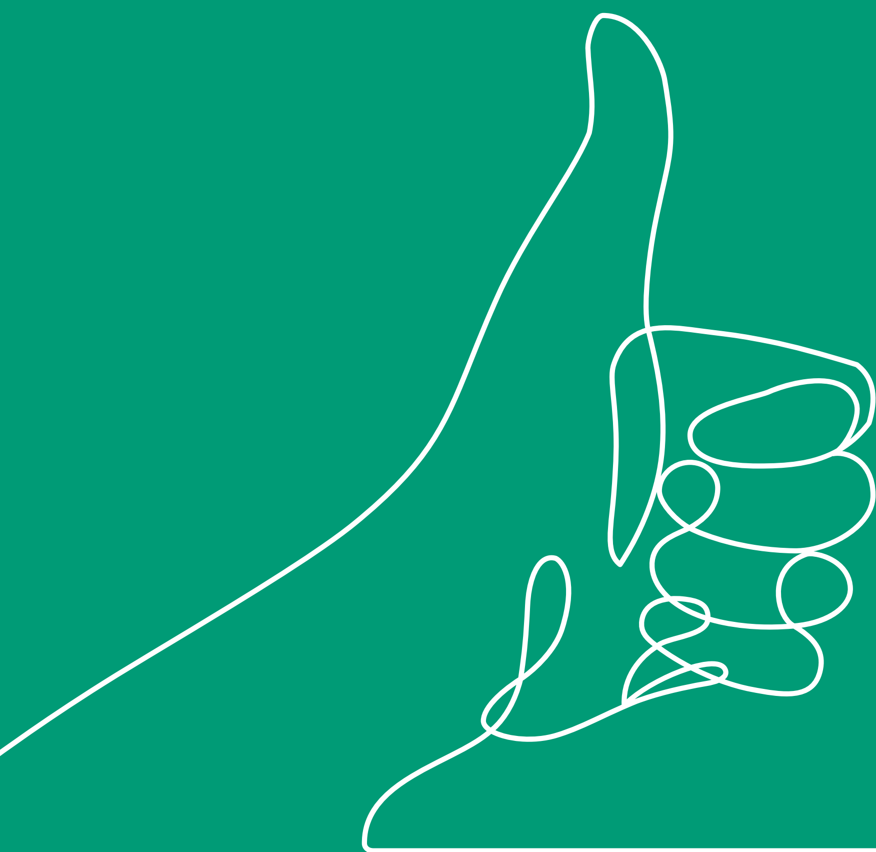
830,000 customers.
86% satisfaction.

We work hard to keep improving...



Annual Report
2020

عمان للتأمين
Oman Insurance

Prestigious Awards Won

We won 13 awards in 2020 across various categories reflecting our efforts to go above and beyond in delighting our customers and reinforcing our robust position as an insurer of choice.

OVERALL INSURER OF THE YEAR
MENAIR Awards 2020

CUSTOMER SATISFACTION & HAPPINESS
Global Banking & Finance Review

BEST INSURANCE COMPANY
Global Brands Magazine 2020

BEST GENERAL INSURANCE COMPANY
The Global Economics

BEST GENERAL INSURANCE COMPANY
International Finance Awards

BEST MOTOR INSURANCE COMPANY
Global Business Outlook

MOTOR INSURANCE COMPANY OF THE YEAR
Golden Shield Excellence Award

LIFE INSURER OF THE YEAR
Middle East Insurance Industry Awards

DIGITAL INITIATIVE OF THE YEAR
Middle East Insurance Industry Awards

BEST LIFE & HEALTH INSURANCE COMPANY
The Global Economics

BEST HEALTH INSURANCE COMPANY
The Global Economics

Brand Campaign

Reflecting our modern outlook and customer centricity, we launched a multi-channel brand campaign in mid-August 2020, aimed at highlighting our evolution as a futuristic insurer that provides unparalleled customer service across all product lines.

199 Million
Impressions on Google Display Network

21 Million
Views on outdoor campaign

9.5 Million
Views on YouTube Testimonial Campaign

1.9 Million
Impression on Gulf News partner content

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New Brand Identity

2020 was a year of transformation, and we changed as well! Our old logo was associated with heritage and traditional values. To synchronize our forward-looking vision with our identity, we revamped our logo. Being a leading insurer in the region, our logo and brand name has a lot of positive association, and hence we retained and enhanced some key elements like the green colour and a graphic rendering of the dhow sails.

The new design is simple, yet distinct and engaging. It reflect our forward-thinking, modern outlook as an organisation. While we have a new identity, our values and mission to become a reference in the region for excellent customer service, remain the same.

عمـــان للتأميـــن
Oman Insurance

46 years

of expertise in the region

830,000

customers trust us

86%

customer satisfaction

2 Billion

dirhams paid in claims each year

Vision

Our vision is to provide outstanding insurance solutions that help create and protect wealth and well-being.

Mission

Our mission is to develop superior insurance propositions that: Customers recommend to family and friends, Owners buy for their businesses, Brokers select for their clients, Employees are proud of and Shareholders seek for long-term returns.

Our Values

We are guided in everything we do by five core values:

Constant improvement

We are fast, agile and constantly thinking of new ways to enhance customer experience.

Integrity

We keep our promises, take personal accountability and earn the trust of our customers.

Customer first

We put our customers at the heart of all we do.

Collaboration

We work together as one team to make a difference.

Excellence

We believe quality is never an accident, it's a deliberate practice.

> I would definitely recommend Oman Insurance, they have been really good with me.

Caroline Jongma

Company at a Glance

46 years
of expertise in the region

830,000 clients
trust us

650 professionals
ready to serve you

3.59 billion
AED revenue in 2020

7.61 billion
AED total assets

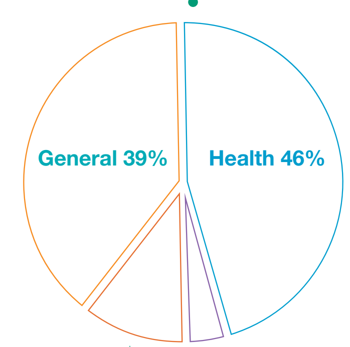
Listed
on Dubai Stock Market

196.5 million
AED net profits

Some things you plan.
Some things you don't.
We're with you for both.

12 branches
ready to welcome you

3 countries
UAE, Oman and Turkey



Business in % of 2020 GPW

A
by AM Best

A-
by S&P

A2
by Moody's

Partners

Bupa, Generali, Coface, QBE, Berkshire Hathaway Specialty Insurance, The Hartford

Oman Insurance Company provides a wide range of comprehensive insurance solutions for individuals and commercial clients in Life, Healthcare and General categories. If the need arises, our clients count on us to have their business up and running again as quick as possible.

Chairman's Statement

On behalf of the Board members, it is my pleasure to present the 2020 Annual Report for Oman Insurance Company. It was a challenging year for everyone around the globe due to the COVID-19 pandemic, but I am proud of the achievements despite the tough situation we all were in.

The company posted a net profit of AED 196.5 million, up by 3% compared to 2019, making it the highest in the past 5 years while reaching a local solvency margin of 250%, its highest level compared to past years. In terms of customer satisfaction, a strategic core pillar of Oman Insurance, the company reached its highest-ever score with 87% of customers being satisfied or very satisfied with its services. These achievements are clearly the result of Oman Insurance's focus on superior customer service, free cash flows, leaner processes, sustainable profitability, and efficient digital transformation.

During 2020, Oman Insurance Company maintained its 'A-' rating by Standard & Poor's and 'A' by AM Best with an improved outlook from Negative to Stable. S&P Global ratings further mentioned in its report that the company's capital adequacy is well above the 'AAA' level, and the liquidity position is 'exceptional'. Furthermore, Moody's, the largest rating agency worldwide alongside S&P, assigned an 'A2' Insurance Financial Strength to Oman Insurance.

In addition to these results, Oman Insurance has also managed the Covid-19 crisis in a way to support the community and ensure the safety of its employees while maintaining the highest standards in customer servicing. This strategy allowed the organisation to quickly have up to 95% of its employees connected remotely and working from the safety of their homes.

To support frontline health workers and medical providers, the company accelerated network claim payments of more than AED 100 million. Oman Insurance teamed up with TruDoc24x7, a telemedicine and telemonitoring solution to provide quality healthcare without the need for customers to step outside their homes. As the public stayed home to reduce the spread of COVID-19, a drop in accident claims was witnessed compared to the same period last year. To help customers during this time, Oman Insurance offered 30% of the monthly premium for April and May 2020 as a discount upon renewal of all motor policies. Due to restrictions on movement and public gatherings, it was increasingly hard for people to visit gyms, pools, and fitness centres. With LivFit's live workout sessions on social media, Oman Insurance brought the gym to people's homes.

2020 was also a noteworthy year for Oman Insurance Company in terms of its digital advancements. Reflecting on its mission to be the reference in terms of customer satisfaction, the company successfully launched several projects including a new cloud-hosted corporate website, a Straight Through Process motor insurance sales portal and, a first in the UAE, a fully digitalized motor claims system.

Oman Insurance received 13 awards in 2020 notably, Overall Insurer, Best Insurer and Customer Satisfaction and Happiness. These awards reflect the investments made to improve service levels, enhance digital capabilities, and a commitment to constantly providing tailored insurance solutions while minimizing risk.

In 2020, Oman Insurance Company also completed a 100% acquisition of its subsidiary, Dubai Sigorta A.S. by obtaining the remaining 49% of issued and outstanding share capital.

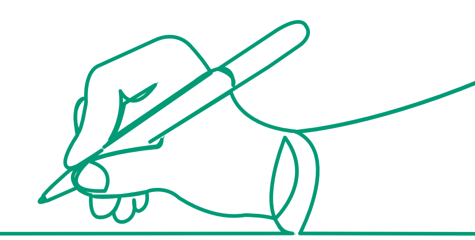
With strong financial foundations and a great infrastructure, the company will continue its digital transformation journey and increase focus on customer experience to reinforce itself as the reference in this region for customer service excellence.

I would like to place on record my appreciation for all our employees, shareholders and other stakeholders for their dedication and support.

I would also like to thank our Board for the vision and leadership with which they have guided and steered the company through the year 2020.

Moving forward into 2021, Oman Insurance Company will continue implementing its ambition of becoming the insurer of choice in the region by notably focusing on delighting its customers and by accelerating its digital transformation.

Abdul Aziz Abdulla Al Ghurair
Chairman, Oman Insurance Company



Board of Directors

Abdul Aziz Abdulla Al Ghurair
Chairman

Ali Rasheed Lootah
Vice Chairman

Ali Lakhraim Al Zaabi
Board Member

Nabeel Waheed Rashed Waheed
Board Member

Rashed Saif Al Jarwan
Board Member

Badr Abdulla Al Gurair
Board Member

Dr. Muna Tahlak
Board Member

Report to the Board of Directors

Dear Shareholders,

We have the pleasure in presenting you the 44th Annual Report of Oman Insurance Company (OIC) for the year-ended 31 December 2020. 2020 was a peculiar year, during which the UAE insurance industry faced several unprecedented challenges. At the start of 2020, we witnessed weather losses that impacted our profitability. Covid-19 pandemic outbreak, which also started spreading rapidly in the 1st quarter, forced the UAE and most of the governments globally to put the economy on an unprecedented pause to fight the pandemic and imposed complete lockdown in March. During this lockdown, UAE Government have come to the rescue with huge fiscal support packages to support the economy.

The Group quickly implemented remote connectivity for 95% of its employees as part of its business continuity management initiative to ensure there is no interruption to client servicing and operations. During this time of uncertainty and business disruption, customer centricity remained OIC's main objective, while at the same time ensuring complete safety of all the staff members. Anticipating the abrupt liquidity requirement in the industry during Covid-19, Oman Insurance extended support to the UAE healthcare industry by fast tracking medical claim settlements of approximately AED 100 million and played its due role in reducing the market credit and liquidity risk.

During 2020, the management relentlessly and consistently pursued the strategy on the following pillars: (i) be obsessed by customer satisfaction; (ii) improve our underwriting and reinsurance technical expertise and focus on risks having the right pricing; (iii) be leaner, more efficient and less costly by revisiting all the processes of our value chain; (iv) relentless and non-compromise focus on cash collection and free cash flow generation; (v) in-depth review and improvement of our technological platforms and implementation of our digital transformation strategy. It is with pleasure to inform you that this comprehensive strategy is paying off and has delivered excellent results. Indeed, despite a challenging environment with downward pressure on prices and, more than ever, the collection of premiums being a continuous struggle, Oman Insurance has improved the majority of its key indicators, has increased further its solvency while having more satisfied customers than ever.

With this in mind, and despite all the challenges we witnessed in 2020, I am pleased to report that the Company has posted a Net income of AED 196.5 million in 2020 as against AED 190.5 million in 2019. It is worth mentioning that 2020 Net income is the highest over the past 5 years.

In terms of the volume of business, and in spite of the very competitive environment and our pruning strategy in order to remove the loss-making accounts, our overall Gross Written Premium has slightly increased against last year at AED 3.59 billion. In alignment with our strategy to better select risks and retain more of these healthy risks on our balance sheet, our Net Retained Premium increased proportionately to AED 1.63 billion. Our Net Earned Premium at AED 1.63 billion is amongst the highest in the UAE insurance industry and confirms our clear leading position. Proactive measure taken last year also helped enhance underwriting profit which increased by 2.1% to AED 440.9 million from AED 432 million.

In terms of its operations, OIC has undertaken lean management initiatives to ensure continuous efficiency and deliver more enhanced value to our valued customers and partners. This initiative has already started to reflect in our general and administrative expenses which dropped AED 8 million to AED 282.8 million in 2020.

On top of this business performance, Oman Insurance has consistently focused on strengthening its balance sheet and solvency. As a result, our solvency margin has now reached its highest level in the past years approximately at 250%, which confirms our extremely strong ability to meet our policy holders' obligations. Our last 3 years strategic focus on further strengthening the foundations have been achieved. Oman insurance shall use these foundations for its next steps towards profitable growth, digital first and further improving the technical expertise and operating profitability.

The strength of Oman Insurance's balance sheet was also reflected by rating agencies. The Company has maintained 'A- Stable Outlook' rating by Standard & Poor's Global Rating Agencies and 'A Excellent' by AM Best with an improved outlook from Negative to Stable. S&P Global ratings further mentioned in its report that the company's capital adequacy is well above the 'AAA' level, and the liquidity position is 'exceptional'. This is a result of our focused efforts in de-risking the investment portfolio with a deleveraged balance sheet. Last but not least, Moody's, the largest rating agency worldwide alongside S&P, assigned an A2 Insurance Financial Strength to Oman Insurance. Moody's noted that this A2 rating reflects our strong market position in the Middle East and North African (MENA) region as well as the fact that Oman Insurance has strengthened its operating profit over the past three years due to actions taken to improve underwriting quality, lower expenses and improve recurring investment income.

Life Assurance Segment: Non-renewal of certain large accounts placed some pressure on gross written premium in the Life and Medical Insurance division which recorded a decline of 9.1% amounting to AED 1.80 billion against AED 1.98 billion in 2019. Net underwriting income declined in 2020 to AED 207.3 million against AED 252.8 million in 2019.

General Insurance Segment: Gross premium written in the General Insurance business increased by 14% at AED 1.79 billion against AED 1.57 billion in 2019. Strong claim management curtailed the net incurred claims to AED 328 million in 2020 against AED 340.8 million in 2019. Net underwriting income improved from AED 179.2 million in 2019 to AED 233.6 million in 2020.

Receivables and Investments: Our enhanced receivables and credit management has delivered the strongest performance by generating free cash flow of over AED 300 million in 2020 which was partially utilized by further investing into financial investments. This has led to increase in Group's invested assets of 7.9% to AED 3.80 billion against AED 3.52 billion in 2019.

In 2020, the company has further reduced net receivables by 2.3% to AED 574.1 million in 2020 compared to AED 587.5 million in 2019, with net receivables ratio being one of the lowest amongst listed companies in the UAE market.

Net Investment Income before property revaluation increased 12.3% to AED 114.2 million in 2020 compared to AED 101.7 million in 2019. OIC impaired its investment properties valuation by AED 24 million in 2020 which was in line with the market trend. Our investment strategy of de-risking, balanced portfolio with fresh cashflow deployment was the key focus during the last 3 years which resulted 2020 investment income being the highest compared to the last 5 years performance.

Total Assets of the Company at the end of year 2020 stood at AED 7.61 billion as against AED 7.02 billion at the end of year 2019.

Total Equity of the Company at the end of year 2020 stood at AED 2.07 billion as against AED 1.92 billion at the end of year 2019.

Board of Directors Recommendations:

The Board of Directors recommends shareholders do the following:

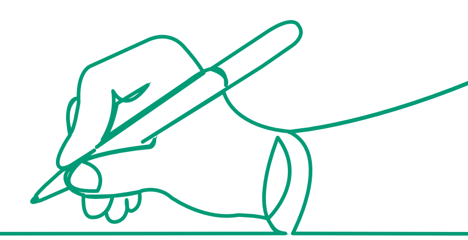
1. Approve the Board of Directors' Report.
2. Approve the Balance Sheet and Profit and Loss Account for the year ended 31 December 2020 and approve the auditors' report thereon for the mentioned period.
3. Discharge the Auditors from their liabilities arising out of audit work and re-appoint PricewaterhouseCoopers as auditors for the financial year 2021 and approve their remuneration.
4. Discharge the Board of Directors from their liabilities for their management of the Company during 2020.
5. Approve the Board's recommendation regarding the remuneration of the Board members.
6. Approve the Board's recommendation with regards to the distribution of dividends for the financial year 2020.

We would like to put on record our sincere appreciation and gratitude towards all stakeholders of OIC. We continue to draw inspiration and guidance from our valued customers and partners whose trust and confidence helps us to continue the journey untiringly. We would like to thank our management and staff of the company for their sincere and dedicated contribution to the successful growth of the Company.

May God; the Almighty; guide our steps.

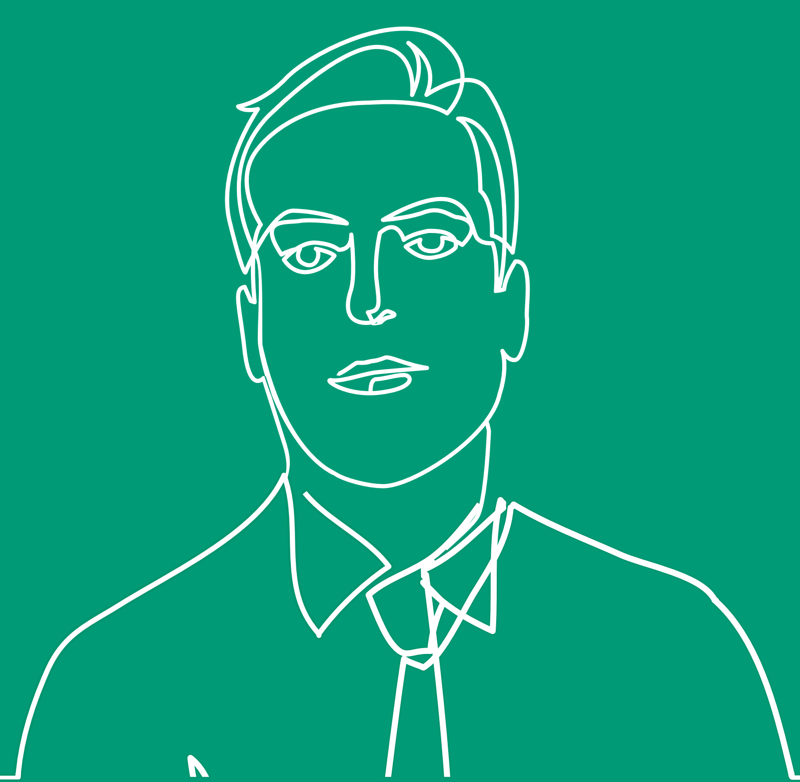
On behalf of the Board,

Abdul Aziz Abdulla Al Ghurair
Chairman
10 February 2021



“The thing I like most about Oman Insurance is their availability. Whenever I need their help, they are always by my side.”

Milos Budisavljevic



Independent Auditor’s Report

The Shareholders, Oman Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oman Insurance Company P.S.C. (the “Company”) and its subsidiaries (together the “Group”) as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have Audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our Audit Approach

Overview

Key Audit Matters

- Valuation of insurance contract liabilities
- Impairment losses on insurance and reinsurance receivables
- Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Valuation of insurance contract liabilities As disclosed in note 11 to these consolidated financial statements, the Group's insurance contract liabilities amounted to AED 4.72 billion as at 31 December 2020. Note 11 to these consolidated financial statements describes the elements that make up the insurance contract liabilities balance. We comment on the most judgemental elements below: Outstanding Claims: Outstanding claims balance is a material within the consolidated financial statements and is also highly judgmental and can be complex to calculate in certain instances. The outstanding claims are a best estimate of all claims incurred but not settled at the reporting date. Claims incurred but not reported: This reserve represents the liability for claims incurred but not reported at the end of the reporting period which is determined through an internal and external independent actuarial valuation, considering the Group's historical loss experience. Significant assumptions are applied in the valuation of claims that have been incurred at the reporting date but have not yet been reported to the Group. In addition, lines of business where there is a greater length of time between the initial claim event and the settlement tend to display greater variability between initial estimates and final settlement amounts. Life assurance fund: This reserve represents the liability for the life insurance policies which is determined through an internal and external independent actuarial valuation, considering future policy benefits at the end of each reporting period. It involves complex and subjective judgements and uncertainty about future events for which changes in the assumptions can result in a significant impact to the estimate. The valuation of other elements of the Group's insurance contract liabilities was also carried out by internal actuarial team and reviewed by independent external actuaries. We consider the valuation of insurance contract liabilities a key audit matter because of the complexity involved in the estimation process and the significant judgements that management make in determining the reasonableness and adequacy of the insurance contract liabilities.	As part of our audit procedures, we: • understood, evaluated and tested key controls relating to the review process of quarter and annual reserves by the management and external appointed actuary; • understood, evaluated and tested key controls relating to the reserve setting process of the Group; • checked on a sample basis the outstanding claims reserves against supporting documentation, such as loss adjusters' reports; • compared on a sample basis the outstanding claims reserves with the subsequent payments, if settled or subsequent reserve amounts, if unsettled; For claims incurred but not reported and life assurance fund, we: • re-performed reconciliations between the data used in the actuarial reserving calculations and the underlying accounting records of the Group; • evaluated the competence, objectivity and independence of the Group's appointed external actuaries as well as our internal actuarial experts; • using our internal actuarial experts, we applied our industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. In particular we: » checked whether the data used and checks applied to it is reasonable and sufficient to determine the Group's actuarial reserves; » assessed the reasonableness of assumptions and methods used in underlying calculations of reserves; » assessed the effect on the current year's reserves estimate based on the review performed by the Group on the claims incurred but not reported at prior year end in the light of subsequent development/ settlement of these claims; » understood and assessed the reasonableness of life assurance fund. • checked the appropriateness of the disclosures made in relation to the valuation of insurance contract liabilities included in these consolidated financial statements.

Key Audit Matter (continued)	How our Audit Addressed the Key Audit Matter (continued)
Impairment losses on insurance and reinsurance receivables As disclosed in note 12 to these consolidated financial statements, the Group's insurance and reinsurance receivables amounted to AED 988 million and the related provision for impairment amounted to AED 414 million as at 31 December 2020. The Group makes complex and subjective judgements over both the timing of recognition of impairment of insurance and reinsurance receivables and the estimation of the amount of such impairment using the expected credit loss model, which includes determining the probability of default, loss given default, exposure at default, discounting and use of practical expedient. We consider the calculation of impairment losses on insurance and reinsurance receivables as a key audit matter because of the significance of the insurance and reinsurance receivables balance (representing 8% of the total assets as at 31 December 2020), the related estimation uncertainty to the consolidated financial statements and the significance of the judgements used in applying the requirements of IFRS 9.	As part of our audit procedures, we: • understood, evaluated and tested key controls relating to the management's review and approval of the impairment provisions; • evaluated the competence, objectivity and independence of our internal experts; • tested the completeness and accuracy of the input data used in the impairment model calculations; • involved our internal experts to assess and review the: » methodology applied by the Group in calculating the impairment provision to assess its consistency with the requirements of IFRS 9; » the "Expected Credit Loss ("ECL")" impairment model prepared by management which included testing the appropriateness and reasonableness of key assumptions and judgments used. • for balances determined to be individually impaired, we tested a sample to assess the reasonableness of management's estimated provisions; and • checked the appropriateness of the disclosures made in relation to the impairment of insurance and reinsurance receivables included in these consolidated financial statements.
Valuation of investment properties As disclosed in note 7 to these consolidated financial statements, the Group's investment properties comprise of land and residential apartments amounting to AED 450 million as at 31 December 2020 and are measured at fair value. The valuation of the Group's investment properties, as detailed in note 7 to these consolidated financial statements, is inherently subjective due to, among other factors, the nature of each property, its location and the expected future rental income or selling value for that particular property. The valuation of the Group's investment properties were carried out by independent third party valuers ("valuers"). We consider the valuation of investment properties a key audit matter, given the significant assumptions and judgements involved in estimating the fair values.	As part of our audit procedures, we: • evaluated the competence, objectivity and independence of the management appointed valuers as well as our internal valuation experts; • evaluated the appropriateness of the valuers' work by considering the nature and scope of the instructions provided to the valuers by the Group; • evaluated the completeness and accuracy of source data used in the calculation of fair values, when used; • engaged our internal valuation experts to evaluate the methodologies and the appropriateness of the key assumptions used by the valuers; and • checked the appropriateness of the disclosures made in relation to the valuation of investment properties included in these consolidated financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, the UAE Federal Law No. (6) of 2007 and the related Financial Regulations for Insurance Companies issued by the United Arab Emirates Insurance Authority, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
3. the Group has maintained proper books of account;
4. the financial information included in the Directors' report is consistent with the books of account of the Group;
5. as disclosed in note 10 to the consolidated financial statements the Group has purchased and invested in shares during the year ended 31 December 2020;
6. note 23 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
7. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2020; and
8. note 35 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2020.

Further as required by the UAE Federal Law No. (6) of 2007 and the related Financial Regulations for Insurance Companies issued by the UAE Insurance Authority, we have obtained all the required information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers
10 February 2021

Douglous O'Mahony
Registered Auditor Number 834
Place: Dubai, United Arab Emirates

> **“Oman Insurance has been the best insurance that I have discovered.”**

Adrian James King

Consolidated Statement of Financial Position at 31 December 2020

	Note	2020 AED ’000	2019 AED ’000
Assets			
Property and equipment	5	**48,604**	10,316
Intangible assets	6	**75,763**	77,194
Investment properties	7	**449,715**	473,591
Goodwill		**8,358**	9,869
Deferred tax assets		**1,651**	1,237
Statutory deposits	9	**171,982**	155,280
Financial investments at amortised cost	10.4	**1,679,238**	1,628,211
Financial investments at fair value through other comprehensive income (FVTOCI)	10.3	**443,194**	474,376
Financial investments at fair value through profit or loss	10.2	**394,008**	377,639
Reinsurance contract assets	11	**2,869,140**	2,580,319
Deferred acquisition costs	8	**154,765**	132,200
Insurance and reinsurance receivables	12	**574,063**	587,501
Prepayments and other receivables	13	**79,848**	96,983
Deposits with banks	14	**396,458**	268,620
Bank balances and cash	14	**261,123**	144,290
Total Assets		**7,607,910**	7,017,626
Equity and Liabilities			
Equity			
Share capital	15	**461,872**	461,872
Other reserves	16	**1,483,398**	1,356,684
Cumulative changes in fair value of securities		**(236,311)**	(250,990)
Foreign currency translation reserve		**(55,599)**	(47,982)
Retained earnings		**417,560**	373,585
Net Equity Attributable to the Owners of the Company		**2,070,920**	1,893,169
Non-controlling interests		**850**	22,518
Total Equity		**2,071,770**	1,915,687
Liabilities			
Employees’ end of service benefits	17	**39,090**	38,152
Insurance contract liabilities	11	**4,724,999**	4,248,190
Deferred commission income	19	**81,295**	67,564
Other payables	18.2	**176,321**	123,754
Reinsurance deposits retained		**142,850**	127,278
Insurance and reinsurance payables	18.1	**371,585**	497,001
Total Liabilities		**5,536,140**	5,101,939
Total Equity and Liabilities		**7,607,910**	7,017,626

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

These consolidated financial statements were approved for issue by the Board of Directors on 10 February 2021 and signed on their behalf by:

Abdul Aziz Abdulla Al Ghurair
Chairman

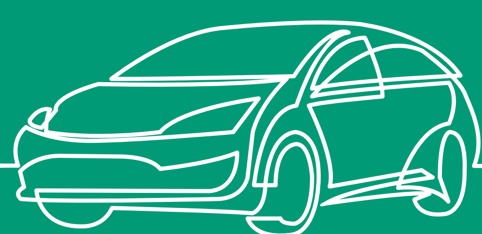
Jean-Louis Laurent-Josi
Chief Executive Officer

Covid Response

We initiated a comprehensive response to the COVID-19 pandemic to ensure the safety and wellbeing of our customers, employees, and the community in general.

TRUDOC 24X7

Owing to movement restrictions, we partnered with TruDoc 24x7 to provide telehealth and telemedicine services to our customers.



DISCOUNTED MOTOR INSURANCE

Offered 30% of the monthly premium for April and May 2020 as a discount upon renewal of all motor policies.

NETWORK PROVIDERS

Fast-tracked AED 100m in network claims payments to support hospitals and frontline health workers in the UAE.

LIVFIT

Introduced weekly live workout sessions for the entire community through our LivFit Facebook and Instagram channels.

OPERATIONS & SERVICING

Enabled up to 90% of our employees to work from the safety of their homes and delivered all major projects on time.

Consolidated Income Statement for the Year Ended 31 December 2020

	Note	2020 AED '000	2019 AED '000
Gross insurance premium	24.1	**3,585,104**	3,545,062
Less: Insurance premium ceded to reinsurers	24.1	**(1,952,002)**	(1,934,027)
Net retained premium		**1,633,102**	1,611,035
Net change in unearned premium, life assurance fund and unit linked liabilities	24.1	**(939)**	25,028
Net Earned Insurance Premium		**1,632,163**	1,636,063
Gross claims settled	24.2	**(2,283,953)**	(2,363,544)
Insurance claims recovered from reinsurers	24.2	**1,327,160**	1,305,537
Net Claims Settled		**(956,793)**	(1,058,007)
Net change in outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expenses reserve		**(147,343)**	(88,742)
Net Claims Incurred		**(1,104,136)**	(1,146,749)
Reinsurance commission income	19	**195,032**	262,992
Commission expenses	8	**(324,485)**	(370,954)
Other income relating to underwriting activities		**42,368**	50,652
Net Commission and Other Income		**(87,085)**	(57,310)
Net Underwriting Income		**440,942**	432,004
Interest income from financial assets at amortised cost	20.1	**95,551**	88,885
Realised gains on sale of financial investments at amortised cost		**3,387**	543
Other investment (expense)/income - net	20.2	**(8,642)**	2,267
Net Investment Income		**90,296**	91,695
Total Income		**531,238**	523,699
General and administrative expenses	21	**(282,841)**	(290,821)
Board of directors' remuneration	23.3	**(2,250)**	(2,250)
Allowance for impairment as per IFRS 9 on insurance and reinsurance receivables	12.3	**(13,441)**	(13,809)
Finance Costs		**-**	(199)
Other expenses - net		**(35,272)**	(26,466)
Profit before Tax		**197,434**	190,154
Income tax (expenses)/credit		**(886)**	391
Profit for the Year		**196,548**	190,545
Attributable to:			
Owners of the Company		**194,258**	186,891
Non-controlling interests		**2,290**	3,654
		196,548	190,545
Earnings per share (AED)	22	**0.42**	0.40

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 AED '000	2019 AED '000
Profit for the Year	**196,548**	190,545
Other Comprehensive (Loss)/Income		
Items that will not be Reclassified Subsequently to Profit or Loss:		
Net fair value (losses)/gains on revaluation of investments designated at FVTOCI	**(8,890)**	60,412
Items that may be Reclassified Subsequently to Profit or Loss:		
Exchange losses on translation of foreign operations	**(10,570)**	(6,245)
Total other Comprehensive (Loss)/Income	**(19,460)**	54,167
Total Comprehensive Income for the Year	**177,088**	244,712
Total Comprehensive Income Attributable to:		
Owners of the Company	**177,751**	243,615
Non-controlling interests	**(663)**	1,097
	177,088	244,712

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

$60 medical bill.

$60 million fire claim.

We are on your side

no matter what.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share Capital AED '000	Other Reserves AED '000	Cumulative Changes in Fair Value of Securities AED '000	Foreign Currency Translation Reserve AED '000	Retained Earnings AED '000	Equity Attributable to the Owners of the Company AED '000	Non-Controlling Interests AED '000	Total AED '000
Balance at 1 January 2019	461,872	1,479,974	(203,293)	(44,294)	(44,570)	1,649,689	21,421	1,671,110
Changes on initial application of IFRS 16	-	-	-	-	(135)	(135)	-	(135)
Restated balance at 1 January 2019	461,872	1,479,974	(203,293)	(44,294)	(44,705)	1,649,554	21,421	1,670,975
Profit for the year	-	-	-	-	186,891	186,891	3,654	190,545
Other comprehensive income/(loss) for the year	-	-	60,412	(3,688)	-	56,724	(2,557)	54,167
Total comprehensive income/(loss) for the year	-	-	60,412	(3,688)	186,891	243,615	1,097	244,712
Transfer to contingency reserve (note 16.4)	-	1,710	-	-	(1,710)	-	-	-
Transfer to retained earnings from general reserve (note 16.3)	-	(125,000)	-	-	125,000	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	(108,109)	-	108,109	-	-	-
Balance at 31 December 2019	461,872	1,356,684	(250,990)	(47,982)	373,585	1,893,169	22,518	1,915,687

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

Gender equality.
Women empowerment.
We lead inclusivity in the insurance sector.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020 (continued)

	Share Capital AED '000	Other Reserves AED '000	Cumulative Changes in Fair Value of Securities AED '000	Foreign Currency Translation Reserve AED '000	Retained Earnings AED '000	Equity Attributable to the Owners of the Company AED '000	Non-Controlling Interests AED '000	Total AED '000
Balance at 31 December 2019	461,872	1,356,684	(250,990)	(47,982)	373,585	1,893,169	22,518	1,915,687
Profit for the year	-	-	-	-	**194,258**	**194,258**	**2,290**	**196,548**
Other comprehensive loss for the year	-	-	**(8,890)**	**(7,617)**	-	**(16,507)**	**(2,953)**	**(19,460)**
Total Comprehensive (loss)/income for the year	-	-	**(8,890)**	**(7,617)**	**194,258**	**177,751**	**(663)**	**177,088**
Transfer to contingency reserve (note 16.4)	-	**1,370**	-	-	**(1,370)**	-	-	-
Transfer to regulatory reserve (note 16.5)	-	**344**	-	-	**(344)**	-	-	-
Transfer to general reserve from retained earnings (note 16.3)	-	**125,000**	-	-	**(125,000)**	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	**23,569**	-	**(23,569)**	-	-	-
Transaction with non-controlling interest (note 32)	-	-	-	-	-	-	**(21,005)**	**(21,005)**
Balance at 31 December 2020	**461,872**	**1,483,398**	**(236,311)**	**(55,599)**	**417,560**	**2,070,920**	**850**	**2,071,770**

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows For the Year Ended 31 December 2020

	2020 AED '000	2019 AED '000
Cash Flows from Operating Activities		
Profit for the year before tax	**197,434**	190,154
Adjustments for:		
Depreciation and amortisation	**22,708**	21,760
Fair value losses on investment properties	**23,876**	9,994
Unrealised losses/(gains) on financial investments at FVTPL	**114**	(6,577)
Loss on sale/write off of fixed assets	**-**	38
Provision for employees' end of service benefits	**6,246**	6,979
Allowance for impairment of insurance and reinsurance receivables	**13,441**	13,809
(Release)/allowance for impairment of financial investments at amortised cost	**(72)**	1,674
Allowance for impairment of bank balances and deposits	**99**	257
Dividend income from financial investments at FVTPL and FVTOCI	**(23,979)**	(18,992)
Interest income from financial assets	**(100,952)**	(94,212)
Amortization of financial assets measured at amortised cost	**5,401**	5,327
Realised losses/(gains) on sale of financial investments at FVTPL	**2,276**	(417)
Realised gains on sale of financial investments at amortised cost	**(3,387)**	(543)
Finance costs	**-**	199
Interest expense on lease liability	**850**	178
Other investment expenses	**14,176**	20,769
Rental income from investment properties	**(7,848)**	(8,975)
Operating Cash Flows before Changes in Operating Assets and Liabilities and Payment of Employees' End of Service Benefits and Income Tax	**150,383**	141,422
Changes in Working Capital		
Increase in reinsurance contract assets	**(288,821)**	(107,521)
Decrease in insurance and other receivables	**17,184**	130,135
(Increase)/Decrease in deferred acquisition costs	**(22,565)**	24,472
Increase in insurance contract liabilities	**417,432**	158,589
Decrease in insurance and other payables	**(96,688)**	(148,473)
Increase in reinsurance deposits retained	**15,572**	14,537
Increase/(decrease) in deferred commission income	**13,731**	(21,049)
Increase in unit linked investments	**(59,384)**	(12,142)
Increase in unit linked liabilities	**59,377**	12,441
Net Cash Generated from Operations	**206,221**	192,411
Employees' end of service benefits paid	**(5,308)**	(5,875)
Income tax paid	**(1,807)**	(1,037)
Net Cash Generated from Operating Activities	**199,106**	185,499

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows For the Year Ended 31 December 2020 (continued)

	2020 AED '000	2019 AED '000
Cash Flows from Investing Activities		
Purchases of financial investments at FVTOCI	**(120,981)**	(221,285)
Proceeds from sale of financial investments at FVTOCI	**143,273**	275,490
Purchases of financial investments at FVTPL (excluding unit linked investments)	**(2,995)**	(10,090)
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)	**43,620**	8,994
Proceeds from sale of financial investments at amortised cost	**356,219**	150,668
Purchases of financial investments at amortised cost	**(408,640)**	(499,679)
Dividends received from financial investments at FVTPL and FVTOCI	**24,215**	19,639
Interest received from deposits and financial investments	**103,250**	89,567
Rental income received from investment properties	**7,560**	8,983
Other investment expenses paid	**(16,308)**	(18,239)
Purchase of property and equipment and intangible assets	**(27,607)**	(22,119)
(Increase)/decrease in term deposits maturing after three months	**(130,684)**	11,100
(Increase)/decrease in statutory deposits	**(16,702)**	1,274
Net Cash used in Investing Activities	**(45,780)**	(205,697)
Cash Flows from Financing Activities		
Finance costs paid	**-**	(199)
Principal elements of lease payments	**(5,095)**	(1,280)
Interest elements of lease payments	**(850)**	(178)
Transactions with non-controlling interests (note 32)	**(21,005)**	-
Cash proceeds from bank borrowings	**-**	980
Repayments of amounts borrowed	**-**	(74,224)
Net Cash used in Financing Activities	**(26,950)**	(74,901)
Net (Increase)/decrease in Cash and Cash Equivalents	**126,376**	(95,099)
Cash and cash equivalents at the beginning of the year	**144,968**	245,143
Effects of exchange rate changes on the balances of cash held in foreign currency	**(9,444)**	(5,076)
Cash and Cash Equivalents at the End of the Year (note 14)	**261,900**	144,968

During the year ended 31 December 2020, the principal non-cash transactions relate to the addition to the lease liability and right-of-use of asset amounting to AED 31,987 thousand and AED 31,987 thousand respectively (31 December 2019: AED 6,705 thousand and AED 5,672 thousand respectively).

The notes on pages 33 to 85 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

1. General Information

Oman Insurance Company P.S.C., (the "Company") is a public shareholding company, which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai. The Company is registered under the UAE Federal Law No. (2) of 2015 relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of the U.A.E. under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C. and its subsidiaries (note 32). The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

Federal Decree Law No. (26) of 2020 which amends certain provisions of Federal Law No. (2) of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021, however, some of the amended articles refer to further executive regulations to be issued. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

Federal Decree Law No. (24) of 2020 which amends certain provisions of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations 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 UAE Central Bank.

The licensed activities of the Company are issuing short term and long term insurance contracts and trading in securities. The insurance contracts are issued in connection with property, engineering, energy, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products.

The Company also operates in Sultanate of Oman, State of Qatar, Kingdom of Bahrain and Republic of Turkey.

2. Application of New and Revised International Financial Reporting Standards ("IFRS")

2.1 New and Revised IFRS and Interpretations Applied on the Consolidated Financial Statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
• **Amendments to IAS 1 and IAS 8 on the definition of material** These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: » use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; » clarify the explanation of the definition of material; and » incorporate some of the guidance in IAS 1 about immaterial information.	1 January 2020
• **Amendments to IFRS 3, 'Business Combinations' - Definition of a Business** These amendments revise the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.	1 January 2020

New and Revised IFRSs	Effective for Annual Periods Beginning on or After
• **Amendments to the Conceptual Framework** The IASB has revised its Conceptual Framework. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. The key changes include: » Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions. » Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality. » Defining a reporting entity, which might be a legal entity or a portion of a legal entity. » Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events. » Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events. » Removing the probability threshold for recognition and adding guidance on derecognition. » Adding guidance on the information provided by different measurement bases and explaining factors to consider when selecting a measurement basis. » Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	1 January 2020

2.2 New and Revised IFRS Issued but not yet Effective and not Early Adopted

New and Revised IFRSs	Effective for Annual Periods Beginning on or After
• **Amendment to IFRS 16, 'Leases' - Covid-19 Related Rent Concessions** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 June 2020
• **Amendments to IAS 1, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current** These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022

New and Revised IFRSs	Effective for Annual Periods Beginning on or After
• **Amendments to IFRS 3, IAS 16, IAS 37 and some Annual Improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16** Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.	1 January 2022
• **IFRS 17, 'Insurance Contracts'** On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.	1 January 2023
• **Amendments to IFRS 17, 'Insurance Contracts'** The IASB issued the amendments to IFRS 17, 'Insurance contracts', on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB's targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17. IFRS 17 should be applied to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted, and the amendments should be applied at the same time. Management expects that the adoption of IFRS 17 will have an impact on the amounts reported and disclosures made in these consolidated financial statements in respect of its insurance contracts issued and reinsurance contracts held. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review post the design phase of implementation which is in progress.	1 January 2023

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2021 that would be expected to have a material impact on these consolidated financial statements.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

3.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of United Arab Emirates (U.A.E.) Federal Law No. (2) of 2015, United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and the UAE Insurance Authority Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies.

3.2 Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial investments classified as at fair value through profit or loss ("FVTPL") and as at fair value through other comprehensive income ("FVTOCI") that are being measured at fair value.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayments and other receivables, reinsurance deposits retained and insurance and reinsurance payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, investment properties, goodwill, deferred tax assets and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): financial investments, deferred acquisition costs, deferred commission income, reinsurance contract assets, insurance contract liabilities, other payables, insurance and reinsurance receivables, deposits with banks with original maturities of more than three months and employees' end of service benefits.

The consolidated financial statements are presented in Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") except when otherwise indicated.

3.3 Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, i.e. its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voteholders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and/or ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in Ownership Interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Management has carried out an impairment test for goodwill at the year end and has concluded that no impairment has taken place.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

3.6 Insurance Contracts

3.6.1 Product Classification

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

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable provided in case of a non-financial variable, that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime even if the insurance risk reduces significantly during this period unless all rights and obligations are extinguished or expired. An investment contract can however be classified as an insurance contract after its inception if the insurance risk becomes significant.

Some insurance contracts and investment contracts contain discretionary participating features (DPF) which entitle the contract holder to receive, as a supplement to the standard guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer; and
- that are contractually based on:

i. the performance of a specified pool of contracts or a specified type of contract;

ii. realised/unrealised investment returns on a specified pool of assets held by the issuer; or,

iii. the profit or loss of the Group, fund or other entity that issues that contract

Under IFRS 4, DPF can be either treated as an element of equity or as a liability or can be split between the two elements. The Group's policy is to treat all DPF as a liability within insurance or investment contract liabilities.

The policyholder bears the financial risks relating to some insurance contracts or investment contracts. Such products are usually unit-linked contracts.

3.6.2 Recognition and Measurement

Insurance contracts are classified into three main categories, depending on the duration of risk.

i. Short-term insurance contracts

These contracts are short-term General Insurance, Medical as well as short-duration Life insurance contracts.

Short-duration Life insurance contracts protect the Group's customers from the consequences of events such as, but not limited to, death or disability.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks, at the end of the reporting period, is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to the consolidated income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated based on assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

ii. Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Policy benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality and investment performance. A conservative approach is used to determine the assumptions so as to ensure adequate margin in the results.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

iii. Long-term unit linked insurance contracts

These contracts insure human life events (for example, death or survival) over a long duration. Liabilities are set equal to the policy holders' account value in addition to liabilities calculated against the insurance risk embedded in the products. These account values are affected by factors including but not limited to; payment of policy premiums, changes in the unit prices, policy administration fees, mortality charges, surrender charges and any withdrawals.

The liability for these contracts includes any amounts necessary to compensate the Group for services to be performed over future periods. This is the case for contracts where the policy administration charges are higher in the initial years than in subsequent years. The mortality charges deducted in each period from the contract holders as a group are considered adequate to cover the expected total death benefit claims in excess of the contract account balances in each period; no additional liability is therefore established for these claims.

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of investments. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

a. Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses, when incurred. The DAC is subsequently amortised, as per the below:

- For short term insurance contracts, DAC is amortised over the term of the policy as premium is earned;
- For long-term insurance contracts, DAC is amortised over a period of time, which is determined based on the expected life of the contract.

b. Liability adequacy test

At the end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and associated expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the consolidated income statement by establishing a provision for losses arising from liability adequacy tests.

c. Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets.

These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a regular basis. The Group assesses that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

The Group also assumes reinsurance risk in the normal course of business for life insurance and general insurance contracts where applicable. Premium and claims on assumed reinsurance contracts are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

d. Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers, insurance contract holders and reinsurance companies.

The Group assess the receivables for impairment using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

e. Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

3.7 Revenue Recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the consolidated income statement.

b. Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

c. Insurance contracts revenue and insurance commission income

Premiums are recognised as revenue (earned premium) on time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability.

Premium on life assurance policies are accounted for on the date of writing of policies and on subsequent due dates.

Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.

d. Rental income

Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

3.8 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.8.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The tax currently payable is calculated in accordance with fiscal regulations of Sultanate of Oman and Turkey.

3.8.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

The carrying of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.8.3 Current and Deferred Tax for the Year

Current and deferred tax are recognised in the consolidated income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United Arab Emirates Dirhams (“AED”), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur which form part of the net investment in a foreign operation, and which are recognised initially in the foreign currency translation reserve and recognised in the consolidated income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in United Arab Emirates Dirhams (“AED”), using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve. Such exchange differences are recognised in the consolidated income statement in the period in which the foreign operation is disposed.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that does not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each period. Exchange differences arising are recognised in equity.

3.10 Property and Equipment

Capital work in progress is carried at cost, less any recognised impairment loss. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Other property and equipment are stated at cost less accumulated depreciation and any identified accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipment	3 - 5
Motor vehicles	5

3.11 Intangible Assets

Intangible assets including software are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 3 - 10 years.

3.12 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker’s quotes.

3.13 Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Employee Benefits
a. Defined contribution plan

UAE national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

b. Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

c. Provision for employees' end of service benefits

The provision for employees' end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law is calculated annually using the projected unit credit method in accordance with IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Provisions for employees' end of service indemnity for the employees working with the entities domiciled in other countries are made in accordance with local laws and regulations applicable in these countries.

3.16 Borrowing Costs
Interest expense is recognised in the consolidated income statement as it accrues and is calculated by using the effective interest rate method.

3.17 Dividend Distribution
Dividend distribution to the Shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Shareholders.

3.18 Financial Instruments
a. Investments and other financial assets
i. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

» Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the consolidated income statement.

» FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

» FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated income statement and is presented net within 'Net investment income' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'Net investment income' when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

iv. Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

For insurance and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the historical credit losses experienced.

Insurance and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

b. Insurance and other receivables

Insurance and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the insurance and other receivables with the objective to collect the contractual cash flows.

c. Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting of Financial Assets and Liabilities

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

d. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

e. Deposits with banks with original maturities of more than three months

Deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost. Deposits held with banks are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

3.19 Leases

Leases are recognised as a right-of-use asset, within "Property and equipment", and a corresponding liability, within "Other payables", at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis which ranges between 3 to 9 years.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Extension and termination options are included in several leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable through a mutual agreement between the Group and the lessor.

Payments associated with short-term leases of premises are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4. Critical Accounting Judgements and Key Sources of Estimation of Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

4.1 Measurement of the Expected Credit Loss Allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 31 (b).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4.2 Investment Properties

The Group values its investment properties at fair value on the basis of market valuations prepared by independent property consultants. The valuations are based on assumptions which are mainly based on market conditions existing at each reporting date. Therefore, any future change in the market conditions could have an impact on the fair value. For further details of the judgments and assumptions made, refer to note 7.

4.3 The Ultimate Liability Arising from Claims made under Insurance Contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will eventually pay for such claims. Estimates have to be made at the end of the reporting period for both the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. Claims requiring court or arbitration decisions are estimated individually. At the end of the reporting period, previous claims estimates are reassessed for adequacy and changes are made to the provision, as and when required.

4.4 Actuarial Valuation of Life Assurance Fund

Liabilities pertaining to the long-term insurance contracts are determined based on standard actuarial principles. The liability is determined based on the actuarial present value of future cashflows. These cashflows are based on factors, including but not limited to; policy benefits, expected future mortality and the structure of the product. Additional liabilities are determined for supplementary benefits attached to the base policy.

The Group bases the mortality & morbidity estimates on standard tables that best reflect historical experience, adjusted where appropriate to reflect the Group's own experience. 100% A67 – 70 Ultimate Mortality Table of Assured Lives and a discount rate of 4% and 3% are used for the purpose of discounting the endowment and term liabilities respectively (31 December 2019: 4% and 3% respectively).

5. Property and Equipment

	Furniture and equipment AED '000	Motor vehicles AED '000	Capital work in progress AED '000	Right-of-use assets AED '000	Total AED '000
Cost					
Balance at 1 January 2019	99,992	755	-	-	100,747
Initial application of IFRS 16	-	-	-	8,110	8,110
Additions during the year	563	-	1,503	-	2,066
Transfer during the year	1,503	-	(1,503)	-	-
Disposals during the year	(2,869)	-	-	-	(2,869)
Effect of foreign currency exchange differences	(657)	-	-	-	(657)
Balance at 31 December 2019	98,532	755	-	8,110	107,397
Additions during the year	270	-	12,750	33,840	46,860
Transfer during the year	6,319	-	(6,319)	-	-
Disposals during the year	(482)	-	-	-	(482)
Effect of foreign currency exchange differences	(976)	-	-	-	(976)
Balance at 31 December 2020	**103,663**	**755**	**6,431**	**41,950**	**152,799**
Accumulated Depreciation					
Balance at 1 January 2019	90,975	619	-	-	91,594
Initial application of IFRS 16	-	-	-	1,405	1,405
Charge for the year	5,706	90	-	1,730	7,526
Disposals during the year	(2,831)	-	-	-	(2,831)
Effect of foreign currency exchange differences	(613)	-	-	-	(613)
Balance at 31 December 2019	93,237	709	-	3,135	97,081
Charge for the year	4,582	25	-	3,936	8,543
Disposals during the year	(482)	-	-	-	(482)
Effect of foreign currency exchange differences	(947)	-	-	-	(947)
Balance at 31 December 2020	**96,390**	**734**	**-**	**7,071**	**104,195**
Net Carrying Amount					
Balance at 31 December 2020	**7,273**	**21**	**6,431**	**34,879**	**48,604**
Balance at 31 December 2019	5,295	46	-	4,975	10,316

6. Intangible Assets

	Computer Software AED '000	Capital Work in Progress AED '000	Total AED '000
Cost			
Balance at 1 January 2019	96,828	8,291	105,119
Additions during the year	4,806	15,247	20,053
Transfers during the year	5,888	(5,888)	-
Balance at 31 December 2019	107,522	17,650	125,172
Additions during the year	1,102	11,632	12,734
Transfers during the year	11,082	(11,082)	-
Balance at 31 December 2020	**119,706**	**18,200**	**137,906**
Accumulated Amortisation			
Balance at 1 January 2019	33,744	-	33,744
Charge for the year	14,234	-	14,234
Balance at 31 December 2019	47,978	-	47,978
Charge for the year	14,165	-	14,165
Balance at 31 December 2020	**62,143**	**-**	**62,143**
Net Carrying Amount			
Balance at 31 December 2020	**57,563**	**18,200**	**75,763**
Balance at 31 December 2019	59,544	17,650	77,194

Capital work-in-progress includes advances paid to consultants and providers of information technology solutions for the improvements to computer software of the Group's IT infrastructure.

7. Investment Properties

The Group's investment properties are measured at fair value. The Group holds 7 plots of land located in Dubai, UAE, unit of a building located in DIFC, Dubai, UAE and units of a building located in Motor City, Dubai, UAE.

	Plots of land located in Dubai, UAE		Units of a building located in Motor City, Dubai, UAE	Unit of a building located in DIFC, Dubai, UAE	Total
	AED'000	AED'000	AED'000	AED'000	AED '000
Fair value hierarchy	*Level 2*	*Level 3*	*Level 2*	*Level 2*	
Fair value at 1 January 2019	8,000	354,415	55,655	65,515	483,585
Net increase/(decrease) in fair value during the year	944	(6,084)	(3,193)	(1,661)	(9,994)
Fair value at 31 December 2019	8,944	348,331	52,462	63,854	473,591
Net (decrease)/increase in fair value during the year	**(1,944)**	**(15,921)**	**38**	**(6,049)**	**(23,876)**
Fair value at 31 December 2020	**7,000**	**332,410**	**52,500**	**57,805**	**449,715**

Valuation Processes

The Group has complied with the requirements of the UAE Insurance Authority Board Decision No. (25) of 2014 with regards to valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The Group's investment properties were valued as at 31 December 2020 by independent external professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The fair value is in accordance with relevant appraisal and valuation standards issued by the Royal Institute of Chartered Surveyors ("RICS").

Valuation Techniques Underlying Management's Estimation of Fair Value

Valuation of Group's investment properties was determined using either of Discounted Cash Flow ("DCF"), Residual valuation, Income capitalisation or sales comparison methods based on the available inputs.

DCF method of valuation considers expected net cash flow discounted using discount rates which reflect current market conditions. Residual method considers construction costs for development, capitalisation rate based on the location, size, quality of the properties and market data, operational cost estimates to maintain the property for its useful life and estimated vacancy rates. Income capitalisation method considers contracted rental income and capitalisation rate. Sales comparison approach consider value of comparable properties in close proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

Sensitivity on the fair value of investment properties based on each methodology is as follows:

For the sales comparison method, if the prices of the comparable properties were to increase / decrease by 1%, the fair value would increase / decrease by AED 580 thousand. For the DCF method, if the discount rates were to increase / decrease by 0.25% and considering all other assumptions to remain constant, the fair value would increase/decrease by 1%. For the residual or income capitalisation method, if the capitalization rates were to increase / decrease by 0.25% and considering all other assumptions to remain constant, the fair value would increase / decrease by +7%/-6%.

8. Deferred Acquisition Costs

	2020 AED '000	2019 AED '000
Balance at the beginning of the year	**132,200**	156,672
Acquisition costs paid during the year	**347,050**	346,482
Amortisation charge for the year	**(324,485)**	(370,954)
Balance at the end of the year	**154,765**	132,200

9. Statutory Deposits

	2020 AED '000	2019 AED '000
Bank deposit maintained in accordance with Article 42 of U.A.E. Federal Law No. 6 of 2007	**10,000**	10,000
Amount under lien with Capital Market Authority – Sultanate of Oman	**116,597**	97,534
Amounts under lien with the Qatar Central Bank	**35,295**	35,295
Amounts under lien with Turkish Treasury, Turkey	**10,090**	12,451
	171,982	155,280

10. Financial Investments

10.1 Composition of Financial Investments

The Group's financial investments at the end of reporting period are detailed below.

	2020 AED '000	2019 AED '000
At fair value through profit or loss (note 10.2)	**394,008**	377,639
At fair value through other comprehensive income (note 10.3)	**443,194**	474,376
Measured at amortised cost (note 10.4)	**1,683,196**	1,632,241
Less: Allowance for impairment as per IFRS 9 (note 10.6)	**(3,958)**	(4,030)
	2,516,440	2,480,226

10.2 Financial Investments at Fair Value through Profit or Loss

	Inside UAE		**Outside UAE**		**Total**	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000	**2020 AED'000**	2019 AED'000
Quoted fund	**-**	-	**-**	30,549	**-**	30,549
Quoted equity	**356**	2,685	**2,168**	12,305	**2,524**	14,990
Unit linked investments	**6,872**	4,109	**384,612**	327,991	**391,484**	332,100
	7,228	6,794	**386,780**	370,845	**394,008**	377,639

Unit linked investments are designated at inception as at fair value through profit or loss. The Group designates these investments at fair value through profit or loss because it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

10.3 Financial Investments at Fair Value through other Comprehensive Income

	Inside UAE		**Outside UAE**		**Total**	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000	**2020 AED'000**	2019 AED'000
Quoted equity	**250,344**	270,477	**149,043**	150,601	**399,387**	421,078
Unquoted equity	**22,280**	19,862	**4,998**	5,431	**27,278**	25,293
Private equity fund	**-**	-	**16,529**	28,005	**16,529**	28,005
	272,624	290,339	**170,570**	184,037	**443,194**	474,376

The Group has designated all investments in equity instruments that are not held for trading as FVTOCI. For the year ended 31 December 2020, the Group sold equity investments held at fair value through other comprehensive income amounting to AED 133,058 thousand at the time of sale (31 December 2019: AED 272,268 thousand) in line with the Group's investment strategy. The Group realised losses of AED 26,778 thousand (31 December 2019: gain of AED 107,026 thousand) which was transferred to retained earnings.

10.4 Financial Investments Measured at Amortised Cost

	Inside UAE		**Outside UAE**		**Total**	
	2020 AED'000	2019 AED'000	**2020 AED'000**	2019 AED'000	**2020 AED'000**	2019 AED'000
Investments in bonds						
- Quoted	**974,899**	1,021,883	**704,339**	589,728	**1,679,238**	1,611,611
- Unquoted	**-**	16,600	**-**	-	**-**	16,600
	974,899	1,038,483	**704,339**	589,728	**1,679,238**	1,628,211

These bonds carry interests at the rates of 1.63% to 7.50% (31 December 2019: 2% to 7.75%) per annum. The Group holds these investments with the objective of receiving the contractual cash flows over the instrument's life. The bonds are redeemable at par from 2021 to 2055 (31 December 2019: 2020 to 2048) based on their maturity dates.

During the year, the Group has reviewed its portfolio of financial assets measured at amortised cost and made certain disposals within the guidelines of the standard, which did not have an impact on the business model.

10.5 Movements in Financial Investments

The movements in financial investments are as follows:

	Fair Value Through profit or loss AED'000	Fair Value Through OCI AED'000	Amortised Cost AED'000	Total AED '000
At 1 January 2019	357,407	468,169	1,280,731	2,106,307
Purchases	103,947	221,285	499,679	824,911
Disposals	(140,374)	(275,490)	(32,797)	(448,661)
Maturities	-	-	(117,328)	(117,328)
Amortisation	-	-	(5,327)	(5,327)
Movement in accured interest	-	-	4,927	4,927
Changes in fair value	56,659	60,412	-	117,071
Allowance for impairment	-	-	(1,674)	(1,674)
At 31 December 2019	377,639	474,376	1,628,211	2,480,226
Purchases	**124,899**	**120,981**	**408,640**	**654,520**
Disposals	**(192,344)**	**(143,273)**	**(206,503)**	**(542,120)**
Maturities	**-**	**-**	**(146,329)**	**(146,329)**
Amortisation	**-**	**-**	**(5,401)**	**(5,401)**
Movement in accured interest	**-**	**-**	**548**	**548**
Changes in fair value	**83,814**	**(8,890)**	**-**	**74,924**
Release for impairment	**-**	**-**	**72**	**72**
At 31 December 2020	**394,008**	**443,194**	**1,679,238**	**2,516,440**

There were no reclassifications between financial investments categories during the year ended 31 December 2020.

10.6 Movement in the Allowance for Impairment of Financial Investments Measured at Amortised Cost during the Year was as Follows:

	2020 AED '000	2019 AED '000
At the beginning of the year	**4,030**	2,356
(Release)/charge during the year	**(72)**	1,674
Balance at the end of the year	**3,958**	4,030

As of 31 December 2020 and 2019, there were no significant concentrations of credit risk for debt instruments measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.

11. Insurance Contract Liabilities and Reinsurance Contract Assets

	2020 AED '000	2019 AED '000
Insurance Contract Liablilities		
Outstanding claims	**2,295,448**	1,940,467
Incurred but not reported claims reserve ("IBNR")	**601,209**	483,662
Life assurance fund	**133,755**	172,799
Unearned premium (note 24.1)	**1,295,244**	1,310,585
Unit linked liabilities (note 11.3)	**391,701**	332,324
Unallocated loss adjustment expenses reserve ("ULAE")	**7,642**	8,353
	4,724,999	4,248,190
Recoverable from Re-Insurers		
Outstanding claims	**(1,838,783)**	(1,522,097)
Incurred but not reported claims reserve ("IBNR")	**(321,632)**	(313,844)
Life assurance fund	**(24,981)**	(30,497)
Unearned premiums (note 24.1)	**(683,744)**	(713,881)
	(2,869,140)	(2,580,319)
Insurance Contract Liabilities – Net		
Outstanding claims	**456,665**	418,370
Incurred but not reported claims reserve ("IBNR")	**279,577**	169,818
Life assurance fund (note 11.2)	**108,774**	142,302
Unearned premiums (note 24.1)	**611,500**	596,704
Unit linked liabilities (note 11.3)	**391,701**	332,324
Unallocated loss adjustment expenses reserve ("ULAE")	**7,642**	8,353
	1,855,859	1,667,871

The technical reserves have been certified by the Appointed Actuary of the Company according to the Financial Regulations issued by Insurance Authority. A summary of the technical provisions is disclosed in note 33 to the consolidated financial statements.

11.1 Movement in the Provision for Outstanding Claims, IBNR and Unallocated Loss Adjustment Expenses

	2020		2019	
	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
At 1 January	**2,432,482**	**596,541**	2,198,056	507,799
Claims incurred during the year	**2,755,770**	**1,104,136**	2,597,970	1,146,749
Claims settled during the year	**(2,283,953)**	**(956,793)**	(2,363,544)	(1,058,007)
At 31 December	**2,904,299**	**743,884**	2,432,482	596,541

11.2 Life Assurance Fund - Net

	AED '000
At 1 January 2019	173,331
Net movement during the year	(31,029)
At 31 December 2019	142,302
Net movement during the year	(33,528)
At 31 December 2020	**108,774**

11.3 Unit Linked Liabilities

	AED '000
At 1 January 2019	319,883
Net movement during the year	12,441
At 31 December 2019	332,324
Net movement during the year	59,377
At 31 December 2020	**391,701**

The following table presents the sensitivity of the value of insurance contract liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance contract liabilities. For liabilities under long-term insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. No losses arose in either 2020 or 2019, based on the results of the liability adequacy test. The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

		Increase/(decrease) on Net Liability	
Scenario	**Change in Assumptions**	**2020 AED '000**	2019 AED '000
Mortality/morbidity	+10%	**620**	763
Discount rate	+75 bps	**(3,149)**	(4,105)
Mortality/morbidity	-10%	**(625)**	(767)
Discount rate	-75 bps	**3,400**	4,456

12. Insurance and Reinsurance Receivables

	2020 AED '000	2019 AED '000
Due from policy holders and brokers	**481,652**	539,610
Less: allowance for impairment	**(191,133)**	(207,375)
Net due from policy holders and brokers	**290,519**	332,235
Due from insurance/reinsurance companies	**506,592**	488,962
Less: allowance for impairment	**(223,048)**	(233,696)
Net due from insurance/reinsurance companies	**283,544**	255,266
Total Insurance and Reinsurance Receivables	**574,063**	587,501

12.1 Insurance and Reinsurance Receivables by Location

Inside UAE	**2020 AED '000**	2019 AED '000
Due from policy holders and brokers	**387,447**	426,624
Less: allowance for impairment	**(155,580)**	(170,655)
Net due from policy holders and brokers	**231,867**	255,969
Due from insurance/reinsurance companies	**451,286**	425,892
Less: allowance for impairment	**(203,486)**	(208,316)
Net due from insurance/reinsurance companies	**247,800**	217,576
Total Insurance and Reinsurance Receivables Inside UAE	**479,667**	473,545

Outside UAE	**2020 AED '000**	2019 AED '000
Due from policy holders and brokers	**94,205**	112,986
Less: allowance for impairment	**(35,553)**	(36,720)
Net due from policy holders and brokers	**58,652**	76,266
Due from insurance/reinsurance companies	**55,306**	63,070
Less: allowance for impairment	**(19,562)**	(25,380)
Net due from insurance/reinsurance companies	**35,744**	37,690
Total Insurance and Reinsurance Receivables Outside UAE	**94,396**	113,956

12.2 Ageing of Insurance and Reinsurance Receivables

	Past Due by Number of Days					
At 31 December 2020	**Not yet due AED '000**	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
Due from policy holders	56,175	10,972	4,721	1,230	(2,362)	70,736
Due from insurance companies	13,713	9,135	5,395	8,455	20,820	57,518
Due from reinsurance companies	108,121	31,017	28,286	48,652	9,950	226,026
Due from brokers	184,910	27,036	25,714	(5,565)	(13,144)	218,951
Other receivables	191	162	94	-	385	832
Insurance and Reinsurance Receivables - Net	**363,110**	**78,322**	**64,210**	**52,772**	**15,649**	**574,063**

	Past Due by Number of Days					
At 31 December 2019	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
Due from policy holders	81,869	(3,220)	12,243	3,133	5,862	99,887
Due from insurance companies	12,152	6,616	10,395	11,516	24,365	65,044
Due from reinsurance companies	83,432	30,285	18,833	30,680	26,992	190,222
Due from brokers	166,955	18,413	42,185	9,223	(4,705)	232,071
Other receivables	(1,743)	1,101	(13)	43	889	277
Insurance and Reinsurance Receivables - Net	342,665	53,195	83,643	54,595	53,403	587,501

12.2.1 Ageing of Insurance and Reinsurance Receivables by Location

Inside UAE	Past Due by Number of Days					
At 31 December 2020	**Not yet due AED '000**	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
Due from policy holders	55,732	6,672	4,203	1,072	(3,634)	64,045
Due from insurance companies	(884)	4,934	3,118	5,361	17,721	30,250
Due from reinsurance companies	107,497	29,592	27,529	47,425	5,507	217,550
Due from brokers	146,704	22,259	22,252	(8,658)	(15,891)	166,966
Other receivables	191	162	89	21	393	856
Insurance and Reinsurance Receivables - Net	**309,240**	**63,619**	**57,491**	**45,221**	**4,096**	**479,667**

	Past Due by Number of Days					
At 31 December 2019	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
Due from policy holders	77,551	(4,639)	9,516	2,385	2,300	87,113
Due from insurance companies	(3,406)	5,667	8,109	10,189	21,801	42,360
Due from reinsurance companies	80,455	29,094	14,523	25,772	25,372	175,216
Due from brokers	127,636	12,577	37,974	(2,164)	(7,432)	168,591
Other receivables	(1,736)	1,150	(10)	43	818	265
Insurance and Reinsurance Receivables - Net	280,500	43,849	70,112	36,225	42,859	473,545

12.2.1 Ageing of Insurance and Reinsurance Receivables by Location

Outside UAE

			Past Due by Number of Days			
At 31 December 2020	**Not yet due AED '000**	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
Due from policy holders	443	4,300	518	158	1,272	6,691
Due from insurance companies	14,597	4,201	2,277	3,094	3,099	27,268
Due from reinsurance companies	624	1,425	757	1,227	4,443	8,476
Due from brokers	38,206	4,777	3,162	3,093	2,747	51,985
Other receivables	-	-	5	(21)	(8)	(24)
Insurance and Reinsurance Receivables - Net	**53,870**	**14,703**	**6,719**	**7,551**	**11,553**	**94,396**

			Past Due by Number of Days			
At 31 December 2019	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
Due from policy holders	4,318	1,419	2,727	748	3,562	12,774
Due from insurance companies	15,558	949	2,286	1,327	2,564	22,684
Due from reinsurance companies	2,977	1,191	4,310	4,908	1,620	15,006
Due from brokers	39,319	5,836	4,211	11,387	2,727	63,480
Other receivables	(7)	(49)	(3)	-	71	12
Insurance and Reinsurance Receivables - Net	62,165	9,346	13,531	18,370	10,544	113,956

12.3 Movement in the Allowance for Impairment

The closing impairment provision for insurance and reinsurance receivables reconciles to the opening impairment provision as follows:

	2020 AED '000	2019 AED '000
Opening impairment provision as at 1 January under IFRS 9	**441,071**	496,326
Impairment charge recognized in profit or loss during the year	**13,441**	13,809
Amounts written off as uncollectible during the year	**(39,771)**	(68,258)
Foreign currency exchange movements	**(560)**	(806)
Closing Impairment Provision as at 31 December	**414,181**	441,071

13. Prepayments and Other Receivables

	2020 AED '000	2019 AED '000
Accrued income	**3,427**	6,585
Prepayments	**24,213**	30,193
Staff debtors and advances	**6,658**	7,688
Other receivables	**62,347**	69,314
Less: allowance for impairment as per IFRS 9 (note 13.1)	**(16,797)**	(16,797)
	79,848	96,983

13.1 Movement in the Allowance for Impairment

	2020 AED '000	2019 AED '000
Opening impairment provision as at 1 January under IFRS 9	**16,797**	25,177
Amounts written off as uncollectible during the year	**-**	(8,380)
Closing Impairment Provision as at 31 December	**16,797**	16,797

14. Bank Balances and Cash

	2020 AED '000	2019 AED '000
Deposits with banks with original maturities of more than three months	**396,458**	268,620
Deposits with banks with original maturities within three months	**149,826**	67,811
Current accounts and cash	**112,074**	77,157
Less: Allowance for impairment as per IFRS 9	**(777)**	(678)
	261,123	144,290
Total bank balances and cash	**657,581**	412,910
Less: Deposit with banks with original maturities of more than three months	**(396,458)**	(268,620)
Add: Allowance for impairment as per IFRS 9	**777**	678
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**261,900**	144,968

The interest rates on fixed deposits and call accounts with banks ranges 0.1% to 15.5% (31 December 2019: 0.5% to 12.3%) per annum. Bank balances amounting to AED 443,955 thousand (31 December 2019: AED 221,807 thousand) are held in banks in the United Arab Emirates.

Certain bank balances and deposits with carrying amount of AED 12,812 thousand at 31 December 2020 (31 December 2019: AED 4,425 thousand) are subject to lien in respect of guarantees.

15. Share Capital

	2020 AED '000	2019 AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2019: 461,872,125 shares of AED 1 each)	**461,872**	461,872

16. Other Reserves

	Statutory Reserve AED '000	Strategic Reserve AED '000	General Reserve AED '000	Contingency Reserve AED '000	Regulatory Reserve AED '000	Total AED '000
Balance at 1 January 2019	230,936	303,750	933,051	12,237	-	1,479,294
Transfer from general reserve to retained earnings (note 16.3)	-	-	(125,000)	-	-	(125,000)
Transfer from retained earnings to contingency reserve (note 16.4)	-	-	-	1,710	-	1,710
Balance at 31 December 2019	230,936	303,750	808,051	13,947	-	1,356,684
Transfer from retained earnings to general reserve (note 16.3)	-	-	125,000	-	-	125,000
Transfer from retained earnings to contingency reserve (note 16.4)	-	-	-	1,370	-	1,370
Transfer from retained earnings to regulatory reserve (note 16.5)	-	-	-	-	344	344
Balance at 31 December 2020	**230,936**	**303,750**	**933,051**	**15,317**	**344**	**1,483,398**

16.1 Statutory Reserve

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law. The shareholders had resolved to discontinue the appropriation as the statutory reserve reached 50% of share capital. Accordingly, no transfer was made during the year.

16.2 Strategic Reserve

The strategic reserve may be utilised for any purpose to be determined by a resolution of the Shareholders of the Company at the general assembly meeting, on the recommendation of the Board of Directors. No transfers have been made to the strategic reserve during the year.

16.3 General Reserve

In accordance with the amended Articles of Association, 10% of profit for the year is required to be transferred to a general reserve. The Company may resolve to discontinue such annual transfers when the general reserve is equal to 50% of the paid up share capital. The Company has discontinued the appropriation as the general reserve reached 50% of paid up share capital.

At the Annual General Meeting held on 9 March 2020, the shareholders approved to transfer AED 125 million from retained earnings to the general reserve. At the Annual General Meeting held on 21 March 2019, the shareholders approved to transfer AED 125 million from general reserve to retained earnings.

16.4 Contingency Reserve - Oman Branch

In accordance with Article 10 (bis) (2) (c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, of Sultanate of Oman, 10% of the net outstanding claims in case of the general insurance business and 1% of the life assurance premiums for the year in case of life insurance business at the end of the reporting period is transferred from retained earnings to a contingency reserve until the provision is equal to RO 5 million. In case of insufficient retained earnings or accumulated loss position, the deficit in transfer will be adjusted against retained earnings of future years. The reserves shall not be used without the prior approval of the Capital Market Authority of Sultanate of Oman.

16.5 Regulatory reserve – UAE operations

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019 effective eighteen months from 15 May 2019, the Group has created a Reinsurance Reserve amounting AED 344 thousand, being 0.5% of the total reinsurance premiums ceded by the Group in the United Arab Emirates in all classes of business. The Group shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the UAE Insurance Authority.

17. Employees' End of Service Benefits

	2020 AED '000	2019 AED '000
Balance at the beginning of the year	**38,152**	37,048
Charge for the year	**6,246**	6,979
Paid during the year	**(5,308)**	(5,875)
Balance at the end of the year	**39,090**	38,152

18. Insurance and other Payables

18.1 Insurance and Reinsurance Payables

	2020 AED '000	2019 AED '000
Insurance payables – Inside UAE	**284,420**	392,980
Insurance payables – Outside UAE	**87,165**	104,021
	371,585	497,001

Inside UAE	2020 AED '000	2019 AED '000
Due to policy holders and brokers	**81,081**	77,337
Due to insurance companies	**2,733**	3,037
Due to reinsurance companies	**184,204**	257,451
Premiums collected in advance	**256**	256
Other insurance payables	**16,146**	54,899
	284,420	392,980

Outside UAE	2020 AED '000	2019 AED '000
Due to policy holders and brokers	**56,750**	65,576
Due to insurance companies	**899**	477
Due to reinsurance companies	**21,014**	29,326
Premiums collected in advance	**4,157**	4,158
Other insurance payables	**4,345**	4,484
	87,165	104,021

18.2 Other Payables

	2020 AED '000	2019 AED '000
Accruals for staff costs	**21,249**	17,149
Other payables and accruals	**155,072**	106,605
	176,321	123,754

19. Deferred Commission Income

	2020 AED '000	2019 AED '000
Balance at the beginning of the year	**67,564**	88,613
Commission received during the year	**208,763**	241,943
Commission income earned during the year	**(195,032)**	(262,992)
Balance at the end of the year	**81,295**	67,564

20. Net Investment Income

20.1 Interest Income from Financial Assets at Amortised Cost

	2020 AED '000	2019 AED '000
Interest income from financial investments at amortised cost	**67,716**	59,123
Interest income from deposits	**27,835**	29,762
	95,551	88,885

20.2 Other Investment Income - Net

	2020 AED '000	2019 AED '000
Dividend income from financial investments at FVTOCI	**23,979**	18,992
Rental income from investment properties	**7,848**	8,975
Fair value losses on investment properties (note 7)	**(23,876)**	(9,994)
Fair value (losses)/gain on financial investments at FVTPL (excluding unit linked investments)	**(114)**	6,577
Realised (losses) / gains on sale of financial investments at FVTPL	**(2,276)**	417
Other investment expenses	**(14,176)**	(20,769)
Allowance for impairment on financial investments at amortised cost and bank balances and deposits as per IFRS 9 (notes 10 and 14)	**(27)**	(1,931)
	(8,642)	2,267

21. General and Administrative Expenses

	2020 AED '000	2019 AED '000
Staff costs	**(193,437)**	(200,363)
Depreciation and amortisation	**(22,708)**	(21,760)
Rental costs – operating leases	**(6,408)**	(9,913)
Other miscellaneous expenses	**(60,288)**	(58,785)
	(282,841)	(290,821)

22. Earnings per Share

	2020	2019
Profit for the year attributable to the owners of the Company (AED'000)	**194,258**	186,891
Weighted average number of shares	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.42**	0.40

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the Company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

23. Related Party Transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

23.1 Balances with Related Parties Included in the Consolidated Statement of Financial Position are as Follows:

	2020 AED '000	2019 AED '000
Balances with Major shareholder:		
Cash and bank balances	**85,186**	21,483
Financial investments	**57,477**	65,683
Statutory deposits	**10,000**	10,000
Due from/(to) Major shareholder:		
Net insurance receivable	**2,726**	1,798
Net insurance and other payables	**(4,932)**	(564)
Due from/(to) Directors and businesses over which they exercise significant management influence:		
Net insurance receivable	**19,637**	15,948
Net insurance and other payable	**(2,191)**	(920)

23.2 Transactions with Related Parties During the Year are as Follows:

	2020 AED '000	2019 AED '000
Transactions arising from insurance contracts with Major shareholder:		
Gross insurance premium	**67,670**	71,545
Gross claims settled	**(47,368)**	(51,623)

	2020 AED '000	2019 AED '000
Other transactions with Major shareholder:		
Interest income	**835**	868
Dividend income	**2,144**	2,144
Interest expense	**-**	(398)
Other expenses	**(8,283)**	(5,087)
Rental expense	**(3,992)**	(3,226)
Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:		
Gross insurance premium	**39,269**	37,505
Gross claims settled	**(21,811)**	(22,347)
Other transactions with Directors and businesses over which they exercise significant management influence:		
Other expenses	**(5,626)**	(4,957)

The Group has entered into above transactions with related parties which were made on substantially the same terms, as those prevailing at the same time for comparable transactions with third parties.

23.3 Compensation of Key Management Personnel

	2020 AED '000	2019 AED '000
Directors' fees	**(2,250)**	(2,250)
Salaries and benefits	**(4,822)**	(4,822)
End of service benefits	**(351)**	(223)
	(7,423)	(7,295)

24. Segment Information

For management purposes, the Group is organised into three business segments, general insurance, life insurance including medical and investments. The general insurance segment mainly comprises property, engineering, energy, motor, general accident, aviation and marine risks. The life assurance segment includes individual life (participating and non-participating), medical, group life and personal accident as well as investment linked products. Investment comprises investments (financial and non-financial), deposits with banks and cash management for the Group's own accounts.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker.

Segmental information is presented below:

24.1 Segment Revenue

	General Insurance			Life Assurance and Medical			Total		
	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000
2020									
Insurance premium	1,786,508	(1,100,982)	685,526	1,798,596	(851,020)	947,576	3,585,104	(1,952,002)	1,633,102
Movement in provision for unearned premium, life insurance fund and unit linked liabilities	(69,863)	22,260	(47,603)	88,120	(41,456)	46,664	18,257	(19,196)	(939)
Insurance premium earned	1,716,645	(1,078,722)	637,923	1,886,716	(892,476)	994,240	3,603,361	(1,971,198)	1,632,163
Unearned Premium as at 31 December 2020	**690,783**	**(407,490)**	**283,293**	**604,461**	**(276,254)**	**328,207**	**1,295,244**	**(683,744)**	**611,500**
2019									
Insurance premium	1,568,107	(1,025,924)	542,183	1,976,955	(908,103)	1,068,852	3,545,062	(1,934,027)	1,611,035
Movement in provision for unearned premium, life insurance fund and unit linked liabilities	61,058	(28,839)	32,219	24,312	(31,503)	(7,191)	85,370	(60,342)	25,028
Insurance premium earned	1,629,165	(1,054,763)	574,402	2,001,267	(939,606)	1,061,661	3,630,432	(1,994,369)	1,636,063
Unearned Premium as at 31 December 2019	634,853	(396,172)	238,681	675,732	(317,709)	358,023	1,310,585	(713,881)	596,704

24.2 Segment Claims

	General Insurance			Life Assurance and Medical			Total		
	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000
2020									
Claims settled	808,278	(576,847)	231,431	1,475,675	(750,313)	725,362	2,283,953	(1,327,160)	956,793
Changes in provision for outstanding claims	413,108	(331,622)	81,486	(58,127)	14,936	(43,191)	354,981	(316,686)	38,295
Movement in IBNR and ULAE reserve	(4,671)	19,751	15,080	121,507	(27,539)	93,968	116,836	(7,788)	109,048
Claims Incurred	**1,216,715**	**(888,718)**	**327,997**	**1,539,055**	**(762,916)**	**776,139**	**2,755,770**	**(1,651,634)**	**1,104,136**
2019									
Claims settled	873,768	(544,998)	328,770	1,489,776	(760,539)	729,237	2,363,544	(1,305,537)	1,058,007
Changes in provision for outstanding claims	110,088	(125,890)	(15,802)	57,582	(7,125)	50,457	167,670	(133,015)	34,655
Movement in IBNR and ULAE reserve	39,283	(11,447)	27,836	27,473	(1,222)	26,251	66,756	(12,669)	54,087
Claims Incurred	1,023,139	(682,335)	340,804	1,574,831	(768,886)	805,945	2,597,970	(1,451,221)	1,146,749

24.3 Segment Results

	For the Year Ended 31 December 2020			For the Year Ended 31 December 2019		
	General AED '000	**Life Assurance and Medical AED '000**	**Total AED '000**	General AED '000	Life Assurance and Medical AED '000	Total AED '000
Net Earned Insurance Premium	**637,923**	**994,240**	**1,632,163**	574,402	1,061,661	1,636,063
Net Claims Incurred	**(327,997)**	**(776,139)**	**(1,104,136)**	(340,804)	(805,945)	(1,146,749)
Reinsurance commission income	**144,592**	**50,440**	**195,032**	158,985	104,007	262,992
Commission expenses	**(217,049)**	**(107,436)**	**(324,485)**	(213,902)	(157,052)	(370,954)
Other (expenses)/income relating to underwriting activities	**(3,862)**	**46,230**	**42,368**	522	50,130	50,652
Net Commission and other (Expenses)/ Income	**(76,319)**	**(10,766)**	**(87,085)**	(54,395)	(2,915)	(57,310)
Net Underwriting Income	**233,607**	**207,335**	**440,942**	179,203	252,801	432,004
Net investment income			**90,296**			91,695
General and administrative expenses			**(282,841)**			(290,821)
Board of directors' remuneration			**(2,250)**			(2,250)
Allowance for impairment as per IFRS 9 on insurance and reinsurance receivables			**(13,441)**			(13,809)
Finance costs			**-**			(199)
Other expenses - net			**(35,272)**			(26,466)
Profit Before Tax			**197,434**			190,154
Income tax (expenses)/credit			**(886)**			391
Profit for the Year			**196,548**			190,545
Attributable to						
Owners of the Company			**194,258**			186,891
Non-controlling interests			**2,290**			3,654
			196,548			190,545

24.4 Segment Results by Geographical Distribution

	For the Year Ended 31 December 2020			For the Year Ended 31 December 2019		
	GCC AED '000	**Turkey AED '000**	**Total AED '000**	GCC AED '000	Turkey AED '000	Total AED '000
Net Earned Insurance Premium	**1,600,363**	**31,800**	**1,632,163**	1,589,318	46,745	1,636,063
Net Claims Incurred	**(1,077,615)**	**(26,521)**	**(1,104,136)**	(1,110,785)	(35,964)	(1,146,749)
Reinsurance commission income	**173,692**	**21,340**	**195,032**	236,957	26,035	262,992
Commission expenses	**(304,307)**	**(20,178)**	**(324,485)**	(348,160)	(22,794)	(370,954)
Other income/(expenses) relating to underwriting activities	**42,961**	**(593)**	**42,368**	51,231	(579)	50,652
Net Commission and other (Expenses)/ Income	**(87,654)**	**569**	**(87,085)**	(59,972)	2,662	(57,310)
Net Underwriting Income	**435,094**	**5,848**	**440,942**	418,561	13,443	432,004
Net investment income	**75,955**	**14,341**	**90,296**	82,457	9,238	91,695
General and administrative expenses	**(265,059)**	**(17,782)**	**(282,841)**	(273,186)	(17,635)	(290,821)
Board of directors' remuneration	**(2,250)**	**-**	**(2,250)**	(2,250)	-	(2,250)
Allowance for impairment as per IFRS 9 on insurance and reinsurance receivables	**(13,441)**	**-**	**(13,441)**	(13,809)	-	(13,809)
Finance costs	**-**	**-**	**-**	(199)	-	(199)
Other expenses - net	**(39,724)**	**4,452**	**(35,272)**	(27,280)	814	(26,466)
Profit Before Tax	**190,575**	**6,859**	**197,434**	184,294	5,860	190,154
Income tax (expenses)/credit	**(1,331)**	**445**	**(886)**	(641)	1,032	391
Profit for the Year	**189,244**	**7,304**	**196,548**	183,653	6,892	190,545
Attributable to						
Owners of the Company	**189,483**	**4,775**	**194,258**	183,376	3,515	186,891
Non-controlling interests	**(239)**	**2,529**	**2,290**	277	3,377	3,654
	189,244	**7,304**	**196,548**	183,653	6,892	190,545

24.5 Segment Assets and Liabilities

	Year Ended 31 December 2020				Year Ended 31 December 2019			
	General Insurance AED '000	**Life Assurance and Medical AED '000**	**Investments AED '000**	**Total AED '000**	General Insurance AED '000	Life Assurance and Medical AED '000	Investments AED '000	Total AED '000
Assets								
Property and equipment	**29,648**	**18,956**	**-**	**48,604**	5,983	4,333	-	10,316
Intangible assets and goodwill	**51,313**	**32,808**	**-**	**84,121**	50,497	36,566	-	87,063
Investment properties	**-**	**-**	**449,715**	**449,715**	-	-	473,591	473,591
Financial investments	**-**	**391,484**	**2,124,956**	**2,516,440**	-	332,100	2,148,126	2,480,226
Reinsurance contract assets	**2,223,430**	**645,710**	**-**	**2,869,140**	1,900,239	680,080	-	2,580,319
Insurance and reinsurance receivables	**350,178**	**223,885**	**-**	**574,063**	340,751	246,750	-	587,501
Deferred acquisition costs	**76,179**	**78,586**	**-**	**154,765**	79,146	53,054	-	132,200
Bank balances and cash and deposits with banks with original maturities of more than three months and satutory deposits	**506,033**	**323,530**	**-**	**829,563**	329,550	238,640	-	568,190
Prepayments and other receivables and deferred tax assets	**49,714**	**31,785**	**-**	**81,499**	56,967	41,253	-	98,220
Total Assets	**3,286,495**	**1,746,744**	**2,574,671**	**7,607,910**	2,763,133	1,632,776	2,621,717	7,017,626
Liabilities								
Employees' end of service benefits	**23,845**	**15,245**	**-**	**39,090**	22,128	16,024	-	38,152
Insurance contract liabilities	**2,892,450**	**1,832,549**	**-**	**4,724,999**	2,428,063	1,820,127	-	4,248,190
Insurance and reinsurance payables	**226,667**	**144,918**	**-**	**371,585**	288,261	208,740	-	497,001
Deferred commission income	**50,362**	**30,933**	**-**	**81,295**	59,773	7,791	-	67,564
Other payables and reinsurance deposits retained	**194,695**	**124,476**	**-**	**319,171**	145,598	105,434	-	251,032
Total Liabilities	**3,388,019**	**2,148,121**	**-**	**5,536,140**	2,943,823	2,158,116	-	5,101,939

24.6 Geographical Information of Segment Assets and Liabilities

	As at 31 December 2020			As at 31 December 2019		
	GCC AED '000	**Turkey AED '000**	**Total AED '000**	GCC AED '000	Turkey AED '000	Total AED '000
Assets	**7,326,292**	**281,618**	**7,607,910**	6,659,561	358,065	7,017,626
Liabilities	**5,296,501**	**239,639**	**5,536,140**	4,787,605	314,334	5,101,939

25. Contingent Liabilities

At 31 December 2020, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 86 million (31 December 2019: AED 89 million).

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

26. Commitments

26.1 Purchase Commitments

	2020 AED '000	2019 AED '000
Commitments in respect of uncalled subscription of certain shares held as investments	**7,960**	7,960
Capital commitments towards acquisitions of property and equipment and intangible assets	**10,064**	8,441

27. Insurance Risk

The Group has a robust process for managing risks in accordance with the groupwide risk appetite. Enterprise Risk Management (ERM) department supervises the Executive Risk Committee and the Risk Management Framework. The Executive Risk Committee is deliberately designed to be a second line of defense body but composed of members who are also in a position to take immediate executive actions to address risk issues. The Executive Risk Committee convenes at least on a quarterly basis. The Group has an ongoing commitment to maintain an effective risk culture, as it is critical to the Group's success in maintaining and developing an effective risk management system. Accountabilities for the implementation and oversight of particular risk are aligned with individual executives. The risk owners are responsible for ensuring that the proper level of review and confirmation of the risk and control ratings/evaluations have been undertaken.

The Executive Committee oversees the management of insurance risks through its Risk Committee, Reinsurance Committee, Reserve Committee, Large and strategic accounts Forum and Audit Committee. Each of these committees has a distinct role to play within the risk governance framework.

Insurance risk is the risk arising from the uncertainty around the actual experience and/or policyholder behavior being materially different than expected at the inception of an insurance contract. These uncertainties include the amount and timing of cash flows from premiums, commissions, expenses, claims and claim settlement expenses paid or received under a contract.

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

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

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

27.1 Frequency and Severity of Claims

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

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

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer net insurance losses of a set minimum limit of AED 4,000 thousand in any one event estimated at 1:200 years. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

27.2 Sources of Uncertainty in the Estimation of Future Claim Payments

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

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The amount of insurance claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

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

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

The loss ratios for the current and prior year, before and after reinsurance are summarised below by type of risk:

	2020		2019	
Type of Risk	**Gross Loss Ratio**	**Net Loss Ratio**	Gross Loss Ratio	Net Loss Ratio
General insurance	**72.2%**	**51.4%**	62.8%	59.3%
Life assurance and medical	**81.6%**	**78.1%**	78.7%	75.9%

Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of reinsurance recoveries would be as follows:

	2020		2019	
	Gross AED'000	**Net AED'000**	Gross AED'000	Net AED'000
Impact of an increase of 1% in loss ratio	**(36,034)**	**(16,322)**	(36,304)	(16,361)
Impact of a decrease of 1% in loss ratio	**36,034**	**16,322**	36,304	16,361

27.3 Process Used to Decide on Assumptions

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

The Group uses several statistical methods and actuarial techniques to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Chain-Ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

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

The Group uses standard actuarial techniques to estimate its loss provisions as mentioned above. Actuarial techniques and/ or methodologies used to estimate the loss provisions could vary based on the specific nature of the lines of business. The general excluding motor and group life business typically have a lower frequency and higher severity of claims while the medical and motor business are more attritional in nature i.e., higher frequency and lower severity. For the attritional lines, any inconsistencies in the claims processes could impact the loss development experience assumed in the technical provisions calculation and hence is one of the key assumptions in the estimation of the technical provisions. For the less attritional lines, typically the loss ratio assumptions under the Bornhuetter-Ferguson technique is a key assumption in the estimation of the technical provisions. The Group monitors closely and validates the key assumptions in the estimation of the technical provisions on a periodic basis.

27.4 Claims Development Process

The following table reflects the development of the gross outstanding and incurred but not reported claims at the end of each year together with cumulative payments subsequent to the year of accident:

Accident Year	Before 2016 AED '000	2016 AED '000	2017 AED '000	2018 AED '000	2019 AED '000	2020 AED '000	Total AED '000
Estimate of cumulative claims - gross:							
2016	11,389,305	2,687,891	-	-	-	-	14,077,196
2017	11,460,628	2,572,269	2,568,488	-	-	-	16,601,385
2018	11,322,667	2,559,298	2,462,309	2,895,277	-	-	19,239,551
2019	11,327,515	2,512,753	2,513,354	2,915,518	2,523,549	-	21,792,689
2020	11,280,252	2,504,357	2,471,149	2,895,530	2,600,733	2,756,859	24,508,880
Current estimate of cumulative claims	11,280,252	2,504,357	2,471,149	2,895,530	2,600,733	2,756,859	24,508,880
Cumulative payments to date - gross	(11,139,216)	(2,348,945)	(2,295,766)	(2,547,490)	(1,895,860)	(1,387,628)	(21,614,905)
Total Gross Outstanding and Incurred but not Reported Claims Recognised in the Consolidated Statement of Financial Position	**141,036**	**155,412**	**175,383**	**348,040**	**704,873**	**1,369,231**	**2,893,975**

27.4 Claims Development Process

The following table reflects the development of the net outstanding and incurred but not reported claims at the end of each year together with cumulative payments subsequent to the year of accident:

Accident Year	Before 2016 AED '000	2016 AED '000	2017 AED '000	2018 AED '000	2019 AED '000	2020 AED '000	Total AED '000
Estimate of cumulative claims - Net:							
2016	5,688,043	1,042,034	-	-	-	-	6,730,077
2017	5,798,150	892,581	1,072,824	-	-	-	7,763,555
2018	5,867,040	761,044	1,051,171	1,333,980	-	-	9,013,235
2019	5,935,010	799,491	1,126,006	1,202,685	1,053,623	-	10,116,815
2020	5,925,863	803,722	1,117,086	1,226,242	1,073,083	1,036,285	11,182,281
Current estimate of cumulative claims	5,925,863	803,722	1,117,086	1,226,242	1,073,083	1,036,285	11,182,281
Cumulative payments to date - net	(5,893,735)	(774,541)	(1,084,611)	(1,143,330)	(890,022)	(660,557)	(10,446,796)
Total Net Outstanding and Incurred but not Reported Claims Recognised in the Consolidated Statement of Financial Position	**32,128**	**29,181**	**32,475**	**82,912**	**183,061**	**375,728**	**735,485**

27.5 Concentration of Insurance Risk

The Group's underwriting business is based entirely within the UAE, other GCC countries and Turkey.

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Group from its obligations to policy holders. The Group remains liable to its policy holders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

The concentration of insurance risk before and after reinsurance by location is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance):

	2020		2019	
	Gross AED'000	**Net AED'000**	Gross AED'000	Net AED'000
United Arab Emirates	**4,360,610**	**1,758,415**	3,799,594	1,548,025
Other GCC Countries	**190,840**	**44,213**	207,800	67,639
Turkey	**173,549**	**53,231**	240,796	52,207
Total	**4,724,999**	**1,855,859**	4,248,190	1,667,871

27.6 Impact of Covid-19

The World Health Organization ("WHO") declared novel coronavirus (COVID-19) in March 2020 a global pandemic. Rapid spread of COIVD-19 across the globe caused disruptions to businesses and economic activity. The Group assessed the impact of Covid-19 on business continuity, claims and reserving, control environment, credit risk, fair value of investment properties (refer to Note 7), impairment of financial investments measured at amortised cost, liquidity and solvency as explained below.

The Group has enabled remote connectivity for 95% of its employees as part of its business continuity management initiative to ensure that there is no interruption to client servicing and operations. This has resulted in the Group delivering service level commitments to its customers across multiple lines of business.

The Group mainly noticed an increase in Health Care claims and Business Interruption claims due to COVID-19. The Group is monitoring the loss experience and has appropriately enhanced its technical reserves as at 31 December 2020. The impact on life insurance was minimal as of the year end.

Since 2019, the Group has developed a robust risk appetite framework and capital thresholds based on the pandemic risk and other risks stress scenarios. Having considered the impact of COVID-19, the Group reassessed its control environment around fraud and information security to ensure adequate controls are in place and conducts more regular reviews on its reinsurers in relation to the counterparty credit ratings, financial metrics, credit outlook and changes to their structures, if any. Also, the Group has updated its reinsurer security list in order to address the impact of COVID-19. The current security list has more than 92% of "A" rated reinsurance securities.

In parallel, the Group continues to have a robust collection and credit control process. Further enhancement and development to strengthen the processes and credit controls have resulted in an efficient receivable management and reduced the credit cycle. Hence, despite the uncertain economic conditions, the Group continued to have robust collections throughout the year. Also, the measures taken above have contributed to minimize the impact on the impairment provision recognised during the year.

Similarly, the Group's investment portfolio measured at amortised cost has been assessed using a robust ECL model with updated inputs as of the reporting date and based on the results, the Group had taken adequate provisions for impairment losses. These are not material as at 31 December 2020.

The liquidity position of the Group remains strong. Furthermore, the Group has carried out stress testing to assess the resilience of its solvency compliance, which also remains strong after considering the impact of the shocks. As the situation continues to develop, the Group will continue to monitor the situation closely and take the necessary actions.

28. Capital Management

The Group's objectives when managing capital are summarised as follows:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of Its Operations and those required by the regulators of the insurance industry where the entities within the Group operate;
- to protect its policy holders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- to provide an adequate return to the shareholders by pricing insurance contracts commensurately with the level of risk.

The solvency regulations identify the required solvency margin to be held in addition to insurance liabilities. The required solvency must be maintained at all times throughout the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these regulations.

Based on the UAE Insurance Authority regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2019: AED 100 million) against which the paid up capital of the Company is AED 462 million (31 December 2019: AED 462 million).

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no changes in the Group's management of capital during the year.

29. Classification of Financial Assets and Liabilities

a. The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2020:

	FVTPL AED'000	**FVTOCI AED'000**	**Amortised cost AED'000**	**Total AED'000**
Financial Assets:				
Bank balances and cash	**-**	**-**	**261,123**	**261,123**
Deposits with banks with original maturities of more than three months	**-**	**-**	**396,458**	**396,458**
Statutory deposits	**-**	**-**	**171,982**	**171,982**
Financial investments measured at fair value	**394,008**	**443,194**	**-**	**837,202**
Financial investments measured at amortised cost	**-**	**-**	**1,679,238**	**1,679,238**
Insurance and reinsurance receivables measured at amortised cost	**-**	**-**	**574,063**	**574,063**
Other receivables measured at amortised cost	**-**	**-**	**55,635**	**55,635**
Total	**394,008**	**443,194**	**3,138,499**	**3,975,701**
Financial Liabilities:				
Re-insurance deposits retained	**-**	**-**	**142,850**	**142,850**
Insurance and reinsurance payables	**-**	**-**	**371,585**	**371,585**
Other payables	**-**	**-**	**176,321**	**176,321**
Total	**-**	**-**	**690,756**	**690,756**

b. The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2019:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Bank balances and cash	-	-	144,290	144,290
Deposits with banks with original maturities of more than three months	-	-	268,620	268,620
Statutory deposits	-	-	155,280	155,280
Financial investments measured at fair value	377,639	474,376	-	852,015
Financial investments measured at amortised cost	-	-	1,628,211	1,628,211
Insurance and reinsurance receivables measured at amortised cost	-	-	587,501	587,501
Other receivables measured at amortised cost	-	-	66,790	66,790
Total	377,639	474,376	2,850,692	3,702,707
Financial liabilities:				
Re-insurance deposits retained	-	-	127,278	127,278
Insurance and reinsurance payables	-	-	497,001	497,001
Other payables	-	-	123,754	123,754
Total	-	-	748,033	748,033

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values, except for the financial investments measured at amortised cost of which fair value is determined and disclosed in note 30.3 of these consolidated financial statements.

30. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Valuation Techniques and Assumptions Applied for the Purposes of Measuring Fair Value
The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2019.

Fair Value of the Group's Financial Assets that are Measured at Fair Value on Recurring Basis
Some of the Group's financial assets are measured at fair value at the end of the reporting period.

30.1 The Following Table Gives Information about how the Fair Values of these Financial Assets are Determined:

Financial Assets	Fair Value as at 31 December 2020 AED'000	2019 AED'000	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Input	Relationship of Unobservable Inputs to Fair Value
Financial Assets Measured at FVTPL						
Quoted fund	**-**	30,549	Level 2	Quoted prices in secondary market	None	Not applicable
Unit linked investments	**391,484**	332,100	Level 2	Quoted prices in secondary market	None	Not applicable
Quoted equity investments	**2,524**	14,990	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial Assets Measured at FVTOCI						
Quoted equity investments	**399,387**	421,078	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity and private equity fund	**43,807**	53,298	Level 3	Multiple based approach and net assets as per financial statements	Price to book value multiple	1. Price to book value multiple for similar companies will directly impact the fair value calculaiton.

There were no transfers between each of the levels during the year. There are no financial liabilities which should be categorised under any of the levels in the above table.

30.2 Reconciliation of Level 3 Fair Value Measurement of Financial Assets Measured at FVTOCI

	2020 AED'000	2019 AED'000
At 1 January	**53,298**	182,912
Disposals	**(10,215)**	(153,179)
Changes in fair value	**724**	23,565
At 31 December	**43,807**	53,298

30.3 Fair Value of Financial Instruments Measured at Amortised Cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements to approximate their fair values as these are substantially short term in nature and carry market rates of interest.

	Carrying amount AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2020				
Financial assets:				
Quoted debt investments	**1,679,238**	**1,790,960**	**-**	**-**
Unquoted debt investments	**-**	**-**	**-**	**-**
	1,679,238	**1,790,960**	**-**	**-**
31 December 2019				
Financial assets:				
Quoted debt investments	1,611,611	1,677,700	-	-
Unquoted debt investments	16,600	-	-	16,686
	1,628,211	1,677,700	-	16,686

30.4 Fair Value Sensitivity Analysis

The following table shows the sensitivity of fair values to 1% increase or decrease in market price as at 31 December 2020 and 31 December 2019 on the consolidated income statement:

	Favourable Change AED'000	Unfavourable Change AED'000
31 December 2020		
Financial assets:		
Quoted debt investments	**17,910**	**(17,910)**
31 December 2019		
Financial assets:		
Quoted debt investments	16,777	(16,777)
Unquoted debt investments	167	(167)

31. Financial Risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk (which includes foreign currency exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods. The Executive Committee oversees the management of financial risks through its Investment Committee and Credit Committee.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance liabilities. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

a. Market Risk

Market risk quantifies the adverse impact due to broad, systemic movements in one or more market risk drivers. Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates.

The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, credit spreads, changes in interest rate and changes in foreign currency rates.

i. Foreign currency exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. There are no significant exchange rate risks as substantially all monetary assets and monetary liabilities of the Group are denominated in the local currencies of the countries where the Group operates or US Dollars to which local currencies are fixed.

Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Group has not hedged their foreign currency exposure.

ii. Price risk

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

At the end of the reporting period, if the prices of quoted equity investments are 1% higher / lower as per the assumptions mentioned below and all the other variables were held constant, the Group's other comprehensive income would have increased / decreased by AED 3,994 thousand (31 December 2019: AED 4,211 thousand) in the case of the financial investments at fair value through other comprehensive income and the Group's profit for the year ended 31 December 2020 would increase / decrease by AED 25 thousand (31 December 2019: AED 150 thousand) in the case of the financial investments at fair value through profit or loss.

Method and assumptions for sensitivity analysis:

- The sensitivity analysis has been done based on the exposure to equity price risk as at the end of the reporting period.
- As at the end of the reporting period if equity prices are 1% higher / lower on the market value uniformly for all equity while all other variables are held constant, the impact on other comprehensive income has been shown above.
- A 1% change in equity prices has been used to give a realistic assessment as a plausible event.

iii. Cash flow and fair value interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its financial investments measured at amortised costs and term and statutory deposits that carry fixed interest rates.

The Group generally manages to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would increase/decrease by AED 23,306 thousand (31 December 2019: AED 20,742 thousand).

b. Credit Risk

Credit risk is the risk of loss arising from counterparties that has a financial obligation to the Group and is either unable or unwilling to meet its obligation in full and when it becomes due. The Group has no significant concentrations of credit risk.

Key areas where the Group is exposed to credit risk are:

• reinsurance contract assets;

• insurance and reinsurance receivables;

• other receivables;

• financial investments;

• deposits with banks with original maturities of more than three months;

• statutory deposits; and

• bank balances and cash

The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of their counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on insurance and reinsurance receivables and subsequent write-offs. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The fair value of cash and bank balances and bank deposits as at 31 December 2020 and 31 December 2019 approximates their carrying value.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The following financial assets of the Group are subject to the expected credit loss model:

• insurance and reinsurance receivables;

• debt investments carried at amortised cost;

• deposits with banks with original maturities of more than three months;

• statutory deposits; and

• bank balances and cash

For insurance and reinsurance receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all insurance and reinsurance receivables. The expected loss rates are based on the historical credit losses experienced. On that basis, the impairment provision as at 31 December 2020 and 31 December 2019 was determined as follows for insurance and reinsurance receivables:

	Not yet due AED '000	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
At 31 December 2020						
Expected loss rate	**0.7%**	**4.2%**	**3.8%**	**10.3%**	**96.2%**	
Gross carrying amount - insurance and reinsurance receivables	**365,707**	**81,796**	**66,772**	**58,810**	**415,159**	**988,244**
Impairment provision (note 12.3)	**(2,597)**	**(3,474)**	**(2,562)**	**(6,038)**	**(399,510)**	**(414,181)**
	363,110	**78,322**	**64,210**	**52,772**	**15,649**	**574,063**

	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
At 31 December 2019						
Expected loss rate	0.7%	2.1%	3.4%	10.8%	88.9%	
Gross carrying amount - insurance and reinsurance receivables	344,928	54,321	86,598	61,193	481,532	1,028,572
Impairment provision (note 12.3)	(2,263)	(1,126)	(2,955)	(6,598)	(428,129)	(441,071)
	342,665	53,195	83,643	54,595	53,403	587,501

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a large number of financial institutions.

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the impairment charge recognised during the year was therefore limited to 12 months' expected losses.

The impact on ECL due to changes in the loss rates increase / decrease by 1% as at 31 December 2020 and 31 December 2019 would result in an ECL increase / decrease by AED 85 thousand and AED 118 thousand respectively.

The reinsurance contract assets and reinsurance receivables are with highly rated reinsurers based on the Group internal Risk management framework. The insurance and other receivables include some unrated policy holders, however, exposures to policy holders and intermediaries with credit facilities are mitigated by ongoing credit evaluation of their financial condition including credit control policies adopted by the Group. The credit risk on deposits with banks with original maturities of more than three months, statutory deposits and bank balances and cash is limited because the counterparties are licensed banks with sound financial positions. Management considers low credit risk for listed bonds to be an investment grade credit rating with at least one major rating agency.

The below table summarises the staging for financial assets using the general approach:

	2020			2019		
	Stage 1 AED '000	**Stage 3 AED '000**	**Total AED '000**	Stage 1 AED '000	Stage 3 AED '000	Total AED '000
Financial investments at amortised cost	**1,680,991**	**2,205**	**1,683,196**	1,630,036	2,205	1,632,241
Allowance for impairment	**(1,753)**	**(2,205)**	**(3,958)**	(1,825)	(2,205)	(4,030)
Cash and bank balances, deposits with banks and satutory deposits	**830,340**	**-**	**830,340**	568,868	-	568,868
Allowance for impairment	**(777)**	**-**	**(777)**	(678)	-	(678)

c. Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. The Group manages the liquidity risk through a risk management framework for the Group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and bank facilities, to ensure that funds are available to meet their commitments for liabilities as they fall due.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The table below summarises the maturity profile of the Group's financial assets including interest receivables, financial liabilities, unearned premiums, life assurance fund and unit linked reserves within insurance contract liabilities and reinsurance contract assets is based on remaining undiscounted contractual obligations and outstanding claims and incurred but not reported claims reserve within insurance contract liabilities and reinsurance contract assets is based on their expected cash flows.

2020	Carrying Amount AED '000	Less than 1 Year AED '000	1 to 5 Years AED '000	Over 5 Years AED '000	No Maturity Date AED '000	Total AED '000
Assets						
Satutory deposits	171,982	-	-	-	178,872	178,872
Financial invesments at amortised cost	1,679,238	201,514	857,895	1,049,576	-	2,108,985
Financial investments at FVTOCI	443,194	-	-	-	443,194	443,194
Financial investments at fair value through profit or loss	394,008	-	-	-	394,008	394,008
Reinsurance contract assets	2,869,140	1,862,880	961,356	44,904	-	2,869,140
Deferred acquisition costs	154,765	112,656	6,970	35,139	-	154,765
Insurance and reinsurance receivables	574,063	567,991	6,072	-	-	574,063
Other receivables (excluding prepayments)	55,635	55,635	-	-	-	55,635
Deposits with banks	396,458	395,571	10,604	-	-	406,175
Bank balances and cash	261,123	261,513	-	-	-	261,513
Total	6,999,606	3,457,760	1,842,897	1,129,619	1,016,074	7,446,350
Liabilities						
Insurance contract liabilities	4,724,999	3,019,125	1,266,366	439,508	-	4,724,999
Deferred commission income	81,295	77,432	3,842	21	-	81,295
Reinsurance deposits retained	142,850	142,850	-	-	-	142,850
Insurance and reinsurance payables	371,585	371,585	-	-	-	371,585
Other payables (excluding lease liabilities)	143,696	143,696	-	-	-	143,696
Lease liabilities	32,625	4,774	15,435	12,416	-	32,625
Total	5,497,050	3,759,462	1,285,643	451,945	-	5,497,050

2019	Carrying Amount AED '000	Less than 1 Year AED '000	1 to 5 Years AED '000	Over 5 Years AED '000	No Maturity Date AED '000	Total AED '000
Assets						
Satutory deposits	155,280	-	-	-	164,647	164,647
Financial invesments at amortised cost	1,628,211	199,421	911,969	962,707	-	2,074,097
Financial investments at FVTOCI	474,376	-	-	-	474,376	474,376
Financial investments at fair value through profit or loss	377,639	-	-	-	377,639	377,639
Reinsurance contract assets	2,580,319	2,135,521	398,026	46,772	-	2,580,319
Deferred acquisition costs	132,200	85,398	13,625	33,177	-	132,200
Insurance and reinsurance receivables	587,501	579,862	7,639	-	-	587,501
Other receivables (excluding prepayments)	66,790	66,790	-	-	-	66,790
Deposits with banks	268,620	258,459	15,345	-	-	273,804
Bank balances and cash	144,290	144,295	-	-	-	144,295
Total	6,415,226	3,469,746	1,346,604	1,042,656	1,016,662	6,875,668
Liabilities						
Insurance contract liabilities	4,248,190	3,064,825	777,451	405,914	-	4,248,190
Deferred commission income	67,564	60,924	6,640	-	-	67,564
Reinsurance deposits retained	127,278	127,278	-	-	-	127,278
Insurance and reinsurance payables	497,001	497,001	-	-	-	497,001
Other payables (excluding lease liabilities)	119,362	119,362	-	-	-	119,362
Lease liabilities	4,392	1,572	2,820	-	-	4,392
Total	5,063,787	3,870,962	786,911	405,914	-	5,063,787

32. Subsidiaries

Details of the Company's subsidiaries at 31 December 2020 and 2019 are as follows:

Name of Subsidiary	Place of Incorporation and Operation	Proportion of Legal Ownership Interest		Proportion of Voting Power Held	Principal Activity
		2020	2019		
Equator Insurance Agency L.L.C.*	Dubai - U.A.E.	99.97%	99.97%	100%	Insurance agency
Dubai Sigorta A.S.** (Formally known as Dubai Starr Sigorta A.S.)	Istanbul - Turkey	100%	51%	100%	Issuing short-term and long-term insurance contracts
ITACO Bahrain Co. W.L.L***	Manama - Kingdom of Bahrain	60%	60%	60%	Brokerage and call center services
Synergize Services FZ L.L.C****	Dubai - UAE.	100%	100%	100%	Management Information technology and transaction processing

*   The Company holds the remaining equity in Equator Insurance Agency L.L.C, beneficially through nominee arrangements.

**   Dubai Sigorta A.S. was founded in 2012 and major lines of business include the underwriting of accident and health insurance.

Transactions with non-controlling interests:

On 28 July 2020, Oman Insurance Company (P.S.C.) has completed 100% acquisition of its subsidiary, Dubai Sigorta A.S. by acquiring an additional 49% of the issued and outstanding share capital for a cash consideration of AED 21,005 thousand. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interest in Dubai Sigorta A.S. was AED 21,005 thousand. The Group recognised a decrease in non-controlling interest of AED 21,005 thousand and there was no impact on equity attributable to owners of the Company.

***   ITACO Bahrain Co W.L.L was acquired by the Company on 16 September 2015.

**** Synergize Services FZ L.L.C was incorporated on 24 January 2014 in Dubai Outsource Zone, UAE and is engaged in the business of providing management information technology and transaction processing services.

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

Dubai Sigorta A.S.	2020 AED'000	2019 AED'000
Current assets	**158,855**	168,660
Non-current assets	**122,763**	189,405
Current liabilities	**66,090**	73,537
Non-current liabilities	**173,549**	240,797
Equity attributable to Owners of the Company	**41,979**	22,302
Non-controlling interests	**-**	21,429

	2020 AED'000	2019 AED'000
Net cash outflows from operating activities	**(3,681)**	(13,052)
Net cash (outflows)/inflows from investing activities	**(278)**	4,432
Net cash inflows from financing activities	**17,394**	2,491
Net cash inflows/(outflows)	**13,435**	(6,129)

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

33. Summary of the Actuary's Report on the Technical Provisions

This note provides a summary of the gross of reinsurance technical provisions and related reinsurance assets.

Insurance Activity & Technical Provisions Category	2020			2019		
	Gross AED'000	RI AED'000	Net AED'000	Gross AED'000	RI AED'000	Net AED'000
Personal Insurance and Fund Accumulation Operations						
Outstanding claims provisions (OS)	**86,768**	**(63,197)**	**23,571**	85,452	(57,607)	27,845
Provisions for unearned premiums (UPR)	**27,414**	**(12,898)**	**14,516**	24,367	(7,744)	16,623
Provisions for claims incurred but not reported (IBNR)	**111,257**	**(80,006)**	**31,251**	118,761	(83,385)	35,376
Unallocated loss adjustment expenses reserve (ULAE)	**314**	**-**	**314**	351	-	351
Unit-Linked liabilities	**391,701**	**-**	**391,701**	332,324	-	332,324
Life assurance fund	**133,755**	**(24,981)**	**108,774**	172,799	(30,497)	142,302
Sub-Total	**751,209**	**(181,082)**	**570,127**	734,054	(179,233)	554,821
Property and Liability Insurance						
Outstanding claims provisions (OS)	**2,208,680**	**(1,775,586)**	**433,094**	1,855,015	(1,464,490)	390,525
Provisions for unearned premiums (UPR)	**1,267,830**	**(670,846)**	**596,984**	1,286,218	(706,137)	580,081
Provisions for claims incurred but not reported (IBNR)	**489,952**	**(241,626)**	**248,326**	364,901	(230,459)	134,442
Unallocated loss adjustment expenses reserve (ULAE)	**7,328**	**-**	**7,328**	8,002	-	8,002
Sub-Total	**3,973,790**	**(2,688,058)**	**1,285,732**	3,514,136	(2,401,086)	1,113,050
Total	**4,724,999**	**(2,869,140)**	**1,855,859**	4,248,190	(2,580,319)	1,667,871

a. Personal Insurance and Fund Accumulation Operations

This category includes Individual Life, Group Life and Credit Life business. Generally acceptable actuarial techniques were implemented in the determination of the gross and net technical provisions figures.

Assumptions used are based where possible on recent experience investigations and market information where necessary. For individual life business, technical provisions are most sensitive to assumptions regarding discount rates and mortality/morbidity rates. The discount rate assumption used is within the range of assumptions used by market peers and is reasonable with regard to the actual earnings based on the year-to-date asset information and analysis after allowing for risk adjustment. A crude estimate of the expected net mortality cost indicated that the expected mortality rate used is materially higher than the realised mortality claims in recent years proving that the basis includes sufficient prudency margins.

Under the net premium method used, the premium taken into account in calculating the technical provisions is determined actuarially, based on the valuation assumptions regarding discount rates, mortality and disability. The difference between this premium and the actual premium payable provides sufficient margin for expenses. An expense adequacy test has also been performed indicating that available implicit expense margins in the valuation basis is adequate to cover the total projected expenses. The technical provisions determined based on the underlying assumptions are expected to be prudent.

b. Property and Liability Insurance Operations

This category includes medical and general insurance lines of business (LOBs). No discounting of technical provisions was employed.

Outstanding claims provisions are estimated based on known facts at the date of estimation. Case estimates are set by claims technicians and established case setting procedures. Ultimate claims are estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the past claims development experience can be used to project future claims development and hence ultimate claims. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident period.

Claim development is separately analysed for each LOB. The assumptions used in most non-life actuarial projection techniques, including future rates of claims inflation or loss ratio assumptions, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures in order to arrive at a point estimate for the ultimate cost of claims that represents the likely outcome, from a range of possible outcomes, taking into account all the uncertainties involved.

34. Dividends

The Board of Directors proposes cash dividends of 10% amounting to AED 46,187 thousand (AED 10 fils per share) for 2020 (2019: Nil).

The proposed dividends above are subject to the approval of the Shareholders at the Annual General Meeting and have not been included as a liability in the consolidated financial statements.

35. Social Contributions

The Group made social contributions amounting to AED 289 thousand during the year 2020 (2019: AED 147 thousand).

During the Covid-19 situation, amid mounting financial strain on hospitals across the region, the Company extended support to the UAE's healthcare industry by fast tracking claim payments to its medical providers, the frontline combatants against Covid-19.

The Company also supported the community by giving back to its clients on motor insurance. The Company provided financial relief to its motor customers through a 30% discount on motor premiums during April and May 2020.

36. Other Information

The Group established operations in Qatar on 6 January 2008 through an agency agreement entered with a local sponsor valid for an indefinite period. On 25 February 2019, the Qatar Central Bank ("QCB") did not accept the Group's application to open a foreign branch. Accordingly, the Group's management has taken the decision to no longer issue new policies in the State of Qatar. The Group will continue to service the existing policies as per the applicable conditions of the underlying contracts.

37. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 10 February 2021.

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