6

E - A statement of how the shareholders are distributed according to the size of the ownership as on 31/12/2021 according to the following table:

% to capital	Number of shares	No. of shareholders	ملكية الاسهم (سهم)	م
%0.01	30,302	9	اقل من 50,000	1
0.14%	315,944	1	من 50,000 الى اقل من 500,000	2
%10.58	24,342,028	7	من 500,000 الى اقل من 5,000,000	3
%89.27	205,311,726	10	اكثر من 5,000,000	4

F- Investor Relations:
- Name of the Investor Relations Officer: Rowad Shaker
- rawad.shaker@alsagrins.ae
- Tel: 047028500- Fax: 043968442
- E-Link: http://www.alsagrins.ae/?page_id=477
- A special section for investor relations has been established on the company's website that includes all data of interest to investors such as financial statements, minutes of board meetings, general assemblies, governance reports and any related data
- Data for 2021 has been updated
- A link has been added to the Investors Rights Guide in Securities, issued by the Securities and Commodities Authority, to the Investor Relations Section.

g- Special resolutions presented at the general assembly held in 2021.
Amending the company's articles of association to comply with the new corporate governance laws.
The company's purchase of a number of its shares, not exceeding 10%.
Approval of making voluntary contributions to community service.

H- The name of the rapporteur for the meetings of the Board of Directors: Rawad Shaker and he was appointed on 01/11/2010
Bachelor's degree in Economics and Accounting - a course accredited by the Hawkamah Institute
- Duties of his work:

1- Supervising the preparation of work agendas and reports on the meetings of the Board of Directors and its committees.
2- Supervising the preparation of the minutes of the meetings of the Board of Directors and its committees.
3- Arranging the procedures for convening the general assembly and preparing its agenda, report and minutes of its meetings.
4- Preparing the annual governance report and informing the board of directors of its contents
5- Responsible for implementing the corporate governance system.
i - Significant events in 2021.
1- The company received a credit rating of bb+ from AM Best
U- - The deals that the company made with related parties during the year 2021 and equal to 5% or more of the capital: none

J- The percentage of Emiratization

The Emiratisation rate reached 6.36% at the end of 2021.
The Emiratisation rate reached 5.41% at the end of 2020.
The Emiratisation rate reached 5.50% at the end of 2019.

K- Innovative projects and initiatives during 2021.
under consideration .

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AL SAGR INSURANCE

21/03/2022

اقرارات بخصوص تقرير الحوكمة عن عام 2021

- يقر اعضاء مجلس الادارة بصحة المعلومات الواردة في البند 2 و في البند 3-أ من تقرير الحوكمة بخصوص بياناتهم و مناصبهم الحالية و خبراتهم .
- يقر رئيس لجنة التدقيق السيد/ خالد عبد الله تريم بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها .
- يقر رئيس لجنة الترشيحات والمكافآت السيد/ محمد علي السري بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها .
- يقر رئيس لجنة الاستثمارات السيد /ماجد عبد الله السري بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها .
- يقر مجلس الادارة بمسؤوليته عن نظام الرقابة الداخلية في الشركة وعن مراجعته لآلية عمله والتأكد من فعاليته.
- يقر مسؤول لجنة المتابعة و الاشراف على تعاملات الاشخاص المطلعين السيد /رواد شاكر بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها .

التوقيع :

ماجد عبدالله السري
رئيس مجلس الإدارة

خالد عبد الله تريم
نائب رئيس مجلس الادارة

محمد علي السري
عضو مجلس ادارة

أيمن محمد يسري الدويك
عضو مجلس الادارة

عبد المحسن جابر
عضو مجلس الادارة و الرئيس التنفيذي

رواد شاكر
مسؤول لجنة المتابعة و الاشراف

جومون كوروفيلا
المدقق الداخلي

SUSTAINABILITY REPORT 2021

AL SAGR NATIONAL INSURANCE COMPANY

الصـقـر للتـأمـيـن

AL SAGR INSURANCE

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A WORD FROM OUR CEO

(GRI 102-14)

When the UAE government launched the Net Zero by 2050 strategic initiative in October 2021, becoming the first country in the MENA region to make this pledge, it sent a clear message to the rest of the world: that the UAE is serious about tackling climate change and is prepared to carry out the economic transformation required to achieve this ambitious goal.

When it comes to GHG emissions reduction, the UAE has tremendous potential to make rapid gains by scaling up renewable energy capacity along with green hydrogen, shifting towards electric mobility, and decarbonizing the industrial sector. All of this can only be achieved by undertaking large-scale, national level initiatives driven by government and backed by significant investment from financial institutions. Indeed, thanks to the UAE's visionary leadership, these efforts have been underway for quite some time.

However, the pledge to achieve net-zero emissions also has major implications for the private sector. It would be a big mistake for companies to think they can just carry on with business as usual and expect the government to shoulder the burden of addressing this global challenge alone. All organizations, no matter which sector they operate in, must play their part by progressively transforming their own business models, and in particular by putting technology at the forefront of these efforts.

It is conceivable that the government will eventually issue legislative decrees that compel companies to accelerate their transition towards sustainability. If this turns out to be the case then companies that are slow to react now will find themselves at a significant disadvantage, creating a major risk for their businesses. This is not a position that any responsible business can afford to take.

In addition, there will be other risks that companies need to be aware of. Stakeholders including investors, customers, employees, and suppliers are turning towards companies that are embracing more sustainable business practices, and this trend will give early movers a significant competitive advantage that will only grow over time.

Climate action is not the only global initiative that the UAE government has firmly embraced. The UAE is committed to the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) and is keen to continue making progress in global development rankings. The SDGs cover economic and social as well as environmental dimensions or, as they are sometimes referred to, the triple bottom line for businesses of People, Planet, and Profit.

Al Sagr National Insurance Co's 2021 Sustainability Report highlights how our Company is taking action to address all of these areas as we look to be at the forefront of advancing sustainability in the insurance sector. In particular, the report details our role as a responsible employer, investor, environmental steward, and service provider and how we, as a prominent UAE insurance company and financial institution, can create value for all our stakeholders while playing a key role in strengthening society's resilience to emerging risks that are rising over time.

Al Sagr is still at the beginning of its sustainability journey and we will continue to refine and enhance our approach in the coming years. In doing so, not only will we align our business model with the objectives of national and global initiatives that are crucial for creating a better world, but we believe that taking this action now will open up many new opportunities for our Company in future.

Abdel Muhsen Jaber
Director and CEO

ABOUT US

(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)

Al Sagr National Insurance Company (the "Al Sagr") is a leading UAE insurance company with a successful track record spanning over 40 years of business excellence.

Al Sagr is headquartered in Dubai, with branches in Abu Dhabi, Al Ain, Sharjah, Ras Al Khaimah, and Ajman, and has a group of talented employees that embody dedication and professionalism.

The Company's shareholder base of prominent and successful business people and institutions has been a catalyst for value creation and a key contributor to our progress.

The Company's UAE operational presence since 1979, along with its successful track record, marks it as one of the pioneers of the local insurance industry. We have always responded swiftly to the industry's increasing regulatory requirements while creating products that meet the evolving needs of our customers which include government entities, corporate clients (multinationals, large companies, and SMEs), and individuals.

We believe in building trust-based long-term partnerships and business relationships with all our stakeholders, including investors, customers, employees, among others.

OUR VISION

To become one of the leading insurance companies in the region focusing on utmost customer satisfaction through unique insurance solutions combined with professionalism, state-of-the-art expertise and exploiting national talents and resources for the growth and benefit of all stakeholders.

OUR MISSION

To deliver the highest level of customer service with passion and pride to enhance the reputation of Al Sagr.

This philosophy is intended to generate loyalty in the minds of clients whose experiences and reports shall be excellent testimonials of Al Sagr's customer service.

CORE VALUES

Customer Commitment: we develop and maintain relationships with our customers to make a positive impact in their lives.

Excellence in Everything: we uphold the highest standards of excellence in all our operations.

Quality: we provide outstanding products and excellent services that together, deliver premium value to our customers.

Reliability: we hold ourselves accountable to protect our stakeholders' interest at all times.

Teamwork: one of our cornerstones into consistently moving forward.

OUR OFFERING

We offer world-class insurance solutions for our customers through our high-quality products with the objective of being their primary source of resilience and safety. More specifically, we offer the following solutions:

To our individual customers:

- Medical Insurance
- Life Insurance
- Travel Insurance
- Motor Insurance
- Yachts & Pleasure Crafts Insurance
- Home Insurance

To our corporate customers:

- Group Medical Insurance
- Group Life Insurance
- Motor Fleet Insurance
- Marine Cargo Insurance
- Marine Hull Insurance
- Property Insurance
- Engineering Insurance
- Liability Insurance
- Miscellaneous Insurance

OUR BUSINESS PARTNERS

We ensure that our business partners share our values and business principles.

When it comes to reinsurance, all risks underwritten by Al Sagr are fully secured through strong partnerships concluded with A-rated reinsurers. We have agreements in place with some of the largest global and regional reinsurers including Hannover Re (the third largest reinsurance group in the world), Swiss Re, Korean Re, GIC Re, Liberty, among others.

ASSOCIATION MEMBERSHIPS

- Emirates Insurance Association
- Gulf Insurance Federation
- General Arab Insurance Federation

SOME AWARDS FROM PREVIOUS YEARS

- "Excellence in resolving insurance disputes" *by the Insurance Authority (2020)*
- "Prompt claim management procedures and cooperation" *by the Office of Sheikh Mohammed Bin Maktoum bin Juma Al Maktoum (2020)*
- "Best insurance company in the field of customer happiness and dispute resolution in the motor department" *by the Insurance Authority*
- "Dedicated support and cooperation" by Dubai Police

2021 RATING

AM Best has affirmed the Financial Strength Rating of B (Fair) and the Long-Term Issuer Credit Rating of "bb" (Fair) of Al Sagr National Insurance Company P.S.C. with a negative outlook.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

Stakeholder engagement is an essential element of a company's long-term success. A company should always be conscious of its stakeholders' needs, while also understanding what topics impacts their analysis of the Company.

For this year's report, we have drawn from our existing engagement methods and included those material topics that we believe are essential to our stakeholders. For subsequent reports, we will conduct a comprehensive new stakeholder engagement exercise which will deepen our understanding of the key economic and ESG topics that matter to them.

OUR ENGAGEMENT WITH STAKEHOLDERS

METHODOLOGY

We used the following methodology to define the list of relevant material topics to include in the report:

1. Establishing Key Stakeholders
   This is based on an internal assessment. Key stakeholder groups are identified using the following criteria:
   - Level of dependency on each stakeholder to achieve our strategic goals
   - Influence that each stakeholder has on our operation
   - Level of impact that the stakeholder has on our Company.

2. Assessing Existing Engagement Methods
   We have analysed existing engagement methods with our stakeholders and extracted key interests, concerns and expectations.

This mapping exercise allowed us to identify the following list of key stakeholders:

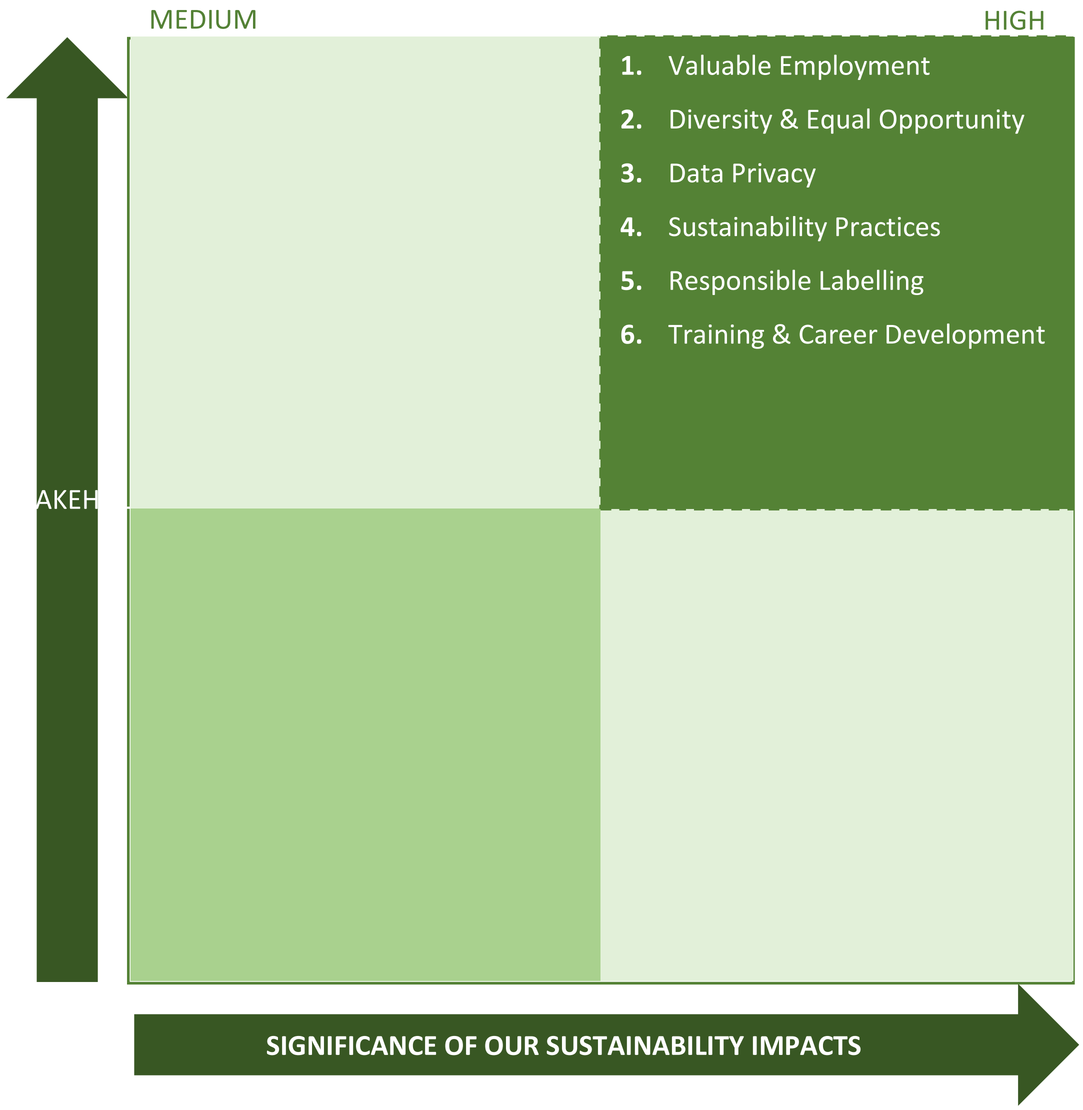
KEY STAKEHOLDER GROUPS	EXISTING METHODS OF ENGAGEMENT
Customers	Website Marketing Material Social Media Online Customer Reviews Regulator complaint portal

Employees	Yearly Performance Reviews Company Training Internal Announcements Company Events Exit Interviews
Board of Directors & Senior Executives	Regular Meetings Board of Directors meetings Committee Meetings Management Meetings Corporate Disclosures
Shareholders	Annual General Meeting Regular Corporate Regulatory Disclosures
Government (Central Bank, Securities & Commodities Authority, Dubai Financial Market, Dubai Heath Authority, Department of Health Authority)	Regular interactions as per regular requirements Regular exchange of emails Webinars
Community	Local initiatives and volunteering activities
Business Partners (Reinsurers, TPAs, and Brokers)	Code of Conduct Assessment and Audits Regular meeting with select partners
Rating Agencies	Regular yearly reviews

OUR MATERIALITY ASSESSMENT

Upon completion of the analysis of our existing engagement methods and in order to evaluate which economic and ESG factors are most material to our Company, we conducted a materiality assessment that captures the importance of various sustainability topics based on our stakeholders' input as well our business impact.

This section of the report will be enhanced for the next fiscal year once we conduct our sustainability-specific stakeholder engagement exercise. For this report, we show how our list of material topics can be mapped against both the stakeholders' input and the company's business impact. The topics in the top right quadrant are those that matter most to our Company from a sustainability perspective as they are highly important to our stakeholders and also potentially have a major impact on our business operations. These are the material topics the Company will be reporting on.



The table below aligns our material topics with the corresponding GRI disclosures as well as with DFM ESG metrics. The GRI/DFM Content Index, located at the end of the report, includes a comprehensive overview of the disclosures and metrics that feature in the report.

ITEM	MATERIAL TOPICS	CORRESPONDING GRI DISCLOSURE	CORRESPONDING DFM DISCLOSURE
1	Valuable Employment	GRI 401 – Employment	S3: Employee Turnover
2	Diversity & Equal Opportunity	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity G1: Board Diversity
3	Data Privacy	GRI 418 – Customer Privacy	G7: Data Privacy
4	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
5	Responsible Labelling	GRI 417 – Marketing & Labelling	N/A
6	Training & Career Development	GRI 404 – Training and Education	N/A

OUR APPROACH TO SUSTAINABILITY

(GRI 102-20, E8, E9)

We have a responsibility as an insurer, employer and investor, to integrate ESG factors into our operation and ensure we create sustainable long-term value.

In that respect, it is important to have a clear understanding of how ESG integration could impact our Company; the answer lies in the following three transformational segments which we believe are important to Al Sagr's future:

1. Responsible Employer
2. Responsible Insurer
3. Responsible Investor

RESPONSIBLE EMPLOYER

This segment touches upon our responsibility as an employer and as a member of society.

It is our duty to ensure the wellbeing of our employees by providing them with a safe and healthy working environment. We are also responsible for ensuring we create a workplace where they can develop their skills and achieve their career ambitions.

The creation of a sustainable workplace is a priority for Al Sagr. In addition, we will look to create an environment that is conducive to innovation, which by default would be one that is sustainable. Initiatives such as creating a circular workplace, which would call for a paperless office and the overall reduction of the amount of waste we generate, is a must to reduce our environmental impact. Such practices will allow our Company to continuously attract skilled and talented employees, who are increasingly considering these factors when choosing an employer.

RESPONSIBLE INSURER

The world is undoubtedly shifting towards a more sustainable path. Although many ESG risks can be mitigated, some are already having an impact on our planet, which calls on corporations to take action to mitigate and adapt to them. It is important for insurance corporations to widen their understanding of emerging risks related to social, governance, as well as environmental factors, including climate change and protecting the biosphere, while also benefiting from transitional opportunities.

With that in mind, it is important to add ESG to our existing risk management framework to enhance the assessment of our underwriting business. On the other hand, we must be pioneers in creating the necessary insurance solutions that will address these emerging risks.

RESPONSIBLE INVESTOR

The insurance business is by nature an office-based business. Therefore, when compared to more resource-intensive industries, the company's direct impact on the environment is much lighter. While insurance businesses still have a responsibility to create a net-zero emissions workplace, their larger impact lies, indirectly, through their investment portfolios.

Insurers can therefore play an important role in the shift to sustainable finance through their investment activities and in fact all institutional investors are responsible for the impact of their investments. Regardless of the type of investment - listed equities, bonds, private equity, or real estate - they all need to be assessed from an ESG perspective. As an example, the property sector generates nearly 40% of annual global GHG emissions and hence this is clearly a risk that needs to be carefully analysed.

OUR CUSTOMERS

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

Insurers play an important role in safeguarding people and organizations from loss and uncertainty. In this way, the insurance sector directly contributes to economic resilience and social stability.

Al Sagr strives to achieve the above by keeping in mind our customers' priorities, evolving needs, and overall wellbeing.

This report divides the above into two material topics. The first is to ensure that our customers' data and privacy are protected, while the second relates to digitalized product innovation. All our efforts in that regard are focused on creating and sustaining customer satisfaction and protecting their interests.

DATA PROTECTION & PRIVACY

Digitalization comes with a higher risk of data security breaches as well as data leaks.

Insurance companies are in possession of sensitive customer data. It is our responsibility to ensure that we protect this data at all times, which in turn enhances the trust and confidence that our customers have in us.

Protecting data and safeguarding confidential information is a priority for Al Sagr. We take appropriate measures against unauthorized or unlawful processing of data and protect it from being leaked, accidentally lost, destroyed, or damaged.

The above calls for our Company to have the appropriate IT policies and data protection management systems in place. This ensures that the collection and sharing of personal data is only done for specific, legitimate, and required purposes and to the extent necessary. In addition, the access, use, and disclosure of confidential information is done only on a need-to-know basis.

Our IT department classifies data into three segments: data that the company receives; data that the company sends; and data that is filed internally; all of which have to be fully secured.

We use world-class IT system and solutions providers, such as Microsoft and Oracle, backed up by a rigorous IT policy. All our data is continuously backed up and highly secured through a DLP system, among others, with multiple password protection.

DIGITALIZATION

The COVID-19 pandemic has been a catalyst for developing our digital processes and services.

Al Sagr is currently undergoing a transition to become a fully digitalized organization. Many of our processes have already been digitalized, such as our document management system and policy issuance. Much of our offering can be done through our online platform which also allows our brokers to issue online policies. We will look to expand this offering to our individual customers as we shift towards the full digitalization of our operation.

We will continuously look to enhance our offering to allow our customers to access their policies and submit claims at any time and from wherever they are. We plan to launch a mobile app as part of our digital transformation to make life easier for our customers.

Relevant KPIs for 2021

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
Comments: Al Sagr National Insurance Company is fully committed to our customers' wellbeing including safeguarding their personal data	

PROFESSIONALISM IN OUR DEALING

Being one of the pioneers of the UAE general insurance industry, we are keen on constantly developing a wide range of products and services and continuously pursue creative and innovative practices.

We are firm believers in building long-term trusted partnerships with all of our customers and exceeding our expectations. Delivering excellent service starts with developing a deep understanding of our customers' needs and advising them accordingly.

To support the above, we have processes in place to ensure we provide customers with clarity and help guide their every step so that they understand the details of their policies as well as their rights. With that in mind, our compliance department plays a critical role in ensuring that all related processes and ethical business practices are being applied.

Relevant KPIs for 2021

MARKETING AND LABELLING (GRI – 417)	
Incidents of non-compliance concerning product and service information and labelling	
Number of incidents of non-compliance with regulations resulting in a warning, fine or penalty	ZERO
Number of incidents of non-compliance with voluntary codes	ZERO
Incidents of non-compliance concerning marketing communications	

Number of incidents of non-compliance with regulations resulting in a warning fine or penalty	ZERO
Number of incidents of non-compliance with voluntary codes	ZERO
Comments: Al Sagr's compliance department receives all regulations and circulars and distributes them to the concerned department while also ensuring full adherence by means of monitoring progress	

OUR EMPLOYEES

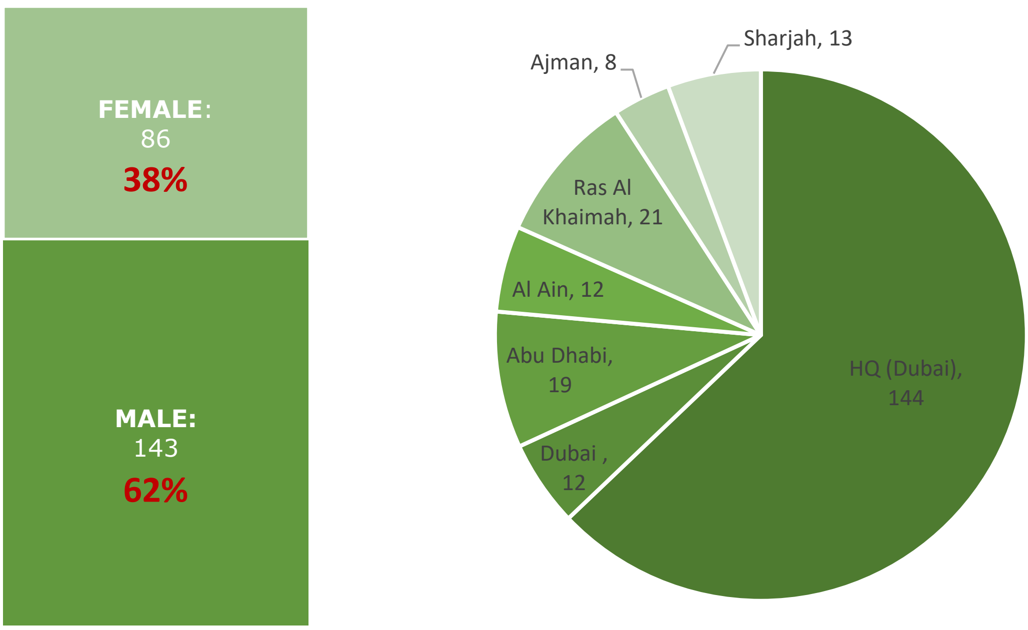
(GRI 102-7, GRI 102-8, GRI 401-1, GRI 401-2, GRI 404-1, GRI 404-3, GRI 405-1, GRI 418-1, S2, S3, S4, S5, S6)

EMPLOYMENT

We have a rigorous process to ensure we hire the best talent capable of adapting to our core business values and delivering on our promise of customer excellence. Al Sagr had 229 employees as at December 31 2021. We are proud of our workforce which demonstrates professionalism, expertise and the willingness for continuous development.

OUR WORKFORCE in 2021

TOTAL: 229 EMPLOYEES



Our employees are our strongest assets. Our Human Resources department ensures our employees' wellbeing while creating a productive environment in which they can grow, both personally and professionally, and develop the necessary skills to build a long-term valuable career with Al Sagr National Insurance Company.

Employee engagement is a core focus area for our Company. It allows the Company to measure the extent to which employees feel passionate about their jobs and are committed to their work.

In 2021, and despite the challenges faced during the COVID-19 pandemic, our Company made every effort to ensure employees felt valued and satisfied.

Our annual corporate event held in December celebrated our Company's 42nd anniversary. This was a great opportunity to bring our employees together and to hold our performance and service award ceremony to recognise the achievements of our employees and those that have been with us for many years.

We also organised several initiatives throughout the year to enhance employee wellbeing. From conducting regular general health check-ups to arranging specialised medical examinations, we wanted to ensure that our employees' physical and mental health was taken care of. Moreover, we introduced precautionary measures to protect workers during the pandemic and arranged discounted PCR testing and vaccination for all employees through the Dubai Health Authority.

Our Human Resource processes are governed by the Human Resources Manual. This document, which is reviewed annually, defines the terms and conditions of employment, workplace policies, as well as associated processes and documents that govern the employment relationship at Al Sagr National Insurance Company. In 2021, we began amending the document according to the latest UAE Labor Law requirements and will issue the updated version in 2022.

To increase productivity and free up our employees' time for more valuable tasks, we have integrated HR solutions as part of our Asuretek system, thus creating a streamlined employee self-service (ESS) system through which our main HR processes, such as appraisals, leave submissions, and others are now automated.

Our turnover rate is a valuable KPI that we are looking to progressively improve. Given the heavy emphasis on sales, the insurance sector tends to have a high turnover rate. These have ranged from 20% to 25% over the past three years. In an effort to increase our employee retention rate, in 2021 we introduced exit interviews to collect feedback and learn where the Company can make improvements, to encourage our best employees to remain at the Company. In 2021, 46 employees left the Company bringing our turnover rate to 20%, a 5% decrease from last year.

Attracting the right talent is also a crucial step in increasing retention and building a work environment with a top quality team that gives us a competitive advantage.

Al Sagr National Insurance aims to attract, retain, motivate, and inspire its employees through the provision of a competitive compensation, reward and evaluation system which reflects every employee's contribution, job progression and performance. Benefits include a yearly flight allowance, medical, and life insurance, as well as parental leave and end of service indemnity as per the labour law.

In 2021, a total of 70 new employees were hired, the majority of which were between the ages of 30 and 50 years old with 60% of new hires being male.

TOTAL NEW HIRES BY GENDER				
Year	*Male*	*% of Total Hires*	*Female*	*% of Total Hires*
2019	25	69%	11	31%
2020	27	63%	16	37%
2021	42	60%	28	40%

TOTAL NEW HIRES BY AGE GROUP						
Year	*Under 30*	*% of Total Hires*	*Btw 30-50*	*% of Total Hires*	*Over 50*	*% of Total Hires*
2019	15	42%	19	53%	2	6%
2020	8	19%	33	77%	2	5%
2021	20	29%	47	67%	3	4%

TOTAL EMPLOYEES THAT LEFT BY GENDER				
Year	*Male*	*% of Total Leavers*	*Female*	*% of Total Leavers*
2019	31	70%	13	30%
2020	35	69%	16	31%
2021	34	74%	12	26%

TOTAL EMPLOYEES THAT LEFT BY AGE GROUP						
Year	*Under 30*	*% of Total Leavers*	*Btw 30-50*	*% of Total Leavers*	*Over 50*	*% of Total Leavers*
2019	22	50%	18	41%	4	9%
2020	26	51%	23	45%	2	4%
2021	20	43%	26	57%	0	0%

Total Turnover Rate (%)	
2019	20%
2020	25%
2021	20%

DIVERSITY & EQUAL OPPORTUNITY

Diverse, inclusive, and an equal opportunity work environments are proven to contribute towards creating more competitive companies, attracting talent, being conducive to innovation, and helping to improve financial performance.

Al Sagr National Insurance Company is committed to having fair and responsible business practices, ensuring equal opportunities employment, and a harassment-free workplace. These are governed by our detailed Code of Conduct document. The Company has zero tolerance of discrimination in the workplace based on age, disability, ethnicity, national origin, gender, race, colour, religion, marital status, or any other perceived differences.

We strictly follow a merit-based approach to hiring and promotion which are purely based on the individual’s qualifications, abilities, and experience. In addition, we have a transparent salary scale and reward system where ranges are directly linked to grade levels.

As of the end of 2021, our workforce was comprised of 21 different nationalities. In addition, 38% of our employees were female. While our entry-level employees are almost equally split between female and male, our senior-to executive positions are mainly held by men (80%). Moving forward, we will endeavour to increase this number and encourage a higher female presence amongst our managerial and executive teams.

Total Employees				
Year	*Male (#)*	*Male (%)*	*Female (#)*	*Female (%)*
2019	148	69%	68	31%
2020	135	66%	69	34%
2021	143	62%	86	38%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER						
	Entry-Level		*Mid-Level*		*Senior-to-Executive Level*	
Year	*Male*	*Female*	*Male*	*Female*	*Male*	*Female*
2019	58%	42%	73%	27%	88%	12%
2020	56%	44%	71%	29%	85%	15%
2021	52%	48%	69%	31%	80%	20%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE GROUP									
	Entry-Level			*Mid-Level*			*Senior-to-Executive Level*		
Year	*Below 30 y.o*	*Between 30-50 y.o.*	*Above 50 y.o.*	*Below 30 y.o*	*Between 30-50 y.o.*	*Above 50 y.o.*	*Below 30 y.o*	*Between 30-50 y.o.*	*Above 50 y.o.*
2019	59%	39%	2%	55%	45%	0%	39%	51%	10%
2020	52%	48%	0%	55%	43%	2%	28%	62%	11%
2021	47%	53%	0%	48%	48%	4%	24%	63%	13%

Number of Nationalities	
2019	17
2020	19
2021	21

TRAINING AND EDUCATION

Employee training and skills development is a critical factor for success, especially during times when customer needs are fast evolving.
Training and development are at the forefront of our Company's strategy, and we are fully committed to offering all employees opportunities to continuously develop and broaden their skillsets.

SKILLS DEVELOPMENT

We ensure that all new employees are given an in-depth induction to the Company, its processes, and values. The Company conducts thorough orientation programs which offer an extensive introduction to the Company and its activities as well as the insurance industry in general. Fresh graduates are given an exam at the end of the orientation.

In 2021, Al Sagr National Insurance provided an average of 283 hours of corporate training to its workforce, with our entry-level staff getting the largest share of the training. This amounted to around 145 hours in 2021, 502 hours in 2020 and 613 hours in 2019. The decrease in the total number of training hours provided in 2021 compared to previous years is due to the fact that, while we slowly resumed working from the office, we were still unable to conduct any physical training in order to maintain the necessary social distancing.

We want to ensure that all employees are offered the required resources to realise their full potential and achieve professional growth with us. Our training program offers a mix of opportunities to develop soft and technical skills:

1. Al Sagr National Insurance has an agreement with the Emirates Institute for Banking and Financial Studies (EIBSF) to offer employees a wide range of best-in-class courses in banking and finance
2. The Company also offers the possibility to receive insurance-related certifications, including those offered by the Chartered Insurance Institute (CII) and those that are required by the authorities and Central Bank
3. Finally, the Company also offers a range of in-house trainings dedicated to improving soft skills such as communication and business skills

The Company is looking to create and invest in a training and education program to be effective in 2022, which will result in a detailed reporting on training in subsequent reports.

Average Number of Training Hours

Per Gender		
Year	**Male**	**Female**
2019	714	382
2020	702	366
2021	136	147

Per Employment Category			
Year	**Entry-Level**	**Mid-Level**	**Senior-to-Executive Level**
2019	613	208	275
2020	502	294	272
2021	145	67	72

PERFORMANCE REVIEWS

Al Sagr National Insurance Company applies a yearly performance review whereby clear objectives and targets are given to all employees who also have the opportunity to provide their input.

Performance appraisals are completed by December of each year and submitted to management through Human Resources.

With the exception of new employees who must complete a probation period assessment, all employees go through a yearly performance review. As stated before, the appraisal process has been fully automated in 2021 and is now an integral part of our Asuretek system.

100% of our employees went through their performance reviews in **2021**

OUR PLANET

(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)

As a leading corporation, it is important that we fully understand our impact on the environment and be pro-active in managing and decreasing that impact as much as we possibly can.

We will look to continuously deepen our analysis for future reports by introducing our Scope 3 emissions which include business travel, waste management, among others.

SUSTAINABILITY-RELATED INITIATIVES

Water Consumption
Since 2020 we have put a complete halt to the use of plastic water bottles by equipping all our offices with water dispensers. As a result, we have managed to save up to AED 60,000 per year on the purchase of bottled water.

Taking an average of AED 2 per 500ml water bottle, the above initiative led to the saving of up to 60,000 plastic bottles, which is equivalent to approximately a saving of 4,968,000 grams of carbon dioxide.

Paper Consumption
We have also intensified our efforts to reduce our paper consumption. The first step we took last year was to centralize the paper purchasing system in our Company. Instead of consistently/automatically refilling our inventory of paper, we have asked every department to include its estimated forecast of paper consumption as part of their budget. Such a basic move resulted in an immediate reduction in paper consumption in 2020 and 2021. In addition, we signed an agreement in 2021 with a company that will be recycling all of our used paper.

Environmental Oversight
Environmental initiatives such as the above are discussed on an executive managerial level and implemented accordingly.

Below are various KPIs and data related to our energy consumption, intensity as well as emissions. We have used the GHG Protocol as a guide to compute our GHG emissions and have set our organizational boundary according to the 'control approach.' In other words, we seek to account for 100% of the GHG emissions from operations over which our Company has control.

We have included our headquarters as well as all our seven branches as part of our reporting boundary. It is worth noting that we have added one additional branch in 2021, while we have also initiated the reporting of our energy consumption and resulting GHG emissions of the common areas of the recently completed mid-rise building (Al Sagr Plaza) that we own.

ENERGY CONSUMPTION

TOTAL ENERGY CONSUMPTION (GJ)				
	2021	2020	2019	2018
Scope 1: Total Direct Energy Consumption (Fuel)	132.76	126.16	124.45	122.74
Scope 2: Total Indirect Energy Consumption (Electricity) from HQ + Branches	2,943.65	3,486.67	3,421.87	3,389.47
Total Energy Consumption from Operation	3,076.41	3,612.83	3,546.32	3,512.21
Scope 2: Total Indirect Energy Consumption (Electricity) from Owned Residential Building	3,285.08	NA	NA	NA
Total Energy Consumption	6,361.49	3,612.83	3,546.32	3,512.21

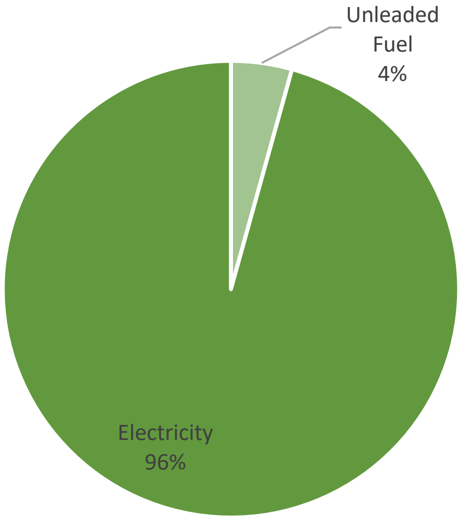
ENERGY INTENSITY (GJ/EMPLOYEE)				
	2021	2020	2019	2018
Scope 1: Total Direct Energy Consumption (Fuel)	0.58	0.63	0.58	0.54
Scope 2: Total Indirect Energy Consumption (Electricity)	12.85	17.09	15.84	14.87
Total Energy Intensity from Operation	13.43	17.71	16.42	15.40

GHG EMISSIONS

TOTAL GHG EMISSIONS (MT CO_2 e)				
	2021	2020	2019	2018
Direct (Scope 1)	8.69	8.00	8.04	7.91
Indirect (Scope 2) from HQ + Branches	348.18	404.65	397.13	400.90
Total GHG Emissions from Operation	356.87	412.65	405.17	408.81
Indirect (Scope 2) from Owned Residential Building	388.56	NA	NA	NA
Total GHG Emissions	745.43	412.65	405.17	408.81

GHG EMISSIONS INTENSITY (MT CO2 e /EMPLOYEE)				
	2021	**2020**	**2019**	**2018**
Direct (Scope 1)	0.04	0.04	0.04	0.03
Indirect (Scope 2) from HQ + Branches	1.52	1.98	1.84	1.76
Total GHG Emission Intensity per Employee from Operation	1.56	2.02	1.88	1.79

ENERGY MIX (from Operation) 2021



WATER CONSUMPTION

WATER CONSUMPTION (m^3)				
	2021	2020	2019	2018
Total Water Consumption from Operation	1,170.00	1,216.00	1,198.00	1,189.00
Water Consumption per Employee	5.11	5.96	5.55	5.21
Total Water Consumption from Owned Building	1,276.00	N/A	N/A	N/A

OUR COMMUNITY

(S11, S12)

COMMUNITY ENGAGEMENT

Studies have shown that employees want their organizations to incorporate community involvement into business operations to make a difference and to create a positive working environment. These activities are a source of motivation and leads to a happier and healthier workforce which in turn boosts employee morale and productivity.

Developing a community engagement program is a project that we will seek to introduce in the coming period. This engagement will not only enhance society's wellbeing but will also allow our staff to develop various skills such as teamwork and communication.

Accordingly, our Board of Directors has set a clear budget for community-related activities in line with the average profit over the last two years. As described above, this will lead to a specific Corporate Social Responsibility program that fits our Company's image and ambition. Subsequent reports will include KPIs to track our impact in that regard.

EMIRATIZATION

The governmental entity primarily responsible for enhancing national employment is the Ministry of Human Resources & Emiratisation (MOHRE). One of MOHRE's strategic goals is the empowerment of Emiratis and their inclusion in the private sector. To that end, there are two entities within the insurance sector that encourage companies to reach specific Emiratization targets, and these are the Central Bank as well as MOHRE.

We are a proud UAE Company and are fully committed to the wellbeing of the local community. More specifically, we take the Emiratization initiative very seriously and have a clear strategy in place to hire and invest in our UAE national workforce.

In that regard, we have continuously increased our Emiratization rate and reached the set targets. Our current Emiratization rate is 8%, up from 5% in 2020 and we will look to progressively increase this in the coming years. It is worth noting that 100% of our UAE national employees are female, the majority of which are in entry-level positions (78%).

We have put in place a clear strategy to develop our UAE national employees and are committed to providing them with the necessary training to develop their skills and progress within the organization.

In addition to the benefits offered to all our employees, we introduced an optional pension scheme that our UAE nationals can sign up for. We decided to offer this benefit in addition to the end of service gratuity and allow our local workforce to gain from both benefits instead of having to opt for one, as recommended by the UAE Labour Law.

Number of UAE Nationals, by Gender		
Year	**Male**	**Female**
2019	10	0
2020	11	0
2021	18	0

Number of UAE Nationals, by Employment Category			
Year	**Entry-Level**	**Mid-Level**	**Senior-to-Executive Level**
2019	8	0	2
2020	7	1	3
2021	14	1	3

Emiratization Rate	
2019	5%
2020	5%
2021	8%

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

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

Robust governance practices bring transparency, accountability, and risk management benefits to a business. Moreover, strong corporate governance frameworks ensure that a Company's values and philosophy are consistently applied throughout the organization. Corporate governance is therefore the cornerstone of any well-managed business and is a key element of corporate success and the ability to generate sustainable value.

Al Sagr National Insurance Company places huge emphasis on its corporate governance structure. The Company issues a yearly governance report, as per regulatory requirements, in which it clarifies many aspects related to the activities of the Board of Directors and related Committees.

GOVERNANCE

Al Sagr National Insurance Company's Board of Directors is composed of five members of which four are non-executive and independent. All Board members bring with them many years of expertise across different sectors and successful business track records that add value to the Company and its strategic direction. The Board does not currently have any women members but we will seek to actively engage candidates for the next round of elections.

The Board had established four primary Committees including the Audit Committee, Nomination & Remuneration Committee, as well as the Investment Committee to support its work.

The ownership structure is composed of 71.50% institutional investors (all of which are local) and 28.50% individuals. The Company has a small ownership base, (six major shareholders own around 78.34% of the Company's shares) comprised of renowned UAE institutions and individuals with proven business track records and expertise.

MAJOR SHAREHOLDER NAME	PERCENTAGE OWNERSHIP
Gulf General Investment	47.08%
Khaled Abdullah Omran Taryam	5.01%
Near East Investment Co LLC	8.75%
انماء الامارات للتجاره العامه ذ.ذ.م	7.50%
Amjad Mohamed Yusri Mahmoud Salman	5.00%
Ayman Mohamed Yosri Mahmoud Alduwaik	5.00%
TOTAL	**78.34%**

The Board has established the following four committees through which it conducts specific tasks to ensure it fulfils all its responsibilities:

- Audit Committee
- Nomination and Remuneration Committee
- Committee of Following-up and Supervising over Insiders' Transactions
- Investments Committee

COMPLIANCE

Al Sagr National Insurance Company is committed to Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) practices. The Company applies best practices and international standards as part of its compliance function and has in place a robust policy manual dealing with AML/CFT.

The most efficient way to fulfil these responsibilities is to have effective internal policies and procedures in place and that are conducive to:

- Carrying out the Company's activities and services in accordance with strict ethical standards and as per laws and regulations
- Enforcing the Company's Code of Conduct and monitoring processes
- Ensuring that all employees are aware of and trained to adopt this policy and to adhere to all its content
- Remaining in strict compliance with applicable Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) laws, as well as with all relevant circulars issued by the Insurance Authority, the Central Bank, and others

Al Sagr National Insurance Company has a strong core compliance system that incorporates an integrated sanctions list database from the UN, OFAC, the EU and others this is regularly updated. In addition, the system screens and monitors all customer transactions for any irregular activity.

All employees are AML/CFT trained. New employees get a specialized AML/CFT induction training while those in critical positions are trained annually. Supervisors, branch heads and business sales teams undergo regular operational and awareness training at least once a year.

Our Company follows a risk-based approach to AML/CFT and has formed an AML committee (approved by the Board). In addition, the internal audit also plays an important role in that regard.

RISK MANAGEMENT

Al Sagr engages three different committees to cover its risk management framework. The first two are the internal audit and compliance functions, the third is a risk management committee.

The Risk Management Committee initially identifies the 'owner' of each risk that the Company may be exposed to, and these would include operations, AML/CFT, compliance, finance, and investment. Each department is responsible for developing their own KPIs along with providing the committee with their analysis of the significant risks they may face and proposing mitigation measures.

INVESTMENT COMMITTEE

The Risk Management Committee is the management's delegated authority for overseeing the Company's overall risk profile; and ensures that risks remain within the Board's appetite. The committee implements the Company's investment strategy, policies and procedures and ensures that investment decisions are made in a prudent manner.

Our Company's investment strategy is to adequately fund the Company's technical reserves and solvency margin and to contribute to the growth of the available surplus. In addition, the Board applies the "prudent person" principle and ensures that the Company's investment strategy is aligned with asset, liability, and liquidity management (i.e., the Company holds assets with sufficient values and enough liquidity to meet all liabilities and releases payments as they are due).

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)

REPORTING SCOPE AND BOUNDARY

Al Sagr National Insurance Company's 2021 Sustainability Report covers the period between January 1 and December 31, 2021, unless stated otherwise.

Al Sagr National Insurance Company was incorporated on December 25, 1979 as a public shareholding Company by an Emiri Decree from His Highness, the Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company's address in Dubai is Al Sagr National Insurance Building, Diplomatic Area, Al Seef Road, Bur Dubai, P.O. Box 14614, Dubai, UAE.

Al Sagr National Insurance Company was listed on the Dubai Financial Market on December 4, 2005. The Company operates in the UAE through its headquarters in Dubai, as well its seven branches in Dubai, Abu Dhabi City, Abu Dhabi Mussaffah, Al Ain, Ras Al Khaimah, Sharjah, and Ajman. All branches fall within the scope of this report.

The Company has three associate companies, Green Air Technology LLC, Sogour Al Khaleej General Trading LLC, and Al Sagr Cooperative Insurance Company. Al Sagr National Insurance Company does not exert any operational control over these three associate companies and hence they do not fall within the scope of this report.

We take operational control as the boundary for reporting, unless stated otherwise.

BASIS OF PREPARATION

As part of our efforts to enhance the transparency and accountability of our disclosures, we have developed this report in accordance with the GRI Standards (GRI): Core Option, as well as with Dubai Financial Market's (DFM) ESG metrics. In addition, the report outlines Al Sagr National Insurance Company's alignment with the United Nations Sustainable Development Goals.

DATA VERIFICATION

The content of this report has been reviewed for accuracy and completeness by each corresponding department.

FORWARD-LOOKING STATEMENTS

It is important to note that forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the Company is operating.

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

References to the GRI Standards and DFM ESG disclosures are found at the top of each corresponding section. The GRI content index, which forms an integral part of Sustainability Reports is prepared in accordance with the GRI Standards and included on page 41. The index is inclusive of DFM's ESG disclosures.

We welcome feedback and suggestions related to this report. Please contact us at:

Name: Mr. Rawad Shaker
Position: Investor Relations & Compliance Manager
Email: Rawad.shaker@alsagrins.ae

THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) were adopted by UN Member States in 2015 as a call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Part of the 2030 Agenda for Sustainable Development, the 17 SDGs are integrated and indivisible, meaning that action in one area could impact multiple Goals.

Although the SDGs along with their 169 targets were initially written as national-level goals, the World Business Council for Sustainable Development (WBCSD), the United Nations Global Compact, and the GRI developed SDG Compass as a tool to help businesses adapt their activities to help achieve the SDGs.

The SDGs provide a common language through which government, companies, and other entities can collaborate to reach a common objective.

For Al Sagr National Insurance Company, reporting on the SDGs deepens our understanding of the world’s most urgent challenges and helps us to align our current and future actions with their realization. This level of reporting undoubtedly helps to increase the role of corporations in creating a better future.

THE UAE AND THE SDGs

In January 2017, the UAE formed a National Committee on SDGs chaired by the Minister of State for International Cooperation. Fourteen different ministries and other federal-level government organizations are members of the committee and responsible for the national implementation of the SDGs.

During the same year, the National Committee worked to prioritize and map the SDG targets to the UAE’s federal and local development plans.

AL SAGR NATIONAL INSURANCE’S PRIORITY SDGs

The mapping exercises detailed above resulted in Al Sagr identifying the following SDG priorities for our Company:

Priority 1 **MAIN IMPACT**

Priority 2 **DIRECT IMPACT**

These five SDGs refer to the following insurance related key messages[1]:

SDG 3 | 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 behavior

SDG 1 | END POVERTY IN ALL ITS FORMS EVERYWHERE:

- Insurance provides a safety net for those using it, preventing families from falling into poverty after suffering an unforeseen event
- Insurance provides an economic protection mechanism for all
- Insurance sustains other development efforts

SDG 5 | ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS:

- There are differences in risks faced by women and men
- In cases where the male is the sole breadwinner, insurance protects women from the financial impact in the event their husband dies, helping women to retain their homes, sustain their businesses, continue

[1] “Inclusive Insurance and the Sustainable Development Goals – How insurance contributes to the 2030 Agenda for Sustainable Development” by GIZ (Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH

educating their children, and generally maintain the financial stability of their household

SDG 8 | PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL:

- Insurance protects assets, thereby unlocking loans and other funds for investments by Micro-, Small-to-Medium Size Enterprises (MSMEs)
- Insurance frees MSME’s private funds for productive investment
- Insurance supports the development of MSMEs by protecting them from losses due to risks related to business, natural disasters or other catastrophes

SDG 13 | TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS:

- Insurance mitigates the effects of extreme weather events, thereby strengthening climate change resilience
- Insurance complements and strengthens other climate change coping efforts.
- Catastrophe insurance protects a variety of stakeholders vulnerable to climate change impacts, including companies and individuals

GRI & DFM CONTENT INDEX

(GRI 102-55)

GENERAL DISCLOSURES				
GRI DISCLOSURE	**CONTENT**	**DFM DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
Organizational Profile				
102-1	Name of the organization		31	
102-2	Activities, brands, products, and services		5	
102-3	Location of headquarters		31	
102-4	Location of operations		31	
102-5	Ownership and legal form		31,28	
102-6	Markets served		5	
102-7	Scale of the organization		5,17	
102-8	Information on employees and other workers	S4: Gender Diversity S5: Temporary Worker Ratio	17	
102-9	Supply Chain	G5: Supplier Code of Conduct	5	
102-10	Significant changes to the organization and its supply chain		5	
102-11	Precautionary Principle or approach		28	
102-12	External initiatives		5	
102-13	Membership of associations		5	
Strategy				
102-14	Statement from senior decision-maker		3	
Ethics & Integrity				

102-16	Describe your organization's values, principles, standards and norms of behavior		5,28	
Governance				
102-18	Governance structure	G1: Board Diversity G2: Board Independence	28	
102-20	Executive-level responsibility for economic, environmental, and social topics	E8, E9: Environmental Oversight	23	
Stakeholder Engagement				
102-40	List of stakeholder groups		8	
102-41	Collective bargaining agreements	G4: Collective Bargaining		*Not applicable for companies operating in UAE*
102-42	Identifying and selecting stakeholders		8	
102-43	Approach to stakeholder engagement		8	
102-44	Key topics and concerns raised		8	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		31	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting G9: Disclosure Practices	31	
102-47	List of material topics		8	
102-48	Restatements of information		31	
102-49	Changes in reporting		31	
102-50	Reporting period		31	
102-51	Date of the most recent report		31	
102-52	Reporting cycle		31	
102-53	Contact point for questions regarding the report		31	

102-54	Claims of reporting in accordance with the GRI standards		31	
102-55	GRI content index		36	
102-56	External assurance	G10: External Assurance	31	
MATERIAL TOPICS				
GRI DISCLOSURE	**CONTENT**	**DFM DISCLOSURE**	**REFERENCE SECTION**	**NOTES**
GRI 300: Environmental Standard Series				
GRI 302: Energy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,23,33	
103-2	The management approach and its components		8,23,33	
103-3	Evaluation of the management approach	E7: Environmental Operations	8,23,33	
GRI 302 Topic Specific				
302-1	Energy consumption within the organization	E3: Energy Usage E5: Energy Mix E6: Water Usage	23	
302-3	Energy intensity	E4: Energy Intensity	23	
GRI 305: Emissions 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,23,33	
103-2	The management approach and its components		8,23,33	
103-3	Evaluation of the management approach		8,23,33	
GRI 305 Topic Specific				
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	23	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	23	

305-4	GHG emissions intensity	E2: Emissions Intensity	23	
GRI 400: Social Standard Series				
GRI 401: Employment 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,17,33	
103-2	The management approach and its components		8,17,33	
103-3	Evaluation of the management approach		8,17,33	
GRI 401 Topic Specific				
401-1	New employee hires and employee turnover	S3: Employee Turnover	17	
401-2	Benefits provided to full-time employees that are not provided to part-time employees	S7: Injury Rate S8: Global Health & Safety	17	
GRI 404: Training & Education 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,17,33	
103-2	The management approach and its components		8,17,33	
103-3	Evaluation of the management approach		8,17,33	
GRI 404 Topic Specific				
404-1	Average hours of training per year per employee		17	
404-3	Percentage of employees receiving regular performance and career development reviews		17	
GRI 405: Diversity and Equal Opportunity 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,17,33	

103-2	The management approach and its components		8,17,33	
103-3	Evaluation of the management approach		8,17,33	
GRI 405 Topic Specific				
405-1	Diversity of governance bodies and employees	S4: Gender Diversity S6: Non-Discrimination G1: Board Diversity	17,28	
405-2	Ratio of basic salary and remuneration of women to men	S2: Gender Pay Ratio	17,28	
GRI 417: Marketing & Labeling 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,14,33	
103-2	The management approach and its components		8,14,33	
103-3	Evaluation of the management approach		8,14,33	
GRI 417 Topic Specific				
417-2	Incidents of non-compliance concerning product and service information and labeling		14	
417-3	Incidents of non-compliance concerning marketing communications		14	
GRI 418: Customer Privacy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		8,14,33	
103-2	The management approach and its components		8,14,33	
103-3	Evaluation of the management approach		8,14,33	
GRI 418 Topic Specific				

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	14	

Additional DFM disclosures			
DFM DISCLOSURE	**CONTENT**	**REFERENCE Section**	**NOTES**
Environmental			
E10	**Climate Risk Mitigation**		*This metric will be recorded when issuing our Environmental Policy*
	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	*Not Available*	
Social			
S1	**CEO Pay Ratio**		*The CEO's salary along with that of the executive team is currently disclosed in our Corporate Governance Report*
	Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	*Not Available*	
	Does your company report this metric in regulatory filings?	*Not Available*	
S6	**Non-Discrimination**		*Non- Discrimination is covered in our Code of Conduct and HR Manual*
	Does your company follow a sexual harassment and/or non-discrimination policy?	*Yes*	
S9	**Child & Forced Labor**		*We are in full support of combating child and/or forced labor*
	Does your company follow a child and/or forced labor policy?	*N/A*	
	If yes, does your child and/or forced labor policy also cover suppliers and vendors? **Yes/No**	*N/A*	
S10	**Human Rights**		*Our Code of Conduct and HR Manual include Human Rights clauses*
	Does your company follow a human rights policy?	*Yes*	
	If yes, does your human rights policy also cover suppliers and vendors?	*N/A*	
S11	**Nationalization**		

	Percentage of national employees	*26*	
	Direct and indirect local job creation	*26*	
S12	**Community Investment**		
	Amount invested in the community, as a percentage of company revenues	*26*	
Governance			
G3	**Incentivized Pay**		*This will be considered as part of our Sustainability Strategy*
	Are executives formally incentivized to perform on sustainability?	*No*	
G6	**Ethics & Anti-Corruption**		*Ethics and Anti-Corruption is part of our Code of Conduct*
	Does your company follow an Ethics and/or Anti-Corruption policy?	*Yes*	
	If yes, what percentage of your workforce has formally certified its compliance with the policy	*Yes*	