



دبي الوطنية للتأمين وإعادة التأمين ش.م.ع.
Dubai National Insurance & Reinsurance P.S.C.

Creating Shared Value

Integrated Report 2021

DUBAI NATIONAL INSURANCE & REINSURANCE P.S.C.



TABLE OF CONTENT

1	Board of Directors' Report	Section 1
2	A Word from our CEO	Section 2
3	Key 2021 Financial Highlights	Section 3
4	About Us	Section 4
5	2021 Audited Financial Statements	Section 5
6	Environmental Social & Governance Performance	Section 6
6.a	An ESG Note from our CEO	1
6.b	Key 2021 ESG Highlights	3
6.c	Stakeholder Inclusiveness	4
6.d	Our Approach to Sustainability	6
6.e	Our Customers' Wellbeing	10
6.f	Our Responsibility as an Employer	15
6.g	Our Commitment to Society	20
6.h	Our Environmental Impact	24
6.i	Aligning with the Sustainable Development Goals	27
6.j	Governance Structure & Compliance	29
6.k	About This Report	34
6.l	GRI & DFM Content Index	36
7	2021 Corporate Governance Report	Section 7

Board of Directors' Report

YEAR END 31 DECEMBER 2021



Dubai National Insurance & Reinsurance PSC (DNIR)
Board of Directors' Statement
For the year ended 31st December 2021

On behalf of the Board of Directors, I would like to present our 30th Financial Results together with the Audited Financial Statements for the year ended 31st December 2021.

I am delighted to announce that DNIR has reported throughout the year 2021 strong underwriting results and profitability. DNIR demonstrated robust results with a full-year net profit of AED 56.4 million, a 2.4% increase compared to the previous year. DNIR positive results reflect the successful delivery of the company's strategy.

DNIR Board of Directors, as well as the management team, remain committed to driving standards of excellence and delivering increasing returns to the shareholder. Our priority is to ensure that DNIR is positioned amongst the regional market leaders by leveraging on our innovative capabilities and differentiated offering.

Cash Balances

The cash balances stood at AED 137.7 million as at 31st December 2021, compared to AED 97.9 million as at 31st December 2020

Investments

Total investments including cash and bank balances, Investments in Equity and Debt instruments and investment properties increased by 30.2 % to AED 777.5 million as at 31st December 2021, compared to AED 597 million as at 31st December 2020.

Total Assets

The total assets increased by 15.6 % to AED 1,075.7 million as at 31st December 2021, compared to AED 930.9 million as at 31st December 2020.

Shareholders' Equity

The Shareholders' Equity position increased by 34% to AED 679.3 million as at 31st December 2021, compared to AED 506.9 million as at 31st December 2020.

Basic and Diluted Earnings Per Share and Net Profit

Basic and diluted earnings per share increased by 2.1% to AED 0.49 as a result of achieving a net profit of AED 56.4 million for the year 2021 compared to basic and diluted earnings per share of AED 0.48 resulting from a net profit of AED 55.0 million last year

Despite the pandemic challenges, we can be proud of what we have achieved in 2021. Our bench strength remains strong, as demonstrated by consistent and stable underwriting results and strong operating performance. We acknowledge the gratitude, support and guidance received from our UAE's leadership.

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سجلت في سجل شركات التأمين طبقاً للقانون الاتحادي رقم (٦) لسنة ٢٠٠٧، شهادة قيد رقم ٦٤ بتاريخ ٦ يناير ١٩٩٢
 Registered in the Insurance Companies Register Under Federal Law No. (6) of 2007, Certificate No. 64 Dated 6th January 1992





We head into 2022 with renewed optimism and a focus on continuity and progress as we expect market conditions to improve. I am fully confident in our ability to continue building on our expertise to deliver value for the community and our stakeholders over the coming years by supporting the country's long-term growth.


Khalaf Ahmad Al Habtoor
Chairman of the Board

ص. ب: ١٨٠٦، دبي، الامارات العربية المتحدة | هاتف : ٢٩٥٦٧٠٠ ٤ ٩٧١ + | فاكس : ٢٩٥٦٧١١ ٤ ٩٧١ +

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A WORD FROM OUR CEO



**Dubai National Insurance & Reinsurance PSC (DNIR)
Chief Executive Officer's Statement
For the year ended 31st December 2021**

I hereby present DNIR Financial Results for the year ended 31st December 2021.

In a year marked by continuing uncertainty due to the COVID-19 pandemic, DNIR was able to deliver a resilient performance with a net profit of AED 56.4 million. Despite the adverse circumstances, DNIR quickly adjusted to a rapidly changing environment.

With the realignment of our vision from customer-support to customer-delight, DNIR has left no stone unturned to accelerate the execution of its automation and digitalization plans to ensure uninterrupted services to the customers. This secure remote access has been especially crucial during the pandemic.

As the omicron wave passes us with little or no disruption thanks to the steps taken by the esteemed leaders of our country, and as the Expo 2020 gives a fillip to our economy, we will also continue to take the necessary measures to maximize shareholder value, as well as support our employees and customers. Further, we will continue to contribute to the betterment of society and the community.

Key Financial Highlights

Gross Written Premiums

For the year 2021, DNIR's Gross Written Premium were marginally lower at AED 301.2 million, compared to AED 317.2 million for the same period in 2020, in view of the stiff challenges imposed by the pandemic.

Premium Retention

The overall premium retention ratio was 36.0 % for the year 2021 compared to 33.3 % for the same period in 2020.

Net Underwriting Income

For the year 2021, DNIR Net Underwriting Income increased by 4.5% to AED 56.0 million, against AED 53.6 million for the same period in 2020.

General and Administrative Expenses

General and Administrative Expenses for the year 2021 stood at AED 26.0 million, almost the same level as the figure of AED 25.7 million for the same period in 2020.

Net Profit

Net Profit increased by 2.4% to AED 56.4 million for the year 2021, against AED 55.0 million for the same period in 2020.

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AM Best in its report in December 2021, has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating (Long-Term ICR) of "bbb+" (Good) for the company. The outlook of these Credit Ratings is positive and AM Best stated in their report: "Following a change in management in early 2021, DNI has engaged in broadening its distribution platforms and entered strategic partnerships to source underwriting growth."

Also it's important to highlight that we have been awarded Participating Insurer (PI) license by Dubai Health Insurance Corporation (DHIC) and now will be servicing more extensive customer base by offering the Essential Benefits Plan (EBP).

Appreciation

I am proud of what we were able to achieve in such difficult conditions thanks to the dedicated efforts of our employees and their customer-centric approach. We will continually optimize our business and keep coming out with innovative products and services to meet the changing needs of our customers over the next years.

I would like to thank DNIRC's Chairman, Board of Directors and shareholders for their continued support, our clients and business partners for their trust in our company and our management team and employees for their diligent efforts.

Abdulla Al Nuaimi
Chief Executive Officer

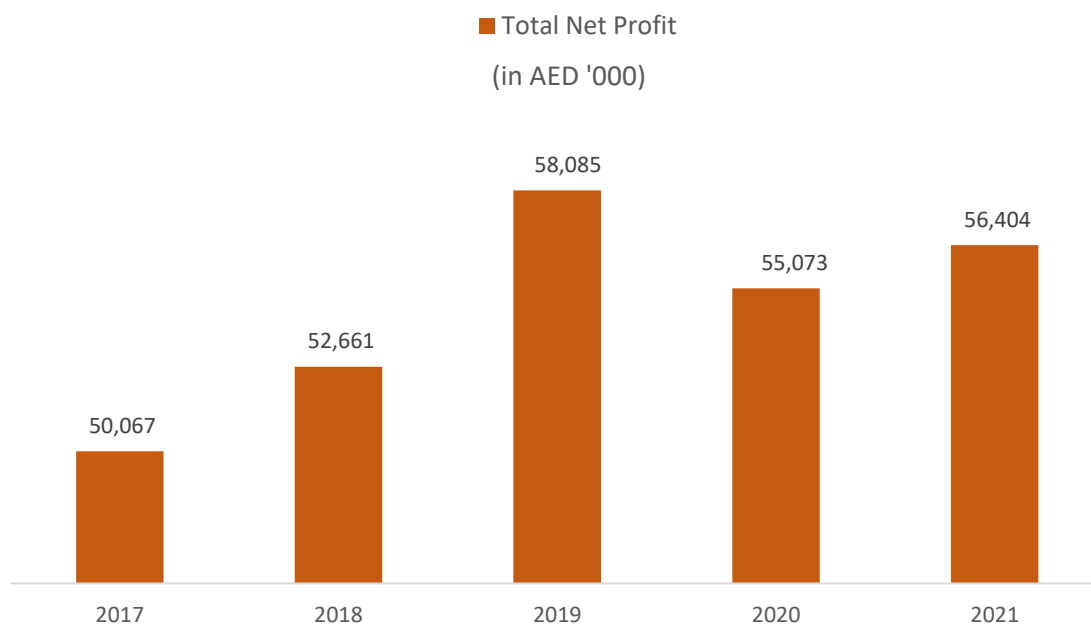
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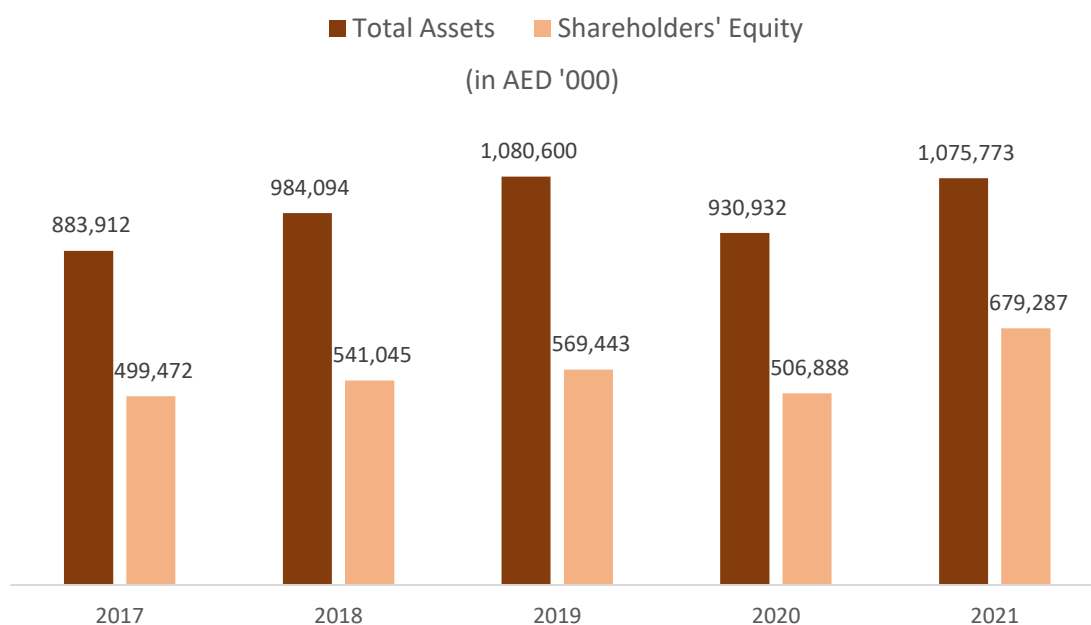
KEY 2021 FINANCIAL HIGHLIGHTS

GROWTH ACROSS KEY FINANCIAL FIGURES

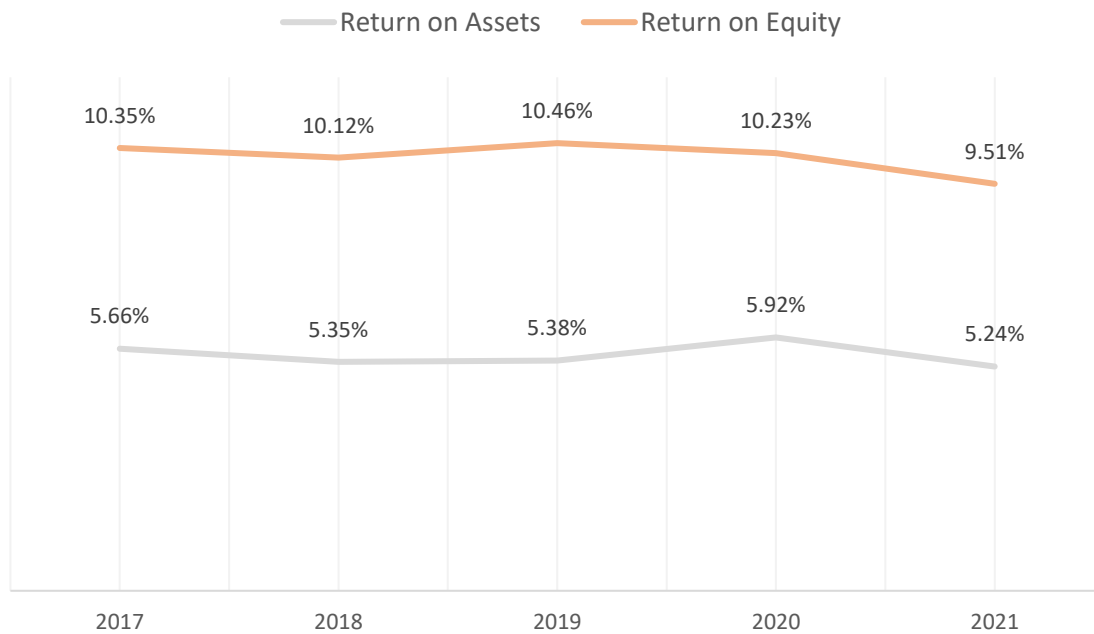
Growing Net Profit Numbers



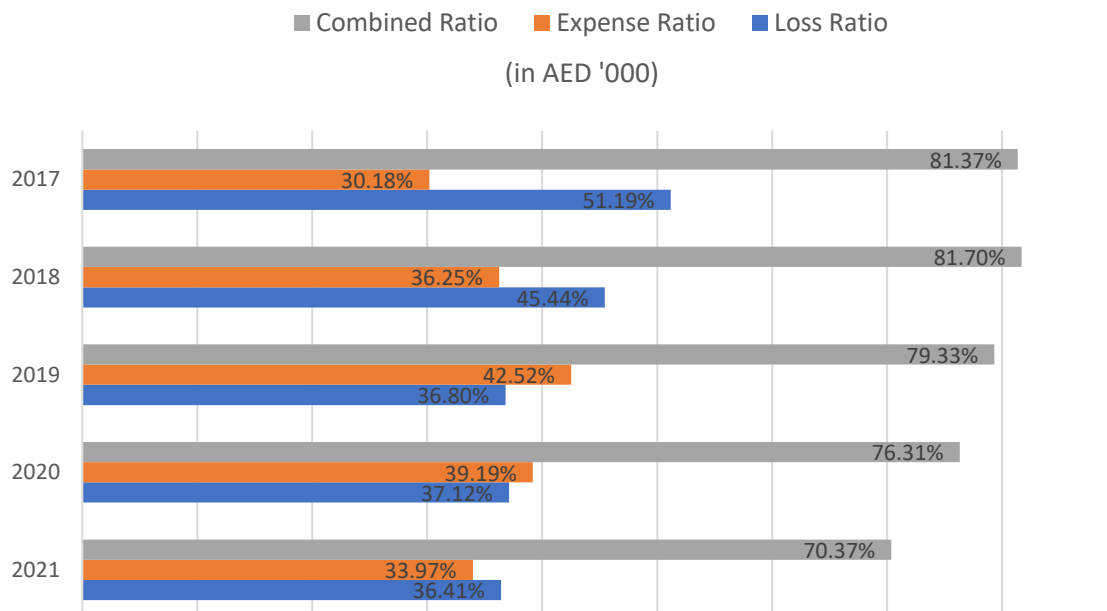
Continuous strengthening of our Balance Sheet:



Consistent returns across key ratios:



Further increase in Operating Performance:



ABOUT US

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

OUR PROFILE

Dubai National Insurance and Reinsurance P.S.C. (DNIR) is a leading UAE composite insurance provider with a 30-year track record of success. DNIR is a Public Shareholding Company listed on the Dubai Financial Market (DFM) with a large number of local shareholders including prominent local business individuals.

DNIR is managed and guided by an expert team that works with passion and dedication to deliver outstanding customer service. The Company's name is synonymous with credibility, financial stability, as well as innovation.

These traits have enabled us to build enduring working relationships with some of the world's largest reinsurers as well as with professional independent agencies.

Our Vision and Mission Statements are as follows:

VISION

We aspire to be one of the leading insurance carriers in the region with relationships built upon trust for mutual benefits, arising out of a high level of employee competence and satisfaction, leading to value addition for our customers and adequate returns to our shareholders.

MISSION

To provide innovative and best value insurance products and services, tailored to meet the ever-changing financial risk exposures faced by our clients, while being a market focused and people-centred organisation that ensures a safe environment.

Values

Security

- Of your family members and your assets

Excellence

- In everything we do

Customer Service

- Is a key factor to our success

Understanding

- Your insurance needs

Reliable

- Insurance partner

Efficient

- And hassle-free claims settlement

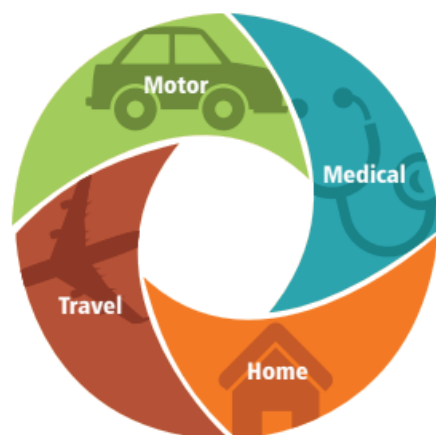
Our Offering

As a risk manager and taker, our objective is to provide resilience for our clients in times of uncertainty. Our comprehensive range of personalised insurance solutions is designed to cover both our individual and corporate customers' insurance needs.

Our Commercial solutions include:



Our Personal solutions include:



Our Business Partners

For over 30 years, we have built robust business partnerships and alliances with some of the largest global reinsurers and third-party administrators.

Some of our key reinsurance partners include:



hannover re LLOYD'S

Some of our key third-party administrators include:



Memberships

DNIR is a member in the following associations:



Strategic Partnerships

DNIR has partnered with the following organizations:



Our Credit Rating



During 2021, AM Best affirmed the financial strength rating of B++ (Good) and the long-term issuer credit rating of "bbb+" (Good) of Dubai National Insurance & Reinsurance. The outlook for these ratings is positive.

AM Best assessed DNIR's balance sheet as very strong underpinned by the buffer held by its high Capital Adequacy Ratio as well as its net underwriting leverage, sufficient liquidity, and history of prudent reserving practices, among other factors.

The company continued throughout the year to focus on maintaining underwriting profitability in an increasingly competitive market and accordingly maintained its strong operating performance as demonstrated by its five-year (2016-2020) weighted average ROE of 9.3%.

Commitment to Shared Value

In the age of the Fourth Industrial Revolution the purpose of corporations has clearly shifted from shareholder to stakeholder value creation. It has become evident that the only way corporations can create long-term sustainable value is through stakeholder inclusiveness.

As a leading UAE corporation, DNIR seeks to set an example in stakeholder inclusiveness and as a result has devised a set of commitments through which we aim to achieve sustainable growth and create shared value. These are as follows:

- 1 To be the right place to work for our employees, providing opportunities for learning and development, and assuring a safe and healthy work environment
- 2 Embrace diversity, inclusion, and gender equality in the workplace
- 3 Ensure ethical behaviour in our business practices through transparency, openness, and accountability
- 4 Maintain high standards of customer service
- 5 Manage our environmental footprint and expand engagement with our stakeholders on environmental issues
- 6 Actively engage with and support the communities in which we operate
- 7 Include environmental and social considerations in the development and offering of products and services

In order to continue our path towards sustainable shared value, we look to ensure internal cohesiveness in the way we interact with each other and with our customers and other employees. Accordingly, we have instilled in our workplace a strong stakeholder-oriented culture with the following key elements:

- 1) Provide innovative and best value insurance products and services
- 2) Meet the ever-changing insurance needs of our clients
- 3) To be a market-focused and customer-centric organisation
- 4) Service our clients with a qualified and motivated team

Auditor's Report and Financial Statements

YEAR END 31 DECEMBER 2021

DUBAI NATIONAL INSURANCE & REINSURANCE Co. (P.S.C.)
DUBAI - UNITED ARAB EMIRATES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dubai National Insurance & Reinsurance Co. (P.S.C.) (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the 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 (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 these requirements together with the ethical requirements that are relevant to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 11 February 2021.

Independent Auditor's Report (continued)**To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)****Report on the Audit of the Financial Statements (continued)****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 premium reserve, outstanding claims reserve, incurred but not reported reserve, unallocated loss adjustment expense reserve and unexpired risk reserve as disclosed in note 11 to these financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs, mortality and persistency (including consideration of policyholder behaviour). Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

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

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

ii) Valuation of unquoted investments

Company has applied valuation techniques to determine the fair value of financial instruments that are not quoted in active markets. These valuation techniques, particularly those requiring significant unobservable inputs, usually involve subjective judgement and assumptions. As at 31 December 2021, financial instruments measured at fair value through other comprehensive income (FVTOCI) of the Company included AED 50 million, as disclosed in note 7. These require significant unobservable inputs in estimating fair value, and hence categorised within level 3 of the fair value hierarchy. Due to the significance of financial instruments measured at FVTOCI, and the uncertainty in valuation involving significant judgement, valuation of these financial instruments is considered a key audit matter.

Our audit procedures, among others, included:

- For the more judgemental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Company;
- Evaluated the competence, objectivity and independence of the management appointed valuer;
- Analysed process followed by the management in relation to the latest financial information available; and
- Evaluated the valuation techniques, inputs and assumptions through comparison with the valuation techniques commonly used in the similar industry.

Independent Auditor's Report (continued)**To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)****Report on the Audit of the Financial Statements (continued)****Other Information**

Management is responsible for the other information. The other information comprises the information included in the *Directors' Statement* and *Chief Executive Officer's Statement*, but does not include the financial statements and our auditor's 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 on the other information that are obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report(continued)**To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)****Report on the Audit of the Financial Statements (continued)****Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

Independent Auditor's Report (continued)**To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)****Report on the Audit of the Financial Statements (continued)****Report on Other Legal and Regulatory Requirements**

Further, as required by 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), 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 Directors' Statement, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
- v) Note 7 to the financial statements discloses purchase of marketable securities by the Company during the year ended 31 December 2021;
- vi) Note 10 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 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

Farouk Mohamed
Registered Auditor Number: 86
Dubai – 14 February 2022

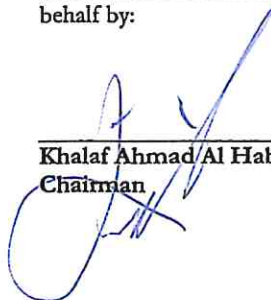


Dubai National Insurance & Reinsurance Co. (P.S.C.)

**Statement of financial position
As at 31 December 2021**

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Statutory deposits	4	10,000	10,000
Property and equipment	5	473	582
Investment properties	6	70,356	72,203
Financial assets at fair value through other comprehensive income	7	569,470	426,882
Insurance receivables	8	66,080	70,371
Other receivables	9	26,677	24,231
Amounts due from related parties	10	21,657	31,256
Reinsurance contract assets	11	173,351	197,462
Cash and bank balances	12	137,709	97,945
TOTAL ASSETS		1,075,773	930,932
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	115,500	115,500
Legal reserve	14	57,750	57,750
General reserve	15	180,000	180,000
Reinsurance reserve	16	2,023	1,059
Fair value reserve on financial assets at fair value through other comprehensive income		220,505	77,917
Retained earnings		103,509	74,662
TOTAL EQUITY		679,287	506,888
LIABILITIES			
Employees' end of service benefits	17	4,091	7,092
Insurance contract liabilities	11	274,833	303,723
Insurance payables	18	68,734	65,148
Other payables	19	45,690	43,789
Amounts due to related parties	10	3,138	4,292
TOTAL LIABILITIES		396,486	424,044
TOTAL EQUITY AND LIABILITIES		1,075,773	930,932

These financial statements were approved by the Board of Directors on 14 February 2022 and signed on their behalf by:


Khalaf Ahmad Al Habtoor
Chairman


Mohammed Khalaf Al Habtoor
Managing Director

The notes 1 to 32 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

	Notes	2021 AED'000	2020 AED'000
Gross premiums		301,239	317,271
Reinsurance share of premiums		(192,789)	(211,712)
Net premiums		108,450	105,559
Net transfer (to) / from unearned premium reserve	11 (a)	(7,085)	12,158
Net premiums earned		101,365	117,717
Commission earned		20,477	18,045
Commission paid		(32,090)	(41,464)
Others		3,138	2,989
Gross underwriting income		92,890	97,287
Gross claims paid		185,415	316,408
Reinsurance share		(136,646)	(278,979)
Net claims paid		48,769	37,429
Provision for outstanding claims and technical provisions		(30,211)	(994)
Reinsurance share of outstanding claims and technical provisions		18,347	7,262
Net claims incurred		36,905	43,697
Net underwriting income		55,985	53,590
Income from investments – net	20	22,733	22,677
Income from investment properties – net	21	3,476	4,512
Other income		164	-
Gross income		82,358	80,779
General and administrative expenses	22	(25,954)	(25,706)
Net profit for the year		56,404	55,073
		AED	AED
Earnings per share:			
Basic and diluted	23	0.49	0.48

The notes 1 to 32 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

**Statement of comprehensive income
For the year ended 31 December 2021**

	2021 AED'000	2020 AED'000
Net profit for the year	56,404	55,073
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net unrealised gain / (loss) on financial assets at fair value through other comprehensive income	142,588	(79,940)
Net realised gain on financial assets at fair value through other comprehensive income	13,601	8,138
Total comprehensive income / (loss) for the year	212,593	(16,729)

The notes 1 to 32 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

	Share capital AED'000	Legal reserve AED'000	General reserve AED'000	Reinsurance reserve AED'000	Fair value reserve on financial assets at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at 1 January 2020	115,500	57,750	180,000	-	157,857	58,336	569,443
Dividend	-	-	-	-	-	(40,425)	(40,425)
Directors' remuneration (note 19)	-	-	-	-	-	(5,401)	(5,401)
Transactions with owners	-	-	-	-	-	(45,826)	(45,826)
Net profit for the year	-	-	-	-	-	55,073	55,073
Transfer to reinsurance reserve	-	-	-	1,059	-	(1,059)	-
Transferred to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(8,138)	8,138	-
Net unrealised loss on financial asset at fair value through other comprehensive income	-	-	-	-	(79,940)	-	(79,940)
Net realised gain on financial assets at fair value through other comprehensive income	-	-	-	-	8,138	-	8,138
Total comprehensive loss for the year	-	-	-	1,059	(79,940)	62,152	(16,729)
Balance as at 31 December 2020	115,500	57,750	180,000	1,059	77,917	74,662	506,888
Dividend (note 25)	-	-	-	-	-	(34,650)	(34,650)
Directors' remuneration (note 19)	-	-	-	-	-	(5,544)	(5,544)
Transactions with owners	-	-	-	-	-	(40,194)	(40,194)
Net profit for the year	-	-	-	-	-	56,404	56,404
Transfer to reinsurance reserve	-	-	-	964	-	(964)	-
Transferred to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(13,601)	13,601	-
Net unrealised gain on financial asset at fair value through other comprehensive income	-	-	-	-	142,588	-	142,588
Net realised gain on financial assets at fair value through other comprehensive income	-	-	-	-	13,601	-	13,601
Total comprehensive income for the year	-	-	-	964	142,588	69,041	212,593
Balance as at 31 December 2021	115,500	57,750	180,000	2,023	220,505	103,509	679,287

The notes 1 to 32 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of cash flows

For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Net profit for the year		56,404	55,073
<i>Adjustments for:</i>			
Depreciation on property and equipment	5	286	325
Depreciation on investment property	6	1,847	1,849
Gain on disposal of property and equipment		(164)	-
Provision for employees' end of service benefits	17	339	844
Income from investments – net	20	(22,733)	(22,677)
Income from investment properties - gross		(5,323)	(6,361)
Operating cash flows before changes in working capital		30,656	29,053
<i>Changes in working capital:</i>			
Insurance receivables		4,291	26,617
Other receivables		(2,446)	4,960
Reinsurance contract assets		24,111	32,342
Insurance contract liabilities		(28,890)	(38,234)
Insurance payables		3,586	(50,500)
Other payables		(3,643)	(7,742)
Due from related parties		9,599	(7,786)
Due to related parties		(1,154)	3,349
Cash generated from / (used in) operations		36,110	(7,941)
Employees' end of service benefits paid	17	(3,340)	(231)
Net cash generated from / (used in) operating activities		32,770	(8,172)
Cash flows from investing activities			
Purchase of property and equipment	5	(256)	(343)
Proceeds from disposals of property and equipment		243	-
Purchase of financial assets at fair value through other comprehensive income	7	-	(58,893)
Proceeds from disposal of financial assets at fair value through other comprehensive income		13,601	62,809
Net movement in fixed deposits		(44,841)	(5,149)
Income from investments – net	20	22,733	22,677
Income from investment property		5,323	6,361
Net cash (used in) / generated from investing activities		(3,197)	27,462
Cash flows from financing activity			
Dividend paid	25	(34,650)	(40,425)
Net cash used in financing activity		(34,650)	(40,425)
Net change in cash and cash equivalents		(5,077)	(21,135)
Cash and cash equivalents at beginning of the year		62,169	83,304
Cash and cash equivalents at end of the year	12	57,092	62,169

The notes 1 to 32 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

1 Legal status and activities

Dubai National Insurance & Reinsurance Co. (P.S.C.) (the “Company”) is a public shareholding company incorporated in Dubai on 6 January 1992.

The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the United Arab Emirates (“UAE”) Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations relating to insurance companies and insurance agents.

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

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

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

The registered address of the Company is at Floor 7 & 9, Dubai National Insurance Building, Port Saeed, P.O Box 1806, Dubai, U.A.E.

2 Statement of compliance with IFRS

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, and of UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations, concerning insurance companies and agents. These financial statements are prepared in UAE Dirhams (“AED”) being the economic, functional and reporting currency, rounded to the nearest thousand.

2.1 Standards, interpretations and amendments effective from 1 January 2021

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

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

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

2.2 Standards issued but not yet effective

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

2 Statement of compliance with IFRS (continued)

2.2 Standards issued but not yet effective (continued)

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

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

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The key principles in IFRS 17 are that an entity:

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

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

3 Summary of significant accounting policies

3.1 Accounting convention

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

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
Furniture and fixtures	4-11
Motor vehicles	3
Computer equipment	4

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 profit or loss within 'other income'.

3.3 Investment property

Investment property is initially recognised at cost and subsequently accounted for using the cost model. The cost model requires investment property to be stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful life of the investment property which has been estimated to be 40 years.

No depreciation is charged on freehold land.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Fair value of investment property is determined by independent surveyors as per the regulatory requirements and disclosure purposes.

3.4 Revenue recognition

Gross premiums

Gross premiums and policy fees are recognised as income when insurance policies are issued to the insured, consequent to the acceptance of the risk.

Commission on reinsurance

The Company initially defers commission earned, excluding profit commission and recognise it as income over the policy period. Profit commission is recognised at the time of settlement.

Interest income

Interest income is recognised on an accrual basis taking into account effective interest rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income

Rental income from investment property is recognised on a straight line basis over the term of the lease.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.4 Revenue recognition (continued)

Dividend income

Dividend income is recognised when the right to receive payment is established.

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.

Provision for outstanding claims 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 assets in the statement of financial position.

3.6 Provision for IBNR

Provision for Incurred But Not Reported ("IBNR") claims 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 Central Bank of UAE.

3.7 Provision for ULAE

Provision for Unallocated Loss Adjustment Expenses (ULAE) 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 Central Bank of UAE.

3.8 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 income statement by establishing a provision for losses arising from liability adequacy test.

3.9 Unearned premium reserve

Unearned Premium 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 on 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 Central Bank of UAE.

3.10 Unexpired risk reserves

Unexpired Risk Reserve (URR) represents the difference between unearned premium provision and the expected value of claims, expenses attributable to unexpired periods of policies in force at the reporting date based on actuarial estimates obtained from an independent actuary in accordance with finance regulations for the insurance companies issued by the Central Bank of UAE.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.11 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 on linear basis in accordance with reinsurance arrangements in place.

3.12 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.

3.13 Financial instruments

a) Recognition, initial measurement 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 transactions costs. 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.

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.

b) Classification and subsequent 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.

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 and debt 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 and debt investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

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

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

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 and uncollectability of financial assets

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; and
- loan commitments issued.

The Company has not recognised any impairment loss against equity instruments.

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.

Measurement of ECL

ECL are probability-weighted estimates 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 Company 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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

d) Impairment and uncollectability of financial assets (continued)

Measurement of ECL (continued)

- 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.

3.14 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.

3.15 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 UAE 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 UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

3.16 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 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.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.17 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.

3.18 Short term operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

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 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.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

3.21 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.

Outstanding claims, IBNR, ULAE, UPR and URR

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims, UPR and URR made under insurance contracts is the 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. Over and above the actuarial reserves, management quantifies additional technical provisions based on management's best estimate of claims incurred.

Classification of investment property and related fair value judgement

The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied property is not significant and is classified accordingly as investment property.

Fair value of investment property is estimated by two independent professional valuers accredited with the Royal Institution of Chartered Surveyors for disclosure purposes only, considering the rental yield (income approach) and sales comparison approach. This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management's expert based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Further information on using the estimates is mentioned in note 7.

Rights and obligations of the investments

Quoted and unquoted equity investments are in the name of the Chairman, however, are controlled by the Company. These investments are held for the beneficial interest of the Company. Management addresses the significant judgement over the rights and obligations by obtaining direct confirmation from the Chairman and receiving all risk and economic rewards associated with these investments.

Provision for doubtful debts

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of insurance and reinsurance receivables. For non-insurance receivables the recoverability is assessed, and provisions are created in compliance with the simplified approach under the IFRS 9 methodology.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

4 Statutory deposits

	2021 AED'000	2020 AED'000
Held with a local bank in Dubai, UAE	10,000	10,000

Statutory deposits held with a local bank in Dubai, UAE represent deposit held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 42 of Federal Law No. (6) of 2007 on Establishment of the Insurance Authority and Organisation of its Operations relating to insurance companies and brokers. The deposit cannot be withdrawn without prior approval from the Ministry of Economy.

5 Property and equipment

	Furniture and fixtures AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
2021				
Cost				
At 1 January 2021	1,598	723	3,949	6,270
Additions	22	119	115	256
Disposal during the year	(115)	(340)	-	(455)
At 31 December 2021	1,505	502	4,064	6,071
Accumulated depreciation				
At 1 January 2021	1,492	545	3,651	5,688
Charge for the year	40	96	150	286
Disposal during the year	(107)	(269)	-	(376)
At 31 December 2021	1,425	372	3,801	5,598
Net book value				
At 31 December 2021	80	130	263	473
2020				
Cost				
At 1 January 2020	1,484	723	3,724	5,931
Additions	118	-	225	343
Disposal during the year	(4)	-	-	(4)
At 31 December 2020	1,598	723	3,949	6,270
Accumulated depreciation				
At 1 January 2020	1,452	405	3,510	5,367
Charge for the year	44	140	141	325
Disposal during the year	(4)	-	-	(4)
At 31 December 2020	1,492	545	3,651	5,688
Net book value				
At 31 December 2020	106	178	298	582

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

6 Investment properties

	2021 AED'000	2020 AED'000
Cost		
At 1 January	105,721	105,721
Accumulated depreciation		
At 1 January	33,518	31,669
Charge for the year	1,847	1,849
At 31 December	35,365	33,518
Net book value at 31 December	70,356	72,203

On 31 December 2021, Windmills Real Estate Valuation Services LLC and Najmat Al Murjan Real Estate Valuation Service LLC, independent and experienced professional valuers estimated the fair value of investment property at AED 140.5 million and AED 141 million respectively (2020: Land Sterling Property Consultants LLC and Aneet Real Estate Valuation Services, independent and experienced professional valuers estimated the fair value of investment property at AED 140.04 million and AED 140.29 million respectively). Investment property is held for capital appreciation and rental purposes. The Company occupies an insignificant area of 10% (2020: 10%) in the investment property for use in its own business.

7 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets
- Level 2 – 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)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair values of the financial assets are classified into these three levels as follows:

	Note	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2021					
<i>Equity securities</i>					
Quoted*	(a)	460,827	-	-	460,827
Unquoted*	(b)	-	-	50,154	50,154
<i>Debt securities</i>					
Quoted	(a)	58,489	-	-	58,489
		519,316	-	50,154	569,470
31 December 2020					
<i>Equity securities</i>					
Quoted*	(a)	324,701	-	-	324,701
Unquoted*	(b)	-	-	42,853	42,853
<i>Debt securities</i>					
Quoted	(a)	59,328	-	-	59,328
		384,029	-	42,853	426,882

* This comprises of a quoted investment amounting to AED 50 million and an unquoted investment amounting to AED 50 million which are in the name of the Chairman held for the beneficial interest of the Company.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

7 Financial assets at fair value through other comprehensive income (continued)

(a) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company did not purchase quoted equity and debt securities.

(b) The Company holds investments in unquoted equity securities through beneficial ownership of one entity as at 31 December 2021 (2020: two entities). This investment have been fair valued by an independent valuer based on an Earnings Multiple technique (2020: Earnings multiples and Net asset value technique) using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees. Unobservable financial data used in determining the fair values of this unquoted security has been extracted from the latest available audited financial statements for the ended 31 December 2020 (2020: financial statements for the year ended 31 December 2019 are used).

Fair values of these unquoted securities would have been different if the financial data of these non-public investees as at 31 December 2021 could be used based on its availability. These fair values are considered to be the best estimate given the availability of information. All the unquoted securities fall under level 3 of fair value hierarchy therefore use of estimates is significant.

Movement in financial assets grouped in level 1

The reconciliation of carrying amounts of financial instruments classified within level 1 is as follows:

	2021 AED'000	2020 AED'000
Investments in quoted securities		
Balance as at 1 January	324,701	435,717
Disposals during the year	-	(37,596)
Gains / (losses) recognised in other comprehensive income	136,126	(73,420)
Balance as at 31 December	460,827	324,701

	2021 AED'000	2020 AED'000
Investments in debt securities		
Balance as at 1 January	59,328	-
Additions during the year	-	58,893
(Losses) / gains recognised in other comprehensive income	(839)	435
Balance as at 31 December	58,489	59,328

Investments in debt securities represents bonds carrying interest rate ranging from 4.5% to 7.1% per annum (2020: 4.5% to 7.1% per annum).

Movement in financial assets grouped in level 3

	2021 AED'000	2020 AED'000
Investments in unquoted securities		
Balance as at 1 January	42,853	66,883
Disposals during the year	-	(17,075)
Gain / (losses) recognised in other comprehensive income	7,301	(6,955)
Balance as at 31 December	50,154	42,853

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

8 Insurance receivables

	2021 AED'000	2020 AED'000
Due from policy holders	18,725	9,909
Due from insurance companies	10,010	7,461
Due from reinsurance companies	10,191	2,840
Due from insurance brokers	32,692	54,746
	<u>71,618</u>	<u>74,956</u>
Provision for bad and doubtful debts	(5,538)	(4,585)
	<u>66,080</u>	<u>70,371</u>

The average credit period is 90 days. Insurance receivables of AED 5.54 million (2020: AED 4.59 million), which are impaired and not recoverable, are fully provided.

9 Other receivables

	2021 AED'000	2020 AED'000
Deferred commission cost	14,867	15,206
Prepayments	3,081	3,228
Accrued interest	1,362	731
Rent receivable	7,643	7,715
Other receivables	4,905	2,105
	<u>31,858</u>	<u>28,985</u>
Expected credit losses	(5,181)	(4,754)
	<u>26,677</u>	<u>24,231</u>

The Company has recognised AED 5.18 million as a provision on doubtful rent receivables (2020: AED 4.75 million).

10 Related parties

Details of related parties' balances are as follows:

Amounts due from related parties

	2021 AED'000	2020 AED'000
<i>Related parties due to common directorship</i>		
Diamondlease LLC	7,383	5,136
Al Habtoor Theatre LLC	7,850	12,294
Habtoor Palace LLC	1,738	2,220
Dubai National Investment Co.	1,571	2,116
North Hotel LLC	1,108	1,931
Other Habtoor Group companies	2,007	7,559
	<u>21,657</u>	<u>31,256</u>

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

10 Related parties (continued)

Amounts due to related parties

	2021 AED'000	2020 AED'000
<i>Related parties due to common ownership</i>		
Al Habtoor Motors Co LLC	3,123	4,292
Others	15	-
	<u>3,138</u>	<u>4,292</u>

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 per IAS 24. These transactions are carried out at terms mutually agreed between the parties.

Transactions with related parties

Details of significant transactions with related parties are shown below:

	2021 AED'000	2020 AED'000
Premiums written	64,843	70,514
Claims paid	9,584	120,310
Commission paid	2,035	2,114
Agency / Non-Agency repairs	18,256	16,614
Key management personnel remuneration:		
- Short term benefits	1,797	2,710
- Post-employment benefits	84	215
	<u>1,881</u>	<u>2,925</u>

11 Insurance contract liabilities

Assumptions and sensitivities

The process used to determine assumptions for assessing claims provision is reviewed and updated to be consistent with observable market practices and other reliable information to result in most likely expected outcome.

However, considering the nature of business it cannot be predicted with certainty the likely outcome and the actual cost of the claim. But each claim is assessed on a case to case basis depending upon information available and past trends.

An analysis of sensitivity is carried out for various claims which are an indication for establishing the adequacy of the estimation process. The management believes that the liability for claims reported in the statement of financial position is adequate.

Claims development

For all classes of business underwritten by the Company the uncertainty is typically resolved generally within one year except for Motor Insurance where the uncertainty is generally resolved within three years. The following table reflects the cumulative incurred claims notified, IBNR, ULAE and URR for each successive accident year at each statement of financial position date, together with cumulative payments to date.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

11 Insurance contract liabilities (continued)

	Accident year					Total
	2017 & prior AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	
Estimate of cumulative claims						
At the end of accident year	1,429,577	193,467	249,170	316,560	180,087	
One year later	1,423,437	212,859	259,410	324,390	-	
Two years later	1,416,648	213,663	258,836	-	-	
Three years later	1,407,541	208,088	-	-	-	
Four years later	1,399,450	-	-	-	-	
Estimate of cumulative claims	1,399,450	208,088	258,836	324,390	180,087	2,370,851
Cumulative payments to date	1,379,372	202,280	242,344	307,299	147,072	2,278,367
Provision for outstanding claims as on 31 December 2021	20,078	5,808	16,492	17,091	33,015	92,484
IBNR and other reserves as on 31 December 2021	-	-	206	2,534	39,100	41,840
ULAE reserves as on 31 December 2021	685	153	482	529	1,691	3,540
Gross outstanding claims and technical provisions as on 31 December 2021	20,763	5,961	17,180	20,154	73,806	137,864
Reinsurer's share of outstanding claims and technical provisions as on 31 December 2021	19,537	4,442	10,799	12,278	42,030	89,086
Net outstanding claims and technical provisions as on 31 December 2021	1,226	1,519	6,381	7,876	31,776	48,778
Provision for outstanding claims and technical provisions as on 31 December 2020	29,459	15,006	28,881	95,341	-	168,687
Reinsurer's share of outstanding claims and technical provisions as on 31 December 2020	23,447	9,673	22,117	52,196	-	107,433

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2021

11 Insurance contract liabilities (continued)

	2021			2020		
	Gross insurance contract liabilities AED'000	Reinsurance contract assets AED'000	Net insurance contract liabilities AED'000	Gross insurance contract liabilities AED'000	Reinsurance contract assets AED'000	Net insurance contract liabilities AED'000
Unearned premium reserve	(a) 136,103	(84,265)	51,838	134,782	(90,029)	44,753
Insurance contract provisions	(b) 92,484	(64,223)	28,261	104,222	(76,081)	28,141
Provision for IBNR	(c) 41,840	(24,863)	16,977	61,536	(31,352)	30,184
Provision for ULAE	(d) 3,540	-	3,540	2,929	-	2,929
Unexpired risk reserves	(e) 866	-	866	254	-	254
	274,833	(173,351)	101,482	303,723	(197,462)	106,261

a) Unearned premium reserve

	2021			2020		
	Gross AED'000	Reinsurance share AED'000	Net AED'000	Gross AED'000	Reinsurance share AED'000	Net AED'000
Balance as at 1 January	i) 134,782	(90,029)	44,753	172,020	(115,109)	56,911
Provision made during the year	134,594	(83,466)	51,128	132,959	(88,646)	44,313
Provision released during the year	(133,273)	89,230	(44,043)	(170,197)	113,726	(56,471)
Net movement during the year	(ii) 1,321	5,764	7,085	(37,238)	25,080	(12,158)
Balance as at 31 December	(i + ii) 136,103	(84,265)	51,838	134,782	(90,029)	44,753

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2021

11 Insurance contract liabilities (continued)

b) Insurance contract provisions

	2021		2020	
	Gross AED'000	Reinsurance share AED'000	Net AED'000	Reinsurance share AED'000
			Gross AED'000	Net AED'000
Balance as at 1 January	(i)	104,222	(76,081)	28,141
Provision made during the year		173,677	(124,788)	48,889
Settled during the year		(185,415)	136,646	(48,769)
Net movement during the year	(ii)	(11,738)	11,858	120
			2,121	(109)
Balance as at 31 December	(i + ii)	92,484	(64,223)	28,261
			104,222	(76,081)
				28,141

c) Provision for IBNR

	2021		2020	
	Gross AED'000	Reinsurance share AED'000	Net AED'000	Reinsurance share AED'000
			Gross AED'000	Net AED'000
Balance as at 1 January	(i)	61,536	(31,352)	30,184
Provision made during the year		41,840	(24,863)	16,977
Provision released during the year		(61,536)	31,352	(30,184)
Net movement during the year	(ii)	(19,696)	6,489	(13,207)
			(2,332)	7,371
Balance as at 31 December	(i + ii)	41,840	(24,863)	16,977
			61,536	(31,352)
				30,184

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2021

11 Insurance contract liabilities (continued)

d) Provision for ULAE

	2021			2020		
	Gross AED'000	Reinsurance share AED'000	Net AED'000	Gross AED'000	Reinsurance share AED'000	Net AED'000
Balance as at 1 January	2,929	-	2,929	2,724	-	2,724
Provision made during the year	3,540	-	3,540	2,929	-	2,929
Provision released during the year	(2,929)	-	(2,929)	(2,724)	-	(2,724)
Net movement during the year	611	-	611	205	-	205
Balance as at 31 December	3,540	-	3,540	2,929	-	2,929

e) Unexpired risk reserves

	2021			2020		
	Gross AED'000	Reinsurance share AED'000	Net AED'000	Gross AED'000	Reinsurance share AED'000	Net AED'000
Balance as at 1 January	254	-	254	1,244	-	1,244
Provision made during the year	866	-	866	254	-	254
Provisions reversed during the year	(254)	-	(254)	(1,244)	-	(1,244)
Net movement during the year	612	-	612	(990)	-	(990)
Balance as at 31 December	866	-	866	254	-	254

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

12 Cash and bank balances

Cash and bank balances comprise the following statement of financial position amounts:

	2021 AED'000	2020 AED'000
Cash in hand	38	21
Cash at banks	137,671	97,924
	<u>137,709</u>	<u>97,945</u>

Cash at bank includes short term deposits (3-12 months) with local banks carrying interest ranging from 0.35% - 1.10% (2020: 0.09% to 2.95%) per annum.

Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the financial items in the statement of financial position as follows:

	2021 AED'000	2020 AED'000
Cash and bank balances	137,709	97,945
Bank deposits with maturity over 3 months	(80,617)	(35,776)
Cash and cash equivalents	<u>57,092</u>	<u>62,169</u>

13 Share capital

The authorised and issued share capital comprises 115,500,000 fully paid-up shares of AED 1 each:

	2021 No. of shares	2021 AED'000	2020 No. of shares	2020 AED'000
Balance at 31 December	115,500,000	115,500	115,500,000	115,500

14 Legal reserve

In accordance with the Company's Articles of Association and Article 239 of the Federal Law No. 2 of 2015 (as amended), a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to legal reserve has been made during the year as it has already reached 50% of the paid-up share capital (2020: Nil).

15 General reserve

This reserve can be utilised for any purpose proposed by the Board of Directors subject to approval by the General Assembly. During the year, there were no transfers from or to the general reserve (2020: Nil).

16 Reinsurance reserve

In accordance with article 34 of Insurance Authority's Board of Directors Decision No. 23 of 2019, Concerning instructions organising reinsurance operations, an amount of AED 0.964 million (2020: AED 1.059 million) equal to 0.5% of total reinsurance premium ceded during the year was transferred from retained earnings to reinsurance reserve. This reserve will be accumulated year after year and will not be disbursed without prior approval from insurance authority.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

17 Employees' end of service benefits

	2021 AED'000	2020 AED'000
Balance at 1 January	7,092	6,479
Charge for the year	339	844
Payments during the year	(3,340)	(231)
Balance at 31 December	4,091	7,092

18 Insurance payables

	2021 AED'000	2020 AED'000
Trade creditors	9,793	5,718
Insurance companies	9,355	9,668
Re-insurance companies	34,664	37,696
Brokers payable	8,650	6,384
Premium reserve withheld	6,272	5,682
	68,734	65,148

19 Other payables

	2021 AED'000	2020 AED'000
Deferred commission income	8,845	7,657
Accrued expenses	12,149	9,907
Provision for staff benefits	2,893	2,524
Directors' remuneration *	5,544	5,401
Other payables	16,259	18,300
	45,690	43,789

* Directors' remuneration is an appropriation of net profit for the year in accordance with Article 169 of U.A.E Federal Law No. 2 of 2015 (as amended) and also as per the Articles of Association of the Company.

20 Income from investments - net

	2021 AED'000	2020 AED'000
Dividend income on securities – net	18,605	21,339
Interest income – net	4,128	1,338
	22,733	22,677

21 Income from investment properties - net

	2021 AED'000	2020 AED'000
Gross rental income	9,593	12,015
Maintenance expenses	(4,270)	(5,654)
Depreciation (note 6)	(1,847)	(1,849)
	3,476	4,512

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

22 General and administrative expenses

	2021 AED'000	2020 AED'000
Personnel costs	15,873	16,463
Other operational expenses	10,081	9,243
	<u>25,954</u>	<u>25,706</u>

23 Earnings per share

	2021	2020
Net profit for the year (AED'000)	56,404	55,073
Weighted average number of shares outstanding (note 13)	115,500,000	115,500,000
Earnings per share (AED) - Basic and diluted	<u>0.49</u>	<u>0.48</u>

24 Segment reporting

The Company operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance and Group life Insurance. Investments segment comprises Investment Property and Financial Assets. The Group life insurance provided by the Company is for a period of 12 months and does not include any investment portion.

	2021 AED'000			2020 AED'000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	301,239	32,899	334,138	317,271	35,103	352,374
Segment result	55,985	26,209	82,194	53,590	27,189	80,779
Unallocated:						
-Other income			164			-
-Admin expenses			(25,954)			(25,706)
Net profit for the year			<u>56,404</u>			<u>55,073</u>
Segment assets	288,238	639,826	928,064	323,902	499,085	822,987
Unallocated assets			147,709			107,945
Total assets			<u>1,075,773</u>			<u>930,932</u>
Segment liabilities	386,655	4,287	390,942	419,073	4,971	424,044
Unallocated liabilities			-			-
Total liabilities			<u>390,942</u>			<u>424,044</u>

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

24 Segment reporting (continued)

Underwriting results are further classified as follows:

	AED'000		Total
	General business	Group life business	
2021			
Gross premiums written	298,499	2,740	301,239
Gross underwriting income	92,059	831	92,890
Net claims incurred	36,330	575	36,905
Net underwriting income	55,729	256	55,985
2020			
Gross premiums written	314,270	3,001	317,271
Gross underwriting income	96,390	897	97,287
Net claims incurred	43,133	564	43,697
Net underwriting income	53,257	333	53,590

25 Dividends

The Board has proposed cash dividend of 30% of paid up share capital, amounting to AED 34.650 million (AED 0.30 per share) for the year ended 31 December 2021.

During the previous year, the Board proposed a cash dividend of AED 34.650 (AED 0.30 per share) representing 30% of the paid up capital as at 31 December 2020. This was approved at the Annual General Meeting held in March 2021.

26 Commitments and contingencies

	2021 AED'000	2020 AED'000
Financial guarantee	1,980	310

Guarantees of AED 1.97 million (2020: AED 0.17 million) issued by banks are secured by way of deposits held.

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

27 Capital commitments

At the statement of financial position date, the Company has commitments in software of AED 0.972 million (2020: 0.896 million).

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

28 Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, group life, accident health, financial or other perils that may arise from an insurable event.

The Company also has exposure to market risk through its insurance and investment activities. The Company manages the risk through well laid out procedures and delegation levels for both underwriting and settlement of claims.

The Company has structured policies for acceptance and pricing risks. Experienced and qualified professionals undertake the assessment of risks and pricing, with a conservative and cautious approach. Survey, risk measurement, sensitivity analysis, reinsurance term etc., are followed meticulously before acceptance of risk. Apart from these study of portfolio, probability, market trend, past history are all considered for pricing.

Underwriting strategy

This involves the Company's own risk assessment procedures and is based on a balanced portfolio. It is set out in terms of industry, type of exposures, limits for each class, and quality of risks with acceptance levels. This is percolated down to the lower levels of the underwriting sections with the authorities specified along with their limits. Risk selection is set out as per the Company's risk management policies.

Managing reinsurance risk

The Company carries reinsurance cover to minimise exposure to potential losses arising from large insurance claims and consequently in the normal course of business enters into arrangements with other parties for reinsurance purposes. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance arrangements.

This reinsurance is through proportional treaty, non-proportional treaty and facultative reinsurance contracts. The reinsurers are selected based on their standing in the market, rating, relationship experience and length of association.

Reinsurance recoverable is monitored on a regular basis and through exchange of statements which are duly reconciled.

Terms and conditions of insurance contracts

Insurance contracts are based on uncertainty. As such the terms and conditions of insurance contracts varies but are generally based on norms as applied in the Insurance Market.

Sensitivity of underwriting profits and losses

The contribution from insurance operations to the profit of the Company amounts to AED 55.985 million for the year ended 31 December 2021 (2020: AED 53.590 million)

The Company does not foresee any major impact from insurance operations on account of the following:

- The overall risk retention level of the Company in the year ended 31 December 2021 is 36% (2020: 33%). The Company has initiated series of enterprise-wide risk management measures which includes acceptance and transfer of risks. Appropriate Excess of Loss protections have been designed and placed. The insurance liabilities of the Company are being adequately covered by Treaty/Facultative arrangements with rated reinsurance companies and Excess of Loss reinsurance programs to safeguard against any major financial impact.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

28 Risk management objectives and policies for mitigating insurance risk (continued)

Sensitivity of underwriting profits and losses (continued)

- The Company's commissions earned from reinsurance placements are consistent and remain a comfortable source of income.

Because of the low risk retention in all classes of business, the Company does not foresee any serious financial impact in the insurance net profits due to changes in the loss ratios.

Risk based regulatory reporting

Pursuant to the requirement of financial regulations of Insurance Authority, United Arab Emirates, statements of financial position and income statements of Group life Insurance (referred to as "Persons and Funds Accumulation Operations") and General Insurance (referred to as "Property and Liability Insurance") are as follows:

Statement of financial position of persons and funds accumulation operations

	2021 AED'000	2020 AED'000
ASSETS		
Statutory deposits	4,000	4,000
Insurance receivables	1,171	935
Other receivables	95	151
Amounts due from related parties	160	263
Reinsurance contract assets	2,938	2,780
Cash and cash equivalents	760	1,135
TOTAL ASSETS	9,124	9,264
EQUITY AND LIABILITIES		
EQUITY		
Reinsurance reserve	18	9
Retained earnings	3,302	3,641
Net funds transferred from general insurance	381	104
TOTAL EQUITY	3,701	3,754
LIABILITIES		
Employees' end of service benefits	81	69
Insurance contract liabilities	4,016	3,845
Insurance payables	1,326	1,596
TOTAL LIABILITIES	5,423	5,510
TOTAL EQUITY AND LIABILITIES	9,124	9,264

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements
For the year ended 31 December 2021

28 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting (continued)

Statement of profit or loss of persons and funds accumulation operations

	2021 AED'000	2020 AED'000
Gross premiums	2,740	3,001
Reinsurance share of premiums	(1,703)	(1,736)
Net premiums	1,037	1,265
Net transfer to unearned premium reserve	73	8
Net premiums earned	1,110	1,273
Commission earned	7	11
Commission paid	(286)	(387)
Gross underwriting income	831	897
Gross claims paid	2,639	1,487
Reinsurance share	(2,149)	(1,216)
Net claims paid	490	271
Provision for outstanding claims and technical provisions	169	1,224
Reinsurance share of outstanding claims and technical provisions	(84)	(931)
Net claims incurred	575	564
Net underwriting income	256	333
Gross income	256	333
General and administrative expenses	(595)	(607)
Net loss for the year	(339)	(274)

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements
For the year ended 31 December 2021

28 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting (continued)

Statement of financial position of property and liability insurance

	2021 AED'000	2020 AED'000
ASSETS		
Statutory deposits	6,000	6,000
Property and equipment	473	582
Investment property	70,356	72,203
Financial assets at fair value through other comprehensive income	569,470	426,882
Insurance receivables	64,909	69,436
Other receivables	26,582	24,080
Amounts due from related parties	21,497	30,993
Reinsurance contract assets	170,413	194,682
Cash and cash equivalents	136,949	96,810
TOTAL ASSETS	1,066,649	921,668
EQUITY AND LIABILITIES		
EQUITY		
Share capital	115,500	115,500
Legal reserve	57,750	57,750
General reserve	180,000	180,000
Reinsurance reserve	2,005	1,050
Fair value reserve on financial assets at fair value through other comprehensive income	220,505	77,917
Net funds transferred to group life Insurance	(381)	(104)
Retained earnings	100,207	71,021
TOTAL EQUITY	675,586	503,134
LIABILITIES		
Employees' end of service benefits	4,010	7,023
Insurance contract liabilities	270,817	299,878
Insurance payables	67,408	63,552
Other payables	45,690	43,789
Amounts due to related parties	3,138	4,292
TOTAL LIABILITIES	391,063	418,534
TOTAL EQUITY AND LIABILITIES	1,066,649	921,668

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements
For the year ended 31 December 2021

28 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting (continued)

Statement of profit or loss of property and liability insurance

	2021 AED'000	2020 AED'000
Gross premiums	298,499	314,270
Reinsurance share of premiums	(191,086)	(209,976)
Net premiums	107,413	104,294
Net transfer to unearned premium reserve	(7,158)	12,150
Net premiums earned	100,255	116,444
Commission earned	20,470	18,034
Commission paid	(31,804)	(41,077)
Others	3,138	2,989
Gross underwriting income	92,059	96,390
Gross claims paid	182,776	314,921
Reinsurance share	(134,497)	(277,763)
Net claims paid	48,279	37,158
Provision for outstanding claims and technical provisions	(30,380)	(2,218)
Reinsurance share of outstanding claims and technical provisions	18,431	8,193
Net claims incurred	36,330	43,133
Net underwriting income	55,729	53,257
Income from investments – net	22,733	22,677
Income from investment properties – net	3,476	4,512
Other income	164	-
Gross income	82,102	80,446
General and administrative expenses	(25,359)	(25,099)
Net profit for the year	56,743	55,347

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

29 Financial risk management objectives and policies

The financial assets of the Company include statutory deposits, cash at bank and in hand, other receivables, due from related parties and investments. Financial liabilities include due to related parties and most other payables. Accounting policies for each class of financial assets and liabilities are set out in note 3.

Category-wise assets and liabilities

2021

Assets	Financial instruments		Insurance contracts AED'000	Total AED'000
	At amortised	FVTOCI		
	cost AED'000	AED'000		
Statutory deposits	10,000	-	-	10,000
Reinsurance contract assets	-	-	173,351	173,351
Cash and cash equivalents	137,709	-	-	137,709
Financial assets at FVTOCI	-	569,470	-	569,470
Insurance receivables	-	-	66,080	66,080
Other receivables	8,729	-	-	8,729
Amounts due from related parties	21,657	-	-	21,657
	178,095	569,470	239,431	986,996

2020

Assets	Financial instruments		Insurance contracts AED'000	Total AED'000
	At amortised	FVTOCI		
	cost AED'000	AED'000		
Statutory deposits	10,000	-	-	10,000
Reinsurance contract assets	-	-	197,462	197,462
Cash and cash equivalents	97,945	-	-	97,945
Financial assets at FVTOCI	-	426,882	-	426,882
Insurance receivables	-	-	70,371	70,371
Other receivables	5,797	-	-	5,797
Amounts due from related parties	31,256	-	-	31,256
	144,998	426,882	267,833	839,713

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

29 Financial risk management objectives and policies (continued)

Category-wise assets and liabilities (continued)

2021

	At amortised cost AED'000	Insurance contracts AED'000	Total AED'000
Liabilities			
Insurance contract liabilities	-	274,833	274,833
Insurance and other payables	36,845	68,734	105,579
Amounts due to related parties	3,138	-	3,138
	39,983	343,567	383,550

2020

	At amortised cost AED'000	Insurance contracts AED'000	Total AED'000
Liabilities			
Insurance contract liabilities	-	303,723	303,723
Insurance and other payables	36,132	65,148	101,280
Amounts due to related parties	4,292	-	4,292
	40,424	368,871	409,295

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, liquidity risk, foreign exchange risk and market risk. The Board reviewed and agreed policies for management of these risks summarised below:

Credit risk

Credit risk is the risk that one party to a contract underlying a financial instrument will fail to discharge its obligations causing the other party to incur a financial loss.

All of the Company's underwriting activities are carried out in the United Arab Emirates. Cash is placed with a group of banks with good credit ratings. Credit risk on account receivables is spread, as they are due from a large number of customers. Credit risk with respect to 'due from insurers' and due from brokers is diversified due to the dispersion of amounts recoverable over a large number of insurers and brokers, however these are monitored closely by the management.

Credit risk with respect to reinsurers is mitigated by placement only with those companies having an acceptable rating.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

29 Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table provides an age analysis of receivables arising from insurance.

	Neither past due nor impaired AED'000	Past due			Total AED'000	Past due and impaired AED'000	Total AED'000
		<120 days AED'000	120 -180 days AED'000	>180 days AED'000			
31 December 2021	51,094	4,491	5,495	10,538	71,617	(5,538)	66,080
31 December 2020	45,178	8,169	6,889	14,720	74,956	(4,585)	70,371

The Company believes that overdue debtors are not impaired except those already provided for.

Liquidity risk

Liquidity risk is the risk that the Company faces in meeting its present and future financial obligations in a timely manner. Solvency risk refers to the excess of liabilities over assets, and hence, to the adequacy of the Company's capital. The Company is required to maintain an adequate level of liquidity by the regulatory requirements currently in force in the UAE.

Liquidity requirements are monitored by the management to ensure sufficient funds are available to meet commitments as they arise. The table below summarises the maturity of various assets and liabilities:

2021

	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	After 180 days AED'000	Total AED'000
Assets					
Statutory deposits	-	-	-	10,000	10,000
Financial assets at FVTOCI	-	-	-	569,470	569,470
Insurance receivables	18,562	24,358	16,948	6,212	66,080
Other receivables	289	4,128	2,329	1,983	8,729
Amounts due from related parties	4,358	6,329	10,384	586	21,657
Cash in hand and at banks including deposits:					
- Interest bearing	10,543	54,655	19,204	16,307	100,709
- Non-interest bearing	1,000	19,080	13,900	3,020	37,000
Reinsurance contract assets (a)	-	-	-	-	173,351
	34,752	108,550	62,765	607,578	986,996

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

29 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

2021 (continued)

	Less than 30 days AED'000	30-90 days AED'000	91-180 days AED'000	After 180 days AED'000	Total AED'000
Liabilities					
Insurance and other payables	12,352	40,993	30,228	22,006	105,579
Amounts due to related parties	532	2,145	349	112	3,138
Insurance contract liabilities (a)	-	-	-	-	274,833
	12,884	43,138	30,577	22,118	383,550

2020

	Less than 30 days AED'000	30-90 days AED'000	91-180 days AED'000	After 180 days AED'000	Total AED'000
Assets					
Statutory deposits	-	-	-	10,000	10,000
Financial assets	-	-	-	426,882	426,882
Insurance receivables	17,593	24,629	17,593	10,556	70,371
Other receivables	289	3,905	1,037	566	5,797
Amounts due from related parties	6,251	9,377	14,065	1,563	31,256
Cash in hand and at banks including deposits:					
- Interest bearing	-	40,106	20,626	15,151	75,883
- Non-interest bearing	22,062	-	-	-	22,062
Reinsurance contract assets (a)	-	-	-	-	197,462
	46,195	78,017	53,321	464,718	839,713
Liabilities					
Insurance and other payables	15,192	35,448	30,384	20,256	101,280
Amounts due to related parties	819	2,458	683	332	4,292
Insurance contract liabilities (a)	-	-	-	-	303,723
	16,011	37,906	31,067	20,588	409,295

(a) The maturities of insurance contract liabilities and the corresponding re-insurance contract assets are contingent upon the final settlement of claims, therefore cannot be reliably allocated to any particular maturity slab.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

29 Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company is exposed to interest rate risk on fixed deposits. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest-bearing investments are denominated.

Interest rate sensitivity

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

2021

	Total AED'000	Effective interest rate %
Bank deposits (including statutory deposit)	112,534	0.35% to 1.10%

2020

	Total AED'000	Effective interest rate %
Bank deposits (including statutory deposit)	85,883	0.09% to 2.95%

There is no significant difference between contractual reprising or maturity dates.

The following table demonstrates the sensitivity of statement of income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for the year, based on the floating rate financial assets and financial liabilities held at 31 December 2021.

	Increase/decrease in basis points (bps)	Effect on profit for the year AED'000
2021	50 (bps)	563
	(50) (bps)	(563)
2020	50 (bps)	429
	(50) (bps)	(429)

Exchange risk

A major portion of the Company's liabilities and assets are denominated in AED or US Dollars. Since AED is effectively pegged to US Dollars, there is minimal exchange risk.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

29 Financial risk management objectives and policies (continued)

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments in quoted and unquoted shares.

The Company limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in stock markets. In addition, the Company actively monitors the key factors that affect stock movements, including analysis of the operational and financial performance of investee.

All the Company's investments are within the United Arab Emirates.

Sensitivity of equity prices

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

Given that all other variables remain constant, had equity prices been 10% higher/lower at the reporting date:

- net profit for the year ended 31 December 2021 would have been unaffected as the equity investments are classified as Fair Value Through Other Comprehensive Income (FVTOCI);
- fair value reserve on financial assets of FVTOCI within equity would have increased/decreased by AED 56.95 million (2020: increase/decrease by AED 42.69 million).

Debt securities

All of the company's debt investments at FVOCI are considered to have low credit risk. Management considers 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements For the year ended 31 December 2021

30 Capital management

The Company's objective when managing capital risks are:

- 1) To comply with the Insurance Capital Requirements required by the UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations concerning Insurance Companies and Agents. The minimum regulatory capital for Insurance Companies which must be maintained at all times throughout the year as per the Law is AED 100,000,000 (2020: AED 100,000,000).
- 2) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to the shareholders.
- 3) To provide an adequate rate of return to shareholders by pricing products and services commensurate with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders or issue new shares.

There were no changes made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

The table below summarises the minimum regulatory capital of the Company and the actual equity held by the Company at the end of the year:

	2021	2020
	AED'000	AED'000
Cash and cash equivalents	137,709	97,945
Total equity held	684,831	506,888
Minimum regulatory capital	100,000	100,000

31 Comparatives

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

32 Post-reporting date events

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the financial statements of the Company for the year ended 31 December 2021. Management will assess the implications of this Federal Corporate Tax in due course. Except for the corporate tax and proposed cash dividend of 30% of paid up capital for the year ended 31 December 2021 (note 25), there are no adjusting or significant non-adjusting events which have occurred between the reporting date and the date of authorisation of these financial statements.

Environmental, Social, and Governance Performance

2021

AN ESG NOTE FROM OUR CEO

(GRI 102-14)

The world faced another difficult year in 2021 as the COVID-19 pandemic continued to disrupt supply chains and take a toll on global economic activity. Despite these challenges, our company continued to be a leading insurance solutions provider of choice for many individuals and organisations due to our commitment to provide an uninterrupted and seamless service. This would not have been possible without the dedication that our employees have shown throughout the year, consistently delivering the excellent customer service that DNIR has become renowned for.

In 2021, we maintained our focus on our differentiating factors by offering innovative solutions as well as applying a disciplined approach to growing our business. The latter has enabled us throughout the years to build long-term working relationships with some of the largest reinsurers in the world, an important factor that adds to our credibility.

The UAE insurance market is characterised by a high level of competition which means that many firms offer undifferentiated products. While we strategically look to remain competitive in the market, we have a prudent yet innovative approach due to our sense of responsibility towards our customers and determination to ensure that we only provide the highest quality products and services.

Our Annual Report this year integrates our 2021 audited financial results with our corporate governance report as well as with disclosure on our ESG performance. We have enhanced our ESG reporting in accordance with the GRI Standards, the most widely used international sustainability reporting framework. In addition, we have aligned our reporting with the Dubai Financial Market's 32 ESG metrics as well as with the Sustainable Development Goals.

Moving forward, we intend to increase our commitment to sustainability, and this will impact both how we operate as well as the way we invest. Environmental, social, and governance factors represent emerging risks and opportunities that every company must manage if they are to remain competitive. ESG risks must be embedded in existing risk management frameworks to ensure risk assessments are up to date.

Moreover, an ESG lens must be added to investment analysis and decision-making process which will ultimately allow for the efficient allocation of liquidity and for investment analysts to only focus on those companies that are looking to create sustainable value. Finally, consumer behaviour is clearly shifting towards being more environmentally conscious while governments and regulators are looking to remain ahead of the curve and meet their climate action commitments. The UAE, during 2021, announced its intention to reach net zero emissions by 2050 which is testament to its commitment to innovation and to create a better future for all citizens and residents.

In the coming years, we will contribute to a more sustainable UAE economy and align our actions with government strategies. This year we will focus on increasing ESG awareness among our employees and will establish a Sustainability

Committee that will be responsible for developing a clear ESG framework for DNIR that ensures we remain at the forefront of this transition.

Finally, we will continue with our digitalisation efforts with the aim of offering our full suite of solutions through our online platform as well as via a dedicated mobile app. Moreover, we will also pursue our efforts to become a paperless office which in turn will further optimise our operations while reducing waste and our greenhouse gas emissions. Digitalisation is an essential step towards making our operation more agile and facilitating client servicing.

With that in mind, I would like to express my utmost appreciation to all our stakeholders for their continued trust in us. We will continuously engage with all to ensure that DNIR caters to everyone's key interests.

Sincerely Yours,

Abdulla Al Nuaimi
Chief Executive Officer

KEY 2021 ESG HIGHLIGHTS

FEMALE PRESENCE

- 40% Female Representation in the Workforce
- 50% Female New Hires
- 80% Female Representation among Local Talent



TURNOVER RATE

14%

A HEALTHY 6%
DECREASE FROM
2020



B++ AM BEST Rating

AM Best affirmed the financial strength rating of B++ (Good) and the long-term issuer credit rating of "bbb+" (Good) of Dubai National Insurance & Reinsurance with a positive outlook



PEOPLE CENTRIC

- Created a dedicated Call Centre to efficiently accommodate all customer needs
- Created an internal Happiness Committee for Employees' Wellbeing

ROBUST DATA PROTECTION

- 1 Signals Intelligence Agency (SIA) compliant
- 2 Abu Dhabi Health Information and Cyber Security compliant in 2022
- 3 ISO 27001 in 2022



STAKEHOLDER INCLUSIVNESS

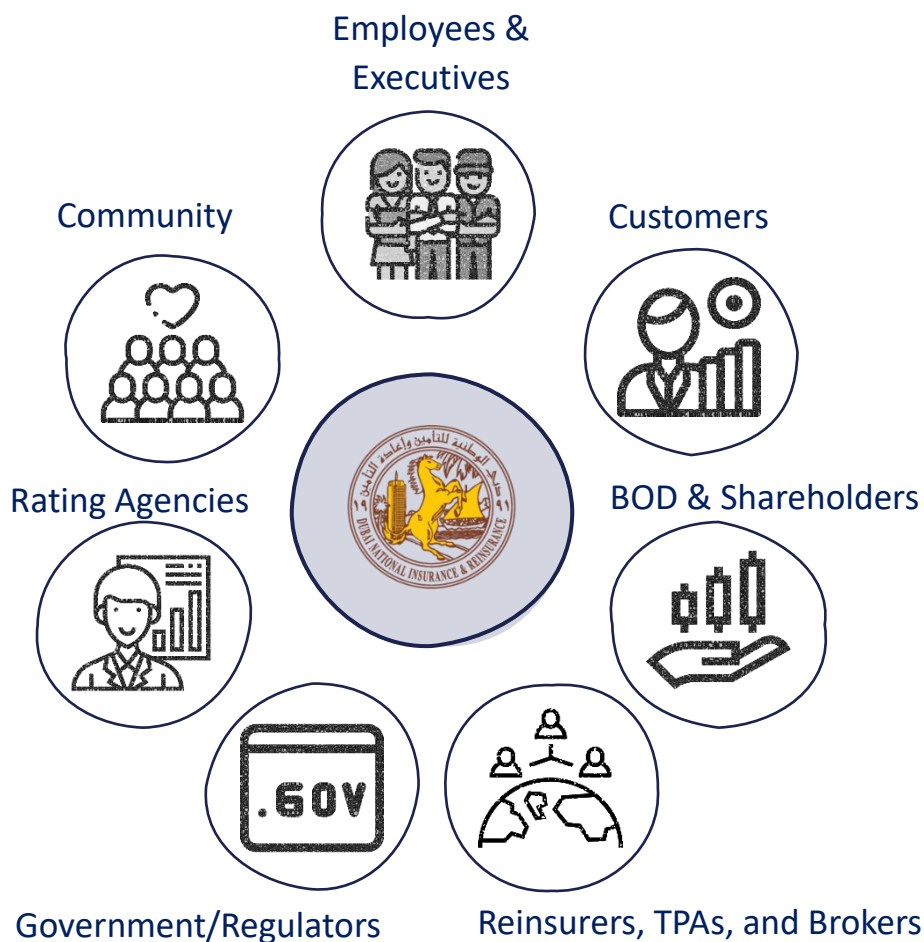
Engaging our Stakeholders

Stakeholder engagement forms an integral part of our core strategy and is crucial in allowing us to form our material ESG topics that we should manage and monitor, and on which we should report.

Stakeholder engagement is a crucial starting point to elaborate our ESG reporting. Using the following criteria of the AA1000 Stakeholder Engagement Standards Framework, we identified our list of key stakeholders:

- *Dependency*: The degree to which the stakeholder's support is needed to achieve our strategic goals,
- *Influence*: The degree to which the stakeholder can influence operational performance,
- *Interest*: The degree to which the stakeholder can affect or be affected by our operations.

Our key stakeholder groups are listed below:



For the purposes of this report, we have relied on our company's existing engagement methods with various stakeholders. This is an element that we will strive to develop by means of conducting additional ESG-focused engagements with all stakeholders. The results will be incorporated in future reports.

The below table outlines the various methods of engagement with our key stakeholders:

KEY STAKEHOLDERS	EXISTING METHODS OF ENGAGEMENT
Customers	<ul style="list-style-type: none"> • Website, marketing material, and social media • Online reviews • Suggestion or complaint platforms • Contact Centre
Employees	<ul style="list-style-type: none"> • Training & development • Company events & announcements • Performance appraisals
Shareholders	<ul style="list-style-type: none"> • Regular communication with major shareholders • Annual General Meeting • Corporate Regulatory Disclosures
Government / Regulators: <ul style="list-style-type: none"> • Central Bank • Securities & Commodities Authority • Dubai Financial Market • Dubai Health Authority • Department of Health – Abu Dhabi 	<ul style="list-style-type: none"> • Regular communication via reporting requirements and meetings • Decrees, circulars, and announcements • Webinars • Audit
Community	<ul style="list-style-type: none"> • Community-related initiatives, donations, and volunteering activities
Business Partners: <ul style="list-style-type: none"> • Reinsurers • TPAs • Brokers • Major Suppliers 	<ul style="list-style-type: none"> • Frequent interaction related to business coordination, development, and agreement renewals
Rating Agencies	<ul style="list-style-type: none"> • Yearly interactions during rating review • Credit rating methodology updates

OUR APPROACH TO SUSTAINABILITY

(GRI 102-20, GRI 102-44, GRI 102-46, GRI 102-47, E8, E9, E10)

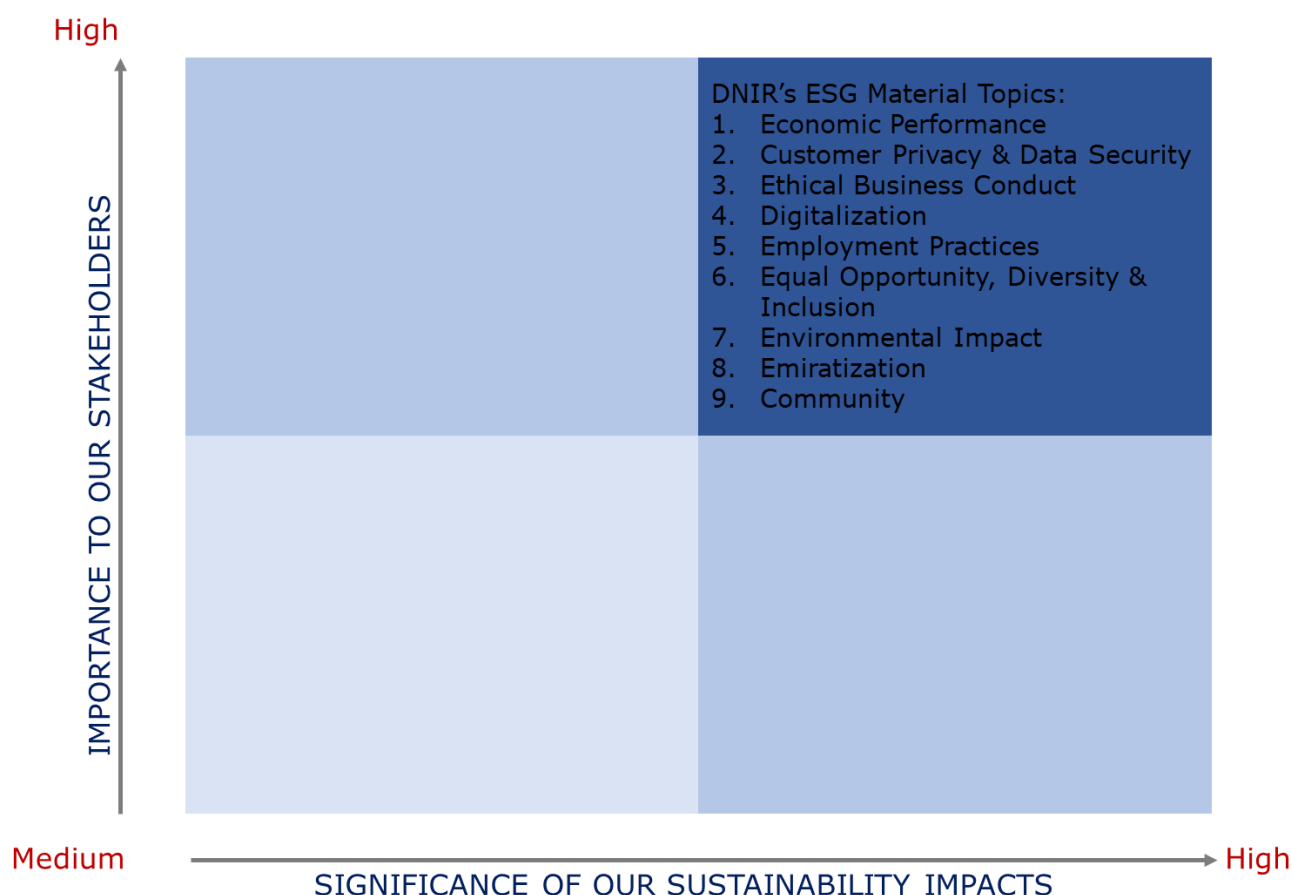
Defining our ESG Material Topics

Materiality assessment is essential to identifying and prioritising those economic, and ESG (environmental, social and governance) topics that are most important to an organisation and its stakeholders. This assessment is interlinked with the stakeholder engagement exercise that is usually conducted prior to working on the materiality matrix.

Prioritisation

To build a thorough understanding about our economic and ESG impacts, we have conducted an in-depth industry specific research, peer analysis, and followed best practices. This has allowed us to build our comprehensive list of materiality topics.

The topics selected in the above list are further assessed based on our existing methods of internal and external stakeholder engagement. The below materiality matrix illustrates where our material topics would fall within the spectrum of priorities. In subsequent reports, we will look to engage with our stakeholders on economic and ESG specific topics and will plot the results on the matrix and update our list of material topics if required.



Validation

The below table demonstrates the end result and includes DNIR's material topics with their corresponding GRI disclosures and Dubai Financial Market (DFM) ESG metrics.

ITEM	KEY MATERIAL TOPIC	CORRESPONDING GRI DISCLOSURE	CORRESPONDING DFM METRICS
1	Economic Performance	GRI 201 – Economic Performance	N/A
2	Customer Privacy & Data Security	GRI 418 – Customer Privacy	G6: Data Privacy
3	Ethical Business Conduct	GRI 205: Anti-Corruption GRI 417 – Marketing & Labelling	N/A
4	Digitalization	N/A	N/A
5	Employment Practices	GRI 401 – Employment	S3: Employee Turnover
6	Equal Opportunity, Diversity & Inclusion	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity
7	Environmental Impact	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
8	Emiratization	N/A	S11: Nationalization
9	Community	GRI 413 – Local Community	S12: Community Investment

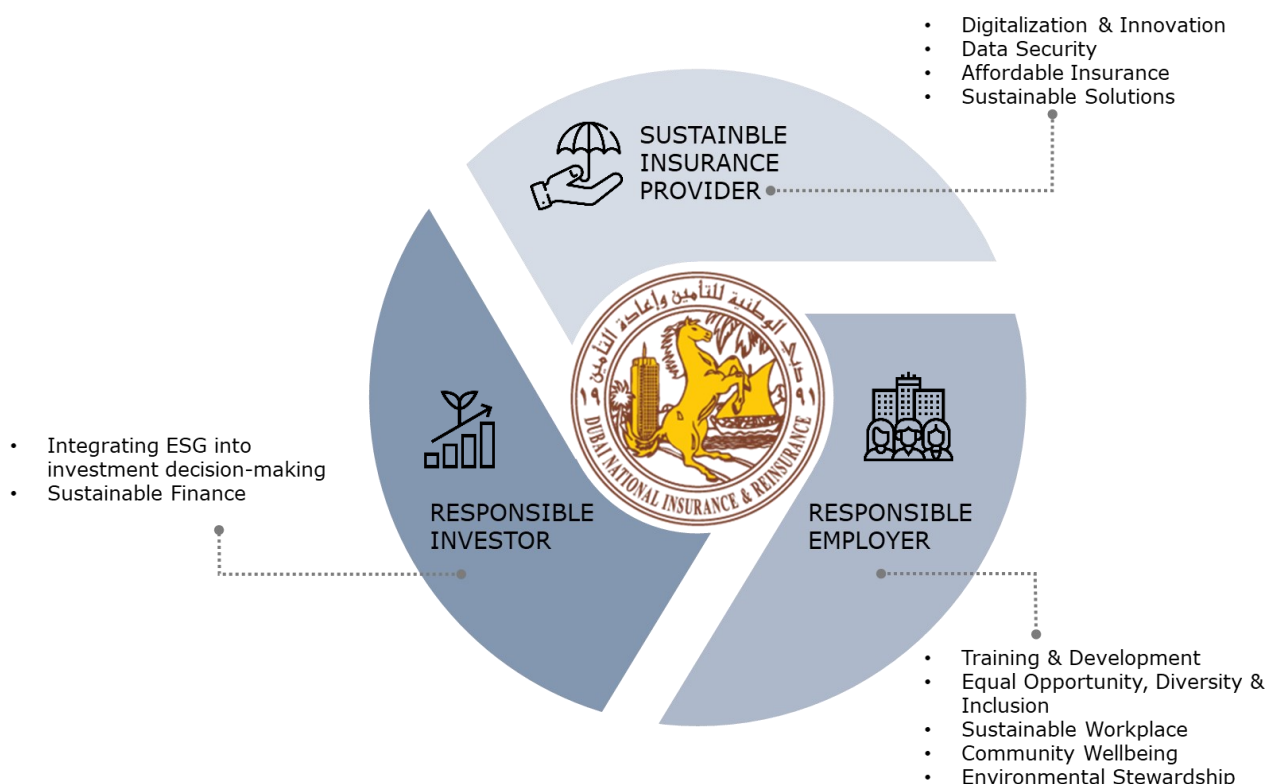
Our Approach to Sustainability

Sustainability matters are increasingly material to DNIR. ESG related risks and opportunities are rising which calls for our company to embed them into our strategy, business model, and ensure that they are managed in a way that maintains DNIR as a competitive entity and generates value for all stakeholders.

In addition, the impact of COVID-19 and climate change-related events in recent years have intensified the need for urgent action by all corporations to manage these risks. We expect transitional climate change risks to become more significant in the UAE in the coming years as a result of the country's Net Zero 2050 pledge. This commitment will likely bring about a rise in legislative decrees that force corporations to reduce their impact on the environment.

As a leading insurance company, we aim to strengthen our efforts to contribute to making the UAE economy more resilient and sustainable, thus helping maintain our competitiveness over the long-term.

Below, we map out our approach to ESG using a double materiality methodology which factors in both how DNIR impacts ESG risks and opportunities and how the latter impacts us.





Sustainable Insurance Provider

Consumer choices are driving the shift to a more sustainable global economy. It is vital that companies take note of this transition and adapt their strategies and business models accordingly.

They must update their Risk Management frameworks to include ESG material topics at the level of specific products (i.e., property and casualty) as well as through reshaping the company's risk parameters for specific industries that are more prone, for instance, to climate change risks than others (e.g., agriculture).

In other words, it is important for insurance companies to integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes.



Responsible Employer

A responsible employer is one that puts in place the necessary framework and policies to shape a sustainable workplace. More specifically, employees must feel they can reach their aspirations through the company, by being given training and development opportunities, being fairly appraised, and having a strong sense of belonging. An engaging employment strategy is essential to ensure equal opportunity and inclusiveness.

In addition, it is as important to create a workplace that encourages good environmental practices. This can occur through reducing waste, or eliminating it altogether, abandoning single use plastic, decreasing energy consumption, and shifting, whenever possible, to 100% renewable energy.



Responsible Investor

As an institutional investor, insurance companies play an important role in financing the transition to sustainable development. As investors consider ESG factors in their investments, they help shape the future by financing sustainable products and solutions.

It is important to embed ESG factors into one's investment analysis and decision-making process. The first step as a responsible investor is to consider ESG factors from a risk perspective, and the second would be investing in sustainable solutions or in companies that are transitioning to a sustainable path. This will lead to lower portfolio volatility and to enhancing returns over the long term. This would be particularly applicable to our capital markets portfolio.

As for our property investments, it is important that we remain ahead of the curve and provision for legislative changes that will push to decrease the building sector's impact on the environment. Buildings contribute to around 40% of global emissions, 50% of which comes from operating them. This can be done through refurbishment, using sustainable materials, and engaging with our tenants to breed awareness of their energy consumption, among other.

OUR CUSTOMERS' WELLBEING

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

Our operational aim is to consistently deliver excellent customer service. We firmly believe that this can only be achieved by staying close to our customers and continuously engaging with them to determine their evolving needs.

The most important element in our relationship with our customers is trust. This can be accomplished by offering them simple and quality products, through which they are able to manage their risks and go about their lives, knowing their insurance provider will deliver on its promises.

In addition, the most efficient way for us to continue being customer centric is to listen to their feedback and monitor their assessment of our services and products.

DNIRC's Enhanced Contact Centre

During 2021, we revamped our dedicated contact centre for the purpose of staying close to our clients and ensuring their feedback is received and dealt with efficiently and promptly.

The Contact Centre is also tasked with ensuring clients are up-to-date with the latest solutions offered by the company.

This centre serves as DNIR's first point of contact with customers and handles all their queries. The department is currently equipped with trained professionals to service both corporate and individual clients. All Contact Centre staff are trained to handle customers efficiently and are able to service clients in multiple languages including: English, Arabic, French, Italian, Tagalog, Hindi, Malayalam, Tamil, and Urdu.

The Contact Centre is also dedicated to listening to client feedback and to register any complaints that may arise.

Product and Service Information & Labelling

In addition to the above measures, it is important that customers are provided with accurate and decision-useful information to allow them to make informed decisions. To that end, we conduct regular reviews of all our marketing material and product information to ensure that they are up-to-date.

Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty (product and service information and labelling)

2019	Nil
2020	Nil
2021	Nil

Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty (marketing communications)

2019	Nil
2020	Nil
2021	Nil





Digitalisation & Innovation at DNIRC

As previously mentioned, clients are increasingly looking for simple and high-quality insurance solutions. The third important pillar for reaching customer excellence is through tackling how we go about offering our solutions and through which means.


This is where the role of digitalisation comes into play. Digitalisation allows our customers to access our services, their data and policies in their own time and comfort. Digitalisation additionally allows for harmonising customers' experience and ensuring that we set the necessary KPIs to meet or even exceed their expectations, thus enhancing the operational efficiency.

The below lists our main digitalisation achievements as well as our targets in that regard:

PRESENT – Solutions Offered Through our Website

	Medical Insurance	Our customers have the option to get quotations, submit their documentation and pay for their policies through our corporate website. For what concerns motor insurance, customers can also register their claims through the company's mobile-friendly website
	Home Insurance	
	Motor Insurance	
	Travel Insurance (with COVID-19 cover)	

TARGET – Additional Digital Offering to Be Provided

	All Insurance solutions to be provided through the following digital means:	Our website
		Through a mobile application
		Via WhatsApp

Data Protection

The rise of digitalisation brings about a higher cybersecurity risk which must be carefully managed by the insurance sector.

At DNIR, we firmly believe in protecting our customers' data and ensuring their privacy. Our customers are entrusting us with their data, and we have a responsibility to safeguard it through all our systems and processes.

We have put in place a robust information security system and data management policy.

There are two parallel data users that have differing needs:

- **Our customers:** They ultimately would like to be able to fully interact with our company through digitalised means. Whether it is getting a quotation, paying for a policy, submitting a claim or simply reviewing their data, they want to know that our information systems are secure, that their data is protected, and that they can access it in a user-friendly manner,
- **Our employees:** Our staff members need to access customers' details to be able to cater to their needs, while ensuring that they are able to access information in a continuous way with no risk of interruption.

At DNIR, data protection starts with the recruitment process, whereby we ensure to hire those talents that understand the sensitivity of data privacy. Once onboarded, employees go through specialised training that equips them with the knowledge to steer clear of cyber threats.

In addition to the firewalls in place to guard against external threats, we have several other measures in place to strengthen our data protection. These include:

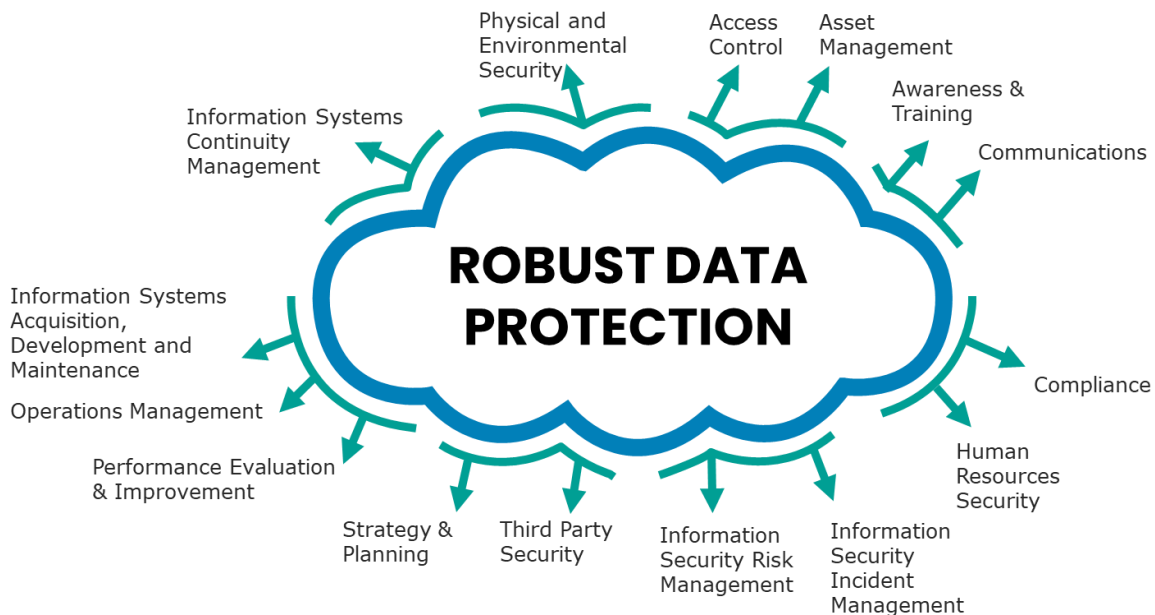
1. Limiting the use of data to only those employees that require them to complete their tasks and fulfil customers' needs,
2. All employees must go through a security training on a yearly basis with the needs to pass a test to ensure proper engagement,
3. Sending information security awareness emails to employees
4. Continuously performing cybersecurity risk assessment
5. Vulnerability and phishing testing are conducted regularly to identify significant gaps and areas of risks
6. Implemented multi-tier security systems to prevent any breach and data loss on the user level

In addition to the above, we perform periodic independent IT audit assignments to identify any potential major risks and implement remedial actions.

DNIR is SIA compliant

The Signals Intelligence Agency (SIA), formerly known as the National Electronic Security Authority, is the federal authority for the UAE in charge of strengthening the nation's cybersecurity. SIA has published regulations that all government organisations, semi-government groups, and business entities operating within sectors identified as critical infrastructure must follow.

DNIR became SIA compliant in 2021 and has in place various policies and procedures to protect its data and ensure the robustness of its security measures. The diagram below outlines some of the main items under which all the different policies have been developed:



2022 Data Protection Targets

- **Complete ADHICS compliance**

The Department of Health (DOH) has issued the Abu Dhabi Healthcare Information and Cyber Security (ADHICS) Standards which are designed to ensure that companies align with industry and international norms on information security. This comes as a complementary initiative to the government's Health Information Exchange towards greater security and public trust.

- **Become ISO 27001 Information Security Management Certified**

ISO 27001 is an information security management system specific standard and ensures that a company's information security framework is robust and follows best practices

During 2021 Our company recorded no customer privacy breaches

	2019	2020	2021
Total number of complaints received from outside parties and substantiated by the organisation	Nil	Nil	Nil
Total number of complaints from regulatory bodies	Nil	Nil	Nil
Total number of identified leaks, thefts, or losses of customer data	Nil	Nil	Nil

OUR RESPONSIBILITY AS AN EMPLOYER

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

Our people are at the heart of everything we do and are the main contributor to our success. Their dedication and commitment to our clients is fundamental to our strategy and operations.

Our aim is to ensure that our employees find meaning in their work and that their wellbeing is catered to. This can only be achieved by creating an environment that is conducive to inclusion and creativity. Our employees must feel they can progress at DNIR and that development opportunities will always be offered to them.

To that end, we have taken a strategic decision to reshape our HR department to create a workplace that attracts, develops, and retains talent. Most importantly, we are creating an environment that is flexible and adaptive to the evolving needs of talented people.

In 2022, we will further enhance our HR related policies to ensure a seamless experience for our employees as well as to safeguard their wellbeing. We are committed to creating an environment that empowers our employees and through which they can achieve their aspirations. We have zero tolerance for harassment, unfair treatment, or other similar business misconduct. We currently have an employee handbook in place that ensures a unified approach to proper business conduct, and to the protection of employees' rights, which will be accompanied in 2022 by a dedicated Code of Conduct policy.

While revamping our HR department, we have in mind to cater to the wellbeing of each one of our 119 employees. All our employees are on a full-time basis and most (97%) operate out of our headquarters in Dubai.

Year	Total Employees	Breakdown by Branch	
		Dubai	Abu Dhabi
2021	119	115	4
2020	113	107	6
2019	124	119	5



119 TOTAL
EMPLOYEES
(2021)

Total New Hires				
	Female	Female %	Male	Male %
2021	12	50%	12	50%
2020	6	50%	6	50%
2019	8	47%	9	53%



50% FEMALE
NEW HIRES
(2021)

Total New Hires						
	Below 30 years old		Between 30-50 years old		Over 50 years old	
	#	%	#	%	#	%
2021	6	25%	16	67%	2	8%
2020	5	42%	6	50%	1	8%
2019	7	41%	10	59%	0	0%

Diversity, Inclusion, and Equality

Dubai National Insurance and Reinsurance is an equal opportunity employer. We not only endeavour to maintain the high female representation at our company, which currently stands at 40% of the total workforce, but will also look to provide more opportunities for women in leadership roles.

We are proud to have a diverse workforce, currently composed of 16 different nationalities. We believe that our diverse culture and composition makes us more innovative and better equipped to serve the diverse nature of UAE clients. To nurture this working environment, we will foster a fair and inclusive working environment that allows every employee to progress and succeed.

We have used a different computation methodology for this year's report which considers numbers as at 31st of December (we will continue applying this methodology going forward).

Gender Breakdown				
Year	Female	%	Male	%
2021	47	40%	72	61%
2020	40	35%	73	65%
2019	50	40%	74	60%



40% FEMALE
PRESENCE (2021)

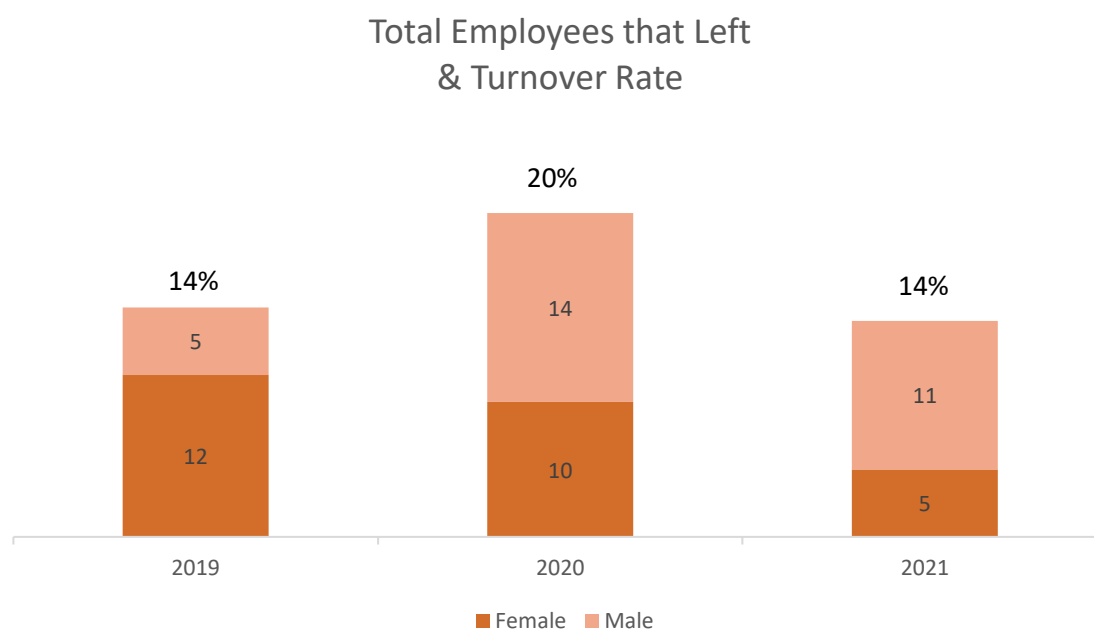
Year	Total Number of Nationalities
2021	16
2020	18
2019	17

TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER						
Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Male	Female	Male	Female	Male	Female
2021	56%	44%	56%	44%	88%	13%
2020	64%	36%	56%	44%	92%	8%
2019	56%	44%	60%	40%	77%	23%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE GROUP									
Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	29%	69%	2%	4%	86%	10%	0%	82%	18%
2020	22%	76%	2%	7%	78%	15%	0%	57%	43%
2019	33%	67%	0%	5%	77%	18%	0%	73%	27%

Training & Development

Training & Development plans are key to retaining talent within an organisation. Enhancing our employees' skills sets helps create an innovative workforce and contributes to improving customer service. Moreover, developing our people increases employee productivity as well as motivation and reduces turnover. To that end, we have managed to significantly reduce our turnover rate in 2021 compared to 2020 from 20% to 14%.



Total Employees that Left				
	Female	Female %	Male	Male %
2021	5	31%	11	69%
2020	10	42%	14	58%
2019	12	71%	5	29%

Total Employees that Left						
	Below 30 years old		Between 30-50 years old		Over 50 years old	
	#	%	#	%	#	%
2021	3	19%	9	56%	4	25%
2020	5	21%	14	58%	5	21%
2019	5	29%	11	65%	1	6%

Developing our employees' skills and allowing them to stay abreast of emerging trends enables us to better understand our clients' needs and differentiates us from the market.

As part of our new HR structure, we will develop a training & development plan that allows us to support every employee's continuous development.

During 2021, our people development was mostly focused on internal training, particularly regarding Anti-Money Laundering on which we had organized several training session. To that end, 40 employees received specialised internal training, out of which 45% were female.

Training & Development (Total Number of Employees)		
Year	Female	Male
2021	18	22
2020	8	7
2019	30	45

Training & Development (Total Number of Hours)		
Year	Female	Male
2021	36	44
2020	181	173
2019	109	159

DNIR HAPPINESS COMMITTEE

During 2021, we have established a happiness committee the objective of which is to develop and implement an employee engagement plan.

The committee's mission is to ensure the happiness and wellbeing of all employees. It will promote varying activities that will diversify the way employees engage which will strengthen their sense of belonging, enhance their abilities to work in teams, and promote good mental and physical health to all.

The committee will do so through various means, including:

- a) Encouraging employees to stay active by organizing sports related events
- b) Organizing corporate events that allow our employees to engage with one another and to build a strong sense of belonging
- c) Health awareness sessions to regular health check-ups in collaboration with local clinics
- d) Women's Day celebration
- e) UAE National Day and Flag Day celebration
- f) Birthday celebrations in the office
- g) Marathon
- h) Ramadan Iftar

OUR COMMITMENT TO SOCIETY

(GRI 102-9, GRI 413, S11, S12)

At DNIR, we take our responsibility towards the community and our society very seriously. As a good corporate citizen, we look to make a measurable impact on society and contribute to its resilience.

We will be looking to enhance our Corporate Citizenship Strategy after completing our comprehensive stakeholder engagement exercise to make it more focused. Our activities will be distributed between providing donations and sponsorships to specific community related non-profit organisations and charities, as well as through volunteering initiatives to help contribute to good societal causes.

Some of our past commitments included the following:

- 2 We have in the past provided donations to charities and social organisations,
- 3 Through the commitment of all our employees, we have participated in relief programmes including food contributions,
- 4 We have also worked hand in hand with Dubai Health Authority in carrying a blood donation campaign. Our head office employees along with their families as well as all our tenants in our office buildings contributed with passion and enthusiasm to make it a big success.

COVID-19 related initiatives:

The COVID-19 pandemic has had a dramatic impact on people's livelihoods, their health, and our food system. Millions of enterprises worldwide faced an existential threat while the level of global poverty has dramatically increased.

Company-specific initiatives

Since the beginning of the pandemic, we have placed the safety of our employees and customers at the forefront of our actions. We immediately ensured that our employees were safe at home with their families and that they could conduct their work remotely to ensure an uninterrupted service to our customers whom more than ever needed us beside them.

As the risks were waning down and as per government directives, we have been back at the office in shifts while maintaining a specific level of office capacity. Moreover, we have equipped our offices with all the necessary logistics to enforce social distancing, to ensure a high level of hygiene and keep our clients and employees safe.

Finally, we have also created awareness around COVID-19 vaccination and encouraged all our employees to get vaccinated while maintaining a continuous PCR testing in the office whenever needed.

Community-related initiatives

As part of its response to the pandemic the UAE Government showed leadership on a global scale and rose to the occasion to implement both protective measures to control the spread of the virus as well as alleviating measures by launching a AED 100 billion comprehensive economic support scheme for retail and corporate customers affected by the pandemic.

As part of DNIR's responsibility towards society we granted a number of special discounts on insurance products to the UAE's frontliners for their heroic efforts throughout.

Commitment to Local Talent

The UAE Ministry of Human Resources and Emiratisation (MOHRE) is the government entity in charge of increasing the participation of UAE talent in the private sector. These efforts help increase the number of youths with key skills as well as their contribution to the local economy. This reflects positively on the community's wellbeing.

At DNIR, we are fully committed to developing Emirati talent and placing this initiative at the core of our strategy. We continuously provide our local talent with the necessary personal and professional development opportunities to allow them to advance in their careers and reach their aspirations.

Our efforts have been particularly focused on the following:

- 4 Collaborating with the Ministry of Human Resources and Emiratisation to access the Emirati pool talent that is relevant to our industry,
- 5 Activating our own efforts to attract local talents into our company and the insurance sector by means of offering them development opportunities,
- 6 Ensuring that Emiratis are given the opportunity to excel through various key roles.

Our Emiratisation rate stood at 8% in 2021 with 80% (or seven out of a total of nine local employees) being female and two Emirati employees holding senior-to-executive level roles. We plan on continuously strengthening our collaboration with MOHRE and increasing our rate year-on-year.

Local Talent at DNIRC

Number of UAE Nationals		
Year	Female	Male
2021	7	2
2020	6	0
2019	8	0

8% Emiratisation Rate



80% of DNIRC's local talent is Female

Number of UAE Nationals						
Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	#	%	#	%	#	%
2021	1	11%	6	67%	2	22%
2020	0	0	6	100%	0	0
2019	5	63%	2	25%	1	12%

Local Sourcing

DNIR sources its procurement needs from local suppliers. Such strategic direction contributes to the community in a number of ways:

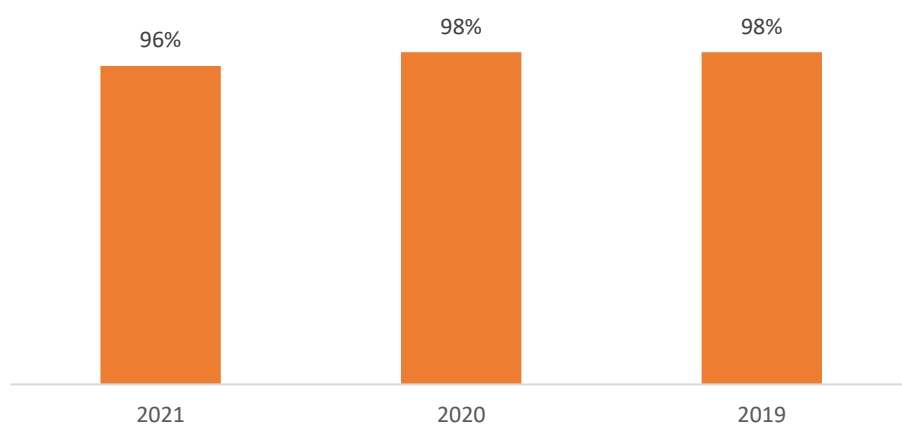
- Environment: Localising one's supply chain reduces energy usage related to shipping and storage which contributes to the reduction in Greenhouse Gas Emissions,
- Community: Sourcing locally means benefiting local manufactures and service providers which in turn helps create and maintain local jobs and supports the growth of the UAE economy,
- Cost optimisation: Procuring from local providers also helps the company optimise its costs by being able to reach a larger number of suppliers, which in turn helps the company search for competitive prices which can also be delivered efficiently,

To that end, and as a testament to DNIR's commitment towards local sourcing, we are ICV certified. The In-Country Value Program (ICV) promotes UAE companies' contribution to the local economy and supports local industries.



As portrayed in the below graph we have maintained a high local procurement percentage (out of our total corporate procurement), while noting that in 2021, 63 out of a total of 65 suppliers that our company dealt with were local.

Local Procurement Spending on Local Suppliers



	Total Number of Suppliers	Percentage of Local Suppliers
2019	76	93% (71)
2020	62	98% (61)
2021	65	97% (63)

OUR ENVIRONMENTAL IMPACT

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

At DNIR, we take our environmental responsibility very seriously and look to align our efforts with best practices. We are focused on reducing our emissions, cutting back on the amount of waste we produce, and shifting towards a more circular workplace.

As part of this report, we have calculated our Greenhouse Gas (GHG) emissions which are particularly comprehensive in relation to our Scope 1 emissions, related to our direct energy consumption (primarily through corporate owned vehicles), as well as Scope 2 which represents our electricity consumption.

The nature of insurance companies' operation is different than, for instance, manufacturers, in that their Scope 3 emissions make up an important portion of their GHG emissions while the other companies have a much larger Scope 1 and 2 footprint. For DNIR, this means most of our GHG emissions stem from our investments, including our two owned buildings as well as our investment portfolio.

As mentioned earlier, in 2021 the UAE announced its commitment to becoming a net zero emissions economy by 2050. Currently all ministries as well as regulatory bodies are embedding this commitment into their strategies which will automatically cascade down to the private sector in the form of legislative decrees. It is therefore important for companies to take early action to align their environmental efforts with government targets.

To that end, and as part of our quest to cater to our customers' wellbeing through digitalisation, we have initiated a paperless plan and intend to reach 60% of our target in 2022.

Measuring our Greenhouse Gas Emissions

We have used the GHG Protocol as a guide to compute our GHG emissions and have set our organisational boundary according to the 'control' approach meaning we will seek to account for 100% of our GHG emissions from operations we can fully control.

We have included our headquarters as well as our Abu Dhabi branch in our computations. Moreover, we have also included the electricity (Scope 2) and water consumption (Scope 3) of our owned buildings both of which are located in Dubai. Our GHG emissions computation covers the common areas of these buildings.

We will continuously endeavour to improve our GHG Emissions reporting particularly as it relates to our Scope 3 GHG emissions.

Our Energy & GHG Emissions Data

The below tables cover our Scope 1 & 2 energy consumption and GHG as they relate to our operation (including our Dubai headquarters and Abu Dhabi branch). We have also initiated our Scope 3 GHG emissions computation by including water consumption, business travel, and waste as they pertain to our operation. In addition, we have also included as part of our Scope 2 and 3 emissions computation electricity and water consumption from our two owned commercial buildings in Dubai.

ENERGY CONSUMPTION

Energy Consumption in GJ	2019	2020	2021
Direct Energy – (Fuel)	1,114.18	859.38	408.63
Indirect Energy – (Electricity from workplace)	626.24	632.13	651.27
Indirect Energy – (Electricity from owned buildings)	16,205.92	16,769.87	16,468.91
Total Energy Consumption	17,946.34	18,261.38	17,528.81

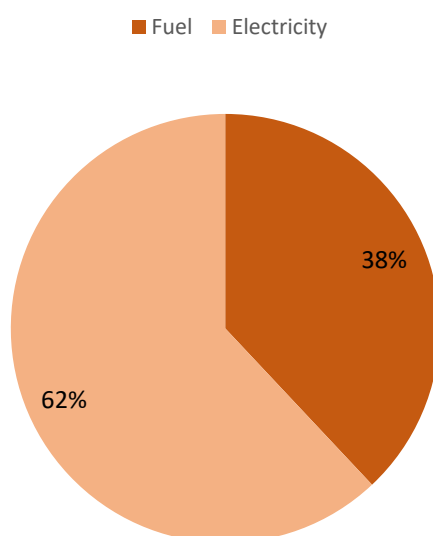
Energy Intensity in GJ per Employee	2019	2020	2021
Direct Energy – (Fuel)	8.98	7.61	3.43
Indirect Energy – (Electricity from workplace)	5.05	5.59	5.47
Energy Intensity	14.03	13.20	8.90

GHG EMISSIONS

Total GHG Emissions (MT CO ₂ e)	2019	2020	2021
Direct Energy – Scope 1 Emissions	73.41	55.57	26.74
Indirect Energy – Scope 2 Emissions (from workplace)	74.07	74.77	77.03
Indirect Energy – Scope 2 Emissions (from owned buildings)	1,916.85	1,983.56	1,947.96
Indirect Energy – Scope 3 Emissions	6,174.60	6,046.43	5,697.22
Total Emissions	8,238.94	8,160.33	7,748.95

GHG Emissions Intensity MT CO ₂ Per Employee	2019	2020	2021
Direct Energy – Scope 1	0.59	0.49	0.22
Indirect Energy – Scope 2 (from workplace)	0.60	0.66	0.64
Indirect Energy – Scope 3	49.80	53.51	47.88
Total Emissions Intensity	50.98	54.66	48.75

2021 ENERGY MIX



WATER CONSUMPTION

Water Consumption in m ³	2019	2020	2021
	From Operation & Owned Buildings	From Operation & Owned Buildings	From Operation & Owned Buildings
Total Water Consumption	9723.60	9624.77	8964.37

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS

DNIR fully endorses the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) which we view as a compass to guide the private sector down a sustainable path.

The SDGs were adopted in 2015 by all United Nations Member States. They provided a shared blueprint for ending poverty and hunger, healthcare and education access to all, and ensure that “all human beings can fulfil their potential in dignity and equality and in a healthy environment.”

Our Approach to the Sustainable Development Goals

Our approach to the SDGs is that of materiality, meaning we look to report on those SDGs that both the insurance sector and our business model directly impact. For the purposes of this report, we have identified those SDGs that the insurance sector impacts the most. We will use the outcome for further internal assessment by aligning our business model with the SDGs and then combining the outcome of both exercises to select those that are particular to both the insurance sector and our strategic direction.

As described above, our starting point was to identify those SDGs that are material to the insurance sector. Accordingly, we have selected the following SDGs that the insurance sector impacts the most and that are also aligned with the World Bank’s research paper on “The Insurance Sector’s Contribution to the SDGs” published in June 2021.

We have focused on those SDGs on which the insurance sector has a ***high level / significant*** impact:



SDG13 – Climate Action

Take urgent action to combat climate change and its impact

- Losses, both human and financial, are continuously rising due to extreme weather events
- Natural disasters are having a significant impact on many industries, and global economies, which can hinder growth and increase poverty



SDG 11 – Sustainable Cities & Communities

Make cities and human settlements inclusive, safe, resilient, and sustainable

- Insurance companies play a key role in supporting infrastructure projects
- Climate change adaptation and mitigation is relevant to making cities and their inhabitants more resilient, insurance companies contribute through their underwriting and investment capabilities
- Motor accidents cause significant human and economic costs that insurance companies can alleviate



SDG 3 – Good health and Well-Being

Ensure healthy lives and promote well-being for all and at all ages

- The role of insurance is crucial in facilitating access to healthcare
- COVID-19 was an important reminder about the presence of pandemic risks and the role of insurance companies in managing these risks
- Insurance improves healthcare seeking behaviour



SDG 10 – Reduced Inequalities

Reduce inequality within and among countries

- Insurance companies can help reduce inequalities by making businesses more resilient to economic shocks and individuals able to withstand injury, illness, or death of a wage earner

GOVERNANCE STRUCTURE & COMPLIANCE

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

"Corporate governance is concerned with achieving a balance between social and economic objectives, and between the objectives of individuals and the company...The goal is to align as closely as possible the interests of individuals, corporations, and society."

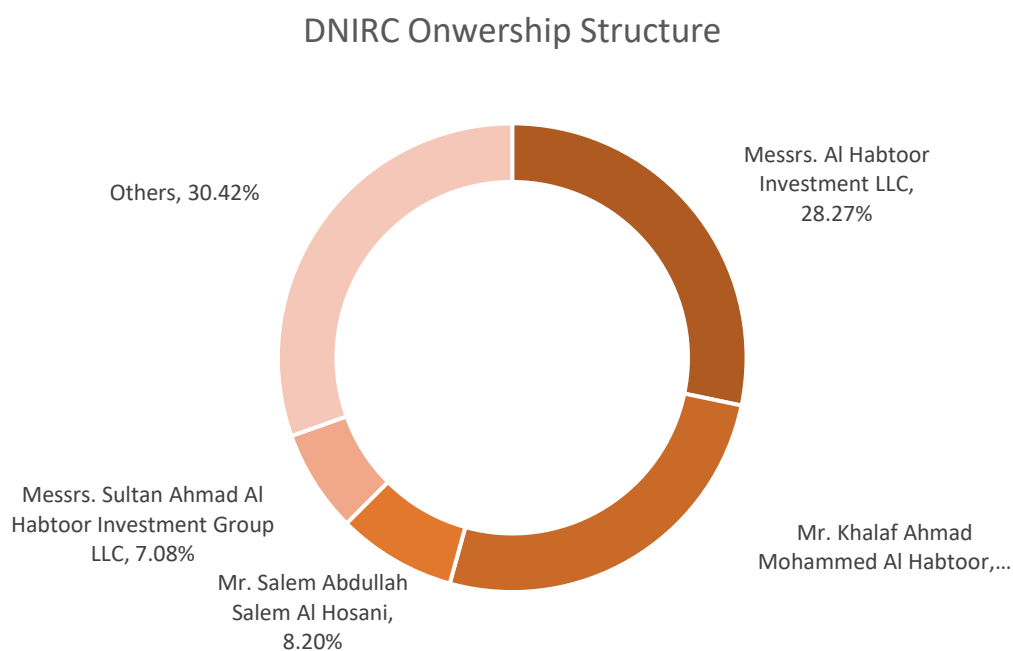
(Sir Adrian Cadbury – known to many as a global governance pioneer having chaired the development of the world's first corporate governance code)

Corporate governance is the main pillar that allows a company to create economic, environmental, and social value. It is the structure through which key frameworks, policies and procedures are put in place to ensure business integrity through transparency and accountability.

A robust corporate governance structure allows a company to achieve its objectives through strategic direction, to control risks, as well as to protect the company's brand. An effective corporate governance structure makes an organisation more resilient, protects the interests of all stakeholders, and as a result ensures shared value is created sustainably.

Our Ownership Structure

As at December 31, 2021, we had 532 shareholders, 99% of which are from the UAE. Below is a graph outlining our ownership structure:



Our Governance Structure

Our Board of Directors is composed of seven members, four of which are independent. We currently have one female board member.

All our board members are prominent and highly reputable local business individuals with track records in establishing and leading successful companies.

We have created four different board committees each responsible for key functions to ensure good governance. Below is our governance structure along with a brief outline of each committee's purpose:

BOARD OF DIRECTORS	Audit Committee	Provides oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations
	Nomination & Remuneration Committee	Develops and oversees the criteria for determining qualifications, diversity, and independence of the board. In addition, the committee recommends a policy related to the remuneration of the Directors & key managerial roles
	Risk Committee	Develops and oversees the company's strategic direction and corresponding policies in relation to risk management. Setting the company's risk parameters and regularly updating risk management policies and procedures.
	Investment Committee	Develops the investment and risk management policy in line with the level of risk acceptance set by the Board to ensure proper investment of the company's funds

Risk Management

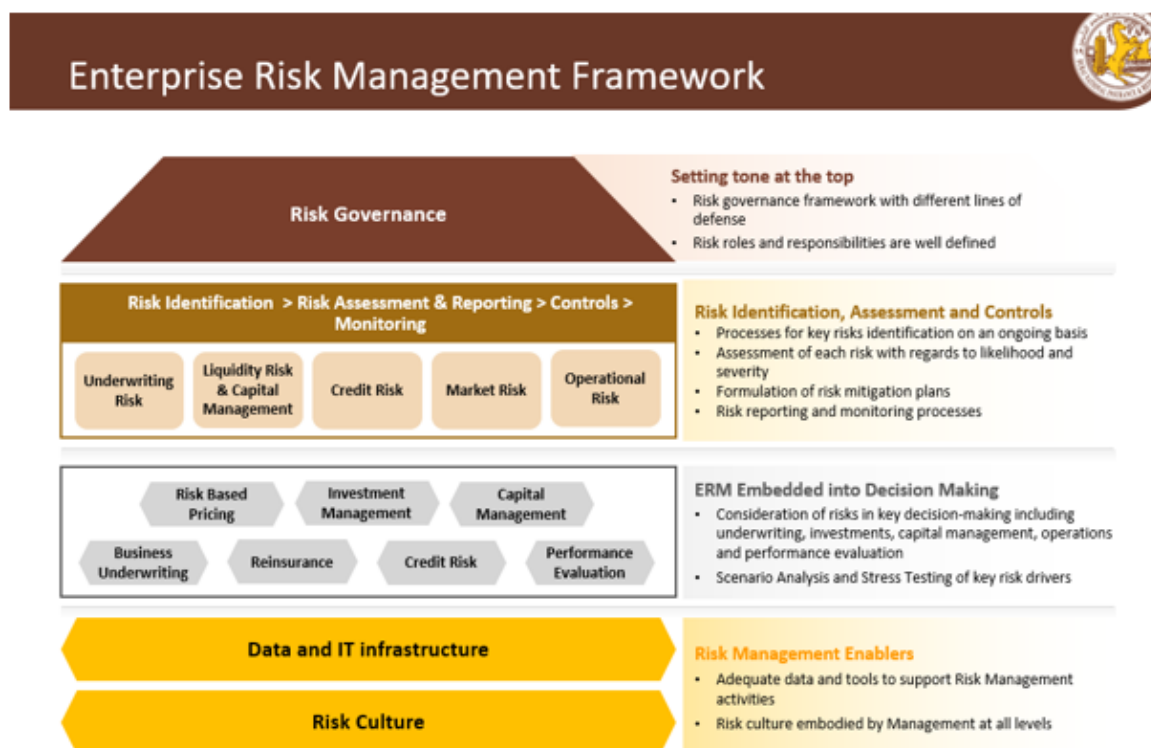
Insurance companies are faced with several external and internal risks. The ultimate responsibility lies with the board to ensure that the necessary frameworks, policies, and procedures are in place to manage and control these risks and are being efficiently implemented by senior management and the company as a whole.

At the heart of a corporation's risk management practice is its Enterprise Risk Management framework, which is essential for the successful delivery of a business strategy, to maintain operational excellence, and to create shared value for all stakeholders.

The purpose of DNIR's risk management framework is to promote a culture of risk awareness across the business and bring risk-knowledge and decision-useful information to the forefront of decision-making processes. It is crucial that our

key risks are registered, understood, monitored, and controlled by means of mitigating and/or transferring them.

The below Chart provides an overview of the ERM Framework we have in place:



The **Risk Committee** oversees the efficient implementation of DNIR's ERM Framework with its corresponding policies and procedures, as well as to continuously measure, monitor, and assess risks and take action where necessary.

Risk Culture

Efficient implementation of an ERM framework goes hand in hand with having a strong risk culture in a company. Risk culture can be described as the way in which the Board and senior management consider and take risks. When these are unified and communicated to the rest of the company through a clear framework, policies, procedures, and after thorough training, the entire workforce, (through its many layers), becomes responsible and equipped to manage these risks.

DNIR seeks to maintain an effective risk culture across the company and develop a comprehensive understanding of risk management responsibilities.

Internal Control & Compliance

Our successful track record is built on the trust we have gained throughout the years from our customers and all other key stakeholders. In order to continuously protect this trust and build on it, we have in place the necessary internal control & compliance policies and procedures to ensure business ethics.

Our Employee Handbook: Our employee handbook ensures the proper conduct of all DNIR employees and is at the core of our corporate culture. As part of our efforts to continuously improve our processes, we will be conducting regular reviews with the aim of ensuring alignment with corporate best practices.

DNIR demands integrity, transparency, and accountability from its employees and requires that they continuously act in an ethical and honest manner.

Our Whistle-blower Policy & Procedure: A clear whistleblowing policy encourages an ethical culture by encouraging people to report instances of misconduct. DNIR's Whistle-blower policy ensures a structured process is in place to allow staff, service providers, and all DNIR partners to report any alleged improper conduct without fear of retribution. All DNIR employees are required to sign and acknowledge agreement with the policy and have attended awareness sessions in that regard.

Anti-money Laundering & Countering Financing of Terrorism (AML/CFT)

DNIR is committed to being in full compliance with all applicable rules and regulations including AML/CFT related regulations.

We have a thorough AML/CFT policy in place that all employees are made aware of and are trained to implement. In addition, we have an AML officer who works in full independence and has the authority to oversee the proper management and implementation of our AML/CFT policy and ensures that it fully complies with the rules and regulations. The policy applies to all employees, managers and directors and aims to maintain high standards of conduct to prevent any AML/CFT activity.

In addition, we continuously develop and update our AML/CFT policies and procedures to be fully and consistently aligned with regulations while also organizing regular AML training for all our employees to ensure company-wide compliance.

Procurement Procedures

As part of our quest for operational excellence, we also have a robust procurement system in place with clear procedures that govern the purchase of all goods and services. The system helps to optimise costs and ensures we only deal with credible suppliers that are looking to establish a long-term working relationship.

1 Confirmed incidents of corruption and actions taken (GRI 205-3)		
a.	Total number and nature of confirmed incidents of corruption	
	Number of confirmed incidents of corruption	Nature of incidents
	2019	Nil
	2020	Nil
	2021	Nil
b.	Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	
	Total number of confirmed incidents	
	2019	Nil
	2020	Nil
	2021	Nil

c.	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	
	Total number of confirmed incidents	
	2019	Nil
	2020	Nil
	2021	Nil

ABOUT THIS REPORT

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

Reporting Scope

This is the 2021 Sustainability Report for Dubai National Insurance & Reinsurance P.S.C. covering the period between January 1 and December 31, 2021, unless stated otherwise.

Dubai National Insurance & Reinsurance P.S.C. (DNIR) is a public shareholding company incorporated in Dubai on January 6, 1992. The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the UAE Federal Law No. 6 of 2007 relating to insurance companies and insurance agents.

DNIR has been listed on the Dubai Financial Market since March 2000 with an authorised capital of AED 115.50 million and operates out of its headquarters in Dubai in Dubai National Insurance Building, floors 7 & 8, Port Saeed, Deira, P.O. Box: 1806, Dubai – UAE.

Basis of Preparation

This report has been prepared in accordance with the GRI Standards (GRI): Core Option and is aligned with Dubai Financial Market's ESG metrics. In addition, the report outlines DNIR's impact on those Sustainable Development Goals that are material to its operation.

External Assurance

The content of this report has been rigorously reviewed by each corresponding department. In addition, the financial data included in the report has been extracted from our Financial Statements which have been independently audited by recognised audit firms. Our audited financial statements can be found annexed to this report.

Forward-Looking Statement

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

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

Disclosure References

References to the GRI Standards as well as the Dubai Financial Market's ESG metrics can be found next to each section title. In addition, a content index is included at the end of this report which outlines all the GRI and DFM disclosures on which DNIR has reported.

Communication & Feedback

For any comments, questions, or feedback about this report, please contact the Investor Relationship Department on the following:

Email: investor@dnirc.com

Phone: 600 5 80000

GRI & DFM CONTENT INDEX

(GRI 102-55)

GRI STANDARDS				
GENERAL DISCLOSURES				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE SECTION	NOTES
Organizational profile				
102-1	Name of the organization		Section 4	
102-2	Activities, brands, products, and services		Section 4	
102-3	Location of headquarters		34	
102-4	Location of operations		34	
102-5	Ownership and legal form		29	
102-6	Markets served		Section 4	
102-7	Scale of the organization		Section 4,15	
102-8	Information on employees and other workers	S4: Gender Diversity	15	
		S5: Temporary Worker Ratio		
102-9	Supply Chain	G5: Supplier Code of Conduct	Section 4,20	
102-10	Significant changes to the organization and its supply chain		Section 4	
102-11	Precautionary Principle or approach		29	
102-12	External initiatives		Section 4	
102-13	Membership of associations		Section 4	
Strategy				
102-14	Statement from senior decision-maker		1	
Ethics & Integrity				
102-16			Section 4,15,29	

	Describe your organization's values, principles, standards and norms of behavior			
Governance				
102-18	Governance structure	G1: Board Diversity G2: Board Independence	29	
102-20	Executive-level responsibility for economic, environmental, and social topics	E8, E9: Environmental Oversight E10: Climate Risk Mitigation	6,24	
Stakeholder Engagement				
102-40	List of stakeholder groups		Section 4	
102-41	Collective bargaining agreements	G4: Collective Bargaining		<i>Not applicable for companies operating in UAE</i>
102-42	Identifying and selecting stakeholders		Section 4	
102-43	Approach to stakeholder engagement		Section 4	
102-44	Key topics and concerns raised		Section 4,6	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		34	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting G9: Disclosure Practices	6,34	
102-47	List of material topics		6	
102-48	Restatements of information		34	
102-49	Changes in reporting		34	
102-50	Reporting period		34	
102-51	Date of the most recent report		34	
102-52	Reporting cycle		34	

102-53	Contact point for questions regarding the report		34	
102-54	Claims of reporting in accordance with the GRI standards		34	
102-55	GRI content index		36	
102-56	External assurance	G10: External Assurance	34	
MATERIAL TOPICS				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE SECTION	NOTES
GRI 200: Economic Standard Series				
GRI 201: Economic Performance 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		1,10	
103-2	The management approach and its components		1,10	
103-3	Evaluation of the management approach		1,10	
GRI 201 Topic Specific				
201-1	Direct economic value generated and distributed		Section 3 and 5	
GRI 205: Anti-Corruption 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,29	
103-2	The management approach and its components		6,29	
103-3	Evaluation of the management approach		6,29	
GRI 205 Topic Specific				
205-3	Confirmed incidents of corruption and actions taken	G6: Ethics & Anti-Corruption	29	
GRI 300: Environmental Standard Series				
GRI 302: Energy 2016				
GRI 103 Management Approach				

103-1	Explanation of the material topic and its boundary		6,24	
103-2	The management approach and its components		6,24	
103-3	Evaluation of the management approach	E7: Environmental Operations	6,24	
GRI 302 Topic Specific				
302-1	Energy consumption within the organization	E3: Energy Usage	24	
		E5: Energy Mix		
		E6: Water Usage		
302-3	Energy intensity	E4: Energy Intensity	24	
GRI 305: Emissions 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,24	
103-2	The management approach and its components		6,24	
103-3	Evaluation of the management approach		6,24	
GRI 305 Topic Specific				
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	24	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	24	
305-4	GHG emissions intensity	E2: Emissions Intensity	24	
GRI 400: Social Standard Series				
GRI 401: Employment 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,15	

103-2	The management approach and its components		6,15	
103-3	Evaluation of the management approach	S7: Injury Rate S8: Global Health and Safety	6,15	
GRI 401 Topic Specific				
401-1	New employee hires and employee turnover	S3: Employee Turnover	15	
401-2	Benefits provided to full-time employees that are not provided to part-time employees		15	
GRI 405: Diversity and Equal Opportunity 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,15	
103-2	The management approach and its components		6,15	
103-3	Evaluation of the management approach		6,15	
GRI 405 Topic Specific				
405-1	Diversity of governance bodies and employees	S4: Gender Diversity	15,29	
		S6: Non-Discrimination		
		G1: Board Diversity		
405-2	Ratio of basic salary and remuneration of women to men	S2: Gender Pay Ratio	15	
GRI 413: Local Community 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,20	
103-2	The management approach and its components		6,20	

103-3	Evaluation of the management approach	S12: Community Investment	6,20	<i>Only the management approach has been disclosed as data is not applicable</i>
GRI 417: Marketing and Labeling 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,10	
103-2	The management approach and its components		6,10	
103-3	Evaluation of the management approach		6,10	
GRI 417 Topic Specific				
417-2	Incidents of non-compliance concerning product and service information and labeling		10	
417-3	Incidents of non-compliance concerning marketing communications		10	
GRI 418: Customer Privacy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,10	
103-2	The management approach and its components		6,10	
103-3	Evaluation of the management approach		6,10	
GRI 418 Topic Specific				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	10	

Additional DFM disclosures		
DFM DISCLOSURE	CONTENT	REFERENCE SECTION & NOTES
Social		
S1	CEO Pay Ratio	Section 7
	Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	
	Does your company report this metric in regulatory filings?	
S6	Non-Discrimination	We have Sexual Harassment and Non-Discrimination clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Does your company follow a sexual harassment and/or non-discrimination policy?	
S9	Child & Forced Labor	We are in full support of combating child and/or forced labor, this risk is less applicable to the Insurance Sector
	Does your company follow a child and/or forced labor policy?	
	If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	
S10	Human Rights	We have Human Rights clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Does your company follow a human rights policy?	
	If yes, does your human rights policy also cover suppliers and vendors?	
S11	Nationalization	20
	Percentage of national employees	
	Direct and indirect local job creation	
Governance		
G3	Incentivized Pay	This will be considered as part of our Sustainability Strategy
	Are executives formally incentivized to perform on sustainability?	

Corporate Governance Report

2021



Dubai National Insurance & Reinsurance P.S.C.
Board Corporate Governance Report For the Year 2021

First: Corporate Governance Practices:

Dubai National Insurance & Reinsurance (DNIR) is a committed in the implementation of corporate governance controls of joint stock companies, in light of its vision on the importance of these rules towards achieving the desired objectives of protecting the Company's financial system against crises, providing protection to shareholders, enhancing transparency, and meeting the necessary standards for responsibility, integrity, and transparency.

In 2021, the Company effectively implemented the governance principles issued by the Securities and Commodities Authority (SCA). The Board and its committees completed their duties and entrusted terms of reference in accordance with the governance rules.

Second: Board of Directors' member's transactions with the company:

The Directors, their spouses, and children are bound by the general rules of disclosure and transparency approved by the Board with regard to dealing and trading in Company's shares in light of the provisions and laws of the SCA and the company memorandum of association.

A statement of the securities transactions of Directors, their spouses, and children during 2021, is delineated in the following table:

S.N.	Name	Title/Relationship	Shares owned as at 31/12/2021	Total Sale Transactions during 2021	Total Purchase Transactions During 2021
1	Mr. Khalaf Ahmad Mohammed Al Habtoor	Chairman	30,061,508	NA	NA
2	Mr. Sultan Ahmad Al Habtoor	Vice Chairman	3,527,381	NA	NA
3	Mr. Ahmad Khalaf Ahmad Al Habtoor	Chairman Son	19,404	NA	NA
4	Al Habtoor Investment (LLC)	A company owned by Mr./ Khalaf Ahmad Mohammed Al Habtoor and others	32,649,636	NA	NA
5	Sultan Ahmad Al Habtoor Investment Group LLC	A company owned by Mr./ Sultan Ahmad Al Habtoor and others	8,180,314	NA	NA

Beyond that, none of the Company's shares are owned by any of the spouses of the Chairman and Directors or their other children.



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Moreover, the Chief Executive Officer of the Company and its employees, who have access to the Company's confidential data, did not deal or trade in the Company's securities during 2021.

Third: Board of Directors Composition:

A. On 17/03/2021, the Directors were re-elected for three-year from FY 2021 to the end of FY 2023.

The Board is currently composed of five academically qualified Directors with high skills and vast experience both at the administrative and economic levels. The Directors are as follows:

S.N.	Name	Title	Category	Expertise and Qualifications	Membership Period - from	Membership and titles at any other joint stock company	Membership and title at any significant regulatory, governmental or commercial entities
1	Mr. Khalaf Ahmad Al Habtoor	Chairman	Non-Independent Non-executive Director	<ul style="list-style-type: none"> - One of the most prominent businessmen in UAE who is highly reputable in the business community. - He holds several honorary doctorates from the world's finest universities such as an honorary doctorate from the American University in Cairo in recognition of his continuous efforts in promoting intercultural understanding, supporting humanitarian causes, and promoting Scientific research in June 2014, an honorary doctorate in humanities from the University of Illinois in May 2010, and an honorary doctorate in 	1991	NA	Chairman of Al Habtoor Group



				humanities from the American University of Science and Technology in Beirut, founder and Chairman of the Al Habtoor Group with more than 40 years of experience in the field of business administration and economic entities.			
2	Mr. Sultan Ahmad Al Habtoor	Vice Chairman	Non-Independent Non-executive Director	<ul style="list-style-type: none"> - One of the most prominent businessmen in UAE. - He holds a BS from UAE University. - The Chairman of Al Habtoor Motors with more than 35 years of practical experience. 	1991	NA	Chairman of Al Habtoor Motors
3	Mr. Mohammed Khalaf Al Habtoor	Managing Director	Non-Independent Executive Director	<ul style="list-style-type: none"> - A businessman. - A holder of a Bachelor's degree in business administration from the finest British universities. - He hold many positions in the Al Habtoor Group until he served as the Vice Chairman of Al Habtoor Group with more than 20 years of practical experience. 	2003	NA	Vice Chairman of Al Habtoor Group
4	Mr. Abdulla Fadhel Al Mazrooei	Director	Independent Non-executive Director	<ul style="list-style-type: none"> - A businessman. - He is the founder and Chairman of many private companies. 	2016	NA	NA
5	Dr. Fatema Ahmed Al Otaiba	Director	Independent Non-executive Director	<ul style="list-style-type: none"> - A business woman - She headed many administrative positions in many institutions and associations 	2021	NA	NA



6	Mr. Mohammed Abdulla Al Haj	Director	Independent Non-executive Director	- A businessman - He headed many administrative positions in many institutions and associations.	2021	NA	NA
7	Mr. Ebrahim Juma Al Madani	Director	Independent Non-executive Director	- A businessman - He headed many administrative positions in many institutions and associations.	2021	NA	NA

B. Statement of the percentage of female Directors on the Board of Directors for 2021:

On March 17, 2021, Dr. Fatima Ahmed Al Otaiba was elected as an independent, non-executive board member. Dr. Fatima Ahmed Al-Otaiba is the first woman to win membership in the Board of Directors of Dubai National Insurance and Reinsurance Company.

C. Statement of the reasons for not nominating/electing female directors on the Board of Directors:

N/A

D. Statement of the Remunerations of Directors:

The remunerations of the Directors shall be determined in accordance with Article No. (29) of SCA's Board of Directors' Decision no. (3/Chairman) of 2020 and attached to the Federal Decree Law No. (32) of 2021 concerning commercial companies. The remunerations of the Chairman and Directors is made up of a percentage of the net profit not exceeding 10% of the fiscal year profits after deducting the amortizations and reserves. The Company may also pay additional expenses, fees, or a monthly salary as decided by the Board to any director if this director works in any committee, exerts special efforts, or performs additional work to serve the Company in addition to his regular duties as a director. Attendance allowance shall not be paid to the Chairman or a director for attending the board meetings. The fines imposed on the Company due to contraventions by the board to the Commercial Companies Law or the Company Statute during the ending fiscal year shall be deducted from such bonus. The General Assembly may not deduct such fines or a part thereof if it finds that such fines are not due to default or error by the board.

According to the Company's memorandum of association, and pursuant to the above decision, the bonus of directors shall be determined through a proposal or recommendation submitted by the board to the General Assembly. Accordingly, the following actions were taken:



1- Remunerations of directors paid in 2020:

The total remunerations of the directors paid in 2020 was AED 5,401,565/- knowing that the directors did not receive any allowances for attending board meetings or its committees during 2020 being content with the designated bonus.

2- Total proposed Remunerations of the directors for 2021 to be presented at the Annual General Assembly Meeting for approval:

As for 2021, and in accordance with the above, the bonus of directors to be submitted to the General Assembly for approval is AED 5,543,838/- representing 10% of the 2021 profits.

3- Detailed statement of the attendance allowances for the meetings of the board committees held in FY 2021:

The directors did not receive any allowances for attending the meetings of the board committees during 2021.

4- Details of the additional allowances or salaries or fees received by a member of the Board of Directors, other than the allowances for attending committees, and their reasons.

There's no received additional allowances or salaries or fees by a member of the Board of Directors.

E. Board Meetings:

The board held six meetings in 2021. The following are the dates of these meetings, attended by directors as shown in the below table:

Meeting	Date	Attendance
First	11/02/2021	All directors attended
Second	30/03/2021	All directors attended
Third	10/05/2021	All directors attended
Fourth	11/08/2021	All directors attended
Fifth	29/09/2021	All directors attended
Sixth	11/11/2021	All directors attended

F. Number of the Board resolutions passed during the 2021 fiscal year, along with its meeting convention dates.

There are no decisions passed by the Board of Directors during the fiscal year 2021.



G. Duties and terms of reference delegated by the board to the executive management:

The following duties and terms of reference were delegated to the executive management, represented by:

1. Mr./ Mohammed Khalaf Al Habtoor

- **Capacity:** Managing Director - Head of Investment Committee
- **Duties and Powers:** Shall be as follows: -

<u>Powers</u>	<u>Duration</u>
<ul style="list-style-type: none"> - <u>*Various powers, including:</u> - Joint signature on all accounts and financial transactions of the company with banks operating in the United Arab Emirates and without specifying any amount in accordance with the signature regulations approved by the Board of Directors. - Signing all related to administrative and financial affairs, employee affairs and their financial entitlements determined by the Board, as well as every regulation set by the Board regarding the organization of its work and meetings and the distribution of powers and responsibilities in accordance with the decisions of the Board of Directors. - Managing the company and presiding over internal committees - selling and purchasing shares and bonds in the name of the company, assigning them and signing the transactions related to them in accordance with the decisions of the Board of Directors. - Signing the extract of the Board of Directors meetings - Signing all insurance contracts, lease contracts, and various contracts related to the company's activity. - Legal representation of the company before the courts and before all official, governmental and non-governmental bodies and in its relationship with third parties and all its transactions and correspondence related to its activities inside and outside the United Arab Emirates. - Signing all transactions and requests for the General Directorate of Residency and Foreigners Affairs and visitor visas, and signing all transactions and visa requests submitted to the Ministry of Human Resources and Emiratisation. - Signing on contracts of the purchasing and selling vehicles related to the company's activities and transferring their possession. - Signing agreements to open trading accounts with financial brokerage firms and signing all necessary requests for this, including electronic and international trading agreements, fixed income, investment funds, futures trading contracts, investment portfolios, and extracting investor cards and numbers in the UAE and international financial markets in accordance with the decisions of the Board of Directors. 	<ul style="list-style-type: none"> - The validity of these powers shall be 3 years starting from the election date of the current board and shall expire at the end of its term by the end of FY 2023.



- Delegating and appointing lawyers to represent the company and on its behalf in all cases, whether filed by it or against it, before all courts in the United Arab Emirates or abroad of various degrees and types, according to what is stated in Article 58 of the Civil Procedural Law, and he has the right to delegate others in all of the above or some and dismiss them.	
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2. Mr./ Abdulla Al Nuaimi

- **Capacity:** Company's Chief Executive Officer –Member of the Investment Committee & Risk Committee.
- **Duties and Powers** shall be as follows: -

<u>Powers</u>	<u>Duration</u>
<p><u>*Various powers, including:</u></p> <ul style="list-style-type: none"> - Signing on behalf of the company and carrying out all acts required by its purpose. - Signing all the company's transactions documents and correspondence related to its administrative, legal and technical activities inside and outside the United Arab Emirates. - Legal representation of the company before the courts and before all official, governmental and non-governmental bodies and in its relationship with third parties and all its transactions and correspondence related to its activities inside and outside the United Arab Emirates. - Joint signature on all accounts and financial transactions of the company with banks operating in the United Arab Emirates and without specifying any amount in accordance with the signature regulations approved by the Board of Directors. - Signing all insurance contracts, lease contracts, and various contracts related to the company's activity. - Signing all transactions and requests for the General Directorate of Residency and Foreigners Affairs and visitor visas, and signing all transactions and visa requests submitted to the Ministry of Human Resources and Emiratisation. - Managing the company and presiding over internal committees - Signing on contracts of the purchasing and selling vehicles related to the company's activities and transferring their possession. - Signing agreements to open trading accounts with financial brokerage firms and signing all necessary requests for this, including electronic and international trading agreements, fixed income, investment funds, futures trading contracts, investment portfolios, and extracting investor cards and numbers in the UAE and international financial markets in accordance with the decisions of the Board of Directors. 	<p>The validity of these powers shall be 3 years starting from the election date of the current board and shall expire at the end of its term by the end of FY 2023.</p>



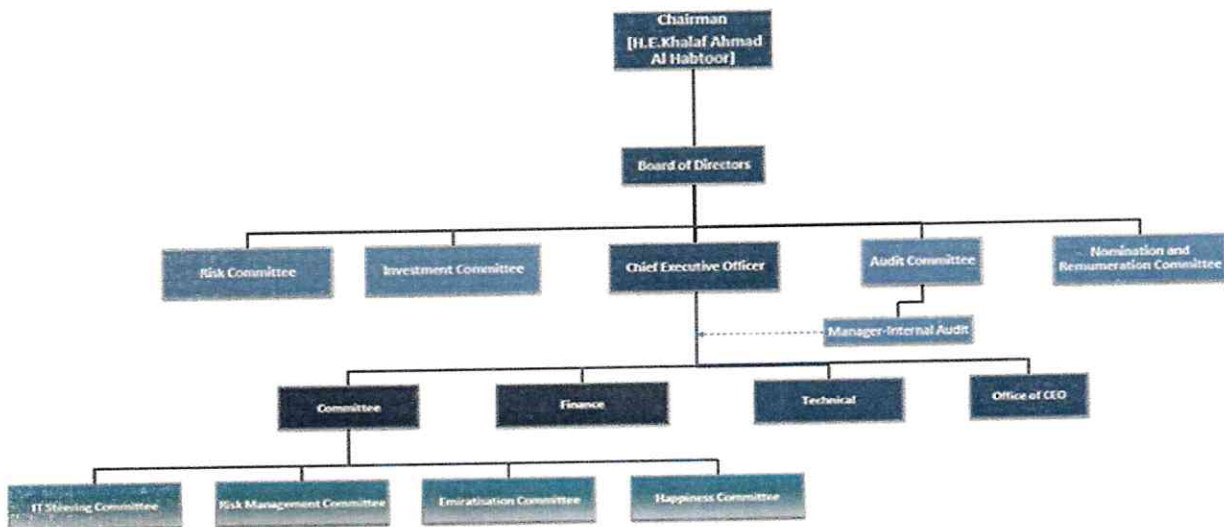
- Delegating and appointing lawyers to represent the company and on its behalf in all cases, whether filed by it or against it, before all courts in the United Arab Emirates or abroad of various degrees and types, according to what is stated in Article 58 of the Civil Procedural Law, and he has the right to delegate others in all of the above or some and write-of their delegations.

H. A statement of the details of transactions made with the related parties (stakeholders):

During 2021, the Company, as a part of its regular work duties, has collected premiums and paid compensation to other parties under the description of shareholders in accordance with International Accounting Standards. In their totality, the premiums and compensations were related to transactions involving Al Habtoor Group LLC., a company owned by the Chairman of Dubai National Insurance & Reinsurance P.S.C. and its associates providing insurance services. The details of the transactions made between shareholders are as follows:

	<u>2021</u>
	<u>AED 000</u>
Written Premiums	64,843
Paid Claims	9,584
Paid Commissions	2,035
Agency and Non-agency Repairs	18,256

I. Organizational Structure of the Company:



J) Executives of the company, their titles, date of appointment, and total salaries:

S.N.	Title	Date of Appointment	Total salaries and allowances paid in 2021 (AED)	Total bonuses paid in 2021 (Bonuses) (AED)	Any other cash / in-kind bonuses, in 2021 or due in the future
1	Chief Executive Officer	11/04/2021	781,447	Not yet determined	N/A
2	Chief Technical Officer	03/01/2016	506,400	Not yet determined	N/A
*Note: During the year 2021, the following resigned:					
3	General Manager	From 02/11/1996 Till 22/02/2021	304,568	N/A	N/A
4	Chief Financial Officer	From 06/06/2004 Till 04/05/2021	196,439	N/A	N/A

Fourth: External Auditor:**A. About the Auditor:**

Messrs. Grant Thornton International Ltd (GTIL) is an external audit firm, one of the world's leading international companies, which incorporates a number of member companies that independently provide and manage auditing, accounting and consulting services. The firm has more than 500 offices, including 14 offices in the MENA region, and 30,000 employees around the world to support corporate operations. Its clients in UAE include a wide range of entities including insurance companies, multinational companies, government institutions, non-profit organizations, and social, financial, and industrial development funds, in addition to manufacturing and energy sectors.

B. Statement of the fees and costs for the External Audit are as follows:

Audit Firm Name	Grant Thornton International Ltd (GTIL)
Auditor Partner Name	Farouk Mohamed
Numbers of years served as the Company's External Auditor	1
Numbers of years that the Auditor Partner audited the Company's financial Statements.	1
Fees for auditing financial statements of 2021 (AED)	
Total Audit Fees	175,000
Report on Internal Control on Financial Reporting submitted to CBUAE for the year 2021	25,000
TOTAL	200,000



-There are no other services performed by an external auditor other than the company's auditor during the year 2021.

C) The Company's Auditor has no reservations.

Fifth: Audit Committee:

A- **Abdulla Fadhel Al Mazrooei**, as a Head of Audit Committee, acknowledges my responsibility for the committee system at the company, review of its work mechanism and ensuring its effectiveness.

B- **Audit Committee members, specialization and functions:**

	Name	Title
1	Mr. / Abdulla Fadhel Al Mazrooei	Director (Independent) and Head of the Committee
2	Mr. / Ebrahim Juma Al Madani	Director (Independent)
3	Mr. / Medhat Moheb Elabd	Financial and accounting expert (A non-employee)
4	Mr. / Subhro Chakraborti	Financial and accounting expert (A non-employee)

Noting that the Board of Directors appointed Mr. / Medhat Moheb Elabd - an expert in financial and accounting affairs as a member of the Audit Committee in the meeting of the Board of Directors held on 29/09/2021 instead of Mr. / Subhro Chakraborti, who had submitted his resignation on 23/09/2021 due to personal reasons.

Duration of the Committee:

The work term of the Committee, with the above stated composition, shall be three years and shall expire with the election of a new board in early 2024.

Committee work system:

The Audit Committee shall hold its meeting at least once every three months or whenever necessary. Moreover, the Rapporteur shall keep the minutes of its meetings and final copies thereof shall be sent to the members after being approved for keeping purpose.

Duties and obligations of the Committee:

- Develop and implement the contracting policy with the External Auditor, submit a report to the board specifying the significant findings that need an action to be taken, and recommend the steps necessary to be implemented.



- Follow-up and control the independency and objectivity of the External Auditor, in addition to discussing the nature and scope of the Audit and its effectiveness in accordance with the approved auditing standards.
- Control the integrity of the annual, semi-annual and quarterly financial statements and reports of the company and review them as a part of their regular work duties during the year and after closing the accounts in any given quarter. The Committee should focus, in particular, on the following:
 - 1) Making any changes to the accounting policies and practices.
 - 2) Highlighting the areas subject to the management's discretion.
 - 3) Making substantial modifications resulting from the Audit.
 - 4) Assuming the continuity of the Company's business.
 - 5) Complying with accounting standards determined by the Authority.
 - 6) Complying with the principles of inclusion, disclosure and other legal requirements related to the preparation of financial reports.
- Coordinate with the board, Executive Management, and Chief Finance Officer, or the Acting Chief Finance Officer or Manager, to perform its duties. The Committee should hold meetings with the external auditors of the Company at least once a year.
- Consider any key and unusual aspects included or should be included in such reports and accounts and shall give due attention to any findings raised by the Chief Finance Officer of the Company, Acting Manager, Compliance Officer, or External Auditors.
- Review the financial control, internal control, and risk management systems of the Company.
- Discuss the internal control system with the administration and ensure that it fulfills its duty by establishing an effective internal control system.
- Consider the results of major investigations on internal control issues assigned to it by the board or through the initiative of the Committee itself and the approval of the Management.
- Ensure that there is coordination between the Company's internal and external auditors, and the availability of necessary resources for the internal audit system, in addition to reviewing and controlling the effectiveness of the system.
- Review the financial and accounting policies and procedures of the Company.
- Review the statement of the external auditor's statement, its work plan and address any substantial inquiries submitted by the auditor to the Executive Management regarding accounting records, financial accounts or control systems to be rejected or approved.
- Ensure that the board responds, in a timely manner, to the requests of clarifications and material findings raised in the statement of the external Auditor.
- Develop the controls that enable the Company's employees to report any potential irregularities in financial reports, internal controls or other matters in a confidential manner, and articulate the steps to conduct independent and fair investigations of such violations.
- Review the Company's compliance with the Code of Professional Conduct.



- Ensure the application of the work regulations regarding the duties and the powers assigned to the Committee by the board.
- Submit a report to the board on the issues mentioned in this clause.
- Consider any other issues determined by the board.

C-Number and details of meetings held by the Audit Committee during the year:

The Audit Committee held four meetings in 2021 attended by the members as shown in the below table:

Meeting	Date	Attendance
First	09/02/2021	All members attended
Second	03/05/2021	All members attended
Third	05/08/2021	All members attended
Fourth	04/11/2021	All members attended

Sixth: Nomination and Remuneration Committee:

A- **Abdulla Fadhel Al Mazrooei**, as a Head of Nomination & Remuneration Committee, acknowledges my responsibility for the committee system at the company, review of its work mechanism and ensuring its effectiveness.

B- Nomination and Remuneration Committee members, specialization and functions:

	Name	Title
1	Mr./ Sultan Ahmad Al Habtoor	Vice Chairman (Non-Executive)
2	Mr./ Abdulla Fadhel Al Mazrooei	Director (Independent) and Head of the Committee
3	Mr./ Mohammed Abdulla Al Haj	Director (Independent)

Duration of the Committee:

The work term of the Committee, whose composition is as described above, shall be three years and shall expire with the election of new board in early 2024.

Committee work system:

The Nomination and Remuneration Committee shall hold its meeting at least once a year, or whenever necessary. Moreover, the Rapporteur shall keep the minutes of its meetings. In addition, all committee members shall review the draft minutes of the committee's meetings before approval and final copies thereof shall be sent to the members after being approved for keeping purpose.



Duties and Obligations of the Committee:

- Ensuring the independency of its independent members on continuous basis.
- Preparing the Company's policy for bonuses, benefits, incentives and salaries, in addition to reviewing it annually.
- Identifying the key competencies needed by the Company at the level of senior executive management and staff, as well as setting the key selection criteria.
- Preparing the Company's human resources and training policy, monitoring its application, and reviewing it annually.

C- A statement of the number and details of meetings held by the Committee during the current fiscal year:

The Nomination and Remuneration Committee held two meetings in 2021 attended by the members as shown in the below table:

Meeting	Date	Attendance
First	01/02/2021	All members attended
Second	05/05/2021	All members attended

Seventh: Supervision and Follow-up Committee of Insiders' Transaction:

The members of the Board of Directors, as stipulated in Article (33) of SCA'S Board of Directors' Decision no. (3/Chairman) of 2020, assigned the tasks and system of following up and supervising the transactions of insiders to the Audit Committee.

Eighth: Other Committees:***Risk Committee:**

A - Khalaf Ahmad Al Habtoor, as a Head of Risk Committee, acknowledges my responsibility for the committee system at the company, review of its work mechanism and ensuring its effectiveness.

B - Risk Committee member's specialization and functions:

	Name	Title
1	Mr. Khalaf Ahmad Al Habtoor	Chairman - Head of the Committee
2	Mr. Sultan Ahmad Al Habtoor	Vice Chairman - Deputy Head of the Committee
3	Mr. Abdulla Fadhel Al Mazrooei	Director (Independent)
4	Mr. Abdulla Al Nuaimi	Chief Executive Officer Of the Company



Duration of the Committee:

Duration of the Committee as described above is three years ending with the election of a new board of directors at the beginning of 2024.

Committee work system:

- The committee meets once every three months or whenever the need arises, at the invitation of its chairman or his deputy in his absence.
- The meeting of the committee is legal in the presence of at least three members, and the committee takes its recommendations by a majority vote of the attendees, and in the event of a tie, the vote of the chairman shall prevail.
- The minutes of its meetings shall be kept by the Board Secretary, provided that copies of the minutes are sent to the members of the Committee after its approval to keep them with them.

Duties and Obligations of the Committee:

- Develop a comprehensive risk management strategy and policies that are consistent with the nature and size of the company's activities, monitor their implementation, review and update them based on the company's internal and external changing factors.
- Develop a risk management policy and establish its own system to show the risks associated with the investment and expected for each asset, which may result in potential losses if not dealt with appropriately, with the identification of the risk and its degree and the strategy or alternative tools that can be relied upon to remedy it, deal with it or transfer it in the event its occurrence.
- Determine and maintain an acceptable level of risks that the company may face, and ensure that the company does not exceed this level.
- Overseeing the company's risk management framework and evaluating the effectiveness of the framework and mechanisms for identifying and controlling risks that threaten the company to identify areas of inadequacy and adequacy.
- Provide guides to management as needed to help it improve its risk management practices and/or mitigate specific risks, including having qualified personnel at the management level to carry out risk management activities effectively.
- Obtaining a pledge from the executive management and the internal audit that the risk processes and systems are working effectively with appropriate controls and adherence to the approved policies.
- Preparing detailed reports on the level of exposure to risks and the recommended procedures for managing these risks, and submitting them to the Board of Directors.
- Make recommendations to the Board of Directors regarding issues related to risk management.
- Ensure the availability of adequate resources and systems to manage risks.
- Reporting to the Board of Directors on a regular basis on the level of risks to the company and informing the Board of Directors immediately of any material changes in the amount of risks.
- Verify the independence of risk management personnel from activities that may expose the company to risks.



- Reviewing any issues raised by the Audit Committee that may affect the company's risk management.
- Reviewing the appointment, performance and replacement of the main risk management officer, and monitoring the effectiveness of the risk management unit in general. Any tasks issued and/or issued by a decision and/or circular from the competent regulatory bodies or authorities are included in the committee's tasks.

C- Number of meetings held by the Risk Committee during the year and their details:

The Committee held one meeting in 2021 and the members of the Committee attended, as follows:

Meeting	Date	Attendants
First	28/12/2021	All members attended Except Mr. Abdulla Fadhel Al Mazrooei

*Investment Committee:

A- **Mohammed Khalaf Al Habtoor**, as a Head of Investment Committee and Managing Director, acknowledges my responsibility for the committee system at the company, review of its work mechanism and ensuring its effectiveness.

B- Investment Committee members, specialization and functions:

	Name	Title
1	Mr. Mohammed Khalaf Al Habtoor	Managing Director - Head of the Committee
2	Mr. Abdulla Fadhel Al Mazrooei	Director (Independent) - Vice Chairman of the Committee
3	Mr. Abdulla Al Nuaimi	Chief Executive Officer of the company
4	Mr. Teran Prasanna	Finance Manager

Duration of Committee:

The duration of the committee as described above is three years ending with the election of the new Board at the beginning of 2024.

Committee work system:

The Investment Committee shall hold its meeting twice a year or whenever the need arises and its minutes of meeting is kept by the rapporteur. Final copies of the minutes that be sent to the members after approval for their record.

Duties and Obligations of the Committee:

The Investment Committee shall be responsible for the development of an investment and risk management policy in line with the level of risk acceptance set by the Board to ensure proper investment of the company's funds.



The Committee shall be responsible for:

- Development of the committee investment policy and guidelines that define and clarify the investment process or investment of the company's capital or funds inside and outside the country for profit-making purposes, especially guidelines for the classification of assets, distribution of assets, banned investments and evaluation.
- Develop a separate investment strategy for insurance operations on individuals, capital formation, properties and liabilities.
- The committee shall monitor the various results of investments undertaken by the company and develop its guidelines, monitor the results regularly and identify investments that require special attention and review the degree of compliance with the company investment objectives approved by the Board.
- Develop a policy and a system for risk management to identify the risks associated with the investment, expected for each asset, which may entail potential losses. If they are not handled appropriately, and identify the hazard, its degree and strategy or alternative tools that can be relied upon to address, deal with or transfer in the event of its occurrence.
- Regular auditing and monitoring of company investments and investment results as well as investment criteria approved by the company to monitor its investment performance.
- To assist the Board of Directors in assessing the efficiency and effectiveness of policies, procedures, practices and Investment Control Systems that applied in daily administrative works through an audit report (from an independent or internal body) provided in accordance with the GAAP approved standards and submitted to the Audit Committee of the company.
- Carry out any other tasks related to company investment activities or other things that are assigned to the committee from time to time by the Board or according to the "Board policy".

B - Number of meetings held by the Investment Committee during the year and their details:

The Committee held two meetings in 2021 and the members of the Committee attended, as follows:

Meeting	Date	Attendants
First	05/08/2021	All members attended
Second	27/12/2021	All members attended

Ninth: Internal Control System:

Internal Control Management enjoys full independence to perform its duties. It is directly subordinate to the Board of Directors and submits its report to the Audit Committee and the Board. The report shall be annual and is submitted during the last week of December.

Internal Control Management objectives, functions, and powers:

- Ensure the company and staff compliance to the provisions of laws, regulations and decisions in force to regulate the work of the company.



- Supervise the application of corporate governance principles.
- Submitting an assessment of means and procedures of the company risk management.
- Submit suggestions and recommendations to company management with regard to risk management.
- Management Control - includes the organization plan and relevant means and procedures to control and ensure accuracy, improve and raise the level of performance.
- Accounting control - all procedures designed to ensure the accuracy of data, making sure of sound treatment of accounting treatment before presenting these data on the senior management of the company.

A - Responsibility for the Internal Control System:

The Board acknowledges its responsibility for the company Internal Control System as well as review and effectiveness through the Audit Committee of the Board, and in line with the decision of the Chairman of Securities and Commodities Authority Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

B - Manager of Internal Control System name and qualifications:

Mr. Asad Zaman is the responsible of the Internal Control System, joined the company on the 15/03/2017; moreover, he is a member of Association of certified chartered accountants (ACCA, UK) in addition to holding BSc degree in Accounting and Finance.

C- Manager of Compliance Management name and qualifications:

Mr. Charbel Yazbeck is the manager of the Compliance Management, joined the company in 2007; moreover, he holds a Bachelor's degree in Business Administration - majoring in Accounting, and also holds the internal audit certificate.

D - The Internal Control Department deals with any significant problems in the company or those disclosed in annual reports and accounts

The Internal Control Management shall inform the Audit Committee of problems that occur, if any, and informing the joint senior management of the company of problems, address them and follow up the activation of the proposed procedures by the Internal Control Management. Knowing that there are no situations or problems faced the Internal Control Management.

E - Number of reports issued by the Internal Control Department to the Company's Board of Directors.

Internal Control Department submitted three periodic reports to the company's board of directors during the year 2021.



Tenth: Details of violations committed during the fiscal year, showing their causes and how to address them: -

None, as no material violations were recorded during the fiscal year 2021.

Eleventh: Local Community Service:

As part of the company's role in local community service, the company takes actions in this regard, the most important of which are:

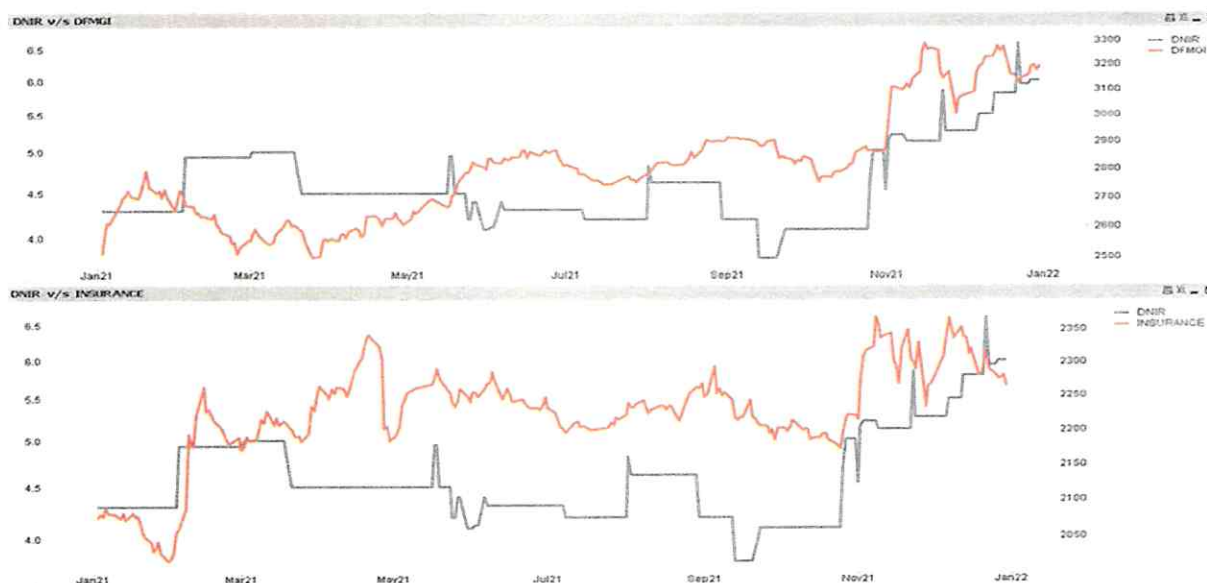
- The company accepted to offset an amount of 394,136 dirhams to support a humanitarian case.
- The company organized a blood donation campaign in cooperation with the Dubai Health Authority, in which 40 employees participated.
- The company organized a seasonal influenza vaccination campaign for 36 employees.
- The company has supported government initiatives by encouraging all employees to be vaccinated against COVID-19 with the advent of approved vaccines to contribute to limiting the spread of the epidemic.

Twelfth: General Information:**A. Company's share price in the market at the end of each month during Fiscal Year 2021**

	January	February	March	April	May	June	July	August	September	October	November	December
highest price	No Trading	4.940	5.000	No Trading	4.950	4.400	4.200	5.540	4.100	5.020	5.850	6.600
lowest price	No Trading	4.940	4.500	No Trading	4.100	4.100	4.200	4.170	3.800	4.700	4.540	5.000
Closing price	4.300	4.940	4.500	4.500	4.100	4.310	4.200	4.200	4.100	5.020	5.270	6.000



B. Comparative performance of the company's shares in the public market index and the insurance sector index during 2021:



C. Shareholders' Equity as of 31/12/2021

Shareholder Classification	Percentage of Shares			
	Individuals	Companies	Government	Total
Local	58.3891%	40.5817%	0.0087%	98.9795%
Arab	0.8268%	0.1145%	0%	0.9413%
foreign	0.0834%	0%	0%	0.0834%
Total	59.2993%	40.6962%	0.0087%	100%

D. Shareholders who own 5% or more of the company's capital as of 31/12/2021 according to the following table: -

No.	Name	Percentage
2	Mr. Khalaf Ahmad Mohammed Al Habtoor	26.0273%
1	Messrs. Al Habtoor Investment (LLC)	28.2681%
3	Mr. Salem Abdullah Salem Al Hosani	8.1983%
4	Messrs. Sultan Ahmad Al Habtoor Investment Group LLC	7.0825%



E. Statement of shareholder's distribution according to the "ownership Percentage" as of 31/12/2021 according to the following table:

S.N.	Share Ownership (Share)	No. of Shareholders	No. of Owned Shares	Owned Capital Stock Ratio
1	less than 50,000	453	8,335,004	7.217%
2	From 50,000 to less than 500,000	64	9,399,002	8.138%
3	From 500,000 to less than 5,000,000	10	17,405,480	15.070%
4	more than 5,000,000	4	80,360,514	69.576%

F. Statement of actions that have been taken on Investor Relationships controls:

- The company appointed Ms. Roula Najib Iskandar as Head of Investors Relations Department; she's also the head of the legal department in the company. She joined the company in 2014, and she holds a Bachelor degree in Law from the Lebanese University Faculty of Law and Political and Administrative Sciences, and she has more than fifteen years of experience in this field.
- To communicate with Investor Relationships Department, a page for investors' inquiries was created in the section of investors' relationships on the company's website, and allocating contacts as follows:

Phone: +971 4 5969211

E-mail: investor@dnirc.com

Website: <https://www.dnirc.com/Investor-Relations/>

G. Statement of decisions that have been reviewed in the General Assembly held during 2021 and actions taken

There are no special decisions reviewed at the General Assembly held during 2021.

H. Name of the Board meeting rapporteur and date of appointment.

Name of the rapporteur of the Board meetings	Hadi N. El Kadi
Appointment Date	30.03.2021
Qualifications and experiences.	<ul style="list-style-type: none"> - Holds a Master Degree (LLM) in International Business Law from Paris II Pantheon-Assas University - Holds a Master degree (MBA) in Business Administration from the American University, Dubai, UAE - Holds a Bachelor Degree in Law from the faculty of Law and Political Science -Beirut-Lebanon



	<ul style="list-style-type: none"> - Certified In Governance, Risk and Compliance (CGRC) Certificate In Governance, Risk and Compliance (CGRC) from London School of Business and Finance LSBF - Holding Certificate of Licensing and technology Transfer from Licensing Executives Society (U.S.A. and Canada), Inc. - of accomplishing Compliance and Corporate Governance Courses from Thomson Reuters. - Lawyer and Legal advisor specialized in corporate law, Joint Ventures, Mergers and Acquisitions, Hospitality, Real Estate, Construction, General Legal Consultancies, Labor law, Corporate Governance, Compliance, Family Trust, Negotiations and criminal law. - has more than 24 years of practical experience gained in major companies and international law firms across the Middle East where he was appointed as President, Vice President, General Counsel for Legal Affairs, Partner, Board Member and Former Secretary of a group of companies.
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I. Statement of significant events encountered by the company in 2021:

The most important events encountered by the company in 2021:

- 1- The gross written premiums of 2021 is AED 301.2 million.
- 2- The company achieved net profit estimated of AED 56.4 million of 2021.
- 3- The company achieved a financial strength rating B++ (good) by the international rating agency "A.M. Best".
- 4- During the year 2021, the company was able to obtain the following awards and certificates of thanks:
 - Mr. Abdulla Al Nuaimi, CEO of Dubai National Insurance and Reinsurance Company, was awarded the 'World's Greatest CEO' award at the 15th Economic and Social Forum for Asia and Africa 2021 by AsiaOne magazine.
 - Mr. Abdulla Al Nuaimi, CEO of Dubai National Insurance and Reinsurance Company, was awarded "Person of the Year" at the InsureTek Golden Shield Excellence Awards 2021.
 - Dubai National Insurance and Reinsurance Company won the category of Best Customer Experience Insurance Company in the UAE 2021 at the 2021 Global Business Outlook Awards



J. Statement of the transactions that the company has made with related parties during the year 2021 that are equal to 5% or more of the company's capital:-

There are no deals concluded with the related parties during the year 2021.

K. Statement of Emiratisation percentage in the company at the end of 2019, 2020, 2021: -

The Emiratisation percentage of the company at the end of the years 2019 - 2020 - 2021 as follows:

- Emiratisation percentage at the end of 2019 was 7.37% of the total number of employees in the company.
- Emiratisation percentage at the end of 2020 was 6.89% of the total number of employees in the company.
- Emiratisation percentage at the end of 2021 was 7.56% of the total number of employees in the company

However, the company is still making efforts to attract more young nationals to raise the level of nationals' participation in the insurance sector in the UAE.

L. Innovative projects and initiatives undertaken or developed by the company in 2021: -

In line with the general framework regarding developing the insurance sector electronically in general, the company continued its approach by updating their IT System electronic systems with latest technologies and versions for marketing insurance products making it easier for customers to get best in class system service aligned to market needs and remain competitive.

Best Regards,

Signature of the Board Chairman	Signature of Audit Committee Chairman	Signature of Nomination and Remuneration Committee Chairman	Signature of Internal Control Department Director
			
Date: 14/02/ 2021	Date: 14/02/ 2021	Date: 14/02/ 2021	Date: 14/02/ 2021

