Insurance House P.S.C.

Financial Statements
For the year ended 31 December 2021

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For the year ended 31 December 2021

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INSURANCE HOUSE
P.S.C - ش.م.ع

Chairman's Report for the financial year ended 31 December 2021

On behalf of the Board of Directors, I am pleased to present the financial statements of Insurance House PJSC (IH) as at 31 December 2021 and the results of its operations for the twelve months ended 31 December 2021.

Technology, innovation and increasingly demanding customer expectations are transforming the UAE insurance industry. Understanding customer's motivation and enriching customer experience have been our key priorities to achieve profitable business growth. The motor insurance segment continued to witness a lower premium rate due to intense competition. Our intent is to continue staying ahead of the challenges and creating digital solutions that meet our customers' evolving needs.

For the year ended 31 December 2021, IH has registered a Total Comprehensive Income of AED 18.87 million compared to AED 9.92 million in the previous year. This is a remarkable performance that provides a solid foundation for sustained profitable growth in the near future.

Gross Premiums Written during 2021 weighed in at AED 207.31 million compared to AED 217.37 million written during the previous year. Net Premiums Earned in 2021 were lower at AED 134.43 million compared to AED 150.17 million in the previous year. However, Net Claims Incurred during 2021 were remarkably lower at AED 66.64 million compared to AED 84.21 million in the previous year. As a combined result of the above, Net Underwriting Income for 2021 was almost flat at AED 46.48 million compared to AED 47 million registered during the previous year.

Domestic and Global equity, fixed income and real estate markets staged a smart rally in 2021, from the pandemic induced lows experienced for the most part of 2020. As a result of this market buoyancy, our Investment Income from a carefully managed and well-diversified investment portfolio surged to AED 15.29 million in 2021 compared to AED 6.82 million in the previous year.

General & administrative expenses were lower at AED 42.01 million compared to AED 42.95 million in the previous year. We continued to maintain a tight leash on expenses throughout the year.

دار التأمين ش.م.ع: ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٤٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس: ٤٠٠ ٤٩٣٤ (٢) ٩٧١+
Insurance House P.S.C: P.O. Box 129921, Abu Dhabi, U.A.E; Tel: +971 (2) 4934 444; Fax: +971 (2) 4934 400
Public Joint Stock Company and the share capital is AED 118, 780,500 شركة مساهمة عامة برأس مال وقدره ١١٨,٧٨٠,٥٠٠ درهم إماراتي

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دار التأمين
INSURANCE HOUSE
P.S.C - ش.م.ع

Cash & cash equivalents including fixed deposits with UAE banks as of 31 December 2021 stood at a robust 17.9% of Total Assets, highlighting our conservative approach to investments & liquidity management, as well as the sound liquidity position of the Company.

Total Shareholders' Equity as of 31 December 2021 jumped to AED 149.03 million compared to AED 136.05 million as at the end of the previous year. This is after distributing a 4% cash dividend amounting to AED 4.75 million during the first half of the year.

In Jan 2022, the investment grade credit rating of the Company- Long-Term Issuer Credit Rating of "BBB-" and a Financial Strength Rating of "B+" (Good) have been reaffirmed by AM Best, the international credit rating agency. The outlook assigned to these Credit Ratings is "Stable". This independent re-affirmation of our investment grade credit rating by an internationally accredited credit rating agency such as AM Best will not only strengthen our existing business relationships, but will also open doors to many new relationships across the globe.

In order to conserve the cash resources of the Company for other strategic purposes, the IH Board does not recommend any cash dividend payout for the financial year ended 31 December 2021.

Our strategy is to compete on the basis of differentiated product offerings, improved digital capabilities and superior service quality. Going forward, profits from core insurance activities will be driven by continuous fine-tuning of our risk underwriting capabilities, increased use of digital channels to extend customer reach and enhanced controls in our claims management processes.

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi

Chairman

Abu Dhabi

10 February 2022

دار التأمين ش.م.ع: ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف:٤٤٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس:٤٠٠ ٤٩٣٤ (٢) ٩٧١+
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Grant Thornton UAE - Abu Dhabi

Office 1101, 11th Floor
Al Kamala Tower
Zayed the 1st Street
Khalidiya
Abu Dhabi, UAE

T +971 2 666 9750

Independent Auditor's Report
To the Shareholders of Insurance House P.S.C.

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Valuation of technical provisions

The estimation of liabilities arising from insurance contracts such as unearned premiums reserve, claims under settlement reserve, incurred but not reported claims reserve and unallocated loss adjustment expenses reserve as disclosed in Note 13 to the financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and persistency (including consideration of policyholder behavior). Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

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Independent Auditor's Report
To the Shareholders of Insurance House P.S.C. (continued)

Key Audit Matters (continued)

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

- We have obtained the report prepared by the independent actuary which was appointed by the Company.
- We involved our actuarial specialists to assist us in performing the audit procedures in this area, which included amongst others, review of methodology, data used as input, and estimates and judgements used in the Actuary's valuation.
- We have assessed the Actuary's independence, expertise and qualifications and read their terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

ii) Revenue recognition

Gross premiums comprise the total premium receivable for the whole period of cover by contracts entered into during the accounting period, and are recognised on the date on which the policy commences. At the end of each year, a proportion of net retained premiums is provided for as an unearned premium reserve to cover portions of risk that have not expired at the reporting date. The reserve is required to be calculated in accordance with the requirements of the UAE Insurance Law relating to insurance companies.

We assessed management's calculation of gross premiums amounting to AED 207,314,824 and net unearned premium reserve amounting to AED 41,796,550 (Note 13) by performing audit procedures, which included among others:

- We assessed whether the Company's revenue recognition policies complied with IFRS and tested the implementation of those policies. Specifically, we considered whether the premium on policies are accounted for on the date of inception of policies, by testing a sample of revenue items to policy contracts.
- We evaluated and tested the operating effectiveness of the internal controls over the recording of revenue in the correct period.
- We compared the unearned premium reserve balance as per the financial statements to the reserve balance computed by the Company's actuary.
- We recalculated the unearned premium reserve based on the earning period of policy contracts existing as of 31 December 2021.

Other Information

Management is responsible for the other information contained in the financial statements which comprises the information included in the *Chairman's Report*, but which does not include the financial statements and our auditors' report thereon.

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

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

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Independent Auditor's Report
To the Shareholders of Insurance House P.S.C. (continued)

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report

To the Shareholders of Insurance House P.S.C. (continued)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 Federal Law No. 6 of 2007 on the Establishment of the Insurance Authority and Organisation of the Insurance Operations and UAE Federal Law No. 2 of 2015, as amended, we report that:

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

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. 2 of 2015, as amended;

iii) the Company has maintained proper books of account;

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

v) as disclosed in note 5 to the financial statements, the Company has purchased and sold certain shares during the year ended 31 December 2021;

vi) note 18 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the Federal Law No. 6 of 2007 on the Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. 2 of 2015, as amended, or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2021.

GRANT THORNTON

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Dr. Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates
10 **February 2022**

Insurance House P.S.C.
Financial Statements

Statement of financial position
As at 31 December 2021

	Notes	2021 AED	2020 AED
ASSETS			
Property and equipment	4	**43,261,817**	43,349,716
Statutory deposit	6	**6,000,000**	6,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	5	**51,296,714**	49,164,336
Investments carried at fair value through profit and loss (FVTPL)	5	**12,249,031**	10,554,455
Premium and insurance balances receivable	7	**101,172,076**	70,439,271
Other receivables and prepayments	8	**25,542,510**	25,494,906
Reinsurance contract assets	13	**77,279,041**	42,223,836
Fixed deposits	9	**14,000,000**	16,000,000
Cash and cash equivalents	9	**54,857,557**	72,626,824
TOTAL ASSETS		**385,658,746**	335,853,344
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	**118,780,500**	118,780,500
Tier 1 capital	10	**15,000,000**	15,000,000
Accumulated losses		**(7,548,693)**	(5,446,912)
Board of directors' proposed remuneration		**856,796**	979,729
Reinsurance reserve	10	**422,793**	423,698
Investment revaluation reserve		**14,271,093**	20,861
Legal reserve	10	**7,243,671**	6,291,675
Total shareholders' equity		**149,026,160**	136,049,551
LIABILITIES			
Provision for employees' end-of-service benefits	11	**2,883,016**	3,252,942
Insurance liability			
Insurance and other payables	12	**69,390,241**	59,986,696
Technical provisions			
Unearned premiums reserve	13	**81,376,611**	79,368,272
Claims under settlement reserve	13	**51,604,276**	35,513,092
Incurred but not reported claims reserve	13	**28,869,141**	20,133,725
Unexpired risk reserve	13	**252,338**	-
Unallocated loss adjustment expenses reserve	13	**2,256,963**	1,549,066
Total technical provisions		**164,359,329**	136,564,155
TOTAL LIABILITIES		**236,632,586**	199,803,793
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**385,658,746**	335,853,344

These financial statements were approved by the Board of Directors on 10 February 2022 and signed on their behalf by:

Mr. Amr Hindawi
Deputy Chief Executive Officer

Mr. Mohammed Alqubaisi
Chairman

The notes from 1 to 24 form an integral part of these financial statements

Statement of profit or loss
For the year ended 31 December 2021

	Notes	2021 AED	2020 AED
Gross premiums	19	**207,314,824**	217,371,704
Reinsurance share of premiums		**(78,751,861)**	(77,800,645)
Reinsurance share of ceded business premiums		**(5,806,642)**	(6,938,884)
Net premiums		**122,756,321**	132,632,175
Net transfer from unearned premium reserve		**11,674,447**	17,540,933
Net premiums earned		**134,430,768**	150,173,108
Commission earned		**16,546,396**	10,925,538
Commission paid		**(26,250,798)**	(25,015,434)
Gross underwriting income		**124,726,336**	136,083,212
Gross claims paid		**(147,136,773)**	(152,570,446)
Reinsurance share of insurance claims and loss adjustment		**84,914,782**	72,608,170
Net claims paid		**(62,221,991)**	(79,962,276)
Increase in claims under settlement reserve		**(9,405,647)**	(1,721,586)
Decrease / (Increase) in reinsurance share of claims under settlement reserve		**8,769,840**	(532,546)
Increase in incurred but not reported claims reserve – net		**(2,818,369)**	(2,028,500)
Increase in unexpired risk reserve		**(252,338)**	-
(Increase) / Decrease in unallocated loss adjustment expenses reserve – net		**(707,900)**	32,988
Net claims incurred		**(66,636,405)**	(84,211,920)
Other underwriting income		**1,997,184**	4,626,366
Other underwriting and claim handling expenses		**(13,605,630)**	(9,492,896)
Net underwriting income		**46,481,515**	47,004,762
Income from investments - net	14	**5,053,325**	6,814,389
Other income		**-**	18,315
Gross income		**51,534,840**	53,837,466
General and administrative expenses	15	**(42,014,884)**	(42,951,587)
Profit for the year		**9,519,956**	10,885,879
Earnings per share:			
Basic and diluted earnings per share	16	**0.08**	0.09

The notes from 1 to 24 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2021

	Notes	**2021** **AED**	2020 AED
Profit for the year		**9,519,956**	10,885,879
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Realised gain / (loss) on disposal of equity investments carried at FVTOCI		**-**	(352,021)
Impairment loss on debt investments carried at fair value through other comprehensive income – reclassified through profit or loss		**-**	120,401
Changes in fair value of equity investments carried at fair value through other comprehensive income	5	**9,352,764**	727,492
Items that will be reclassified subsequently to profit or loss			
Changes in fair value of debt investments carried at fair value through other comprehensive income	5	**885,174**	(486,805)
Directors' remuneration		**(883,409)**	(979,729)
Total comprehensive income for the year		**18,874,485**	9,915,217

The notes from 1 to 24 form an integral part of these financial statements.

Insurance House P.S.C.
Financial Statements

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

	Share capital	Tier 1 capital	Accumulated losses	Board of Directors' remuneration	Reinsurance reserve	Investment revaluation reserve	Legal reserve	Total shareholders' equity
	AED	AED	AED	AED	AED	AED	AED	AED
Balance as at 1 January 2021	118,780,500	15,000,000	(5,446,912)	979,729	423,698	20,861	6,291,675	136,049,551
Dividends declared (Note 10)	-	-	(4,751,220)	-	-	-	-	(4,751,220)
Profit for the year	-	-	9,519,956	-	-	-	-	9,519,956
Transfer to statutory reserve	-	-	(951,996)	-	-	-	951,996	-
Transfer from reinsurance reserve	-	-	905	-	(905)	-	-	-
Other comprehensive income for the year	-	-	-	-	-	10,237,938	-	10,237,938
Proposed Board of Director's remuneration	-	-	(856,796)	856,796	-	-	-	-
Payment of Board of Directors' remuneration	-	-	-	(937,360)	-	-	-	(937,360)
Adjustment to Board of Directors' remuneration	-	-	42,369	(42,369)	-	-	-	-
Loss on disposal of investment carried at FVTOCI	-	-	(3,867,499)	-	-	3,867,499	-	-
Transfer of unrealised loss on disposal of debt investments carried at FVTOCI	-	-	-	-	-	144,795	-	144,795
Tier 1 Capital	-	-	(1,237,500)	-	-	-	-	(1,237,500)
Balance as at 31 December 2021	**118,780,500**	**15,000,000**	**(7,548,693)**	**856,796**	**422,793**	**14,271,093**	**7,243,671**	**149,026,160**

The notes from 1 to 24 form an integral part of these financial statements.

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

	Share capital AED	Tier 1 capital AED	Accumulated losses AED	Board of Directors' remuneration AED	Reinsurance reserve	Investment revaluation reserve AED	Legal reserve AED	Total shareholders' equity AED
Balance as at 1 January 2020	118,780,500	15,000,000	(8,920,743)	1,454,955	-	865,535	5,203,087	132,383,334
Dividends declared (Note 10)	-	-	(4,751,220)	-		-	-	(4,751,220)
Profit for the year	-	-	10,885,879	-	-	-	-	10,885,879
Transfer to statutory reserve	-	-	(1,088,588)	-	-	-	1,088,588	-
Transfer to reinsurance reserve	-	-	(423,698)	-	423,698	-	-	-
Other comprehensive income for the year	-	-	-	-	-	361,088	-	361,088
Payment of Board of Directors' remuneration	-	-	4,955	(1,454,955)	-	-	-	(1,450,000)
Proposed Board of Director's remuneration	-	-	(979,729)	979,729	-	-	-	-
Transfer of realised loss on disposal of equity investment carried at FVTOCI	-	-	(352,021)	-	-	-	-	(352,021)
Transfer of unrealised gain on disposal of equity investments carried at FVTOCI	-	-	1,415,753	-	-	(1,415,753)	-	-
Transfer of unrealised loss on disposal of debt investments carried at FVTOCI	-	-	-	-	-	209,991	-	209,991
Tier 1 Capital	-	-	(1,237,500)	-	-	-	-	(1,237,500)
Balance as at 31 December 2020	**118,780,500**	**15,000,000**	**(5,446,912)**	**979,729**	**423,698**	**20,861**	**6,291,675**	**136,049,551**

The notes from 1 to 24 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2021

	Note	2021 AED	2020 AED
OPERATING ACTIVITIES			
Profit for the year		**9,519,956**	10,885,879
Adjustments for non-cash items:			
Depreciation of property and equipment	4	**1,652,709**	1,843,455
Changes in fair value of investment carried at FVTPL	14	**(675,387)**	(381,687)
Realised gain on sale of investments carried at FVTPL	14	**(428,993)**	(1,164,015)
Realised loss on sale of debt investments carried at FVTOCI	14	**164,493**	159,350
Interest and dividend income	14	**(3,948,945)**	(5,428,037)
Provision for employees' end-of-service benefits	11	**420,674**	603,272
Expected credit losses	15	**1,124,458**	1,022,416
Operating profit before changes in working capital		**7,828,965**	7,540,633
Changes in working capital			
Premium and insurance balances receivables		**(28,165,225)**	(3,789,087)
Reinsurance contract assets		**(35,055,205)**	3,885,623
Technical provisions		**27,795,174**	(17,176,912)
Other receivables and prepayments		**(85,214)**	(576,083)
Insurance and other payables		**9,403,545**	14,534,974
Net cash flow (used in) / generated from operating activities		**(18,277,960)**	4,419,148
Employees' end-of-service benefits paid	11	**(790,600)**	(127,992)
Directors' remuneration		**(937,360)**	(1,450,000)
Net cash flow (used in) / generated from operating activities		**(20,005,920)**	2,841,156
INVESTING ACTIVITIES			
Payments for purchase of property and equipment	4	**(1,564,810)**	(3,987,615)
Proceeds from sale of investments carried at FVTOCI	5	**4,437,578**	10,771,227
Purchase of investments carried at FVTPL	5	**(3,152,212)**	(5,997,765)
Proceeds from sale of investments carried at FVTPL	5	**2,562,016**	10,596,279
Proceed from redemption of short-term investments		**2,000,000**	-
Payments for fixed deposits		**-**	(16,000,000)
Interest and dividend received		**3,942,802**	5,428,037
Net cash generated from investing activities		**8,225,374**	810,163
FINANCING ACTIVITIES			
Tier 1 Capital		**(1,237,500)**	(1,237,500)
Dividends paid		**(4,751,220)**	(4,751,220)
Net cash used in financing activities		**(5,988,720)**	(5,988,720)
Net change in cash and cash equivalents		**(17,769,266)**	(2,337,401)
Cash and cash equivalents, beginning of the year		**72,626,824**	74,964,225
Cash and cash equivalents, end of the year	9	**54,857,557**	72,626,824

The notes from 1 to 24 form an integral part of these financial statements.

1 Legal status and activities

Insurance House P.S.C. (the "Company") is a Public Joint - Stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing all classes of non-life insurance solutions in accordance with UAE Federal Law No.6 of 2007. The Company was established on 8 December 2010 and commenced its operations on 10 April 2011. The Company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai - Sheikh Zayed Road, Dubai – Business Bay, Sharjah, Al Mussafah, Mahawi and Motor World.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The registered office of the Company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.

The Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015, as amended, 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 Company 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 UAE 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 CBUAE.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 with an effective date of January 2, 2022, and will entirely replace Federal Law No. 2 of 2015, as amended, on Commercial Companies, as amended. The Company has complied with the law and amended its Articles of Association based on the law.

The range of products and services offered by the company include but not limited to accidents and civil responsibility insurance, land, marine and air transportation, dangers insurance, health insurance, onshore and offshore oil and gas fields and facilities services.

2 General Information

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. (2) of 2015, as amended, relating to commercial companies, UAE Federal Law No. (6) of 2007 on the Establishment of the Insurance Authority and Organisation of the Insurance Operations, and Insurance Authority's Board of Directors Decision No. (25) of 2014 pertinent to Financial Regulations for Insurance Companies.

2.2 Basis of preparation

These financial statements are for the year ended 31 December 2021 and are presented in Arab Emirate Dirham (AED), which is the functional and presentation currency of the Company.

The financial statements have been prepared on the historical cost basis except for investments carried at fair value through profit or loss and investments carried at fair value through other comprehensive income which are carried at fair value. They have been prepared under the assumption that the Company operates on a going concern basis.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities have been disclosed in the financial statements.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2021

In the current period, the Company has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company

The new standards and revised IFRSs not yet effective and have not been adopted early by the Company include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Amendments to IFRS 3 - References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

Standard number	Title	Effective date
IFRS 17	Insurance Contracts	1 January 2023

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards (continued)

Standards and interpretations in issue but not yet effective and has not been adopted early by the Company (continued)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date if first applies IFRS 17. The Company plans to adopt the standard on the required effective date and is currently evaluating the expected impact.

3 Summary of significant accounting policies

3.1 Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

3.2 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment.

The rates of depreciation used are based on the following estimated useful lives of the assets:

	Years
Computers and software	3 – 4
Office equipment and decoration	4
Motor vehicles	4
Building	30

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in the statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.3 Premiums

Gross premiums written reflect amounts recognised during the year to policyholders or other insurers for insurance contracts, and exclude any fees and other amounts calculated based on premiums. These are recognised when the underwriting process is complete.

Gross premiums include any adjustments in respect to the business written in prior accounting periods. The earned portion is recognised as income. Gross premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis below.

3.4 Unearned Premiums Reserve (UPR)

Unearned Premiums Reserve (UPR) represents that portion of premiums earned, gross of reinsurance, which relates to the period of insurance subsequent to the statement of financial position date and is mainly computed using a linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Insurance Authority, U.A.E.

3.5 Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the year, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Claims under settlement reserve represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates. The reinsurers' portion towards the above outstanding claims is classified as reinsurance contract assets and shown as current assets in the statement of financial position.

3.6 Incurred but not reported claims reserve (IBNR)

Incurred but Not Reported Claims Reserve is made at the statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Insurance Authority U.A.E.

3.7 Unallocated Loss Adjustment Expenses Reserve (ULAE)

Unallocated Loss Adjustment Expenses Reserve which cannot be allocated to specific claims, is made at the statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Insurance Authority, U.A.E.

3.8 Unexpired Risk Reserve (URR)

Unexpired risk reserve represents the portion of the premium subsequent to the reporting date and where the premium is expected to be insufficient to cover anticipated claims, expenses and a reasonable profit margin.

3 Summary of significant accounting policies (continued)

3.9 Liability adequacy test

All recognised insurance liabilities including provision for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the statement of profit or loss by establishing a provision for losses arising from the liability adequacy test.

3.10 Reinsurance premium

Ceded reinsurance premiums are accounted for in the same accounting periods in which the premiums for the related direct insurance are recorded and the unearned portion is calculated using a linear basis in accordance with reinsurance arrangements in place.

3.11 Reinsurance assets

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

3.12 Financial instruments

a) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

b) Classification and initial measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, due from related parties and most other receivables.

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

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Gains or losses on subsequent measurement

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to statement of profit or loss , but is reclassified to retained earnings.

b) Classification and subsequent measurement of financial assets (continued)

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

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit or loss. Fair value is determined in the manner described in note 5.

c) Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

d) Impairment

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued;
- loan commitments issued; and
- No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

d) Impairment (continued)

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

e) Offsetting financial instruments

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

f) Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

3.13 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from insurance brokers, re-insurers and insurance contract holders.

If there is objective evidence that the insurance receivables are impaired, the Company reduces the carrying amount of the insurance receivables accordingly and realises the impairment loss in the statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end-of-service benefits

A provision for employees' end-of-service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

3.15 Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

3 Summary of significant accounting policies (continued)

3.17 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in note 10 to the financial statements.

Accumulated losses include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

3.18 Leases

The Company as a Lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3 Summary of significant accounting policies (continued)

3.18 Leases (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit or loss on a straight-line basis over the lease term.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

3.20 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the statement of profit or loss. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.21 Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

3.22 Insurance Contracts

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the possibility of having to pay benefits on the occurrence of an insured event. The Company may also transfer insurance risk in insurance contracts through its reinsurance agreements to hedge a greater possibility of claims occurring than expected.

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 have expired.

3.23 General and administrative expenses

Costs and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

3 Summary of significant accounting policies (continued)

3.24 Critical accounting estimates and judgements in applying accounting policies

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Claims under settlement reserve, IBNR, ULAE, URR and UPR

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

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management action.

4 Property and equipment

	Land AED	Building AED	Office equipment and decoration AED	Computers and software AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost							
At 1 January 2020	10,390,000	28,571,039	6,007,958	3,190,793	302,143	-	48,461,933
Additions during the year 2020	-	-	83,971	221,517	-	3,682,127	3,987,615
Reclassification during the year 2020	-	-	-	-	-	1,197,513	1,197,513
Transfers during the year 2020	-	-	-	(106,490)	-	106,490	-
At 31 December 2020	10,390,000	28,571,039	6,091,929	3,305,820	302,143	4,986,130	53,647,061
Additions during the year 2021	-	-	19,446	64,841	-	1,480,523	1,564,810
At 31 December 2021	**10,390,000**	**28,571,039**	**6,111,375**	**3,370,661**	**302,143**	**6,466,653**	**55,211,871**
Accumulated Depreciation							
At 1 January 2020	-	798,423	4,746,747	2,695,707	213,013	-	8,453,890
Charge for the year 2020	-	947,585	573,332	247,097	75,441	-	1,843,455
At 31 December 2020	-	1,746,008	5,320,079	2,942,804	288,454	-	10,297,345
Charge for the year 2021	-	952,368	494,769	192,276	13,296	-	1,652,710
At 31 December 2021	**-**	**2,698,376**	**5,814,848**	**3,135,080**	**301,750**	**-**	**11,950,055**
Carrying amount							
As at 31 December 2021	**10,390,000**	**25,872,663**	**296,527**	**235,581**	**393**	**6,466,653**	**43,261,817**
As at 31 December 2020	10,390,000	26,825,031	771,850	363,016	13,689	4,986,130	43,349,716

5 Investments in financial assets

	2021 AED	2020 AED
Investments carried at FVTOCI		
Quoted equity securities	**41,335,714**	34,891,017
Quoted Tier 1 perpetual securities	**3,011,000**	7,323,319
Unquoted Tier 1 perpetual securities	**6,950,000**	6,950,000
	51,296,714	49,164,336
Investments carried at FVTPL		
Quoted equity securities	**7,249,031**	5,554,455
Unquoted debt securities	**5,000,000**	5,000,000
	12,249,031	10,554,455

The movement in the investments in financial assets is as follows:

	2021 AED	2020 AED
Investments carried at FVTOCI		
Fair value at 1 January	**49,164,336**	59,996,256
Disposals	**(8,105,560)**	(11,072,607)
Change in fair value	**10,237,938**	240,687
Fair value at the end of the reporting period	**51,296,714**	49,164,336
Investments carried at FVTPL		
Fair value at 1 January	**10,554,455**	13,607,267
Purchases	**3,152,212**	5,997,765
Disposals	**(2,133,023)**	(9,432,264)
Change in fair value taken to profit and loss	**675,387**	381,687
Fair value at the end of the reporting period	**12,249,031**	10,554,455

The geographical distribution of investments is as follows:

	2021 AED	2020 AED
Quoted UAE equity securities	**46,841,483**	39,388,459
Quoted outside UAE securities	**3,011,000**	7,323,319
Unquoted UAE securities	**5,000,000**	5,000,000
Unquoted UAE Tier 1 securities	**6,950,000**	6,950,000
Quoted outside UAE equity securities	**1,743,262**	1,057,013
	63,545,745	59,718,791

5 Investments in financial assets (continued)

Management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the financial statements and are classified as level 3 in accordance with the IFRS 13 hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2021					
Investments at FVTOCI					
Investment in quoted securities	(a)	**41,335,714**	**-**	**-**	**41,335,714**
Quoted Tier 1 perpetual securities		**3,011,000**	**-**	**-**	**3,011,000**
Unquoted Tier 1 perpetual securities		**-**	**-**	**6,950,000**	**6,950,000**
		44,346,714	**-**	**6,950,000**	**51,296,714**
Investments at FVTPL					
Investment in quoted equity securities	(a)	**7,249,031**	**-**	**-**	**7,249,031**
Unquoted Tier 1 perpetual securities		**-**	**-**	**5,000,000**	**5,000,000**
		7,249,031	**-**	**5,000,000**	**12,249,031**
31 December 2020					
Investments at FVTOCI					
Investment in quoted securities	(a)	34,891,017	-	-	34,891,017
Quoted Tier 1 perpetual securities		7,323,319	-	-	7,323,319
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		42,214,336	-	6,950,000	49,164,336
Investments at FVTPL					
Investment in quoted equity securities	(a)	5,554,455	-	-	5,554,455
Unquoted Tier 1 perpetual securities		-	-	5,000,000	5,000,000
		5,554,455	-	5,000,000	10,554,455

(a) Fair values have been determined by reference to the quoted prices at the reporting date.

During the year, there were no transfers between Level 1 and Level 2 fair value measurement and no transfers into or out of Level 3 fair value measurements.

6 Statutory deposit

In accordance with the requirement of Federal Law No. 6 of 2007, concerning Insurance Companies and Agents, the Company maintains a bank deposit amounting to AED 6,000,000 as of 31 December 2021 (31 December 2019: AED 6,000,000) and it cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

7 Premium and insurance balances receivable

	2021 AED	2020 AED
Due from policyholders	**41,841,082**	42,202,901
Due from brokers and agencies	**12,686,644**	14,310,160
Due from insurance and reinsurance companies	**52,914,469**	20,979,076
Due from related parties (Note 18)	**2,492,527**	891,043
	109,934,722	78,383,180
Expected credit loss	**(9,110,170)**	(8,025,259)
	100,824,552	70,357,921
Refundable deposits and other advances	**347,524**	81,350
Premium and insurance balances receivables – net	**101,172,076**	70,439,271

Inside UAE:

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the company has categorized the insurance receivables as follows:

	2021 AED	2020 AED
Due from policyholders	**41,841,082**	42,202,901
Due from brokers and agencies	**12,686,644**	14,310,160
Due from insurance and reinsurance companies	**2,965,005**	1,376,272
Total	**57,492,731**	57,889,333

The ageing for the insurance receivables inside UAE is as follows:

	2021 AED	2020 AED
0 – 30 Days	**19,378,861**	2,863,520
31 - 90 days	**19,804,174**	10,783,318
91 - 180 days	**4,125,682**	15,840,747
181 - 270 days	**3,760,822**	15,568,809
271 - 360 days	**1,844,593**	6,647,949
More than 360 days	**8,578,599**	6,184,990
Total	**57,492,731**	57,889,333

7 Premium and insurance balances receivables (continued)

Outside UAE:

	2021 AED	2020 AED
Due from insurance and reinsurance companies	**49,949,464**	19,602,804

The ageing for the insurance receivables outside UAE is as follows:

	2021 AED	2020 AED
31-90 days	**49,949,464**	19,602,804

Expected credit loss

	2021 AED	2020 AED
Beginning balance	**(8,025,259)**	(7,123,244)
Charge during the year	**(1,084,911)**	(902,015)
Ending balance	**(9,110,170)**	(8,025,259)

8 Other receivables and prepayments

	2021 AED	2020 AED
Deferred acquisition costs	**15,990,149**	15,382,115
Prepayments	**5,222,571**	5,597,847
Rent receivable	**2,353,778**	2,353,778
Accrued interest income	**957,400**	1,230,826
Guarantee deposits	**724,371**	636,100
Other advances	**294,241**	294,240
	25,542,510	25,494,906

9 Cash and cash equivalents

	2021 AED	2020 AED
Cash on hand	**5,000**	5,000
Cash at banks - current accounts (i)	**19,018,735**	3,763,352
Cash at bank - call account (i)	**25,588,862**	44,858,472
Fixed deposits (ii)	**24,244,960**	40,000,000
Cash and bank balances	**68,857,557**	88,626,824
Less: fixed deposits with an original maturity of more than three months	**(14,000,000)**	(16,000,000)
Cash and cash equivalents	**54,857,557**	72,626,824

i. Cash at banks includes current accounts and call account balances amounting to AED 17,844,461 as of 31 December 2021 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2020: AED 7,974,917).

ii. Bank fixed deposits as at 31 December 2021 amounting to AED 24,244,960 (31 December 2020: AED 40,000,000) carry interest rate of 2.15% p.a. to 2.25% p.a. (31 December 2020: 1.8% p.a. to 3.25% p.a.).

10 Capital and reserves

Share capital

The share capital of the company as per Articles of Association is AED 120,000,000 divided into 120,000,000 shares of AED 1 par value per share. As at 31 December 2021 and 31 December 2020, the Company has 118,780,500 shares outstanding and issued of AED 1 par value per share.

Tier 1 capital

On 14 January 2019, the Company's Board of Directors approved the issuance of Tier 1 perpetual bonds non-convertible into shares amounting to AED 15,000,000 for the purpose of strengthening the Company's capital adequacy and assets and to support its financial position to achieve the Company's growth strategy and to be compatible with the instructions of the Insurance Authority.

Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015, as amended, concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

Reinsurance reserve

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, an amount of AED 422,793 was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution, and will not be disposed of without prior approval from Insurance Authority.

Dividend declaration

On April 12, 2021, the shareholders approved in the Annual General Meeting the declaration of dividends at a rate of 4% of the share capital.

11 Provision for employees' end-of-service benefits

	2021 AED	2020 AED
Balance as at 1 January	**3,252,942**	2,777,662
Charges during the year	**420,674**	603,272
Benefits paid	**(790,600)**	(127,992)
Balance at the end of the year	**2,883,016**	3,252,942

12 Insurance and other payables

	2021 AED	2020 AED
Payables-inside UAE	**59,787,553**	53,111,326
Payables-outside UAE	**9,602,688**	6,875,370
	69,390,241	59,986,696

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the insurance payables as follows:

Inside UAE:

	2021 AED	2020 AED
Due to insurance and reinsurance companies	**24,803,420**	24,614,443
Due to brokers and agents	**7,292,919**	4,528,352
Due to policyholders	**6,273,082**	4,058,779
VAT output tax payable (Net)	**18,208**	37,048
Unearned commission on premium ceded	**3,021,801**	2,734,566
Related party payables (Note 18)	**8,900,000**	5,773,409
Claims payable	**5,806,174**	5,313,021
Due to reinsurance companies – inside UAE	**541,774**	514,942
Other accrued expenses	**3,130,175**	5,536,766
	59,787,553	53,111,326

Outside UAE:

	2021 AED	2020 AED
Funds held for reinsurers	**5,910,609**	5,493,611
Due to insurance and reinsurance companies	**3,692,079**	1,381,759
	9,602,688	6,875,370

13 Technical provisions

	2021 AED	2020 AED
Insurance liabilities – gross		
Unearned premiums reserve	**81,376,612**	79,368,272
Claims under settlement reserves	**51,604,277**	35,513,092
Incurred but not reported claims reserve	**28,869,141**	20,133,725
Unexpired risk reserve	**252,338**	-
Unallocated loss adjustment expenses reserve	**2,256,961**	1,549,066
	164,359,329	136,564,155
Reinsurance share of outstanding claims		
Unearned premiums reserve	**39,580,062**	25,897,275
Claims under settlement reserves	**30,655,061**	15,199,690
Incurred but not reported claims reserve	**7,043,918**	1,126,871
	77,279,041	42,223,836
Insurance liabilities – net		
Unearned premiums reserve	**41,796,550**	53,470,997
Claims under settlement reserves	**20,949,216**	20,313,402
Incurred but not reported claims reserve	**21,825,223**	19,006,854
Unexpired risk reserve	**252,338**	-
Unallocated loss adjustment expenses reserve	**2,256,961**	1,549,066
	87,080,288	94,340,319

14 Income from investments

	2021 AED	2020 AED
Dividend income on investment in financial assets	**1,580,592**	2,535,036
Interest income on fixed deposits and call account (net)	**1,430,018**	1,454,221
Interest from fixed income securities	**938,335**	1,438,780
Net realised gain from sale of investments carried at FVTPL	**428,993**	1,004,665
Change in fair value of investments carried at FVTPL (Note 5)	**675,387**	381,687
	5,053,325	6,814,389

15 General and administrative expenses

	2021 AED	2020 AED
Salaries and related benefits	**22,707,021**	25,758,895
Management and consultancy fees	**7,400,000**	5,772,447
Depreciation of property and equipment (Note 4)	**1,652,709**	1,843,455
Government fees	**1,816,549**	1,722,228
Expected credit loss	**1,124,458**	1,022,416
Telephone and postage	**741,804**	779,765
Bank charges	**81,507**	99,783
Other general expenses	**6,490,836**	5,952,598
	42,014,884	42,951,587

Expected credit loss (ECL) consists of ECL against premium and insurance balances receivable and debt investments carried at FVTOCI amounting to AED 1,084,911 and AED 39,547 respectively.

16 Earnings per share – Basic and diluted

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

	2021	2020
Earnings (AED):		
Net profit for the year	**9,519,956**	10,885,879
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	**118,780,500**	118,780,500
Earnings per share (AED):		
Basic and diluted	**0.08**	**0.09**

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

17 Risk management

The Company monitors and manages the financial risks relating to its business and operations. These risks include insurance risk, capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

17 Risk management (continued)

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company 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 that 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 company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company 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.

Capital risk

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of UAE.
- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in relation to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The Company is subject to local insurance solvency regulations with which it has complied with during the year.

The table below summarizes the minimum regulatory capital of the Company and the total capital held.

	2021 **AED**	2020 AED
Total capital and reserves	149,026,160	136,049,551
Minimum regulatory capital	100,000,000	100,000,000

17 Risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

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

- Re-insurers' share of insurance liabilities.
- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from insurance intermediaries.
- Amounts due from banks for its balances and fixed deposits.

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

Re-insurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Company maintains record 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 Company. Management information reported to the company includes details of provisions for impairment on insurance receivables and subsequent write offs. Exposures to individual policy holders and groups of policy holders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policy holders, or homogenous groups of policy holders, a financial analysis equivalent to that conducted for re-insurers is carried out by the Company.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit loss, represents the Company's maximum exposure to credit risk for such receivables and liquid funds.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. The Company is exposed to interest rate risk on call account, fixed deposits with bank and financial assets such as bonds. The interest rates are subject to periodic revisions.

Market risk

Market prices 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 instrument or its issue or factors affecting all instruments traded in the market.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The company maintains policies and procedures to manage the exchange rate risk exposure.

17 Risk management (continued)

Liquidity risk

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors.

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2021.

	Less than 1 year AED	**More than 1 year AED**	**Total AED**
Financial assets			
Interest bearing	**68,855,827**	**20,961,000**	**89,816,827**
Non-interest bearing	**231,367,382**	**-**	**231,367,382**
	300,223,209	**20,961,000**	**321,184,209**
Financial liabilities			
Non-interest bearing	**117,954,508**	**-**	**117,954,508**

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2020.

	Less than 1 year AED	More than 1 year AED	Total AED
Financial assets			
Interest bearing	88,621,824	25,273,319	113,895,143
Non-interest bearing	151,443,642	6,184,881	157,628,523
	240,065,466	31,458,200	271,523,666
Financial liabilities			
Non-interest bearing	92,728,174	-	92,728,174

18 Related parties

Related parties comprise the major Shareholders, the Board of Directors and key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The transactions with these related parties are primarily financing in nature as follows:

	2021 AED	2020 AED
Premium and insurance balances receivables		
Shareholder		
Finance House PJSC	**2,077,408**	816,813
Others		
Finance House LLC	**253,390**	72,390
Abdul Hamid Umer Taylor	**-**	1,840
Finance House Securities LLC	**161,728**	-
	2,492,526	891,043
Insurance and other payables		
Shareholder		
Finance House PJSC	**7,500,000**	5,200,000
Others		
FH Capital P.S.C	**1,400,000**	572,447
Finance House Securities LLC	**-**	962
	8,900,000	5,773,409
Investments		
Shareholder		
Finance House PJSC – Sukuks	**6,950,000**	6,950,000
Finance House PJSC – Quoted investments in equity	**-**	4,157,360
Others		
Finance House Securities LLC – Commercial papers	**5,000,000**	5,000,000
	11,950,000	16,107,360
Cash and cash equivalents		
Shareholder		
Cash at bank - call account	**17,723,273**	7,211,257
Cash at banks - current accounts	**1,730**	94,687
Others		
Cash at banks - current accounts	**119,458**	668,973
	17,844,461	7,974,917
Tier 1 capital		
Others		
Abdul Hamid Umer Taylor	**2,000,000**	2,000,000
Abdulmajeed Al Fahim	**500,000**	500,000
	2,500,000	2,500,000

Finance House P.J.S.C is one of the major shareholders of the company as of 31 December 2021. FH Capital P.S.C, Finance House Securities L.L.C and Finance House LLC are subsidiaries of Finance House P.J.S.C.

18 Related parties (continued)

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

	2021 AED	2020 AED
Finance House PJSC		
Management fee	**6,000,000**	5,200,000
Gross premiums written	**4,213,045**	4,007,808
Interest on fixed deposits	**651,044**	-
Fixed deposits placed	**73,000,000**	89,000,000
Fixed deposits redeemed	**79,000,000**	69,000,000
Finance House Securities LLC		
Disposal of shares	**6,420,016**	14,086,596
Purchase of shares	**3,152,212**	2,997,765
Interest on investment in commercial paper	**204,308**	137,271
Gross premiums written	**337,049**	300,433
Fixed deposits placed	**10,000,000**	30,000,000
Fixed deposits redeemed	**20,000,000**	20,000,000
Finance House LLC		
Interest on investment in sukuks	**388,475**	521,250
Interest on Wakala fixed deposit	**189,514**	423,028
Gross premium written	**378,209**	171,170
FH Capital		
Consultancy fees	**500,000**	572,447
Board of directors		
Remuneration	**856,796**	1,450,000
Gross premiums written		
Mohamed Abdulla Jumaa Al Qubaisi	**-**	134,354
Finance House LLC	**378,209**	171,170

19 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic business units. The business units are managed separately because they require different approach technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and other securities.

Primary segment information - business segment

	31 December 2021 AED			31 December 2020 AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment revenue	**207,314,824**	**5,053,325**	**212,368,149**	217,371,70	6,814,389	224,186,093
Segment result	**46,481,515**	**5,053,325**	**51,534,840**	47,004,762	6,814,389	53,819,151
Unallocated expense, net			**(42,014,882)**			(42,933,272)
Net profit for the year			**9,519,956**			10,885,879

a) The following is an analysis of the Company's assets, liabilities and equity by business segment:

	31 December 2021 AED			31 December 2020 AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment assets	**235,823,208**	**98,120,495**	**333,943,703**	176,992,785	110,233,735	287,226,520
Unallocated assets			**44,612,597**			48,626,824
Total assets			**378,556,300**			335,853,344
Segment liabilities and equity	**361,402,191**	**14,271,093**	**375,673,284**	332,579,541	20,861	332,600,402
Unallocated liabilities and equity			**2,883,016**			3,252,942
Total liabilities and equity			**378,556,300**			335,853,344

19 Segment information (continued)

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's gross written premiums classified by major underwriting department.

	2021	2020
	AED	AED
Motor	**69,446,754**	85,767,211
Medical	**101,236,908**	97,478,737
Commercial	**36,631,162**	34,125,756
	207,314,824	217,371,704

There were no transactions between the business segments during the year.

20 Commitments and contingencies

The Company's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 6.6 million (31 December 2020: AED 6.6 million).

21 Post reporting date events

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% federal corporate tax rate effective for fiscal years commencing on or after 1 June 2023. There are no implications to the financial and reporting period ended 31 December 2021. Management is in the process of evaluating the consequences to the financial information / statements and will communicate the conclusion of their evaluation at an appropriate future time.

There have been no other events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the period ended 31 December 2021.

22 General

The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.

23 Approval of financial statements

The financial statements were approved and authorized for issue by the Board of Directors on 10 February 2022.

24 Impact of COVID-19 on the Company's operations

The economic condition due to global outbreak of COVID-19 have adversely affected businesses worldwide during the year. The Company is also impacted due to lower revenue and delay in collecting premium. Investment income which was negatively affected during the year has been appreciated by the year-end.

24 Impact of COVID-19 on the Company's operations (continued)

Insurance Risk

The Company underwrites medical and business interruption policies. With regards to these policies, the Company has in place pandemic and infectious disease policy exclusion in place. The Company has evaluated all business interruption policies in force for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company. Furthermore, the Company has been able to retain major customers during the year and has generally witnessed renewals and new business across some major line of business.

Credit risk

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Liquidity risk

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

Business continuity plan

The Company has remained fully operational throughout the period and has put in place effective business continuity and remote working plans enabled by the right technologies and systems to ensure uninterrupted services to customers and the operations. The outbreak has not caused any significant delays in policy issuance and claims settlements. The Company will continue to monitor the reverberations of COVID-19, if any, on its customers and operations and will take further action as needed. The steps taken by the Company to estimate the impact of COVID-19 and the judgments applied by management in assessing the value of assets and liabilities as at 31 December 2021 includes both quantitative and qualitative criteria such as risk profiling and actuarial analysis. Such analysis has enabled the Company to timely and accurately identify its exposure although these are subject to significant judgment due to the rapidly changing dynamics of COVID-19.