

Integrated Report

Orient UNB Takaful PJSC

Orient UNB Takaful PJSC is delighted to announce its Integrated Report for 2021 which contains the following :

- 1- Report of the Board of Directors
- 2- The Auditors' Report
- 3- Annual Financial Statements of 2021
- 4- Corporate Governance Report
- 5- Sustainability Report (ESG)
- 6- Report of Shariah Supervisory Committee


Mr. Syed Muhammed Asim
Chief Executive Officer

Paid Up Capital: Dhs. 200,000,000

رأس المال المدفوع: ٢٠٠,٠٠٠,٠٠٠ درهم

Registered under Federal Law No. (6) of 2007
Certificate No. 92, Dated 16th July 2017
Commercial Registration No. : 1266734

مسجلة طبقاً للقانون الإتحادي رقم (٦) لسنة ٢٠٠٧ م
رقم شهادة: ٩٢، تاريخ ١٦ يوليو ٢٠١٧
رقم السجل التجاري: ١٢٦٦٧٣٤

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DEC 2021

MARKET OVERVIEW

The year 2021 has turned out to be relatively more positive than 2020, with the world starting to see signs of coming out of the grip of the Corona Virus. However, the progress on the pandemic front, during 2021, has been chequered. The frequency of the Delta & earlier variants progressively reduced during the early part of the year, but the Omicron variant hit with increasing frequency. Despite this, the decreased intensity of the Omicron variant acted as a breather. The world is now optimistic of seeing the light at the end of tunnel.

The UAE has, during 2021, proved itself to be the leader in its fight against the virus, achieving global records in terms of vaccination levels and percentages. The efforts taken by the UAE Government has resulted in a positive impact to the UAE economy and its growth prospects, with marked upticks on the tourism & real estate sectors.

Buoyed by this trend, the insurance industry benefited during the year with decreasing levels of medical claims. However, this optimism was dampened by the reduced topline on the motor business—with the global automobile industry suffering the effects for reduced availability of chips, in the form of decreased production levels and consequently decreased sales levels. The knock-on effect of this on the insurance industry was of course felt in the form of reduced topline for Motor Business.

The outlook for 2022 is optimistic and the Insurance sector is likely to only benefit from this development. Thus, we look forward to an interesting year 2022 and beyond.

OPERATING ENVIRONMENT

Continuing the success of the previous years, the company has improved its client base further as demonstrated in the business volume of AED 400 million achieved in 2021 with a 33% Growth in topline. The company continues to make significant progress by expanding its client base through strategic partnerships with all leading players in the market. Considering the tough market conditions, the company values this progress as well as the partnerships and is determined to continue to follow the careful path it has so far adopted to improve its market share further.

COMPANY'S OPERATIONAL PERFORMANCE

Our company is pleased to report that we have closed the year 2021 with a profit of AED 15.4 million—a significant increase from the previous year's profit of AED 6.2 million. This result has been achieved by prudent underwriting, careful management of claims and control of expenses. The company will continue to exercise these due diligence measures. As a takaful company in its early life cycle, the results for the Policyholders' operations are on expected lines with a net deficit of AED 55.2 (Deficit of AED 41.3 million in 2020). Considering

Paid Up Capital: Dhs. 200,000,000

رأس المال المدفوع: ٢٠٠,٠٠٠,٠٠٠ درهم

Registered under Federal Law No. (6) of 2007
Certificate No. 92, Dated 16th July 2017
Commercial Registration No. : 1266734

مسجلة طبقاً للقانون الإتحادي رقم (٦) لسنة ٢٠٠٧ م
رقم شهادة : ٩٢، تاريخ ١٦ يوليو ٢٠١٧
رقم السجل التجاري : ١٢٦٦٧٣٤

the expected significant growth in operations the company is confident of gradually wiping off the deficit over the years with conscious and responsible underwriting as well as appropriate claims management.

SIGNIFICANT MILESTONE

The performance during 2021 also represents a significant milestone in that the Accumulated Losses of AED 8.7 million as at Dec 2020 has turned into positive to achieve a Retained Earnings of AED 2.1 million after fully providing for Legal and Statutory Reserves.

This performance has resulted in the Shareholder's Equity—which at AED 193.2 million was below the paid-up Capital of AED 200 million until Dec 2020—moving to AED 208.7 million demonstrating the Company's focused and consistent positive performance.

COMPANY RATING

We are also pleased to report that, during the year 2021, our company has been granted the following prestigious ratings, which are the same as that of our parent company Orient Insurance Co PJSC: --

- "a+" by AM Best
- 'A' by S & P

The Company will capitalize on these recognitions to increase its market share and to improve on performance.

REINSURANCE ARRANGEMENTS

Our company has strengthened and restructured our reinsurance Treaty arrangements with the internationally reputed QBE leading our Treaties, followed by other strong reinsurers in the panel. For our medical segment, we have tied up with leading reinsurers like Munich Re, Allianz Worldwide Partners, and Swiss Life. Such reinsurance arrangements provide strong support to our underwriting activities through TPA network of NextCare, Mednet and NAS.

Orient UNB Takaful PJSC
Head Office : Al Futtaim Building, Deira
P. O. Box : 183368, Dubai - UAE
Tel. : +971 4 601 7500, Fax :+971 4 601 7555
E-mail : CustomerCare@orientunbtakaful.ae

اورينت يو أن بي تكافل ش.م.ع
المكتب الرئيسي : مبنى الفطيم، ديرة
ص. ب : ١٨٣٣٦٨، دبي - ا.ع.م.
هاتف : ٦٠١ ٧٥٠٠ +٩٧١، فاكس : ٦٠١ ٧٥٥٥ +٩٧١
البريد الإلكتروني : CustomerCare@orientunbtakaful.ae

Paid Up Capital: Dhs. 200,000,000

رأس المال المدفوع: ٢٠٠,٠٠٠,٠٠٠ درهم

Registered under Federal Law No. (6) of 2007
 Certificate No. 92, Dated 16th July 2017
 Commercial Registration No. : 1266734

مسجلة طبقاً للقانون الإتحادي رقم (٦) لسنة ٢٠٠٧ م
 رقم شهادة : ٩٢، تاريخ ١٦ يوليو ٢٠١٧
 رقم السجل التجاري : ١٢٦٦٧٣٤

FINANCIAL HIGHLIGHTS

Particulars	2021 (AED '000s)	2020 (AED '000s)	% Increase/ (Decrease) over 2020
Gross Written Contributions	401,387	300,640	34%
Net Written Contributions	95,141	71,230	34%
Net Earned Contributions	85,089	67,953	25%
Net Claims Incurred	44,132	36,394	21%
Surplus / (Deficit) from Takaful Operations Before Wakala Fee	85,223	63,909	33%
Policyholder Surplus /(Deficit)	(55,262)	(41,315)	34%
Income from Wakala Deposits	7,529	7,015	7%
Net profit / (Loss) after Qard Hassan to Policyholders	15,420	6,162	150%
Share Capital	200,000	200,000	-
Shareholders' Equity	208,663	193,243	8%

Company's Outlook

Drawing on our performance during 2022, we are confident that we will be able to reach a larger segment of the clientele and expand our footprints by strategic initiatives and beneficial partnerships.

Acknowledgments

On behalf of the Board, we extend our sincere thanks to our customers, business partners, shareholders and authorities for their support.



Chairman

Orient UNB Takaful PJSC
 Head Office : Al Futtaim Building, Deira
 P. O. Box : 183368, Dubai - UAE
 Tel. : +971 4 601 7500, Fax :+971 4 601 7555
 E-mail : CustomerCare@orientunbtakaful.ae

اورينت يو أن بي تكافل ش م ع
 المكتب الرئيسي : مبنى الفطيم، ديرة
 ص. ب : ١٨٣٣٦٨، دبي - ا.ع.م.
 هاتف : ٦٠١ ٧٥٠٠ ة ٩٧١ +، فاكس : ٦٠١ ٧٥٥٥ ة ٩٧١ +
 البريد الإلكتروني : CustomerCare@orientunbtakaful.ae

Orient UNB Takaful P.J.S.C.
Financial statements
for the year ended 31 December 2021

Orient UNB Takaful P.J.S.C.

Financial statements

for the year ended 31 December 2021

<i>Contents</i>	<i>Page</i>
Independent auditors' report	2
Statement of financial position	9
Statement of profit or loss and other comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
Notes	14



KPMG Lower Gulf Limited
The Office 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road P.O Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Orient UNB Takaful P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Orient UNB Takaful P.J.S.C (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Valuation of insurance contract liabilities	
Refer to notes 4, 5, 6 and 10 of the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Valuation of these liabilities involves significant judgement, and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported ("IBNR") to the Company. IBNR is calculated by an independent qualified external actuary for the Company.</p> <p>Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business.</p> <p>The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating takaful reserve, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.</p>	<p>Our audit procedures supported by our actuarial specialists included:</p> <ul style="list-style-type: none"> • evaluating and testing of key controls around the claims handling and case reserve setting processes of the Company. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and considering if the amounts recorded in the financial statements are valued adequately; • obtaining an understanding of and assessing the methodology and key assumptions applied by the management. • assessing the experience and competence of the Company's actuary and degree of challenge applied through the reserving process; • checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; and • assessing the Company's disclosure in relation to these liabilities including the claims development table is appropriate.



Key Audit Matters (Continued)

Recoverability of takaful receivable

Refer to notes 4, 5, 6 and 11 of the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Company has significant takaful receivables against written contribution policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.</p>	<p>Our audit procedures on the recoverability and impairment of takaful receivable included:</p> <ul style="list-style-type: none"> • evaluating and testing key controls over the processes designed to record and monitor takaful receivables; • testing the ageing of takaful receivables to assess if these have been accurately determined. Testing samples of long outstanding takaful receivables where no impairment allowance is made with the management's evidences to support the recoverability of these balances; • obtaining balance confirmations from a sample of counterparties such as policyholders, agents and brokers; • verifying payments received from such counterparties post year end; • considering the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on period overdue, existence of any disputes over the balance outstanding, history of settlement of receivables liabilities with the same counterparties; and • discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance.



Other Information

Management is responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of the auditors' report and the remaining sections of the Company's 2021 Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and 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 we obtained prior to the date of the auditors' 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.

When we read the Company's 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and UAE Federal Law No. (6) of 2007 (as amended), 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



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditors' 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 auditors' 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.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- 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 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' report is consistent with the books of account of the Company;
- v) as disclosed in note 1 to the financial statements, the Company has not purchased any shares during the year ended 31 December 2021;
- vi) note 22 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- 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 UAE Federal Law No. (2) of 2015 (as amended) or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2021; and



Report on Other Legal and Regulatory Requirements (continued)

viii) note 27.1 to the Company financial statements discloses that there were no social contributions made during the year ended 31 December 2021.

Further, as required by the UAE Federal Law No.6 of 2007 (as amended), we report that we have obtained all the information and explanations we considered necessary for the purposes of our audit.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates

Date: 11 February 2022

Orient UNB Takaful P.J.S.C.

Statement of financial position

as at 31 December


	Note	31 December 2021 AED	31 December 2020 AED
TAKAFUL OPERATIONS' ASSETS			
Cash and bank balances	9	44,628,910	53,176,260
Retakaful contract assets	10	317,954,501	234,816,797
Takaful, retakaful and other receivable	11	53,874,940	55,978,050
Due from related parties	22	18,719,903	43,747,254
Other receivables	12	9,034,428	7,753,922
Receivable from shareholders	18	80,291,882	34,813,645
Total takaful operations' assets		524,504,564	430,285,928
SHAREHOLDERS' ASSETS			
Cash and bank balances	9	6,959,723	108,757,658
Other receivables and prepayments	13	1,688,497	2,045,002
Wakala deposit	14	283,339,695	116,000,000
Statutory deposit	15	6,000,000	6,000,000
Due from related parties	22	1,630,739	3,620,333
Property and equipment	16	3,456,598	4,577,161
Intangible assets	17	332,691	463,308
Total shareholders' assets		303,407,943	241,463,462
Total assets		827,912,507	671,749,390
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
TAKAFUL OPERATIONS' LIABILITIES			
Takaful contract liabilities	10	389,926,943	292,127,729
Payable to takaful, insurance, reinsurance and retakaful companies	19	88,220,151	101,334,193
Other takaful payables	20	28,679,660	35,945,213
Due to related parties	22	17,677,810	878,793
Total takaful operations' liabilities		524,504,564	430,285,928
TAKAFUL OPERATIONS' DEFICIT			
Deficit in policyholders' fund	21	(174,760,427)	(119,498,232)
Provision against Qard Hassan	21	174,760,427	119,498,232
Total takaful operations' deficit		-	-
Total takaful operations' liabilities and deficit		524,504,564	430,285,928

Orient UNB Takaful P.J.S.C.
Statement of financial position (continued)
as at 31 December

		31 December	31 December
		2021	2020
	<i>Note</i>	AED	AED
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Due to related parties	22	2,831,743	1,986,976
Accruals, provisions and other payables		7,715,645	6,659,307
Employees' end of service benefits	23	1,467,758	1,138,038
Payable to policyholders - takaful operations	18	80,291,882	34,813,645
Lease liabilities	24	2,437,416	3,622,466
Total shareholders' liabilities		94,744,444	48,220,432
SHAREHOLDERS' EQUITY			
Share capital	25	200,000,000	200,000,000
Share premium	25	1,198,390	1,198,390
Statutory reserve	25	2,269,370	727,323
Retakaful risk reserve	25	3,119,436	-
Retained earnings / (accumulated loss)		2,076,303	(8,682,683)
Total shareholders' equity		208,663,499	193,243,030
		303,407,943	241,463,462
Total takaful operations' liabilities, deficit, shareholders' liabilities and equity		827,912,507	671,749,390

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2021.

These financial statements were approved and authorised for issue by the Board of Directors on 11 February 2022 and signed on their behalf by:



 Chairman



 Chief Executive Officer



 Head-Finance

The notes on pages 14 to 54 form an integral part of these financial statements.

The independent auditors' report is set out on pages 2 to 8.

Orient UNB Takaful P.J.S.C.

Statement of profit or loss and other comprehensive income for the year ended 31 December

	Note	2021 AED	2020 AED
Attributable to policyholders'			
Gross written contributions	26	401,387,108	300,639,766
Changes in unearned contribution reserve		(45,853,930)	(21,913,472)
Takaful contributions earned		355,533,178	278,726,294
Retakaful contributions		306,246,256	229,410,188
Changes in retakaful share of unearned contribution		(35,802,526)	(18,636,503)
Retakaful share of earned contributions		270,443,730	210,773,685
Net earned contributions		85,089,448	67,952,609
Commission earned		44,266,226	32,349,600
Gross takaful income		129,355,674	100,302,209
Gross claims paid		(150,641,560)	(159,287,243)
Retakaful share of claims paid		111,119,287	126,017,565
Net claims paid		(39,522,273)	(33,269,678)
Increase in reserve for outstanding claims and unallocated loss adjustment expense		(50,084,162)	(14,062,169)
Increase in reserve for retakaful share of outstanding claims		45,386,305	13,768,387
Increase in reserve for incurred but not reported claims		(1,861,122)	(19,077,360)
Increase in reserve for retakaful share of incurred but not reported claims		1,948,873	16,247,221
Net claims incurred		(44,132,379)	(36,393,599)
Takaful results before wakala fees		85,223,295	63,908,610
Wakala fees	18.1	(140,485,488)	(105,223,918)
Net deficit from takaful operations		(55,262,193)	(41,315,308)
Attributable to shareholders'			
Wakala fees income from policyholders	18.1	140,485,488	105,223,918
Income from deposits		7,529,037	7,014,703
General and administrative expenses	27	(21,094,826)	(20,453,112)
Commission expenses		(50,704,414)	(37,582,960)
Other takaful expenses		(5,532,623)	(6,725,424)
Profit for the year before Qard Hassan		70,682,662	47,477,125
Provision against Qard Hassan to policyholders'	21	(55,262,193)	(41,315,308)
Profit for the year attributable to shareholders'		15,420,469	6,161,817
Other comprehensive income		-	-
Total comprehensive income for the year		15,420,469	6,161,817
Earnings per share	28	7.71	3.08

The notes on pages 14 to 54 form an integral part of these financial statements.

The independent auditors' report is set out on pages 2 to 8.

Orient UNB Takaful P.J.S.C.

Statement of changes in equity

for the year ended 31 December

	Share capital AED	Share premium AED	Statutory reserve AED	Retakaful risk reserve AED	Retained earning / (Accumulated (loss)) AED	Total AED
As at 1 January 2020	200,000,000	1,198,390	111,141	-	(14,228,318)	187,081,213
Total comprehensive income for the year	-	-	-	-	6,161,817	6,161,817
Transfer to reserve	-	-	616,182	-	(616,182)	-
As at 31 December 2020	200,000,000	1,198,390	727,323	-	(8,682,683)	193,243,030
As at 1 January 2021	200,000,000	1,198,390	727,323	-	(8,682,683)	193,243,030
Total comprehensive income for the year	-	-	-	-	15,420,469	15,420,469
Transfer to reserve	-	-	1,542,047	3,119,436	(4,661,483)	-
As at 31 December 2021	200,000,000	1,198,390	2,269,370	3,119,436	2,076,303	208,663,499

The notes on pages 14 to 54 form an integral part of these financial statements.

Orient UNB Takaful P.J.S.C.

Statement of cash flows

for the year ended 31 December

	Note	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		15,420,469	6,161,817
<i>Adjustment for:</i>			
Depreciation of property and equipment	16	1,342,920	1,535,876
Amortisation of intangible assets	17	130,617	130,094
Provision for employees' end of service benefits	23	422,852	418,074
Finance cost on lease liabilities	24	147,195	186,913
Operating cash flows before movements in working capital		17,464,053	8,432,774
<i>Change in:</i>			
Retakaful contract assets	10	(83,137,704)	(48,652,111)
Takaful, retakaful and other receivable	11	2,103,110	332,168
Due from related parties (relating to takaful operations)	22	25,027,351	(20,988,509)
Other receivables (relating to takaful operations)	12	(1,280,506)	(1,287,864)
Other receivables and prepayments (relating to shareholders')	13	356,505	(840,728)
Due from related parties (relating to shareholders')	22	1,989,594	(1,832,658)
Takaful contract liabilities	10	97,799,214	55,053,001
Payable to takaful, insurance, reinsurance and retakaful companies	19	(13,114,042)	40,841,111
Other takaful payables	20	(7,265,553)	1,594,177
Due to related parties (relating to takaful operations)	22	16,799,017	(989,823)
Due to related parties (relating to shareholders')	22	844,767	(2,116,994)
Accruals, provisions and other payables		1,056,338	3,809,698
Net cash generated from operating activities		58,642,144	33,354,242
Employees' end of service benefits paid	23	(93,132)	(60,679)
Net cash generated from operations		58,549,012	33,293,563
Cash flows from investing activities			
Purchase of property and equipment	16	(222,357)	(87,294)
Purchase of intangible assets	17	-	(7,344)
Deposits with commercial and Islamic bank	14	(283,339,695)	(116,000,000)
Maturity of deposits with Islamic financial institution	14	116,000,000	235,997,257
Net cash (used in) / generated from investing activities		(167,562,052)	119,902,619
Cash flows from financing activity			
Payment of lease liabilities	24	(1,332,245)	(1,354,005)
Net cash used in financing activity		(1,332,245)	(1,354,005)
Net (decrease) / increase in cash and cash equivalents		(110,345,285)	151,842,177
Cash and cash equivalents at 1 January		161,933,918	10,091,741
Cash and cash equivalents at 31 December	9	51,588,633	161,933,918

The notes on pages 14 to 54 form an integral part of these financial statements.

The independent auditors' report is set out on pages 2 to 8.

Orient UNB Takaful P.J.S.C.

Notes

(forming part of the financial statements)

1 Legal status and activities

Orient UNB Takaful P.J.S.C. (the “Company”) is a public joint stock company registered under UAE Federal Law No. (2) of 2015 relating to the incorporation of commercial companies in the UAE, and UAE Federal Law No. (6) of 2007 (as amended) relating to the establishment of insurance companies. The registered address of the Company is P.O. Box 183368, Dubai, United Arab Emirates.

The Company was incorporated on 8 November 2016, while the formalities of issuance and allotment of shares to the public were finalised on 28 December 2016. The shares of the Company are listed on the Dubai Financial Market. The Company obtained a commercial license on 23 January 2017 and a license from the Insurance Authority of the UAE on 16 July 2017.

The principal activity of the Company is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The Company also invests its funds in wakala deposits.

The Company has not purchased any shares during the year ended 31 December 2021.

During the year, Orient Insurance P.J.S.C., a public joint stock company incorporated in Dubai, United Arab Emirates acquired shares of the Company from Abu Dhabi Commercial Bank PJSC and Al Wifaq Finance Company to become the parent company and have taken control over the Company. The ultimate parent company is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

As at reporting date the shareholding patterns are as follows:

	31 December 2021 AED	31 December 2020 AED
Orient Insurance PJSC	83.91%	34.85%
Abu Dhabi Commercial Bank PJSC	-	35.00%
Al Wifaq Finance Company	-	14.06%
Others	16.09%	16.09%
	100.00%	100.00%

2 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with applicable requirements of Federal Law No. (6) of 2007 concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, Federal Law No. (2) of 2015 concerning the Commercial Companies, Insurance Authority Board Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Insurance Authority’s Board of Directors Decision No. (23) of 2019 concerning Instructions Organizing Reinsurance Operations.

Furthermore, the Company is required, for the year ended 31 December 2021, to be in compliance with the provisions of the UAE Federal Law No. 2 of 2015, as amended. On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Company has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in UAE Dirhams (AED), which is the Company's functional currency. Except as otherwise indicated, financial information is presented in AED.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

2 Basis of preparation (continued)

d) Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 6.

Impact of COVID-19

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain or delay the spread of the virus.

Information about impacts of COVID-19 on the assumptions that the Company has made about the future and other sources of uncertainty are included in the respective notes to the financial statements.

3 Standards and interpretations adopted for accounting period beginning on 1 January 2021

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

4 Summary of significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements except for the changes stated in note 3.

a) Takaful contracts

i) Classification

The Company issues contracts that transfer either takaful risk or both takaful and financial risks. The Company does not issue contracts that transfer only financial risks.

Contracts under which the Company accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if an insured event could cause the Company to pay significant additional benefits as a result of an insured event occurring.

Contracts where takaful risk is not significant are classified as investment contracts. The Company does not issue any unit linked takaful contract. Once a contract is classified as a takaful contract it remains classified as a takaful contract until all rights and obligations are extinguished or expired.

ii) Recognition and measurement

Takaful contracts

Gross written contributions, in respect of annual policies, are recognised in the statement of profit or loss and other comprehensive income at policy inception. The contributions are spread over the tenure of the policies on a straight line basis, and the unexpired portion of such contributions are included under "unearned contribution reserve" in the statement of financial position.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

a) Takaful contracts (continued)

iii) Unearned contribution reserve (UCR)

The unearned contribution reserve comprises of the estimated proportion of the gross written contributions which relates to the periods of takaful coverage subsequent to the statement of financial position date. UCR is computed using the 1/365 method except for marine cargo and engineering. The UCR for marine cargo is recognised as a fixed proportion of the gross written contribution as required in the financial regulation issued under UAE Federal Law No. 6 of 2007, and UCR for engineering line of business assumes a linear increase in risk with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the written contribution is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy.

iv) Claims

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

Claims incurred comprise reserve for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expense reduced by expected salvage and other recoveries. Claims outstanding are assessed by reviewing individual reported claims. Reserve for claims outstanding are not discounted. Adjustments to reserve for outstanding claims established in prior periods are reflected in the financial statements of the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

v) Gross claims paid

Gross claims paid are recognised in the statement of profit or loss and other comprehensive income when the claim amount payable to policyholders' and third parties are determined as per the terms of the takaful contracts.

vi) Retakaful share of claims paid

Claims recovered include amounts recovered from retakaful companies in respect of the gross claims paid by the Company, in accordance with the retakaful contracts held by the Company. It also includes salvage and other claims recoveries.

vii) Gross outstanding and IBNR claims

Gross outstanding claims comprise the estimated costs of claims incurred but not settled at the financial position date. Provisions for reported claims not paid as at the date of statement of financial position are made on the basis of individual case estimates. This provision is based on the estimate of the loss, which will eventually be payable on each unpaid claim, established by the management in the light of currently available information and past experience. An additional net provision is also made for any claims incurred but not reported ("IBNR") at the date of statement of financial position on the basis of management estimates. The basis of estimating outstanding claims and IBNR are detailed in note 10.

The retakaful share of the gross outstanding claims is estimated and shown separately.

viii) Contribution deficiency reserve

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

a) Takaful contracts (continued)

ix) Retakaful

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

Amounts due to and from retakaful are accounted for in a manner consistent with the related contribution policies and in accordance with the relevant retakaful contracts. Retakaful contributions are deferred and expensed using the same basis as used to calculate unearned contribution reserves for related takaful contracts. The deferred portion of ceded takaful contributions is included in retakaful contract assets.

Retakaful assets are assessed for impairment at each financial position date. A retakaful asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Company will receive from the retakaful. Impairment losses on retakaful contract assets are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Profit commission in respect of retakaful contracts is recognised on an accrual basis.

x) Insurance receivables and payables

Amounts due from and to policyholders, agents, takaful and retakaful companies are financial instruments and are included in takaful receivables and payables, and not in takaful contract liabilities or retakaful contract assets.

xi) Salvage and subrogation reimbursements

Some takaful contracts permit the Company to sell property (usually damaged) acquired in settling a claim (salvage). The Company may also have the right to pursue third parties for payment of some or all costs (subrogation). Estimates of salvage recoveries and subrogation reimbursements are recognised as an allowance in the measurement of the takaful liability for claims.

b) Revenue (other than takaful revenue)

Revenue (other than takaful revenue) comprises the following:

i) Wakala fees

The Company manages the takaful operations on behalf of the policyholders for a wakala fee which is recognised on an accrual basis. A similar amount is shown as expense in the statement of profit or loss attributable to policyholders.

ii) Profit on deposits

Profit on deposits is recognised on a time basis, by reference to the principal outstanding and at the effective rate of return applicable.

iii) Investment income

Profit from investment deposits is recognised on a time proportion basis. Dividend income is accounted for when the right to receive payment is established. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the weighted average cost and are recorded on occurrence of the sale transaction.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

c) Property and equipment

i) Recognition and measurement

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

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

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

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income/other expenses in statement of profit or loss.

ii) Subsequent costs

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

iii) Depreciation

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

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

Depreciation methods, useful lives and residual values are reassessed at the financial position date and adjusted if appropriate. No depreciation is charged on freehold land and capitals-work-in-progress. Land is stated at cost.

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

	Years
Office equipment	4 years
Furniture and fixtures	7 years
Motor vehicles	5 years
Right of use assets	5 years

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

d) Intangible assets

Intangible assets acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets are amortised on a straight line basis in the statement of profit or loss and other comprehensive income over its estimated useful life, from the date that it is available for use. The estimated useful life of intangible assets for the current and comparative periods is seven years. Amortisation methods, useful lives and residual values are reviewed at each financial position date and adjusted if appropriate.

e) Provisions

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

f) Financial instrument

i) Non-derivative financial assets

Recognition

The Company initially recognises receivables on the date when they are originated. All other financial assets are initially recognised on the trade date.

Classification

Receivables

These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less impairment losses. Receivables comprise mainly takaful and retakaful receivables, takaful and retakaful receivables from related parties and other receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant credit risk, and are used by the Company for the management of its short-term commitments. Bank overdraft (if any) that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

iii) Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the transferred asset. Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Company is recognised as a separate asset or liability in the statement of financial position. On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss or other comprehensive income.

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

g) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the statement of profit or loss and other comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

h) Impairment

Impairment of financial assets carried at amortised cost

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

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

h) Impairment (continued)

Impairment of loans and receivables

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

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

i) Foreign currency transactions

Transactions denominated in foreign currencies are translated to Arab Emirates Dirhams ("AED") and recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into AED at the exchange rate at the financial position date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss and other comprehensive income.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

j) Employee terminal benefits

Defined benefit plan

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Defined contribution plan

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

k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Branch is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

k) Leases (continued)

i. As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

l) Earnings per share

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

m) Segment reporting

The Company's segmental reporting is based on the lines of business of its general takaful business.

The general takaful segment comprises general takaful to individuals and businesses. General takaful products include motor, fire, medical and miscellaneous. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident. Revenue in this segment is derived primarily from takaful contributions and commission income.

n) Offsetting

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

o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however the Company has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Company in future financial periods, the Company is assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Company does not plan to adopt these standards early.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

o) New standards and interpretations not yet adopted (continued)

(i) Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*

The amendments introduce two approaches for entities that apply IFRS 4 to reduce the impact of differing effective dates with IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments: an overlay approach and a temporary exemption from applying IFRS 9.

The amended IFRS 4:

- gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued (the “Overlay Approach”); and
- gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 till the earlier of annual reporting periods beginning before 1 January 2023 or when IFRS 17 becomes effective. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39 until that time.

An insurer that applies the Overlay Approach shall disclose information to enable users of financial statements to understand:

- a) how the total amount reclassified between profit or loss and other comprehensive income in the reporting period is calculated; and
- b) the effect of that reclassification on the financial statements.

The amendments allowing the overlay approach are applicable when the insurer first applies IFRS 9.

An insurer that elects to apply the temporary exemption from IFRS 9 shall disclose information to enable users of financial statements:

- a) to understand how the insurer qualified for the temporary exemption; and
- b) to compare insurers applying the temporary exemption with entities applying IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 1 January 2018. The temporary exemption is available for annual reporting periods beginning before 1 January 2023 and will expire once IFRS 17 becomes effective.

Potential impact on the financial statements

The new insurance accounting standard that is currently under consideration is expected to have a significant impact on the Company’s financial statements. That standard may impact how the classification and measurement of financial instruments requirements under IFRS 9 is adopted.

The Company qualifies for temporary exemption from applying IFRS 9 on the grounds that it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance with the carrying amount of its liabilities within the scope of IFRS 4 being greater than 90 per cent of the total carrying amount of all its liabilities at 31 December 2017 and with no subsequent change in its activities.

The fair value information of the Company’s directly held financial assets at 31 December 2021 and at 31 December 2020 with contractual terms that give rise on specified dates to cash flows are solely payments of principal and interest (“SPPI”) condition of IFRS 9, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9 are shown in the table below, together with all other financial assets:

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

o) New standards and interpretations not yet adopted (continued)

(i) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)

Potential impact on the financial statements

	Financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9		All other financial assets	
	Fair value	Movement in the fair value during the year	Fair value	Movement in the fair value during the year
	AED	AED	AED	AED
31 December 2021				
<u>Takaful operations' assets</u>				
Cash and bank balances	44,628,910	-	-	-
Takaful, retakaful and other receivable	53,874,940	-	-	-
Due from related parties	18,719,903	-	-	-
Other receivables	9,034,428	-	-	-
Receivable from shareholders	80,291,882	-	-	-
	206,550,063	-	-	-
31 December 2021				
<u>Shareholders' assets</u>				
Cash and bank balances	6,959,723	-	-	-
Other receivables	732,200	-	-	-
Wakala deposit	283,339,695	-	-	-
Statutory deposit	6,000,000	-	-	-
Due from related parties	1,630,739	-	-	-
	298,662,357	-	-	-

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

o) New standards and interpretations not yet adopted (continued)

(i) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)

Potential impact on the financial statements (continued)

	Financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9		All other financial assets	
	Fair value	Movement in the fair value during the year	Fair value	Movement in the fair value during the year
	AED	AED	AED	AED
31 December 2020				
<u>Takaful operations' assets</u>				
Cash and bank balances	53,176,260	-	-	-
Takaful, retakaful and other receivable	55,978,050	-	-	-
Due from related parties	43,747,254	-	-	-
Other receivables	7,753,922	-	-	-
Receivable from shareholders	34,813,645	-	-	-
	195,469,131	-	-	-
31 December 2020				
<u>Shareholders' assets</u>				
Cash and bank balances	108,757,658	-	-	-
Other receivables	384,950	-	-	-
Wakala deposit	116,000,000	-	-	-
Statutory deposit	6,000,000	-	-	-
Due from related parties	3,620,333	-	-	-
	234,762,941	-	-	-

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

o) New standards and interpretations not yet adopted (continued)

(i) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)

Potential impact on the financial statements (continued)

The financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of IFRS 9 in the table above are classified as amortised cost under IAS 39. The credit ratings of the bank balances and deposits are as follows:

Credit ratings (from Standard & Poor's or equivalents)

	AAA AED	AA+ to AA- AED	A+ to A- AED	BB- to BB AED	BBB+ to BBB- AED	Total AED
<u>31 December 2021</u>						
<u>Takaful operations' assets</u>						
Bank balances	-	1,377,026	42,251,013	-	1,000,871	44,628,910
	-	1,377,026	42,251,013	-	1,000,871	44,628,910
<u>Shareholders' assets</u>						
Bank balances	-	-	6,925,290	26,585	50	6,951,925
Wakala deposit	70,000,000	-	-	153,339,695	60,000,000	283,339,695
Statutory deposit	-	-	-	-	6,000,000	6,000,000
	70,000,000	-	6,925,290	153,366,280	66,000,050	296,291,620
<u>31 December 2020</u>						
<u>Takaful operations' assets</u>						
Bank balances	-	774,368	52,401,892	-	-	53,176,260
	-	774,368	52,401,892	-	-	53,176,260
<u>Shareholders' assets</u>						
Bank balances	-	108,709,680	43,300	-	-	108,752,980
Wakala deposit	-	-	-	-	116,000,000	116,000,000
Statutory deposit	-	-	-	-	6,000,000	6,000,000
	-	108,709,680	43,300	-	122,000,000	230,752,980

All the financial assets disclosed above have low credit risk at the end of the reporting year.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

4 Summary of significant accounting policies (continued)

o) New standards and interpretations not yet adopted (continued)

(ii) IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2023.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is not practical, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Management anticipates that IFRS 17 will be adopted in the Company's financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have a significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its takaful contracts. However, it is not practical to provide a reasonable estimate of the effects of the application of this standard until the Company performs a detailed review.

(iii) Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

5 Risk management

The Company issues contracts that transfer takaful risks. The Company does not issue contracts that transfer financial risk. This section summarises the risks and the way the Company manages them.

i) Governance framework

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

ii) Risk management framework

The board of directors, with its associated committees, carries out the Company's risk management function. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to the Company's Chief Executive Officer and Senior Vice Presidents.

The senior management meets regularly to approve any commercial, regulatory and organisational decisions. The Company's Chief Executive Officer under the authority delegated from the board of directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

iii) Capital management framework

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2021.

iv) Regulatory framework

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

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The chairman of the Insurance Authority vides Board of Directors' Decision No. (25) of 2014 dated 28th December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE. The major highlights of the new regulation are summarised in the below table:

Regulation

- a) Basis of Investing the Rights of the Policy Holders
- b) Solvency Margin and Minimum Guarantee Fund
- c) Basis of calculating the technical provisions
- d) Determining the Company's assets that meet the accrued insurance liabilities
- e) Records which the Company shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority
- f) Principles of organising accounting books and records of the Company, agents and brokers and determining data to be maintained in these books and records
- g) Accounting policies to be adopted and the necessary forms needed to be prepared and present reports and financial statements

v) Asset liability management ("ALM")

Financial risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under takaful contracts.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

The Company’s ALM framework is also integrated with the management of the financial risks associated with the Company’s other financial assets and liabilities not directly associated with takaful liabilities.

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

a) Takaful risks

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

- | | |
|-------------|---------------------|
| - Liability | - Medical insurance |
| - Property | - Marine |
| - Motor | - Engineering |
| - Fire | - Casualty |

Two key elements of the Company’s takaful risk management framework are its underwriting strategy and retakaful strategy, as discussed below.

Underwriting strategy

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

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

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

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

a) Takaful risks (continued)

Frequency and amounts of claims

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

Property

Property takaful covers a diverse collection of risks and therefore property takaful contracts are subdivided into two risk groups: property all risk and business interruption.

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

Motor

Motor takaful contracts are designed to compensate contract holders for damage suffered to vehicles, disability to third parties arising through accidents and fire or theft of their vehicles.

Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine

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

For marine takaful, the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Casualty

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

a) Takaful risks (continued)

Frequency and amounts of claims (continued)

Casualty (continued)

The Company manages these risks through their underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk. Underwriting limits are in place to enforce appropriate risk selections.

The Company proactively manages and pursues early settlement of claims to reduce their exposure to unpredictable developments.

The Company has adequate retakaful arrangements to protect their financial viability against such claims for all classes of business.

The Company has obtained adequate non-proportionate retakaful cover for certain classes of business to limit losses to an amount considered appropriate by the management.

Medical

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

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

Concentration of risk

The Company's underwriting activities are carried out in the United Arab Emirates.

Retakaful risk

In line with other takaful and retakaful companies, in order to minimise net loss exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for retakaful purposes. Such retakaful arrangement provides for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

a) Takaful risks (continued)

Frequency and amounts of claims (continued)

Retakaful risk (continued)

Assets, liabilities, income and expense arising from ceded takaful contracts are presented separately from assets, liabilities, income and expense from the related takaful contract because the retakaful ceded contracts do not relieve the Company from its obligations and as a result the Company remains liable for the portion of outstanding claims retakaful to the extent that the retakaful fails to meet the obligations under the retakaful agreements.

Retakaful strategy

The retakaful arrangements include proportional, excess and catastrophe coverage. The Company retakafuls a portion of the takaful risks to its underwriters in order to control and manage its exposure to losses and protect capital resources.

Ceded retakaful contains credit risk, as discussed in the financial risk management note. The Company has a retakaful department that is responsible for setting the minimum-security criteria for acceptable retakaful and monitoring the purchase of retakaful by the business units against those criteria. The department monitors developments in the retakaful programme and its ongoing adequacy.

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

The estimated loss ratios are analysed below by class of business for the current and previous year:

Type of risk	31 December 2021		31 December 2020	
	Gross Loss ratio	Net Loss ratio	Gross Loss ratio	Net Loss ratio
Commercial	52%	43%	70%	44%
Consumer	40%	54%	39%	70%

Sensitivity of underwriting profit and losses

The underlying risk of any agreed takaful contract is the possibility that the insured event occurs and the level of certainty the insurer can project on any resulting claim. By the nature of a takaful contract, this risk is often random and the amount of payable claim even more unpredictable. Therefore, the Company applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the takaful liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated. Whilst the Company applies the portfolio approach to understand its projected claims, events leading to actual claims vary and therefore profitability is impacted, either positively or negatively on an annual basis.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

a) Takaful risks (continued)

Retakaful strategy (continued)

The Company has an overall risk retention level of 24% (31 December 2020: 24%) and this is mainly due to overall low retention levels in commercial lines. Despite these low retention levels on commercial lines, due to the unpredictability in events and their extreme volatility, large events stress the performance of the Company despite transferring risks to other parties. For all lines of business, the Company is adequately covered by excess of loss retakaful programs to guard against any major financial impact.

Impact of COVID-19 on takaful risk:

In its underwriting segment, the Company is primarily exposed to medical and business interruption policies. The Health Authorities in Dubai and Abu Dhabi have instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Company anticipates that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions as well. The Company has evaluated all business interruption policies in force for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company and specific policy exclusions. Furthermore, the Company has been able to retain major customers during the year ended 31 December 2021 and has generally witnessed renewals and new business across major lines of businesses.

b) Financial risk

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

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

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

Outbreak of Coronavirus (COVID-19)

The World Health Organization officially declared COVID-19 as a global pandemic on 11 March 2020. From the latter half of Q1-2020, the economic environment and business landscape of the Company have witnessed rapid changes as a result of the unprecedented outbreak of Coronavirus pandemic coupled with the significant depression in the global crude oil prices. Tightening of market conditions, lockdowns, restrictions on trade and movement of people have caused significant disruptions to businesses and economic activities globally and across industries & sectors.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

b) Financial risk (continued)

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

For all classes of financial assets held by the Company the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the reporting date. The Company only enters into takaful and retakaful contracts with recognised, credit worthy third parties. Retakaful is placed with retakaful companies approved by the management, which are generally international reputed companies.

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

At each reporting date, management performs an assessment of creditworthiness of retakaful companies and updates the retakaful strategy, ascertaining suitable allowance for impairment if required.

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

	31 December 2021 AED	31 December 2020 AED
<u>Takaful operations' assets</u>		
Bank balances	44,628,910	53,176,260
Takaful, retakaful and other receivable	53,874,940	55,978,050
Due from related parties	18,719,903	43,747,254
Other receivables	9,034,428	7,753,922
Receivable from shareholders	80,291,882	34,813,645
	<u>206,550,063</u>	<u>195,469,131</u>
<u>Shareholders' assets</u>		
Bank balances	6,951,925	108,752,980
Other receivables	732,200	384,950
Wakala deposit	283,339,695	116,000,000
Statutory deposit	6,000,000	6,000,000
Due from related parties	1,630,739	3,620,333
	<u>298,654,559</u>	<u>234,758,263</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management ("ALM") (continued)

b) Financial risk (continued)

i) Credit risk (continued)

The ageing analysis of takaful, retakaful and other receivable and due from related parties relating to takaful operations' is as follows:

	31 December 2021 AED	31 December 2020 AED
0 - 30 days	20,110,702	18,289,000
31 - 90 days	12,507,572	40,042,712
91 - 180 days	6,288,847	25,813,974
181 - 270 days	25,046,759	8,881,435
271 - 360 days	1,985,470	3,631,416
More than 360 days	7,955,493	4,366,767
Less: Allowance for doubtful debts	(1,300,000)	(1,300,000)
	<u>72,594,843</u>	<u>99,725,304</u>

The Company seeks to limit credit risk by investing in financial assets with only reputed and creditworthy financial institutions in the UAE. The Wakala deposit, statutory deposit and bank balances are deposited with financial institutions of an investment grade.

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Retakaful credit risk is managed through the placement with approved reinsurers, which are generally international reputed companies with acceptable credit ratings. Retakaful agreements are placed by the Company with an "A" or above rated company on S&P or equivalent rating agency.

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

Impact of COVID-19 on credit risk:

The Company's retakaful is placed with retakaful companies approved by the management, which are generally international reputed companies with high credit ratings. As of 31 December 2021, no retakaful companies has expressly disassociated with the Company nor has any retakaful companies communicated its non-willingness to accept COVID-19 related claims.

ii) Liquidity risk

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

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

b) Financial risk (continued)

ii) Liquidity risk (continued)

Maturity profiles

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations. As the Company does not have any interest bearing liabilities, the totals in the table match the statement of financial position:

<u>31 December 2021</u>	Less than 1 year AED	More than 1 year AED	No stated maturity AED	Total AED
Takaful operations' assets				
Bank balances	44,628,910	-	-	44,628,910
Takaful, retakaful and other receivable	53,874,940	-	-	53,874,940
Takaful and retakaful receivable from related parties	18,719,903	-	-	18,719,903
Other receivables and prepayments	9,034,428	-	-	9,034,428
Receivable from shareholders	80,291,882	-	-	80,291,882
Total takaful operations' assets	206,550,063	-	-	206,550,063
Shareholders' assets				
Cash and bank balances	6,959,723	-	-	6,959,723
Other receivables and prepayments	732,200	-	-	732,200
Wakala deposit	283,339,695	-	-	283,339,695
Statutory deposit	6,000,000	-	-	6,000,000
Due from related parties	1,630,739	-	-	1,630,739
Total shareholders' assets	298,662,357	-	-	298,662,357
Takaful operations' liabilities				
Payable to takaful, insurance, reinsurance and retakaful companies	88,220,151	-	-	88,220,151
Other takaful payables	28,679,660	-	-	28,679,660
Due to related parties	17,677,810	-	-	17,677,810
Total takaful operations' liabilities	134,577,621	-	-	134,577,621

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

b) Financial risk (continued)

ii) Liquidity risk (continued)

Maturity profiles (continued)

<u>31 December 2021</u>	Less than 1 year AED	More than 1 year AED	No stated maturity AED	Total AED
Shareholders' liabilities				
Due to related parties	2,831,743	-	-	2,831,743
Accruals, provisions and other payables	7,715,645	-	-	7,715,645
Payable to policyholders - takaful operations	80,291,882	-	-	80,291,882
Lease liabilities	1,134,025	1,303,391	-	2,437,416
Total shareholders' liabilities	91,973,295	1,303,391	-	93,276,686
<u>31 December 2020</u>	Less than 1 year AED	More than 1 year AED	No stated maturity AED	Total AED
Takaful operations' assets				
Cash and bank balances	53,176,260	-	-	53,176,260
Takaful, retakaful and other receivable	55,978,050	-	-	55,978,050
Takaful and retakaful receivable from related parties	43,747,254	-	-	43,747,254
Other receivables and prepayments	7,753,922	-	-	7,753,922
Receivable from shareholders	34,813,645	-	-	34,813,645
Total takaful operations' assets	195,469,131	-	-	195,469,131
Shareholders' assets				
Cash and bank balances	108,757,658	-	-	108,757,658
Other receivables	384,950	-	-	384,950
Wakala deposit	116,000,000	-	-	116,000,000
Statutory deposit	6,000,000	-	-	6,000,000
Due from related parties	3,620,333	-	-	3,620,333
Total shareholders' assets	234,762,941	-	-	234,762,941
Takaful operations' liabilities				
Payable to takaful, insurance,	101,334,193	-	-	101,334,193
Other takaful payables	35,945,213	-	-	35,945,213
Payable to shareholders	878,793	-	-	878,793
Total takaful operations' liabilities	138,158,199	-	-	138,158,199

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

b) Financial risk (continued)

ii) Liquidity risk (continued)

Maturity profiles (continued)

<u>31 December 2020</u>	Less than 1 year AED	More than 1 year AED	No stated maturity AED	Total AED
Shareholders' liabilities				
Due to related parties	1,986,976	-	-	1,986,976
Accruals, provisions and other payables	6,659,307	-	-	6,659,307
Payable to policyholders - takaful operations	34,813,645			34,813,645
Lease liabilities	986,830	2,635,636	-	3,622,466
Total shareholders' liabilities	44,446,758	2,635,636	-	47,082,394

Impact of COVID-19 on liquidity risk:

In response to the COVID-19 outbreak, the Company continues to monitor and respond to all liquidity requirements that are presented. The Company continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Company in the current extreme stress. As at the reporting date the liquidity position of the Company remains strong and is well placed to absorb and manage the impacts of this disruption.

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and profit rate risk.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the UAE Dirham.

The Company also has exposures in USD, which is pegged with AED and as a result the Company's exposure to currency risk is limited to that extent.

b) Profit rate risk

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

The Company's only exposure to profit risk is on account of its investment in Wakala deposits and statutory deposits. The Company limits profit rate risk by monitoring changes in profit rates of the investment made. The Wakala deposit and statutory deposit are at fixed rate of profit.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

5 Risk management (continued)

v) Asset liability management (“ALM”) (continued)

b) Financial risk (continued)

iv) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

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

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

v) Capital risk management

The Company’s objectives when managing capital is to comply with the insurance capital requirements required by the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for Insurance Companies and were then subsequently published in the UAE Official Gazette No. 575 on 28th January 2015 and came into force on 29 January 2015. The Company is subject to local insurance solvency regulations with which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. Central bank (namely Insurance Authority) allows an alignment period of up to three years for the insurance companies to be in compliance with the regulations.

As per the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the minimum capital requirement remains at AED 100 million for insurance companies.

The table below summarises the Minimum Capital Requirement of the Company and the total capital held by the Company.

	31 December 2021 AED	31 December 2020 AED
Total capital held by the Company	<u>200,000,000</u>	<u>200,000,000</u>
Minimum regulatory capital	<u>100,000,000</u>	<u>100,000,000</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

6 Use of estimates and judgments

The areas of the Company's business containing key sources of estimation uncertainty include the measurement of takaful contract liabilities, provision for outstanding claims, whether reported or not and impairment of takaful receivables.

Key estimates:

Measurement of takaful contract liabilities

The Company's accounting policy in respect of takaful contract accounting is discussed in more detail in note 4(a). The key assumptions made in respect of takaful contract liabilities are included in note 10.

Provision for outstanding claims, whether reported or not

Considerable judgment by management is required in the estimation of amounts due to the contract holders arising from claims made under takaful contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of IBNR claims at the date of statement of financial position. Estimates are made for the expected ultimate cost of IBNR claims using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation and are presented in note 10.

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

Impairment of takaful receivables

The Company reviews its receivables to assess impairment on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from receivables. A provision for impairment of contribution, retakaful and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to their terms.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

7 Classes and categories of financial assets and financial liabilities

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

At 31 December 2021

Financial assets

	<u>Amortised cost AED</u>	<u>Total AED</u>
Cash and bank balances	51,588,633	51,588,633
Takaful, retakaful and other receivable	53,874,940	53,874,940
Due from related parties (relating to takaful operations)	18,719,903	18,719,903
Other receivables (relating to takaful operations)	9,034,428	9,034,428
Receivable from shareholders	80,291,882	80,291,882
Other receivables (relating to shareholders')	732,200	732,200
Wakala deposit	283,339,695	283,339,695
Statutory deposit	6,000,000	6,000,000
Due from related parties (relating to shareholders')	1,630,739	1,630,739
	<u>505,212,420</u>	<u>505,212,420</u>

Financial liabilities

	<u>Amortised cost AED</u>	<u>Total AED</u>
Payable to takaful, insurance, reinsurance and retakaful companies	88,220,151	88,220,151
Other takaful payables	28,679,660	28,679,660
Due to related parties (relating to takaful operations)	17,677,810	17,677,810
Due to related parties (relating to shareholders')	2,831,743	2,831,743
Accruals, provisions and other payables	7,715,645	7,715,645
Payable to policyholders - takaful operations	80,291,882	80,291,882
Lease liabilities	2,437,416	2,437,416
	<u>227,854,307</u>	<u>227,854,307</u>

At 31 December 2020

Financial assets

	<u>Amortised cost AED</u>	<u>Total AED</u>
Cash and bank balances	161,933,918	161,933,918
Takaful, retakaful and other receivable	55,978,050	55,978,050
Due from related parties (relating to takaful operations)	43,747,254	43,747,254
Other receivables (relating to takaful operations)	7,753,922	7,753,922
Receivable from shareholders	34,813,645	34,813,645
Other receivables (relating to shareholders')	384,950	384,950
Wakala deposit	116,000,000	116,000,000
Statutory deposit	6,000,000	6,000,000
Due from related parties (relating to shareholders')	3,620,333	3,620,333
	<u>430,232,072</u>	<u>430,232,072</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

7 Classes and categories of financial assets and financial liabilities (continued)

At 31 December 2020

<u>Financial liabilities</u>	<u>Amortised cost</u>	<u>Total</u>
	AED	AED
Payable to takaful, insurance, reinsurance and retakaful companies	101,334,193	101,334,193
Other takaful payables	35,945,213	35,945,213
Payable to shareholders	878,793	878,793
Due to related parties (relating to shareholders')	1,986,976	1,986,976
Accruals, provisions and other payables	6,659,307	6,659,307
Payable to policyholders - takaful operations	34,813,645	34,813,645
Lease liabilities	3,622,466	3,622,466
	<u>185,240,593</u>	<u>185,240,593</u>

8 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2021 and 31 December 2020, all financial assets and liabilities are stated at amortised cost and are classified as Level 3 within the fair value hierarchy. The fair values of the financial assets and liabilities at amortised cost are not materially different from their carrying value at the reporting date.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

9 Cash and cash equivalent

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

	31 December 2021		
	Takaful Operations AED	Shareholders' Operations AED	Total AED
Cash in hand	-	7,798	7,798
Current accounts with banks and Islamic financial institutions	44,628,910	6,951,925	51,580,835
	<u>44,628,910</u>	<u>6,959,723</u>	<u>51,588,633</u>
	31 December 2020		
	Takaful Operations AED	Shareholders' Operations AED	Total AED
Cash in hand	-	4,678	4,678
Current accounts with banks and Islamic financial institutions	53,176,260	108,752,980	161,929,240
	<u>53,176,260</u>	<u>108,757,658</u>	<u>161,933,918</u>

10 Takaful contract liabilities and retakaful contract assets - (relating to takaful operations)

	31 December 2021 AED	31 December 2020 AED
Gross takaful contract liabilities		
Reserve for outstanding claims	150,504,345	100,530,484
Reserve for unallocated loss adjustment expense	952,190	841,889
Reserve for incurred but not reported claims (IBNR)	48,641,644	46,780,522
Reserve for outstanding claims (including IBNR)	200,098,179	148,152,895
Unearned contribution reserve	189,828,764	143,974,834
Total takaful contract liabilities (gross)	<u>389,926,943</u>	<u>292,127,729</u>
Less: Retakaful contract assets		
Reserve for retakaful share of outstanding claims	(132,992,303)	(87,605,998)
Reserve for retakaful share of incurred but not reported claims (IBNR)	(38,353,857)	(36,404,984)
Reserve for retakaful share of outstanding claims (including IBNR)	(171,346,160)	(124,010,982)
Retakaful share of unearned contribution	(146,608,341)	(110,805,815)
Total retakaful contract assets	<u>(317,954,501)</u>	<u>(234,816,797)</u>
Net takaful contract liabilities	<u>71,972,442</u>	<u>57,310,932</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

10 Takaful contract liabilities and retakaful contract assets - (relating to takaful operations) (continued)

Assumptions and sensitivities

Process used to determine the assumptions

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

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying takaful contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

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

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

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

Claim development table - Gross

The following table reflects the Gross cumulative incurred claims, including both claims notified and claims incurred but not reported (IBNR) for each successive accident year at each statement of financial position date, together with cumulative payments to date:

<i>Accident year</i>	2017	2018	2019	2020	2021	Total
	AED	AED	AED	AED	AED	AED
At the end of accident year	4,810,810	150,576,922	167,340,366	215,632,269	244,535,475	244,535,475
One year later	2,340,767	121,727,642	152,433,758	178,207,900	-	178,207,900
Two years later	1,916,365	117,145,046	148,608,222	-	-	148,608,222
Three years later	1,359,236	116,641,142	-	-	-	116,641,142
Four years later	1,509,080	-	-	-	-	1,509,080
Current estimate of cumulative	1,509,080	116,641,142	148,608,222	178,207,900	244,535,475	689,501,819
At the end of accident year	(812,333)	(58,757,468)	(105,902,154)	(93,935,195)	(120,715,402)	(380,122,552)
One year later	(749,468)	(18,409,011)	(23,534,135)	(28,083,399)	-	(70,776,013)
Two years later	81,799	(36,435,815)	(2,439,431)	-	-	(38,793,447)
Three years later	36,367	264,896	-	-	-	301,263
Four years later	(12,891)	-	-	-	-	(12,891)
Cumulative payments to date	(1,456,526)	(113,337,398)	(131,875,720)	(122,018,594)	(120,715,402)	(489,403,640)
Total	52,554	3,303,744	16,732,502	56,189,306	123,820,073	200,098,179

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

10 Takaful contract liabilities and retakaful contract assets - (relating to takaful operations) (continued)

Assumptions and sensitivities (continued)

Process used to determine the assumptions (continued)

Claim development table - Net

The following table reflects the Net cumulative incurred claims, including both claims notified and claims incurred but not reported (IBNR) for each successive accident year at each statement of financial position date, together with cumulative payments to date:

Accident year	2017 AED	2018 AED	2019 AED	2020 AED	2021 AED	Total AED
At the end of accident year	1,262,568	27,826,697	47,731,070	43,372,245	58,142,497	58,142,497
One year later	814,060	24,150,944	37,528,276	34,031,544	-	34,031,544
Two years later	796,688	23,360,624	36,134,047	-	-	36,134,047
Three years later	893,335	22,323,799	-	-	-	22,323,799
Four years later	1,160,554	-	-	-	-	1,160,554
Current estimate of cumulative	1,160,554	22,323,799	36,134,047	34,031,544	58,142,497	151,792,441
At the end of accident year	(398,157)	(15,408,109)	(27,597,082)	(24,906,146)	(36,663,366)	(104,972,860)
One year later	(313,635)	(5,798,067)	(5,856,589)	(5,275,222)	-	(17,243,513)
Two years later	33,442	(777,237)	(202,699)	-	-	(946,494)
Three years later	9,013	207,137	-	-	-	216,150
Four years later	(93,705)	-	-	-	-	(93,705)
Cumulative payments to date	(763,042)	(21,776,276)	(33,656,370)	(30,181,368)	(36,663,366)	(123,040,422)
Total	397,512	547,523	2,477,677	3,850,176	21,479,131	28,752,019

11 Takaful, retakaful and other receivable (relating to takaful operations)

	31 December 2021 AED	31 December 2020 AED
Inside U.A.E.:		
Due from policyholders	2,063,156	1,584,296
Due from takaful and retakaful companies	10,452,433	12,261,475
Due from brokers and agents	39,159,625	37,568,555
	51,675,214	51,414,326
Outside U.A.E.:		
Due from takaful and retakaful companies	3,499,726	5,863,724
	3,499,726	5,863,724
Total takaful and retakaful receivable	55,174,940	57,278,050
Less: Allowance for doubtful debts	(1,300,000)	(1,300,000)
	53,874,940	55,978,050

12 Other receivables - (relating to takaful operations)

	31 December 2021 AED	31 December 2020 AED
Deposit	10,000	10,000
Receivable from third party administrators	1,075,000	1,025,000
VAT input receivable - net	7,939,360	6,718,919
Other receivable	10,068	3
	9,034,428	7,753,922

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

13 Other receivables and prepayments - (relating to shareholders')

	31 December 2021 AED	31 December 2020 AED
Accrued profit on Wakala deposits	235,145	-
Prepayments	956,297	1,660,052
Other receivables	497,055	384,950
	<u>1,688,497</u>	<u>2,045,002</u>

14 Wakala deposit

This consists of term wakala deposits with financial institution, commercial bank in United Arab Emirates and an Islamic division of a commercial bank in Sultanate of Oman, at profit rates from 1.75% to 3.90% per annum (31 December 2020: from 0.25% to 3.25% per annum) amounting to AED 283.3 million (31 December 2020: AED 116.0 million), which matures in December 2022.

15 Statutory deposit

This consists of a fixed deposit under lien with a commercial bank in UAE, at a profit rate of 2.0% per annum (31 December 2020: 1.6% per annum), which matures on December 2022 for the purpose of license renewal from the Insurance Authority.

16 Property and equipment

	Right of use assets AED	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
<i>Cost</i>					
At 1 January 2020	3,645,901	212,391	1,501,302	105,935	5,465,529
Additions during the year	2,189,137	-	71,259	16,035	2,276,431
At 31 December 2020	<u>5,835,038</u>	<u>212,391</u>	<u>1,572,561</u>	<u>121,970</u>	<u>7,741,960</u>
At 1 January 2021	5,835,038	212,391	1,572,561	121,970	7,741,960
Additions during the year	-	64,400	157,957	-	222,357
At 31 December 2021	<u>5,835,038</u>	<u>276,791</u>	<u>1,730,518</u>	<u>121,970</u>	<u>7,964,317</u>
<i>Accumulated depreciation</i>					
At 1 January 2020	(986,496)	(81,265)	(495,259)	(65,903)	(1,628,923)
Charge for the year	(1,223,942)	(43,172)	(240,919)	(27,843)	(1,535,876)
At 31 December 2020	<u>(2,210,438)</u>	<u>(124,437)</u>	<u>(736,178)</u>	<u>(93,746)</u>	<u>(3,164,799)</u>
At 1 January 2021	(2,210,438)	(124,437)	(736,178)	(93,746)	(3,164,799)
Charge for the year	(1,003,682)	(49,908)	(271,747)	(17,583)	(1,342,920)
At 31 December 2021	<u>(3,214,120)</u>	<u>(174,345)</u>	<u>(1,007,925)</u>	<u>(111,329)</u>	<u>(4,507,719)</u>
<i>Net carrying amount</i>					
At 31 December 2020	<u>3,624,600</u>	<u>87,954</u>	<u>836,383</u>	<u>28,224</u>	<u>4,577,161</u>
At 31 December 2021	<u>2,620,918</u>	<u>102,446</u>	<u>722,593</u>	<u>10,641</u>	<u>3,456,598</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

17 Intangible assets - Software

	31 December 2021 AED	31 December 2020 AED
Cost		
At 1 January	904,036	896,692
Additions during the year	-	7,344
At 31 December	904,036	904,036
Accumulated amortisation		
At 1 January	(440,728)	(310,634)
Charge for the year	(130,617)	(130,094)
At 31 December	(571,345)	(440,728)
Net carrying amount		
At 31 December	332,691	463,308

18 Receivable from shareholders and payable to policyholders - takaful operations

	31 December 2021 AED	31 December 2020 AED
As at 1 January	34,813,645	53,419,455
Wakala fees for the year	(140,485,488)	(105,223,918)
Other movement in account during the year	185,963,725	86,618,108
	80,291,882	34,813,645

18.1 For all takaful policies, wakala fees were charged at 35% of gross takaful contributions. Wakala fees are approved by the Sharia'a Supervisory Board and are charged to the statement of profit or loss and comprehensive income when incurred.

19 Payable to takaful, insurance, reinsurance and retakaful companies - (relating to takaful operations)

	31 December 2021 AED	31 December 2020 AED
Payables – Inside UAE	51,004,702	54,882,321
Payables – Outside UAE	37,215,449	46,451,872
	88,220,151	101,334,193
Inside UAE:		
Payable to insurance and takaful companies	17,186,581	13,043,842
Payable to reinsurers and retakaful companies	33,818,121	41,838,479
	51,004,702	54,882,321
Outside UAE:		
Payable to insurance and takaful companies	24,732,643	43,006,466
Payable to reinsurers and retakaful companies	12,482,806	3,445,406
	37,215,449	46,451,872

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

20 Other takaful payables

(relating to takaful operations)

	31 December 2021 AED	31 December 2020 AED
Payable to policyholders	1,504,982	1,173,156
Payable to third party administrators	12,635,642	20,526,024
Payable to brokers and agents	3,042,601	3,092,453
Other payables	11,496,435	11,153,580
	<u>28,679,660</u>	<u>35,945,213</u>

21 Qard Hassan

	31 December 2021 AED	31 December 2020 AED
Deficit in policyholders' fund		
As at 1 January	(119,498,234)	(78,182,926)
Deficit during the year	(55,262,193)	(41,315,308)
	<u>(174,760,427)</u>	<u>(119,498,234)</u>
Provision against Qard Hassan		
As at 1 January	119,498,234	78,182,926
Provision during the year	55,262,193	41,315,308
	<u>174,760,427</u>	<u>119,498,234</u>

22 Related party transactions

Related parties comprise of shareholders, associate companies, and directors and key management personnel of the Company, together with entities controlled, jointly controlled or significantly influenced by those parties. Pricing policies and terms of these transactions are approved by the Company's management as per agreed terms.

Significant transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

	<u>For the year ended 31 December 2021</u>		
	Shareholders AED	Associated companies of the shareholders AED	Total AED
Gross written contribution	57,275,836	62,380,628	119,656,464
Retakaful contribution	65,579,238	-	65,579,238
General and administrative expenses	-	1,624,134	1,624,134
Claims reported	47,005,780	18,269,884	65,275,664
	<u>170,860,854</u>	<u>82,274,646</u>	<u>253,135,500</u>
	<u>For the year ended 31 December 2020</u>		
	Shareholders AED	Associated companies of the shareholders AED	Total AED
Gross written contribution	55,112,648	14,181,140	69,293,788
Retakaful contribution	39,196,201	-	39,196,201
General and administrative expenses	54,413	2,333,834	2,388,247
Claims reported	17,518,419	12,812,754	30,331,173
	<u>111,881,681</u>	<u>17,197,728</u>	<u>129,079,409</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

22 Related party transactions (continued)

	For the year ended	
	31 December	
	2021	2020
	AED	AED
Compensation of key management personnel		
Short term benefits	1,847,619	1,931,547
End of service	277,564	248,984
	<u>2,125,183</u>	<u>2,180,531</u>
Balances with related parties included in the statement of financial position are as follows:		
	31 December	31 December
	2021	2020
	AED	AED
Due from related parties (relating to takaful operations)		
Orient Insurance P.J.S.C.	-	28,830,076
Al Futtaim Motors	7,457,088	7,974,519
Al Futtaim Willis Co. LLC	6,351,894	999,013
Other related parties	4,910,921	5,943,646
	<u>18,719,903</u>	<u>43,747,254</u>
Due to related parties (relating to takaful operations)		
Orient Insurance P.J.S.C.	17,677,810	-
Abu Dhabi Commerical Bank PJSC	-	878,793
	<u>17,677,810</u>	<u>878,793</u>
Due from related parties (relating to shareholders')		
Al Futtaim Motors	1,145,135	2,923,644
Other related parties	485,604	696,689
	<u>1,630,739</u>	<u>3,620,333</u>
Due to related parties (relating to shareholders')		
	31 December	31 December
	2021	2020
	AED	AED
Orient Insurance P.J.S.C.	6,675	13,370
Al Futtaim Motor Auto Centre	2,305,920	1,961,443
Al Futtaim Trading Enterprises	392,604	-
Other related parties	126,544	12,163
	<u>2,831,743</u>	<u>1,986,976</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

23 Employees' end of service benefits

	31 December 2021 AED	31 December 2020 AED
At 1 January	1,138,038	780,643
Charge for the year	422,852	418,074
Paid during the year	(93,132)	(60,679)
At 31 December	<u>1,467,758</u>	<u>1,138,038</u>

24 Leases

(a) Leases as lessee (IFRS 16)

The Company leases office premises. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Lease payments will be renegotiated periodically with the first renegotiation due in the fifth year from the date of commencement of lease to reflect market rentals. For these leases, the Company is restricted to from entering into any sub-lease arrangements.

Information about leases for which the Company is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets related to leased properties are presented as property and equipment

	31 December 2021 AED	31 December 2020 AED
<i>Office premises</i>		
At 1 January 2020	3,624,600	2,659,405
Additions during the year	-	2,189,137
Depreciation charge for the year	(1,003,682)	(1,223,942)
	<u>2,620,918</u>	<u>3,624,600</u>

ii. Lease liabilities

	31 December 2021 AED	31 December 2020 AED
Less than one year	1,134,025	986,830
Between one and five years	1,303,391	2,635,636
	<u>2,437,416</u>	<u>3,622,466</u>

iii. Amounts recognised in statement of profit or loss and other comprehensive income

	For the year ended 31 December	
	2021 AED	2020 AED
Leases under IFRS 16		
Depreciation expense	1,003,682	1,223,942
Finance cost on lease liabilities	147,195	186,913
	<u>1,150,877</u>	<u>1,410,855</u>

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

24 Leases (continued)

(a) Leases as lessee (IFRS 16)

iv. Amounts recognised in statement of cash flows

	For the year ended	
	31 December	
	2021	2020
	AED	AED
Total cash outflow for leases	1,332,245	1,354,005

v. Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

25 Share capital, share premium and statutory reserve

	31 December	31 December
	2021	2020
	AED	AED
<i>Issued and paid up capital</i>		
Issued and fully paid 2,000,000 shares of AED 100 each	200,000,000	200,000,000
Share premium reserve	1,198,390	1,198,390
	201,198,390	201,198,390

Statutory reserve

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

Retakaful risk reserve

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company has created a Retakaful Risk Reserve amounting to AED 3.1 million, being 0.5% of the total retakaful contribution ceded by the Company in all classes of business. The Company shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the UAE Insurance Authority (currently Central Bank).

26 Gross written contribution

	31 December	31 December
	2021	2020
	AED	AED
Motor	34,123,737	33,035,064
Medical	138,700,312	112,259,657
Property	103,495,853	72,186,953
Engineering	13,129,646	11,402,637
Marine	28,928,382	15,060,474
Others	83,009,178	56,694,981
	401,387,108	300,639,766

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

27 General and administrative expenses

	31 December 2021 AED	31 December 2020 AED
Staff costs	15,822,060	14,662,177
Rent and utilities	-	38,900
Depreciation and amortisation	1,473,537	1,665,970
Others	3,799,229	4,086,065
	<u>21,094,826</u>	<u>20,453,112</u>

27.1 During the year, the Company has made social contributions amounting to nil (2020: nil).

28 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	31 December 2021 AED	31 December 2020 AED
Profit for the year attributable to shareholders' (AED)	<u>15,420,469</u>	<u>6,161,817</u>
Weighted average number of shares outstanding during the year	<u>2,000,000</u>	<u>2,000,000</u>
Earnings per share (AED)	<u>7.71</u>	<u>3.08</u>

There is no dilution impact on basic earnings per share.

Orient UNB Takaful P.J.S.C.

Notes (continued)

(forming part of the financial statements) (continued)

29 Segment information

Operating segment information

For management purposes, the Company is organised into four business segments; motor, property, medical and miscellaneous lines of business. These segments are the basis on which the Company reports its primary segment information.

	For the year ended 31 December 2021				
	Motor AED	Property AED	Medical AED	Miscellaneous AED	Total AED
Gross written contribution	34,123,737	103,495,853	138,700,312	125,067,206	401,387,108
Gross takaful income	24,474,334	25,702,463	36,610,159	42,568,718	129,355,674
Net underwriting expenses	(14,907,357)	(698,255)	(26,078,418)	(2,448,349)	(44,132,379)
Takaful results before wakala fees	9,566,977	25,004,208	10,531,741	40,120,369	85,223,295
Wakala fees	(11,943,308)	(36,223,549)	(48,545,109)	(43,773,522)	(140,485,488)
Net deficit from takaful operations	(2,376,331)	(11,219,341)	(38,013,368)	(3,653,153)	(55,262,193)

	For the year ended 31 December 2020				
	Motor AED	Property AED	Medical AED	Miscellaneous AED	Total AED
Gross written contribution	33,035,064	72,186,953	112,259,657	83,158,092	300,639,766
Gross takaful income	22,699,851	16,758,560	29,230,993	31,612,805	100,302,209
Net underwriting expenses	(14,825,686)	(3,280,034)	(16,414,855)	(1,873,024)	(36,393,599)
Takaful results before wakala fees	7,874,165	13,478,526	12,816,138	29,739,781	63,908,610
Wakala fees	(11,562,271)	(25,265,434)	(39,290,880)	(29,105,333)	(105,223,918)
Net deficit from takaful operations	(3,688,106)	(11,786,908)	(26,474,742)	634,448	(41,315,308)

The segmental information of assets and liabilities as per above lines of business is not available. The geographical segmental information is not presented as all the operations of the Company are based locally.

30 Contingencies and Commitments

Contingent liabilities

At 31 December 2021, guarantees, other than those relating to claims for which provisions are held, amounting to AED 0.079 million (31 December 2020: 0.079 million) had been issued on behalf of the Company by its banker in the ordinary course of business.

Legal claims

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

Zakat

The Company does not pay zakat on behalf of the shareholders. The Zakat obligation is assessed at 10% from the return on investment of the capital, which is calculated as AED 752,904 (2020: AED 701,470) and the Zakat per share is AED 0.38 (2020: AED 0.35).

بسم الله الرحمن الرحيم

أولاً

الرأى الفقهي فى مسأله الزكاه على حصة المساهمين :

ترى اللجنة الشرعية أنه يتم إخطار المساهمين بأرباح أسهمهم المستثمرة فى بنك أبو ظبي الإسلامى ، أو أى بنك إسلامى وعليهم معرفة ما إذا كان البنك قد قام بتزكيتهها ، فإن لم يتم فعلهم إخراج زكاة أرباحها وتقدر ب ١٠٪ على إحدى الفتاوى أو احتسابها مالا مكتسباً لا زكاة فيه إلا ببلوغ الحول وكان مع سائر أموال المساهمين قد بلغ النصاب فيقدر بمقدار ٢,٥ % .

ثانياً

الرأى الفقهي فى مسأله الزكاه على صندوق حملة الوثائق (المشتركين)

لا يوجد احتساب زكاة على أموال هذا الصندوق لأنها كالإمانات فى يد إدارة الصندوق للانفاق منها على ما خصص له ثم إعادة الباقي لأصحابها فلا توجد أرباح حقيقة وإنما يتم استرداد الباقي والمسترد لحقوقه هو شأنه وتحسب المالية المستوجبة عليه كزكاة

روجعت ووجدناها مطابقة للأصول والقواعد الفقهية المعتبرة

فضيلة الشيخ / خالد عبد المحسن الجندي - رئيس اللجنة

التوقيع : 

الأستاذ الدكتور / سعد الدين مسعد احمد حسن الهاللى - أستاذ الفقه المقارن بجامعة الأزهر الشريف - عضو اللجنة الشرعية

التوقيع : 

الأستاذ الدكتور / إيهاب محمد محمد على الشحات - عضو اللجنة الشرعية

التوقيع : 

التاريخ ٢٠٢٢/٠٢/٠٢ م

السادة / شركة اورينت يوان بي تكافل (ش.م.ع)

الموضوع : شهادة بمطابقة أنشطة الشركة وفقاً للقوائم المالية في ٣١ ديسمبر ٢٠٢١ للشريعة الإسلامية

تحية طيبة وبعد ،،،،،

بالإشارة إلى الموضوع المذكور عاليه، وبعد مراجعتنا للقوائم المالية للسنة المالية المنتهية في ٣١/١٢/٢٠٢١، نفيد سيادتكم علماً بأن أنشطة الشركة التالي ذكرها في إطار الشريعة الإسلامية، وذلك بعد إطلاع اللجنة على البيانات المالية للشركة من بيان المركز المالي وبيان الدخل:

١. قامت الشركة بالفصل في حساباتها بين المساهمين والمشاركين بما يتوافق مع متطلبات الشريعة الإسلامية.
٢. تم خصم أجر الوكالة المحدد وفقاً لنظام الشركة سواء الخاص بعمليات التأمين أو عوائد الإستثمار من حسابات المشاركين بما يتوافق مع أحكام الشريعة الإسلامية.
٣. القنوات الإستثمارية التي تقوم الشركة بالاستثمارات فيها تتوافق مع أحكام الشريعة الإسلامية.
٤. تمت مراجعة كافة وثائق التأمين الخاصة بالشركة وجميعها تتفق مع أحكام الشريعة الإسلامية.
٥. تمت مراجعة كافة عقود إعادة التأمين الخاصة بالشركة وجميعها تتفق مع أحكام الشريعة الإسلامية.
٦. تم إبداء الرأي من قبل اللجنة في ما يخص أحكام الزكاة الواجب تطبيقها وتأكدت اللجنة من تطبيقها بما يتفق مع النظام الأساسي للشركة ومع ما يتفق مع أحكام الشريعة الإسلامية.
٧. تم التأكد من أن كافة العقود والمستندات والوثائق التي تبرمها الشركة تمت مراجعتها والموافقة عليها من قبل اللجنة.

وهذه شهادة منا بذلك.

أعضاء اللجنة الشرعية

(١) فضيلة الشيخ / خالد عبد المحسن الجندي – رئيس اللجنة


التوقيع :

(٢) الأستاذ الدكتور / سعد الدين مسعد احمد حسن الهلالي - أستاذ الفقه المقارن بجامعة الأزهر الشريف - عضو اللجنة

الشرعية

التوقيع : 

(٣) الأستاذ الدكتور / إيهاب محمد محمد علي الشحات - عضو اللجنة الشرعية

التوقيع : 



Corporate Governance Report - 2021

DECISION NO. (7 R.M) OF 2016

ORIENT UNB TAKAFUL (PJSC) Corporate Governance Report

2021

Table of Contents

1	A statement of procedures taken to complete the Corporate Governance System during 2021 and how they are applied
2	A statement of ownership and transactions of the members of Board Directors and spouse and children thereof in the company's securities during 2021
3	Composition of the board
	A- A statement of current Board of Directors (BOD).....
	B- A statement of women’s representation in the board in 2021.....
	C- Directors remunerations and sitting fees
	1- Total remunerations paid to the Board of Directors for the year 2021.....
	2- Total remunerations proposed to be paid to the Board of Directors for the year 2021 which shall be presented in the Annual General Assembly for approval.....
	3- A Statement of the details of attendance allowances for attending the sessions of and committees derived from the BO, which were paid to the BOD members for the fiscal year 2021.....
	D- The numbers and dates of BOD meeting held during the FY 2021 as well as the attendant frequency by all the members, in person and by proxy.....
	E- A statement of the BOD` tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the management, stating the period and validity of the delegation.....
	F- Statement of the details of transactions made with related parties (stakeholders).....
	G- The company`s organizational structure of the company.....
	H- A detailed statement of the senior executives as the company`s organizational structure and their positions and appointment dates and the total salaries and benefits paid thereto.....
4	External auditor
	A- brief of the external auditor of the companies to the shareholders.....
	B- statement of the fees or costs of auditing or services provided by the external auditor.....
	C- Indication of the company's auditor reservations included in the interim and annual financial statements for the year 2021.....
5	Audit Committee
	A- The names of members of the audit committee, and a statement of its functions and duties assigned thereto.....
	B- The numbers and dates of the meetings held by the audit committee during the year 2021 to discuss issue related to financial statements and any other issues , and a statement of the attendance frequency in person by the committee`s members.....
6	Nominations and remunerations committee
	A- The names of members of the Nomination and Remunerations committee and a statement of its functions and duties assigned thereto.....
	B- The numbers and dates of the meetings held by Nominations and remunerations during the year 2021, stating the frequency of attendance in person by the all the members of the committee.....
7	Insiders` Trading Follow up and supervision Committee
	A- Names of the members of the Insiders` Trading Follow up and supervision Committee and a statement of its functions and duties assigned thereto.....
	B- A summary of the Committee` activities in 2021
8	Investment committee
	A- The names of members of the Investment committee and a statement of its functions and duties assigned thereto.....
	B- A summary of the Committee` activities in 2021.....
	C- The numbers and dates of the meetings held by the Investment Committee during the year 2021.....
9	Internal control system
	A- The BOD`s acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness.....
	B- The name, qualifications and date of appointment of the directors of internal control department.....
	C- The name, qualifications and date of appointment of Compliance officer.....
	D- How the Internal Control department handle any significant issues in the company, or issues disclosed in the annual report and accounts.....
10	Details of the violations committed during the year 2021, ant a statement of reasons thereof, and how they addressed and how they will avoid in the future.

11 A statement of the cash and in-kind contributions made by the company during the year 2021 towards the local community development and environmental conservation

12 General Information

- A- A statement of the Company share price in the market by the end of each month during the year 2021.....
- B- A statement of comparative performance of the company's share with the market index and sector index to which the company belongs during year 2021.....
- C- A statement of shareholding distribution as of 31/12/2021.....
- D- A statement of shareholders who hold 5% or more of the company's capital as of 31/12/2021.....
- E- A statement of shareholder's distribution by the size of equity as of 31/12/2021.....
- F- A statement of the procedures taken with respect to control of investor's relation taken on the controls of investors' relations.....
 - i. The name and contact information of Investors' Relations Manager.....
 - ii. Link of the investor's relations webpage on the website of the company.....
- G- A statement of the special resolution to the General Assembly held in 2021 and the procedures taken with respect thereto.....
- H- Name and date of appointment for Board Secretary.....
- I- The name of board secretary and the date of his/her appointment.....
- J- A statement of the significant events that take place in the company in 2021.....
- K- A statement of the Emiratization percentage in the company as of 2021.....
- L- A statement of innovative projects and initiatives implemented by the company or which were under development during 2021.....

Approval and signature of the report

Board declaration of liability for the company's internal control system is attached

1- A statement of procedures taken to complete the Corporate Governance System during 2021 and how they are applied

- 1- Orient UNB Takaful (Public Joint Stock Company) was established in 2016 and registered with the Securities and Commodities Authority on 02/06/2017. It was listed on the Dubai Financial Market on 22/06/2017 and obtained the registration certificate from the Insurance Authority on 16/07/2017.
- 2- The Company has been keen to meet all the requirements specified in the decision issued by the Board of Directors of the Securities and Commodities Authority No. 7/2016 on the standards of corporate discipline and corporate governance. The company has implemented the requirements of governance as follows:
 - 1) Direct the committees emanating from the Board of Directors to carry out their work.
 - 2) The Internal Control Department shall carry out the role entrusted to it during the year ended 31/12/2021.
 - 3) Work in accordance with internal policies approved by the Board of Directors.
 - Subscription policy and risk management policy
 - Reinsurance policy
 - The Company's credit policy and the policy of making provisions for doubtful debts
 - Anti-money laundering and combating the financing of terrorism policy
 - Guide to the rules and procedures of governance
 - Political organization of relationship with stakeholders.
 - Disclosure and transparency policy
 - Rules for the transactions of insiders
 - Guide to internal control procedures.
- 3- The Board of Directors has followed the performance and work of the Director of Investor Relations Department in accordance with the regulations and laws.
- 4- The Board of Directors has followed up the performance and work of each of its committees, including the Internal Audit and Audit Committees, the Nomination and Remuneration Committee and ensuring that their work is consistent with the general rules of governance.
- 5- During 2021, a number of the company's employees attended several workshops to explain all matters related to the rules of corporate governance and institutional discipline.
- 6- The company is keen to exercise its transparency with respect to the dates and methods of disclosure of financial statements with compliance with all provisions and decisions of the Securities and Commodities Authority.
- 7- Commitment to complete the governance report including a detailed picture of the steps of applying the rules of governance as well as the annual report and all the financial statements and presenting them to the members of the general assembly before they are held long enough to enable the general assembly to review them and make their decisions.

2- A statement of ownership and transaction of the members of Board Directors and spouse and children thereof in the company's securities during 2021

No	Name	Title / Relationship	Own shares as on 31/12/2021	Total Sale	Total Purchase
1	Mr. Yousuf Ali Ahmad Obaid Binzayed Al Falasi	Chairman	None	None	None
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Vice Chairman	None	None	None
3	Mr. Hussain Murad Mohamed Ali Al-Blooshi	Director	None	None	None
4	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Director	None	None	None
5	Mr. Syed Muhammad Asim Syed Mujtaba	Director - CEO	None	None	None

**Since the members of the board of Orient UNB Takaful (public shareholding) and their spouses and children do not own any of the shares of the company, there is no trading transactions on the company's shares from the members of the board of directors during the year 2021, whether from the members of the board of directors, their relatives or others.

3- Composition of the board

1) A statement of current Board of Directors (BOD)

No	Name	Category	Experience/Qualifications	
1	Mr. Yousuf Ali Ahmad Obaid Binzayed Al Falasi	Non-Executive/ Independent	General Manager Facilities Management, Al-Futtaim Engineering Company	Bachelor of Engineering
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Non-Executive/ Independent	Consultant, Legal & BS Group, ADCB	
3	Mr. Hussain Murad Mohamed Ali Al-Blooshi	Non-Executive/ Independent	Director of the Department of Security, Health and Safety At Al-Futtaim Group	Diploma of Leadership in Humanitarian and Development Work
4	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Non-Executive/ Independent	Marketing Manager, Al Futtaim Engineering Company	Bachelor of Public Relations
5	Mr. Syed Muhammad Asim Syed Mujtaba	Executive/ Non-Independent	Executive Vice President of Sales and Branches at Orient Insurance Company from 2005 to 2017	Bachelor of Commerce

No	Name	Period served as BOD member of the company since his first election	Membership of other joint-stock companies	Positions in important control, governmental or trade positions	Remarks
1	Mr. Yousuf Ali Ahmad Obaid Binzayed Al Falasi	5 Years	None	None	
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	4 Years	None	None	
3	Mr. Hussain Murad Mohamed Ali Al-Blooshi	9 months	None	None	
4	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	9 months	None	None	
5	Mr. Syed Muhammad Asim Syed Mujtaba	5 Years	None	None	

2) **A statement of women’s representation in the board in 2021**

The representation of female membership of the board in 2021

3) **Directors remunerations and sitting fees**

• **The remunerations paid to the members of Board of Directors for 2021**

Concerning the year 2021, all directors dispensed their remunerations and no remunerations were released.

• **Total remunerations proposed to be paid to the members of the Board of Directors for the year 2021, which shall be presented in the annual General Assembly for approval:**

Concerning the year 2021, all Directors dispensed with their remunerations for 2021, so there are no recommendations regarding the distribution of remunerations that can be presented in the Annual General Assembly Meeting.

• **A Statement of the details of attendance allowances for attending the sessions of and committees derived from the BOD, which were paid to the BOD members for the fiscal year 2021:**

All directors, including the members of board derived committees, dispensed all allowances of attendance of board meeting or board committees meeting, and no allowances were released to them.

No	Name	Allowances of attending the board committees		
		Committee	Allowance	Number of Meetings
1	Mr. Hussain Murad Mohamed Ali Al-Blooshi	Audit Committee	None	3/4
		Nomination & Remuneration	None	1/1
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Audit Committee	None	4/4
		Nomination & Remuneration	None	1/1
3	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Audit Committee	None	3/4
		Nomination & Remuneration	None	1/1

** There are no additional allowances, salaries, or fees that members of the board of directors’ charge, including those attending committees.

A Statement of Attendance of Board Members to Board Committees:

<u>Name</u>	<u>Audit Committee</u>	<u>Nomination & remuneration</u>	<u>Investment Committee</u>	<u>Committee for Supervision of Insiders' Trading</u>
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	4 Meetings	1 Meeting	Not a Member	Not a Member
Mr. Hussain Murad Mohamed Ali Al-Blooshi	3 Meetings	1 Meeting	1 Meeting	Not a Member
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	3 Meetings	1 Meeting	1 Meeting	1 Meeting
Mr. Syed Muhammad Asim Syed Mujtaba	Not a Member	Not a Member	1 Meeting	1 Meeting
Mr. Meenachi Sundaram (Board secretary and Committee Member)	Not a Member	Not a Member	Not a Member	1 Meeting

4) **The numbers and dates of BOD meeting held during the FY 2021 as well as the attendance frequency by all the members, in person and by proxy**

Board of Orient UNB Takaful (PJSC) held (5) meetings during the year 2021 according to the following details:

<u>Meeting</u>	<u>Date of Meeting</u>	<u>No. of Attendees</u>	<u>No. of Attendees by Proxy</u>	<u>No. of Absent Members</u>
First Meeting	2021/03/08	5	NIL	NIL
Second Meeting	2021/05/09	5	NIL	NIL
Third Meeting	2021/05/30	5	NIL	NIL
Fourth Meeting	2021/08/10	5	NIL	NIL
Fifth Meeting	2021/11/09	4	NIL	1

A Statement of Attendance of Board Members to Board Meetings:

<u>Name</u>	<u>Meeting/Meeting Date</u>				
	<u>First Meeting 08/03/2021</u>	<u>Second Meeting 09/05/2021</u>	<u>Third meeting 30/05/2021</u>	<u>Fourth Meeting 10/08/2021</u>	<u>Fifth Meeting 09/11/2021</u>
Mr. Yousuf Ali Ahmad Obaid Binzayed Al Falasi	Attended	Attended	Attended	Attended	Not Attended
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	Attended	Attended	Attended	Attended
Mr. Syed Muhammad Asim Syed Mujtaba	Attended	Attended	Attended	Attended	Attended
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Not a member	Attended	Attended	Attended	Attended
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Not a member	Attended	Attended	Attended	Attended
Mr. Mohammad Rami Safouh Raslan	Attended	Not a member	Not a member	Not a member	Not a member
Mr. Zuhair Ishaq Sulaiman Mohamed Abushousha	Attended	Not a member	Not a member	Not a member	Not a member

Number of times of personal attendance of board members:

Mr. Yousuf Ali Ahmad Obaid Binzayed Al Falasi	4 times
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	5 times
Mr. Syed Muhammad Asim Syed Mujtaba	5 times
Mr. Hussain Murad Mohamed Ali Al-Blooshi	4 times
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	4 times
Mr. Mohammad Rami Safouh Raslan	1 time
Mr. Zuhair Ishaq Sulaiman Mohamed Abushousha	1 time

The numbers and dates of BOD decisions by circulation during the FY 2021

2 Meetings were held by Circulation as follows:

- 1- First Meeting Dated: 23/03/2021
- 2- Second Meeting Dated: 08/09/2021

- 5) **A statement of the BOD` tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the management, stating the period and validity of the delegation**

The Company's board assigned the company's executive management to assume the following duties and competences:

Name of authorized person	Delegation authority	Duration of Delegation
<p>Syed Muhammad Asim Chief Executive Officer "Managing Director"</p>	<p>All the necessary powers to carry out the administrative and technical requirements of the company, including for example:</p> <ul style="list-style-type: none"> -Daily management of the company. -Annual budget arrangement. -Put the necessary insurance for the company. -Appointing and isolating employees, consultants and contractors and determining their duties and rewards inside and outside the country. -Representing the company in all natural and legal entities, ministries, committees, committees, boards, references, civil departments, companies and private entities. Signing all contracts, transactions, correspondence and documents related to the company's business. -Follow up the establishment, processing and operation of new branches and premises and take the procedures of its establishment. <p>In general, the Company is represented in all the activities required for the conduct of its business and activities or related to and related to its practice within the United Arab Emirates and other countries.</p>	<p>The executive management of the company shall carry out the functions and responsibilities entrusted to it under a delegated authority from the Board of Directors, subject to continuous review by the Board. These powers shall remain in force unless they are canceled or undermined by the Board of Directors.</p>

6) **Statement of the details of transactions made with related parties (stakeholders)**

Related parties comprise of shareholders, associate companies, and directors and key management personnel of the Company, together with entities controlled, jointly controlled or significantly influenced by those parties. Pricing policies and terms of these transactions are approved by the Company's shareholders.

Significant transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

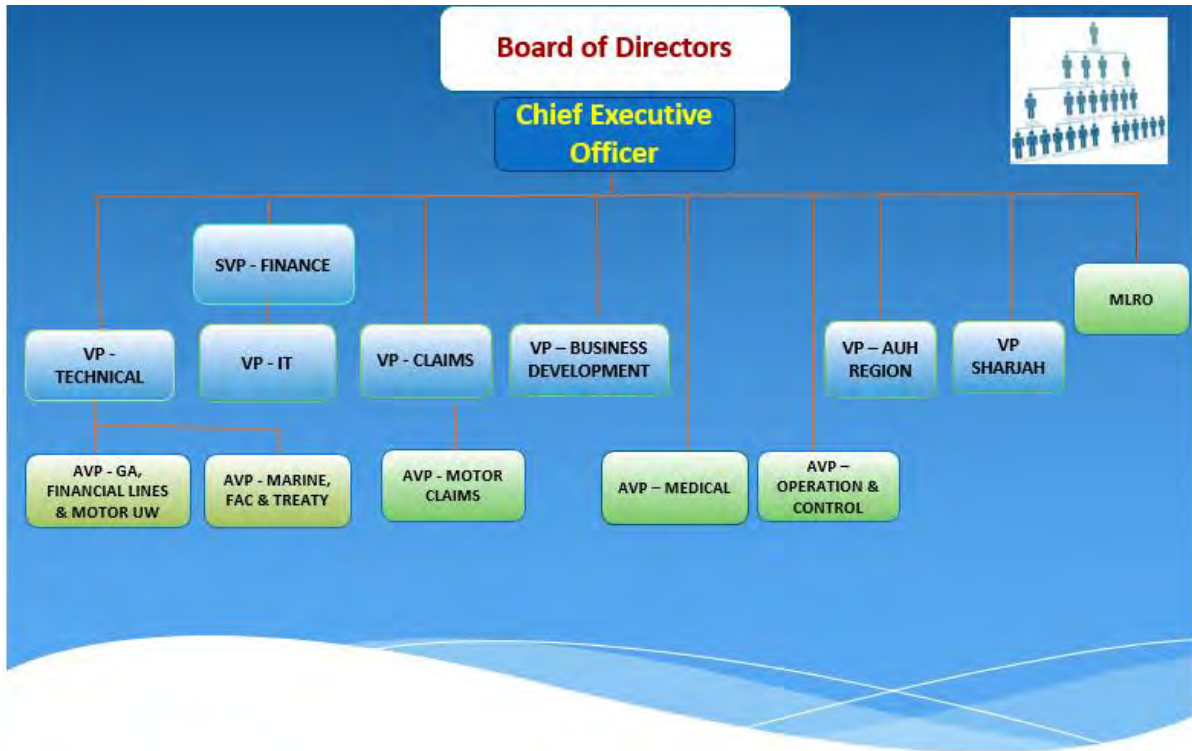
Gross written contribution	401,387,108
Retakaful contribution	306,246,256
General and administrative expenses	21,094,826
Claims reported	47,005,780
Due from related parties	20,350,642
Due to related parties	20,509,553

Compensation of Key Management Personnel

Short term benefits	1,847,619
End of service	277,564

Related Parties	Nature of Relationship	Type of Transactions	Value of the Transactions
<u>Due From related parties</u>			
Orient Insurance PJSC	Shareholder	Insurance & Reinsurance	-
Al Futtaim Motors	Part of same group as Orient Insurance PJSC	Insurance	8,602,223
Al Futtaim Willis Co	Part of same group as Orient Insurance PJSC	Insurance & Reinsurance	6,351,894
Other Related Parties	Part of same group as Orient Insurance PJSC	Insurance	5,396,525
<u>TOTAL Due from Related Parties</u>			20,350,642
<u>Due To related parties</u>			
ADCB	Shareholder	Insurance	-
Orient Insurance PJSC	Shareholder	Inter Company Transactions	17,684,485
Al Futtaim Auto Centre	Part of same group as Orient Insurance PJSC	Repair Charges for Motor Claims	2,305,920
Al Futtaim Trading Enterprises	Part of same group as Orient Insurance PJSC	Repair Charges for Motor Claims	392,604
Other Related Parties		Inter Company Transactions	126,544
<u>TOTAL Due to Related Parties</u>			20,509,553

7) The company's organizational structure:



8) A detailed statement of the senior executives as the company's organizational structure and their positions and appointment dates and the total salaries and benefits paid thereto

No	Name	Title	Date of appointment	Total salaries and allowances paid in 2021 (AED)	Total bonuses paid in 2021 (AED)
1	Syed Muhammad Asim	Chief Executive officer	01/04/2017	995,804	Not paid yet
2	Meenachi Sundaram	Senior Vice president Finance	09/04/2017	462,687	Not paid yet
4	Rehman Saeed	Vice president Technical	18/04/2017	346,860	Not paid yet
5	Biju Anthappen	Vice President Abu Dhabi Branch	28/04/2020	323,500	Not paid yet
6	Eyad Amer Khalil Faraj	Vice President Sharjah Branch	08/11/2020	305,500	Not paid yet
Total				2,434,351	

**No Bonuses were paid for 2021, and the expected time of release of the Bonuses is 30/04/2022.

4- External auditor

A. Brief of the external auditor of the companies to the shareholders

KPMG assumes the external auditing works of the company. It is one of the international auditing companies that has branches in most countries of the world and is trusted by many leading international companies. It is auditing company approved in the state and assumes auditing of the company's account since 2018. According to the follow up of auditing works of the company during those years, the external auditor performed his works honestly, independently, and neutrally, and appointment was made in accordance with the company's general meeting dated 23/03/2021.

B. Statement of the fees or costs of auditing or services provided by the external auditor

During the year 2021, the Company paid AED 190,000 as fees to the external auditor. This amount was paid against the quarterly audit of the Company's accounts, the final annual review and the verification of the financial statements of the Company and whether there is a violation of the provisions of the Articles of Association of the Company and/or the Corporate Law, During the financial year ended 2021, as part of the fees, the auditor shall attend the Annual General Meeting of the Company, as well as express his opinion on the budget during that meeting and verify the procedures followed for the announcing/holding of this meeting.

Name of Auditing Company and Partners' Name	KPMG Partner Name: Adil Abid
Number of years spent as external auditor of the company	4
Number of years Partner auditor spent auditing the company's accounts	4
Total auditing fees of financial statements for 2021 (AED)	160,000
The fees and costs of special services other than auditing of financial statement in 2021	70,000
Details and nature of other services provided	Authority Supervision Requirements
Statement of the other special services submitted by another external auditor than the company's auditor during 2021	None

C. Indication of the company's auditor reservations included in the interim and annual financial statements for the year 2021

As per quarterly, half yearly and annual reports, we did not recognize any reservation from external auditors.

5- Audit Committee

I, **Chairman of the Audit Committee**, acknowledge my responsibility for the Audit committee system at the company, review of its work mechanism ad ensures its effectiveness.

A. The names of members of the audit committee, and a statement of its functions and duties assigned thereto

The audit committee consist of the following board members:

Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Head of Committee	Independent / Non-Executive
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Member	Independent / Non-Executive
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Member	Independent / Non-Executive

Functions and duties of audit committee:

- a- To set and implement the policy of entering into contract with the external auditor and refer the board report that defines the matters it finds necessary to take measure in their respect and to present recommendations of the steps to be taken.
- b- To follow up and control the independence and objectivity of external auditor, and to discuss him about the nature, scope and effectiveness of auditing in accordance with the approved auditing standards.
- c- To control the safety of the company's (Annual, semi-annual and quarterly) financial statements and reports and to audit them as part of its normal work during the year, after closure of accounts in any quarter, and shall focus on the following:
 - Any changes to the accounting policies and practices.
 - Highlighting the sides which are subject to the management's assessment
 - Material amendments that result from auditing.
 - Assuming continuity of the company's work.
 - Compliance with the accounting standards to be decided by the Authority.
 - Comply with the rules of listing, disclosure and other legal requirements related to preparation of financial reports.
- d- Coordinating with the company's board, executive department, financial manager or manager in charge of the same duties in the company for performance of its duties. The committee shall meet with the company's auditors at least once per year.
- e- Consider any important and extraordinary items that are contained or may be contained in those reports and accounts and draw the due attention to any matters to be raised by the company's financial manager or the manager who assumes the same duties, compliance officer or auditors.
- f- Review the financial control and internal control systems and risk management of the company.
- g- Discuss the internal control system with management and assure its performance of the duty of creating effective internal control system.

- h- Consider the key results of investigation of the internal control matters to be assigned by the board or initiated by the committee and management's approval.
- i- Assure coordination between the company's auditors and external auditor and assure availability of the necessary resources to the internal auditing staff and review and control the effectiveness of this staff.
- j- Review the financial and accounting policies and procedures of the company.
- k- Review the external auditor's letter and work plan and any essential inquiries to be raised by the auditor to the executive department in connection with the accounting records, financial accounts or control systems and recuse and approve them.
- l- Assure the board's timely response to the inquiries and essential matters raised in the external auditor's letter.
- m- Set the controls that enable the company's employees to report any potential violations in the financial reports, internal control or other matters confidentially and the steps that guarantee independent and fair investigations of those violations.
- n- Control the company's compliance with the rules of professional conduct.
- o- Guarantee application of the rules of work of its duties and the capacities assigned thereto by the board.
- p- Present report to the board on the matters contained in this item.
- q- Consider any other topics to be defined by the board.

B. The numbers and dates of the meetings held by the audit committee during the year 2021 to discuss issue related to financial statements and any other issues, and a statement of the attendance frequency in person by the committee's members

Meeting	Date of Meeting	Agenda
First Meeting	08/03/2021	Review the company's annual financial results for the year ended 31/12/2020
Second Meeting	09/05/2021	Review the Company's financial results for the first quarter ended 31/03/2021 and review and evaluate the internal control and risk management system
Third Meeting	10/08/2021	Review the Company's financial results for the first quarter ended 30/06/2021 and review and evaluate the internal control and risk management system
Fourth Meeting	09/11/2021	Review the Company's financial results for the first quarter ended 30/09/2021 and review and evaluate the internal control and risk management system

Name	Meeting/Meeting Date				No. of Times Attended
	First Meeting 08/03/2021	Second Meeting 09/05/2021	Third meeting 10/08/2021	Fourth Meeting 09/11/2021	
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	Attended	Attended	Attended	4 Out of 4
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Not A Memebr	Attended	Attended	Attended	3 Out of 4
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al- bastaky	Not A Memebr	Attended	Attended	Attended	3 Out of 4
Mr. Mohammad Rami Safouh Raslan	Attended	Not A Memebr	Not A Memebr	Not A Memebr	1 Out of 4
Mr. Zuhair Ishaq Sulaiman Mohamed Abushousha	Attended	Not A Memebr	Not A Memebr	Not A Memebr	1 Out of 4

6- Nominations and Remunerations committee

I **Chairman of the Nominations and Remunerations committee**, acknowledge my responsibility for the Nominations and Remunerations committee system at the company, review of its work mechanism ad ensures its effectiveness.

A. The names of members of the Nomination and Remunerations committee and a statement of its functions and duties assigned thereto

The nominations and remunerations committee consist of the following board members:

Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Head of Committee	Independent / Non-Executive
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Member	Independent / Non-Executive
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Member	Independent / Non-Executive

Functions and duties of nominations and remunerations committee:

- 1- To assure independence of the independent directors on continuous basis. If the committee found that a director missed the conditions of independence, the company shall refer the matter to the company's board.
- 2- Prepare the policy of remunerations, benefits, incentives and salaries of the company's board and annually reviewing it. The committee shall assure that the remunerations and benefits granted to the senior executive department of the company is reasonable and suitable to the company's performance.
- 3- Define the company's needs of competences on the level of senior executive department and employees and basis of choice of them.
- 4- Prepare the human resources and training policy of the company and control application and review of it on annual basis.
- 5- Organize and follow up the procedures of nomination to the board membership in accordance with the applicable laws and regulations and the provisions of the Securities and Commodities Authority Board Resolution No 7/R.M of 2016.

B. The numbers and dates of the meetings held by Nominations and remunerations committee during the year 2021, stating the frequency of attendance in person by the all the members of the committee

Meeting	Date of Meeting	Agenda
First Meeting	09/11/2021	<ul style="list-style-type: none"> Review the functions of the Committee in accordance with Article 47 of the decision of the Board of Directors of the Securities and Commodities Authority No. 7/R.M of 2016 on the standards of corporate discipline and corporate governance To verify the status of the independent members of the Board and the extent to which the members are independent. Review the policy of candidacy for membership of the Board of Directors, as outlined in the previous corporate governance guide. Annual review of the policy of granting bonuses and benefits to the Board members and employees of the company. Annual review of the company's needs for the competencies of executive management and staff and the basis of their selection Annual review of HR policy and training. Annual review of the Board structure

Name	Meeting/Meeting Date	No. of Times Attended
	First Meeting 09/11/2021	
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	1 Out of 1
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	1 Out of 1
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	1 Out of 1

7- Insiders' Trading Follow up and supervision Committee

I, **Chairman of the Committee for Supervision of Insiders' Trading**, acknowledge my responsibility for the Insiders' Trading Follow up and Supervision committee system at the company, review of its work mechanism and ensures its effectiveness.

A. Names of the members of the Insiders` Trading Follow up and supervision Committee and a statement of its functions and duties assigned thereto

The committee for Supervision of Insiders' Trading activities consist of the following board members:

Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Head of Committee	Independent / Non-Executive
Mr. Syed Muhammad Asim Syed Mujtaba	Member	Independent / Executive
Mr. Meenachi Sundaram Raja Raman	Member	Independent / Non-Executive

B. A summary of the Committee’s activities in 2021

First: Competences and duties of Insiders’ Trading Follow Up and Supervision of the Committee

- 1- Review and control of the customer trading policies, including the periodic changes to be made thereto.
- 2- Receive and review the reports of trading operations done by customers.
- 3- Study and grant prior approval of the requests of trading of shares, bonds and securities (possession/ purchase/ and other authorized activities).

Second: Duties of Insiders` Trading Follow Up and Supervision of the Committee shall undertake the following duties:

- 4- Meet at least twice per year to follow up and supervise the customer transactions.
- 5- Review and control the trading policy of customers on annual basis in accordance with the rules of transactions and transparency and carry out the periodic changes, if necessary, to be in line with the changes of governing laws and decisions.
- 6- Receive and review the trading reports prepared by customers (by the end of each quarter) and carry out periodic control of the customer transactions in Dubai Financial Market to guarantee customer compliance with the trading policy of the company and assure validity of the declarations submitted by customers.
- 7- Receive the previous requests of securities trading and evaluate them in terms of compliance with the governing legislation and procedures, and to grant approval and advise the specific decision whereby trading is allowed to customers and notify the official authorities with those requests.
- 8- Report to Dubai Financial Market and Securities and Commodities Authority the violations of trading policy requirements for customers to take the necessary decision and take the disciplinary measures against violators.
- 9- Draft the declarations of customers and supervise the contracts with external and temporary customers.

C. The numbers and dates of the meetings held by Insiders` Trading committee during the year 2021, stating the frequency of attendance in person by the all the members of the committee

Meeting	Date of Meeting	Agenda
First Meeting	09/11/2021	The committee reviewed the list of Trades on the Company’s stock, during the year and noted that there have not been any transactions done on the trade of the company’s stocks, and that the stock share is stable on the price of 100 AED. Accordingly, the Committee submitted its report that there were no transactions made by any of the related parties.

Name	Meeting/Meeting Date	No. of Times Attended
	First Meeting 09/11/2021	
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	1 Out of 1
Mr. Syed Muhammad Asim Syed Mujtaba	Attended	1 Out of 1
Mr. R. Meenachi Sundaram	Attended	1 Out of 1

8- Investment committee

I, **Chairman of the Investment Committee**, acknowledge my responsibility for the Investment committee system at the company, review of its work mechanism and ensures its effectiveness.

A- The names of members of the Investment committee and a statement of its functions and duties assigned thereto

The Investment committee consists of the following board members:

Mr. Hussain Murad Mohamed Ali Al-Blooshi	Head of Committee	Independent / Non-Executive
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Member	Independent / Non-Executive
Mr. Syed Muhammad Asim Syed Mujtaba	Member	Independent / Executive

B- A summary of the Committee's functions and duties

- Review, supervise and Approve the company's investments.
- Review, supervise and Approve the dates of benefits for the company's investments.
- Review, supervise and Approve the legal deposits and the Agency's deposits.
- Ensure that the company's investment officers follow the standards and controls contained in the decisions of the regulatory bodies and abide by them.

C- The numbers and dates of the meetings held by the Investment Committee during the year 2021

Meeting	Date of Meeting	Agenda
First Meeting	09/11/2021	Review of the company's investment portfolio

Name	Meeting/Meeting Date	No. of Times Attended
	First Meeting 09/11/2021	
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	1 Out of 1
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	1 Out of 1
Mr. Syed Muhammad Asim Syed Mujtaba	Attended	1 Out of 1

9- Internal control system

A- The BOD's acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness

The internal control department of the company exercises its works in accordance with the provisions of article (8) of the Securities and Commodities Authority board resolution No 7/R.M of 2016 to be sufficiently independent to assume its duties and track the board directly, and he shall be responsible for the internal control system and its follow up, revision and effectiveness as provided in the attached declaration issued by the company's board.

Work mechanism of the company's internal control department

The company adopted application of the international standards for achievement of internal control to achieve the required purposes at the utmost efficiency and least economic cost. The company's internal control work mechanism includes the following:

- Reasonableness and consistency of information and data.
- Compliance of the policies plans and procedures with the regulations, laws and instructions.
- Protection of the company's assets.
- Compliance of activities, operations and programs with the specific strategic objectives and purposes, and assurance of the supervisory authority's compliance with the plans and objectives.
- Assurance of preventive control to prevent occurrence of any undesired occurrences and correct the improper acts and adoption of desired practices and encourage repetition of performance of them.
- Assure the safety and efficiency of internal control items represented in:
 - 1- Control authority
 - 2- Assessment of risks
 - 3- Internal control activities
 - 4- Information and communications
 - 5- Control and inspection
- Represented in the head of internal control department, the internal control department assumes the following:
 - Preparation of annual control plan in coordination with the auditing committee and heads of appropriate departments and heads of other departments of the company.
 - Implementation of the internal control plan which is set and approve in addition to implementation of any other duties or projects required by the board.
- The internal control manager shall refer detailed reports to the board on evaluation of the internal control system and shall highlight the notes and raise suggestions to bridge any gap that may arise in the internal control system on regular periodic basis when necessary and at any time he decides in accordance with the requirements of the control best practices.

B- The name, qualifications and date of appointment of the directors of internal control department

Mr. **Kamal Batcha Sowkath Ali** is responsible for the internal control function of the company and was appointed by the company on 11/04/2017

Academic Qualifications:

- Bachelor of Accounting
- Higher Diploma in auditing companies
- Diploma in computer applications
- Diploma in Management Sciences
- Diploma of the Indian Institute of Insurance (AIII)

Work Experience:

More Than 25 years' experience in auditing insurance companies within the UAE.

- From 2017 till date - Director of the Internal Control Department of Orient UNB Takaful.
- From 2003 till 2016 - Director of the Internal Control Department of Orient Insurance.
- From 1996 till 2003 - Accountant of Dubai Branch - United Insurance Company -Dubai

C- The name, qualifications and date of appointment of Compliance officer

The Director of the Internal Control Department, **Mr. Kamal Batch Sowkath Ali**, acts as Compliance Officer, commissioned by the Board of Directors to ascertain the extent to which the Company and its employees comply with the laws, regulations and regulations issued.

D- How the Internal Control department handle any significant issues in the company, or issues disclosed in the annual report and accounts

The internal control department works for a specific mechanism, which is the direct dependency of the board of directors. In the event of a major problem, the company will be referred to the chairman to take the necessary steps to prevent the problem from escalating. During 2021, the company did not encounter any problems because the company deals in accordance with the generally acceptable principles and practices in accordance with the provisions of law.

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

Two Reports have been issued by the Internal Control Department to the Company's Board of Directors.

- Compliance Officer Report on AML & CFT for the Year 2020 as at 31/12/2020
- Suspicious Transactions Reporting for the Year ended 2020 on 31/05/2021

10- Details of the violations committed during the year 2021, and a statement of reasons thereof, and how they addressed and how they will avoid in the future

Through the data that was submitted and continuous follow up by the board committees and internal control department, and the external auditor, it was found that there are no financial or administrative violations of 2021 .

11- A statement of the cash and in-kind contributions made by the company during the year 2021 towards the local community development and environmental conservation

Orient UNB Takaful (Public Shareholding) follows an environmental and social policy that stems from its interest in maintaining the integrity of the local environment by reducing the use of pollution-friendly tools, reducing the amount of waste recycled and reusing, and optimizing the use of resources. In addition to this, Orient UNB Takaful (Public Shareholding) is actively practicing its social role by joining a number of governmental and private associations to enhance the external communication elements and to comply with the general development plans of the State.

As for the company's contribution during the year 2021, due to the recent establishment, the company has not disbursed any amounts.

12- General Information

A. A statement of the Company share price in the market by the end of each month during the year 2021

During the year 2021 there have not been any transactions done on the trade of the company's stocks, and the stock share is stable on the price of 100 AED during the year.

Table that indicates the stock price during the fiscal year 2021 that indicates the maximum and minimum price by the end of each month:

Month	Highest price		Lowest price	
January	AED	100	AED	100
February	AED	100	AED	100
March	AED	100	AED	100
April	AED	100	AED	100
May	AED	100	AED	100
June	AED	100	AED	100

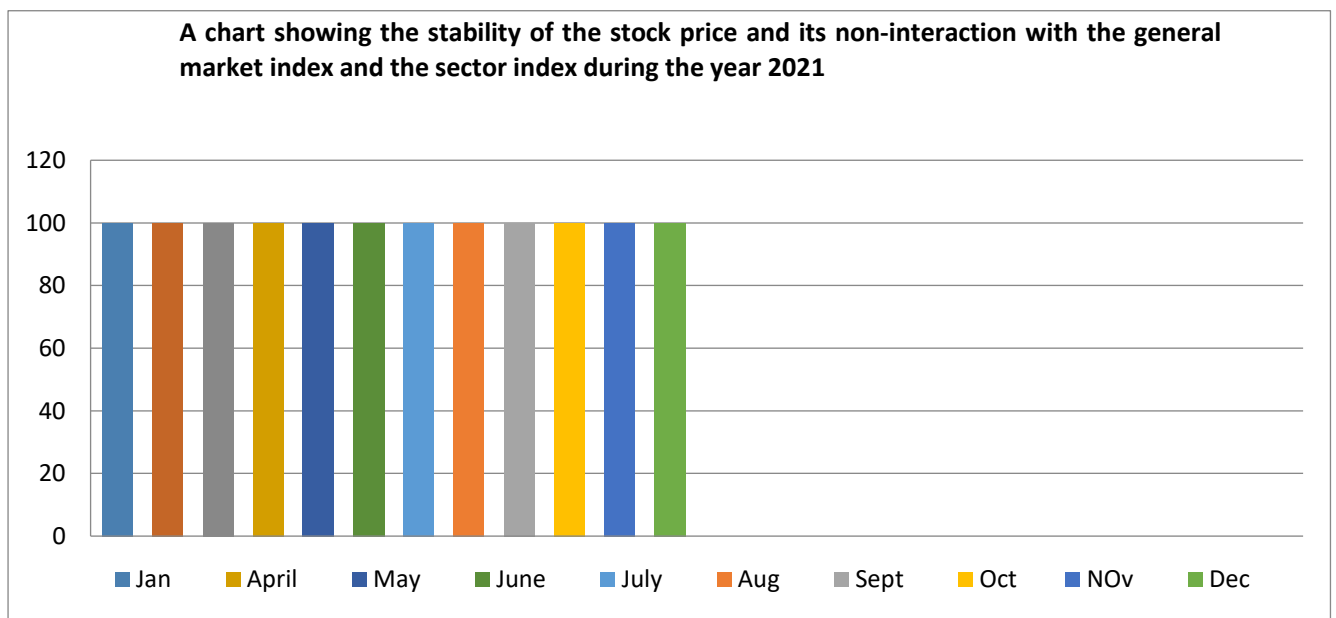
Month	Highest price		Lowest price	
July	AED	100	AED	100
August	AED	100	AED	100
September	AED	100	AED	100
October	AED	100	AED	100
November	AED	100	AED	100
December	AED	100	AED	100

B. A statement of comparative performance of the company's share with the market index and sector index to which the company belongs during year 2021

During the year 2021 there have not been any transactions done on the trade of the company's stocks except the following

- A deal on March 16, 2021 for 281,124 shares with an amount of AED 22,068,234 (AED 78.5 per share)
- A deal on March 16, 2021 for 700,000 shares with an amount of AED 54,950,000 (AED 78.5 per share)

Except for the above deals, the stock share is stable on the price of 100 AED during the year. Therefore the share price remained constant without any interaction with the general market index or with sector index.

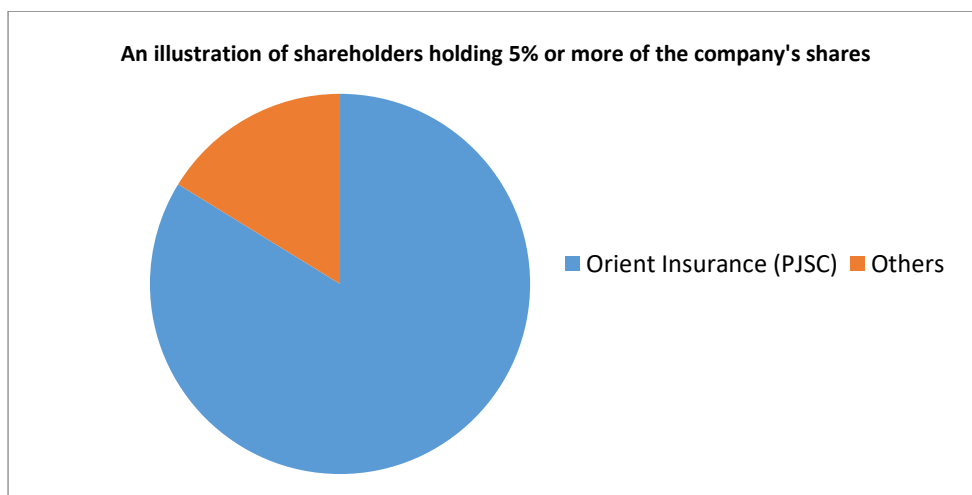


C. A statement of shareholding distribution as of 31/12/2021

No	Shareholder's classification	Percentage of own shares			
		Individuals	Companies	Government	Total
	Local	15.944%	83.9062%	None	99.85%
	Arab	0.10%	None	None	0.10%
	Foreign	0.05%	None	None	0.05%
	Total	16.094%	83.9062%	None	100%

D. A statement of shareholders who hold 5% or more of the company's capital as of 31/12/2021

No	Name	Number of own shares	Percentage of own capital shares
1	Orient Insurance (PJSC)	1,678,124	83.9062%



E. A statement of shareholder's distribution by the size of equity as of 31/12/2021

No	Shareholding (share)	Number of shareholders	Number of own shares	Percentage of own capital shares
1	Less than 50,000	16	321,876	16.094%
2	50,000 to less than 500,000	None	None	None
3	500,000 to less than 5,000,000	1	1,678,124	83.9062%
4	Over 5,000,000	None	None	None
TOTAL		17	2,000,000	100%

F. A statement of the procedures taken with respect to control of investor's relation taken on the controls of investors' relations

In compliance with the decisions issued in this regard, the Senior Vice-President Finance has been appointed as an Investor Relations Officer due to the availability of the required conditions of familiarity with the regulations and laws and the ability to communicate with investors.

The name and contact information of Investors' Relations Manager

Mr. **Meenachi Sundaram Raja Raman** is the Investors Relation Officer

Phone: +971 4 6017585 Mobile +971582162212

Fax +971 4 6017555 E-mail Sundaram.rajaraman@orientunbtakaful.ae

Link of the investor's relations webpage on the website of the company:

www.orientunbtakaful.ae

G. A statement of the special resolution during the General Assembly held in 2021 and the procedures taken with respect thereto**GA Meeting on 18.08.2021 - Change in Shareholding Structure & Proposed Change in the Name of the Company**

During March 2021, Orient Insurance Co PJSC acquired the following shares: --

- 700,000 Shares held by ADCB at a price of AED 78.50 per share
- 281,124 Shares held by Al Wifaq Finance Co at a price of AED 78.50 per share

Following the above acquisition, and after obtaining necessary approvals from SCA and Central Bank of the UAE – Insurance Division, the shareholders of the Company, during the General Assembly Meeting held on 18.08.2021 approved the following: --

1. Change in the Name of the Company from Orient UNB Takaful (PJSC) to Orient Takaful (PJSC) by amending Article 2 of the Company's Articles of Association
2. Amending the rest of the articles of the statute in accordance with the legislative amendments to the Federal Companies Law No. (2) of 2015 pursuant to Federal Decree-Law No. (26) of 2020, and the legislative amendments to Federal Law No. (6) of 2007 regulating insurance business under the Federal Decree-Law No. (24) for the year 2020 and in accordance with the amendments to the governance decisions.

GA Meeting on 07.12.2021 – Letter of Intent for acquisition received from Orient Insurance Co PJSC

During October 2021, the Company received a Letter of Intent from Orient Insurance Co PJSC to acquire shares in Orient UNB Takaful PJSC representing 16.09% of Company shares.

The Company, in accordance with the regulations and after obtaining the necessary approvals from SCA and Central Bank of the UAE – Insurance Division, conducted a General Assembly meeting on 07.12.2021, in which the shareholders decided to postpone the discussion on the subject until the completion of the evaluation report in accordance with the requirements of the Securities & Commodities Authority, with the new date for the GA meeting to be announced in co-ordination with the Authority.

H. Name and date of appointment for Board Secretary

Board Secretary Mr. Meenachi Sundaram Raja Raman

Date of Appointment: 13/11/2017

Qualifications: CMA, AICWA, AIII, CAIIB, PGDCS, B.Sc

Experiences: Senior Vice President - Finance

Board secretary Certification from Hawkamah / DFM

Statement of Board Secretary duties:

- Ensuring effective Corporate Governance.
- Ensure meeting attendance, effective communication and execution of meetings inputs/outputs and accurate maintenance of relating documentation and records.
- Call-out for agenda items and agenda preparation for Board and Committee meetings as well as the Annual General Assembly meeting with adequate notice.
- Discreet handling of confidential information.
- Represent the organization in a professional manner

I. A statement of the significant events that take place in the company in 2021

GA Meeting on 18.08.2021 - Change in Shareholding Structure & Proposed Change in the Name of the Company

During March 2021, Orient Insurance Co PJSC acquired the following shares: --

- 700,000 Shares held by ADCB at a price of AED 78.50 per share
- 281,124 Shares held by Al Wifaq Finance Co at a price of AED 78.50 per share

Following the above acquisition, and after obtaining necessary approvals from SCA and Central Bank of the UAE – Insurance Division, the shareholders of the Company, during the General Assembly Meeting held on 18.08.2021 approved the following: --

3. Change in the Name of the Company from Orient UNB Takaful (PJSC) to Orient Takaful (PJSC) by amending Article 2 of the Company's Articles of Association
4. Amending the rest of the articles of the statute in accordance with the legislative amendments to the Federal Companies Law No. (2) of 2015 pursuant to Federal Decree-Law No. (26) of 2020, and the legislative amendments to Federal Law No. (6) of 2007 regulating insurance business under the Federal Decree-Law No. (24) for the year 2020 and in accordance with the amendments to the governance decisions.

GA Meeting on 07.12.2021 – Letter of Intent for acquisition received from Orient Insurance Co PJSC

During October 2021, the Company received a Letter of Intent from Orient Insurance Co PJSC to acquire shares in Orient UNB Takaful PJSC representing 16.09% of Company shares.

The Company, in accordance with the regulations and after obtaining the necessary approvals from SCA and Central Bank of the UAE – Insurance Division, conducted a General Assembly meeting on 07.12.2021, in which the shareholders decided to postpone the discussion on the subject until the completion of the evaluation report in accordance with the requirements of the Securities & Commodities Authority, with the new date for the GA meeting to be announced in co-ordination with the Authority.

J. A statement of the Emiratization percentage in the company as of 2021

- The Emiratization rate at the end of **2017** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.
- The Emiratization rate at the end of **2018** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.
- The Emiratization rate at the end of **2019** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.
- The Emiratization rate at the end of **2020** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.
- The Emiratization rate at the end of **2021** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.

K. A statement of innovative projects and initiatives implemented by the company, or which were under development during 2021

Due to the recent establishment of the company, there are no innovative projects or initiatives.



Kamal Batcha Sowkath Ali
Internal Control Department Head
Date:



Yousef Al Raeesi
Chairman of the Audit Committee
Date:



Yousef Al Raeesi
Chairman of the Nomination & Remuneration Committee
Date:



Yousuf Ali Ahmad Obaid Binzayed Al Falasi
Chairman of the Board
Date:

Date: 25/02/2022

Orient UNB Takaful (PJSC) Board of Directors Declaration for its responsibility for the
company's Internal Control System

Board of Orient UNB Takaful (PJSC) declares its responsibility for the internal control system of the company and effectiveness of the internal control system. The board assures that it has reviewed the works of Internal Control Committee of the Company and the duties assigned thereto in accordance with the related board resolutions of the Securities and Commodities Authority and the internal control duties.

In witnesses hereof, the board issued this declaration.

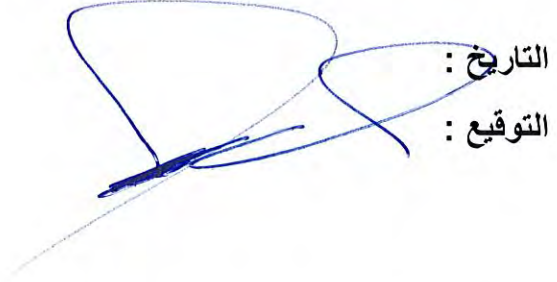


Yousuf Ali Ahmad Obaid Binzayed Al Falasi
Chairman of the Board

إقرار رئيس لجنة التدقيق

أقر أنا / يوسف علي شهاداد رحمة الرئيسي ،، بصفتي رئيس لجنة التدقيق بشركة أورينت يو ان بي تكافل (شركة مساهمة عامة) بالمسؤولية عن نظام اللجنة في الشركة وعن مراجعتي لآليه عملها والتأكد من فعاليتها.

التاريخ :
التوقيع :



إقرار رئيس لجنة الترشيحات والمكافآت

أقر أنا / يوسف علي شهداد رحمة الرئيسي ،، بصفتي رئيس لجنة الترشيحات والمكافآت بشركة أورينت يو ان بي تكافل (شركة مساهمة عامة) بالمسؤولية عن نظام اللجنة في الشركة وعن مراجعتي لأليه عملها والتأكد من فعاليتها.

التاريخ :
التوقيع :

إقرار رئيس لجنة متابعة والإشراف على تعاملات الأشخاص المطلعين

أقر أنا / عائشة عبدالسلام ابراهيم محمد البستكي ،، بصفتي رئيس لجنة متابعة والإشراف على تعاملات الأشخاص المطلعين بشركة أورينت يو ان بي تكافل (شركة مساهمة عامة) بالمسؤولية عن نظام اللجنة في الشركة وعن مراجعتي لأليه عملها والتأكد من فعاليتها.

التاريخ : 1-3-2022

التوقيع :

إقرار رئيس لجنة الإستثمار

أقر أنا / حسين مراد محمد علي البلوشي،، بصفتي رئيس لجنة الإستثمار بشركة أورينت يو ان بي تكافل (شركة مساهمة عامة) بالمسؤولية عن نظام اللجنة في الشركة وعن مراجعتي لأليه عملها والتأكد من فعاليتها.

التاريخ :
التوقيع :

٢٠١٩ / ١٢ / ٢٠



أقرار رئيس مجلس الإدارة
شركة أورينت يو ان بي تكافل (شركة مساهمة عامة)

1	الاسم	يوسف علي احمد عبيد بن زايد الفلاسي
2	المنصب / صلة القرابه	رئيس مجلس الإدارة
3	الاسهم المملوكة كما في 2021/12/31	لا يوجد
4	اجمالي عمليه البيع خلال عام 2021	لا يوجد
5	اجمالي عمليه الشراء خلال عام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	غير تنفيذي مستقل
7	الخبرات والمؤهلات	مدير تطوير الأعمال بشركة الفطيم الهندسية
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ اول انتخاب له	خمسة سنوات
9	تاريخ أول انتخاب	2017
10	العضوية والمناصب في اي شركات مساهمة أخرى	لا يوجد
11	المناصب في اي مواقع رقابيه او حكومية او تجارية هامة اخرى	لا يوجد

أنا / يوسف علي احمد عبيد بن زايد الفلاسي ، بصفتي (رئيس مجلس إدارة شركة أورينت يو ان بي تكافل ، أقر بالتالي :-

- 1- عدم التعامل في الاوراق المالية للشركة من قبلي او الابناء او الزوجات خلال عام 2021 – وفقا للبند (2) من تقرير الحوكمة .
- 2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل أعضاء مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الاخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة) .

التوقيع :

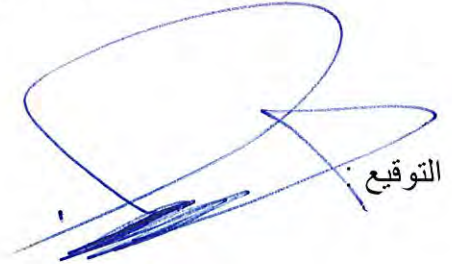


اقرار نائب رئيس مجلس الإدارة
شركة أورينت يو ان بي تكافل (شركة مساهمة عامة)

1	الاسم	يوسف علي شهداد رحمة الرئيسي
2	المنصب / صلة القرابه	نائب رئيس مجلس الإدارة
3	الاسهم المملوكة كما في 2021/12/31	لا يوجد
4	اجمالي عمليه البيع خلال عام 2021	لا يوجد
5	اجمالي عمليه الشراء خلال عام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	غير تنفيذي مستقل
7	الخبرات والمؤهلات	المدير التنفيذي للشؤون الحكومية والصحة والسلامة والبيئة في شركة الفطيم للسيارات
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ اول انتخاب له	أربعة سنوات
9	تاريخ أول انتخاب	2018
10	العضوية والمناصب في اي شركات مساهمة أخرى	لا يوجد
11	المناصب في اي مواقع رقابيه او حكومية او تجارية هامة اخرى	لا يوجد

أنا / يوسف علي شهداد رحمة الرئيسي ، بصفتي (نائب رئيس مجلس إدارة شركة أورينت يو ان بي تكافل ، أقر بالتالي :-

- 1- عدم التعامل في الاوراق المالية للشركة من قبلي او الابناء او الزوجات خلال عام 2021 – وفقا للبند (2) من تقرير الحوكمة .
- 2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل أعضاء مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الاخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة) .


التوقيع

أقرار عضو مجلس الإدارة

شركة أورينت يو ان بي تكافل (شركة مساهمة عامة)

1	الاسم	سيد محمد عاصم
2	المنصب / صلة القرابه	عضو مجلس الإدارة / الرئيس التنفيذي
3	الاسهم المملوكة كما في 2021/12/31	لا يوجد
4	اجمالي عمليه البيع خلال عام 2021	لا يوجد
5	اجمالي عمليه الشراء خلال عام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	تنفيذي غير مستقل
7	الخبرات والمؤهلات	نائب الرئيس التنفيذي للمبيعات والفروع بشركة أورينت للتأمين من 2005 حتي 2017
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ اول انتخاب له	خمسة سنوات
9	تاريخ أول انتخاب	2017
10	العضوية والمناصب في اي شركات مساهمة أخرى	لا يوجد
11	المناصب في اي مواقع رقابيه او حكومية او تجارية هامة اخري	لا يوجد

أنا / سيد محمد عاصم ، بصفتي (عضو مجلس إدارة شركة أورينت يو ان بي تكافل ورئيس مجلس الإدارة ، أقر بالتالي :-

- 1- عدم التعامل في الاوراق المالية للشركة من قبلي او الابناء او الزوجات خلال عام 2021 – وفقا للبند (2) من تقرير الحوكمة .
- 2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل أعضاء مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الاخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة) .

التوقيع :

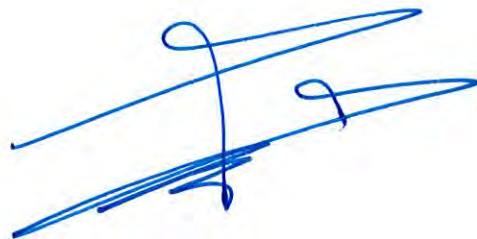
أقرار عضو مجلس الإدارة

شركة أورينت يو ان بي تكافل (شركة مساهمة عامة)

1	الاسم	حسين مراد محمد علي البلوشي
2	المنصب / صلة القرابه	عضو مجلس الإدارة
3	الاسهم المملوكة كما في 2021/12/31	لا يوجد
4	اجمالي عمليه البيع خلال عام 2021	لا يوجد
5	اجمالي عمليه الشراء خلال عام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	غير تنفيذي مستقل
7	الخبرات والمؤهلات	مدير إدارة الامن والصحة والسلامة بمجموعة الفطيم
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ اول انتخاب له	تسعة أشهر
9	تاريخ أول انتخاب	2021
10	العضوية والمناصب في اي شركات مساهمة أخرى	لا يوجد
11	المناصب في اي مواقع رقابيه او حكومية او تجارية هامة اخري	لا يوجد

أنا / حسين مراد محمد علي البلوشي ، بصفتي (عضو مجلس إدارة شركة أورينت يو ان بي تكافل ، أقر بالتالي :-

- 1- عدم التعامل في الاوراق المالية للشركة من قبلي او الابناء او الزوجات خلال عام 2021 – وفقا للبند (2) من تقرير الحوكمة .
- 2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل أعضاء مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الاخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة) .

التوقيع : 

اقرار عضو مجلس الإدارة

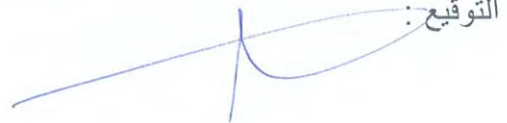
شركة أورينت يو ان بي تكافل (شركة مساهمة عامة)

1	الاسم	عائشة عبد السلام ابراهيم محمد البستكي
2	المنصب / صلة القرابه	عضو مجلس الإدارة
3	الاسهم المملوكة كما في 2021/12/31	لا يوجد
4	اجمالي عمليه البيع خلال عام 2021	لا يوجد
5	اجمالي عمليه الشراء خلال عام 2021	لا يوجد
6	الفئة (تنفيذي وغير تنفيذي ومستقل)	غير تنفيذي مستقل
7	الخبرات والمؤهلات	مدير تسويق بشركة الفطيم الهندسية
8	المدة التي قضاها كعضو في مجلس إدارة الشركة من تاريخ اول انتخاب له	تسعة أشهر
9	تاريخ اول انتخاب	2021
10	العضوية والمناصب في اي شركات مساهمة أخرى	لا يوجد
11	المناصب في اي مواقع رقابيه او حكومية او تجارية هامة أخرى	لا يوجد

أنا / عائشة عبد السلام ابراهيم محمد البستكي ، بصفتي (عضو مجلس إدارة شركة أورينت يو ان بي تكافل ، أقر بالتالي :-

- 1- عدم التعامل في الاوراق المالية للشركة من قبلي او الابناء او الأزواج خلال عام 2021 – وفقا للبند (2) من تقرير الحوكمة .
- 2- صحة البيانات الواردة أعلاه والمتعلقة بتشكيل أعضاء مجلس الإدارة والمؤهلات والخبرات وعضويتي في المجالس الاخرى والمناصب الرقابية والهامة (وفقا للبند 3 من تقرير الحوكمة) .

التوقيع :



INTERNAL AUDIT REPORT FOR THE QUARTER ENDED 31 MARCH 2021

Executive Summary

Orient UNB Takaful PJSC is a public joint stock company formed in July 2017. The shareholding pattern of the company, as on September 30,2020, is as follows:

Particulars	Shareholding
Orient Insurance PJSC	34.85%
Union National Bank (UNB)	35.00%
Al WIFAQ Finance company (Subsidiary of UNB)	14.06%
Public/Others	16.09%

The company operations are headed by the Chief Executive Officer (CEO) who has been given the authority by the Board of Directors (Board) to manage the company and take business decisions under the Power of Attorney dated November 15, 2018 (Registered in Dubai Courts). Each underwriting division is headed by Assistant Vice President (AVP) who directly reports to the CEO and the claims division is headed by the Vice President – Claims. The Finance department is headed by Senior Vice President - Finance. The Operations Control Department (OCD) is headed by AVP – OCD, who reports directly to the CEO.

Background

The Internal Audit is headed by Mr. K Sowkath Ali who is having a total experience of over 3 decades, with close to 25 years in the insurance industry, with a significant portion of the rest of the experience in Government Audit department in India. He has worked in Orient Insurance for 13 years and has been working with orient UNB Takaful since its formation in 2017.

Objectives

The objective of the audit is to assess the existing control environment and review the efficiency and effectiveness of the internal controls and to suggest improvements as deemed necessary.

Scope

The broad scope of the Internal Audit includes a review of the following areas, divided by topics and covered on a periodical basis, usually a quarter.:

Control Environment:

- Organizational policies and procedures
- Delegation of Authority
- Roles and responsibilities
- System access rights
- Policy issuance and approval controls
- Revenue accounting and collection
- Claim management processes

- Management of third-party vendor relationships
- Customer service

Methodology

Orient UNB takaful adopts a combination between a concurrent audit and a periodical review. The Internal Control Department carries out a regular concurrent review of all financial payment relating to claims, suppliers and to other business partners. Any exceptions are reported to the CEO then and there along with necessary recommendations and subsequently the departments are advised for necessary implementation as per CEO approval.

For the purpose of reporting, during every quarter, a selection of topics depending on the volume of transactions is identified for coverage. Samples are selected on the topic and validated on a full process chain cycle. For the quarter ended 31 March 2021, Motor & Non-Motor Claims were reviewed.

The process of review included the following: --

- Review of all claim files processed for payment including Salvage processes.
- Critically reviewing the various activities for any process lapses
- Engaging in constructive discussions with the relevant process owners to validate how the process is being followed by the department, whether the relevant team members are briefed about the processes to be followed, etc.

Key findings

Arising out of the audit, further improvements and automation for the Motor claims Processes were suggested and implemented.

Opinion & Conclusion

Nothing has come to the attention of the Internal Audit which causes serious concerns or risks of fraud.

Recommendations

The Internal Audit department notes that several of the observations have been corrected then and there in the presence of the internal audit team and will be followed by the departments in future. Internal Audit will note to monitor these aspects in future audits.

References

No published or unpublished materials were used while preparing the current report.

Limitations

The Integral Audit has been carried out with the following limitations inherent to the internal auditor's work

Internal control Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

However, the Internal Audit work is being carried out with due diligence and with an approach towards developing and maintaining sound systems of internal control and governance and for the prevention and detection of irregularities and fraud. The Internal Audit team endeavors to plan the work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, to carry out additional work directed towards identification of consequent fraud or other irregularities.

INTERNAL AUDIT REPORT FOR THE QUARTER ENDED 30 JUNE 2021

Executive Summary

Orient UNB Takaful PJSC is a public joint stock company formed in July 2017. The shareholding pattern of the company, as on date is as follows:

Particulars	Shareholding
Orient Insurance PJSC	83.91%
Public/Others	16.09%

The company operations are headed by the Chief Executive Officer (CEO) who has been given the authority by the Board of Directors (Board) to manage the company and take business decisions under the Power of Attorney dated November 15, 2018 (Registered in Dubai Courts). Each underwriting division is headed by Assistant Vice President (AVP) who directly reports to the CEO and the claims division is headed by the Vice President – Claims. The Finance department is headed by Senior Vice President - Finance. The Operations Control Department (OCD) is headed by AVP – OCD, who reports directly to the CEO.

Background

The Internal Audit is headed by Mr. K Sowkath Ali who is having a total experience of over 3 decades, with close to 25 years in the insurance industry, with a significant portion of the rest of the experience in Government Audit department in India. He has worked in Orient Insurance for 13 years and has been working with orient UNB Takaful since its formation in 2017.

Objectives

The objective of the audit is to assess the existing control environment and review the efficiency and effectiveness of the internal controls and to suggest improvements as deemed necessary.

Scope

The broad scope of the Internal Audit includes a review of the following areas, divided by topics and covered on a periodical basis, usually a quarter.:

Control Environment:

- Organizational policies and procedures
- Delegation of Authority
- Roles and responsibilities
- System access rights
- Policy issuance and approval controls
- Revenue accounting and collection
- Claim management processes
- Management of third-party vendor relationships
- Customer service

Methodology

Orient UNB takaful adopts a combination between a concurrent audit and a periodical review. The Internal Control Department carries out a regular concurrent review of all financial payment relating to claims, suppliers and to other business partners. Any exceptions are reported to the CEO then and there along with necessary recommendations and subsequently the departments are advised for necessary implementation as per CEO approval.

For the purpose of reporting, during every quarter, a selection of topics depending on the volume of transactions is identified for coverage. Samples are selected on the topic and validated on a full process chain cycle.

For the quarter ended 30 June 2021, Internal Control aspects for Finance & IT related processes were reviewed. The following improvements were suggested and implemented: --

The process of review included the following: --

- Medical Subgroup Policies – Commission calculations processes were improved.
- Producer Codes – are not mandatory as of now. To improve controls, this is now being made mandatory through IT systems.
- Improvements made on RI payments from Finance—Follow-up of claims recovery made as an additional component of checking for every payment.
- Similarly, refunds have been made as part of the additional checking process on RI payments from Finance.
- Process of submission of Medical Claims Bordereaux being aligned with financial process flow.

Key findings

Arising out of the audit, further improvements and automation for the Finance & IT Processes were suggested and implemented as above.

Opinion & Conclusion

Nothing has come to the attention of the Internal Audit which causes serious concerns or risks of fraud.

Recommendations

The Internal Audit department notes that several of the observations have been corrected then and there in the presence of the internal audit team and will be followed by the departments in future. Internal Audit will note to monitor these aspects in future audits.

References

No published or unpublished materials were used while preparing the current report.

Limitations

The Internal Audit has been carried out with the following limitations inherent to the internal auditor's work

Internal control Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

However, the Internal Audit work is being carried out with due diligence and with an approach towards developing and maintaining sound systems of internal control and governance and for the prevention and detection of irregularities and fraud. The Internal Audit team endeavors to plan the work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, to carry out additional work directed towards identification of consequent fraud or other irregularities.

INTERNAL AUDIT REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

Executive Summary

Orient UNB Takaful PJSC is a public joint stock company formed in July 2017. The shareholding pattern of the company, as on date is as follows:

Particulars	Shareholding
Orient Insurance PJSC	83.91%
Public/Others	16.09%

The company operations are headed by the Chief Executive Officer (CEO) who has been given the authority by the Board of Directors (Board) to manage the company and take business decisions under the Power of Attorney dated November 15, 2018 (Registered in Dubai Courts). Each underwriting division is headed by Assistant Vice President (AVP) who directly reports to the CEO and the claims division is headed by the Vice President – Claims. The Finance department is headed by Senior Vice President - Finance. The Operations Control Department (OCD) is headed by AVP – OCD, who reports directly to the CEO.

Background

The Internal Audit is headed by Mr. K Sowkath Ali who is having a total experience of over 3 decades, with close to 25 years in the insurance industry, with a significant portion of the rest of the experience in Government Audit department in India. He has worked in Orient Insurance for 13 years and has been working with orient UNB Takaful since its formation in 2017.

Objectives

The objective of the audit is to assess the existing control environment and review the efficiency and effectiveness of the internal controls and to suggest improvements as deemed necessary.

Scope

The broad scope of the Internal Audit includes a review of the following areas, divided by topics and covered on a periodical basis, usually a quarter.:

Control Environment:

- Organizational policies and procedures
- Delegation of Authority
- Roles and responsibilities
- System access rights
- Policy issuance and approval controls
- Revenue accounting and collection
- Claim management processes
- Management of third-party vendor relationships
- Customer service

Methodology

Orient UNB takaful adopts a combination between a concurrent audit and a periodical review. The Internal Control Department carries out a regular concurrent review of all financial payment relating to claims, suppliers and to other business partners. Any exceptions are reported to the CEO then and there along with necessary recommendations and subsequently the departments are advised for necessary implementation as per CEO approval.

For the purpose of reporting, during every quarter, a selection of topics depending on the volume of transactions is identified for coverage. Samples are selected on the topic and validated on a full process chain cycle.

For the quarter ended 30 Sept 2021, Audit of Finance was covered by focusing on the following topics, reviewing the processes and controls and suggesting improvements in processes wherever required: --

- The process flow in respect of On-line payments and accounting these in the form of receipts was reviewed and minor improvements in reporting were suggested to enhance the ease of work.
- Reinsurance payments process were reviewed and found to be exercising all process controls.
- Review was made of the follow-up of claims recovery as recommended in earlier reports and found that the processes are effective.
- Ageing of outstanding receivables reviewed and found to be effective.
- Process of Commission calculation was reviewed and tested positively for effectiveness of controls.
- All Claims payments, expenses payments, refunds payments, payments to authorities, etc. were reviewed for appropriateness in terms of necessary approvals, supporting documents and follow-up wherever necessary.

Key findings

It was noted that the Finance processes were effective and will be monitored by the IA department on a continuing basis as in the past.

Opinion & Conclusion

Nothing has come to the attention of the Internal Audit which causes serious concerns or risks of fraud.

Recommendations

The Internal Audit department notes that several of the observations have been corrected then and there in the presence of the internal audit team and will be followed by the departments in future. Internal Audit will note to monitor these aspects in future audits.

References

No published or unpublished materials were used while preparing the current report.

Limitations

The Internal Audit has been carried out with the following limitations inherent to the internal auditor's work

Internal control Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

However, the Internal Audit work is being carried out with due diligence and with an approach towards developing and maintaining sound systems of internal control and governance and for the prevention and detection of irregularities and fraud. The Internal Audit team endeavours to plan the work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, to carry out additional work directed towards identification of consequent fraud or other irregularities.

INTERNAL AUDIT REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

Executive Summary

Orient UNB Takaful PJSC is a public joint stock company formed in July 2017. The shareholding pattern of the company, as on date is as follows:

Particulars	Shareholding
Orient Insurance PJSC	83.91%
Public/Others	16.09%

The company operations are headed by the Chief Executive Officer (CEO) who has been given the authority by the Board of Directors (Board) to manage the company and take business decisions under the Power of Attorney dated November 15, 2018 (Registered in Dubai Courts). Each underwriting division is headed by Assistant Vice President (AVP) who directly reports to the CEO and the claims division is headed by the Vice President – Claims. The Finance department is headed by Senior Vice President - Finance. The Operations Control Department (OCD) is headed by AVP – OCD, who reports directly to the CEO.

Background

The Internal Audit is headed by Mr. K Sowkath Ali who is having a total experience of over 3 decades, with more than 25 years in the insurance industry, with a significant portion of the rest of the experience in Government Audit department in India. He has worked in Orient Insurance for 13 years and has been working with orient UNB Takaful since its formation in 2017.

Objectives

The objective of the audit is to assess the existing control environment and review the efficiency and effectiveness of the internal controls and to suggest improvements as deemed necessary.

Scope

The broad scope of the Internal Audit includes a review of the following areas, divided by topics and covered on a periodical basis, usually a quarter.:

Control Environment:

- Organizational policies and procedures
- Delegation of Authority
- Roles and responsibilities
- System access rights
- Policy issuance and approval controls
- Revenue accounting and collection
- Claim management processes
- Management of third-party vendor relationships
- Customer service

Methodology

Orient UNB takaful adopts a combination between a concurrent audit and a periodical review. The Internal Control Department carries out a regular concurrent review of all financial payment relating to claims, suppliers and to other business partners. Any exceptions are reported to the CEO then and there along with necessary recommendations and subsequently the departments are advised for necessary implementation as per CEO approval.

For the purpose of reporting, during every quarter, a selection of topics depending on the volume of transactions is identified for coverage. Samples are selected on the topic and validated on a full process chain cycle.

For the quarter ended 31 Dec 2021, Medical Claims processes were reviewed: --

The process consisted of review of the various claims processed by Third Party Administrators (TPAs)- NextCare & NAS and included the following various steps.

- A data dump of the Medical claims for the year 2021 was taken from the Insurance System (IIRIS).
- The sample selection was carried out as follows: --

Particulars	Next Care	NAS
Direct Billing (Network) Claims	40	40
Reimbursement Claim	40	40

- Necessary privileges were obtained to access the TPA systems by way of a specific username and password.
- The following aspects were then covered while reviewing the claim records: -
 1. What is the field in the TPA systems to —identify it is a reimbursement claim or NW claim
 2. What is the process flow in which an insured approach the Network provider and seeks treatment, how the TPA validates the eligibility criteria, how the approval is communicated through the portal, etc.
 3. Whether Member is covered under the Policy.
 4. Whether the treatment is covered as per Policy conditions. (e. g. Spectacles, Dental Treatment etc.
 5. Whether the service provider is covered under the relevant network applicable for the policy.
 6. Whether the claim amount is within the limits specified in the policy.
 7. Whether the claims are justified by Invoice from the providers—Third Party proof
 8. How the authority for approving treatments is controlled in the TPA system.
 9. Whether the claims reported within the specified time—what is the time specified etc.

Key findings

It was noticed that the claims processing was well controlled by TPAs. The documents supporting the claims are found to be scanned and stored in the TPA’s IT systems, together with the prescriptions etc. so that these can be easily accessed and verified by the Company at any time at random according to our convenience. This speaks well of the internal control processes followed by these TPAs.

Opinion & Conclusion

Nothing has come to the attention of the Internal Audit which causes serious concerns or risks of fraud.

Recommendations

There are no specific recommendations arising out of this audit and the Internal Audit department will continue to periodically review the process.

References

No published or unpublished materials were used while preparing the current report.

Limitations

The Internal Audit has been carried out with the following limitations inherent to the internal auditor's work

Internal control Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

However, the Internal Audit work is being carried out with due diligence and with an approach towards developing and maintaining sound systems of internal control and governance and for the prevention and detection of irregularities and fraud. The Internal Audit team endeavours to plan the work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, to carry out additional work directed towards identification of consequent fraud or other irregularities.

Environment Social & Governance Report



CONTENTS OF THE REPORT



Introduction

Scope and
Methodology

ESG
Approach

Focus on
Sustainability
Development
Goals (SDGs)



The 17 Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as Global Goals, are a set of 17 integrated and interrelated goals to end poverty, protect the planet and ensure that humanity enjoys peace and prosperity by 2030.

Message from Leader

Orient UNB Takaful PJSC (Orient Takaful), a public joint stock company registered under UAE Federal Law No.2 of 2015, aims 'To be the leading Takaful company in UAE contributing effectively to the development and growth of UAE economy through the provision of all types of Sharia compliant insurance products and services.'

In pursuit of this Vision Statement, the Company has recently received an exemplary credit rating of 'A' from Standard & Poor's and 'A Excellent' from AM Best, amongst the highest rating in the region. This is a testament to the best practices embedded in all its procedures, insurance and operational.

A subsidiary of Orient Insurance PJSC, the regulatory authorities that Orient Takaful reports to are the Insurance Supervision Department of the UAE Central Bank, Dubai Financial Market (DFM) and Securities and Commodities Authority (SCA). The company is listed on the DFM.

Overall supervision is provided by a 5-member Board, supported by the Chief Executive Officer and top management team. Shariah compliance is overseen by a 3-member Shariah Board.

Orient UNB Takaful began its operations in 2017 with a paid-up capital of AED 200 mn. Within this short span of time, Orient UNB Takaful has attained a Takaful market share of 10%, achieving a Gross Written Premium of AED 401 mn in 2021 and net profit of over AED 15 mn. This growth is a testament to the company's sound practices and reputation in the Takaful industry.

The company deals in the issuance of takaful contracts that cover all types of risks. Details are available on the website (www.orientunbtakaful.ae).

Scope and Methodology

This report for Orient UNB takaful covers the activities of the company for the year 2021 and is based on the review of key policies through discussions with key personnel.

Activities undertaken within the aspects of Environmental, Social and Governance aspects are outlined in Section 3. The integration of company activities with the Sustainability Development Goals is listed in Section 4.





ESG Approach

A rapidly growing Islamic finance company, Orient UNB Takaful is well-positioned to make ESG a core driver of growth. The company plans to develop a multi-dimensional ESG strategy that will be guided by common Islamic and socially responsible principles of being good for society and the environment, transparency and fairness. This is particularly relevant in the context of UAE's intention to host COP28 in 2023.

In June 2020, the UN Environment Programme's Finance Initiative issued its Principles for Sustainable Insurance (PSI) to tackle a wide range of sustainability risks.



Principle 1 : We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Principle 2 : We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Principle 3 : We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Principle 4 : We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Orient UNB Takaful plans to implement these principles in a staged manner, embedding them within the scope of its business goals. The first stage involves creating a strategy and awareness among all stakeholders:



ORIENT UNB TAKAFUL ESG APPROACH 2022

Environmental: Energy, Water, Waste

Orient UNB Takaful is incorporating the philosophy of managing energy and water usage into its company culture, through

- Training and creating awareness among staff.
- Setting up of a suggestion scheme to encourage further awareness.
- Encouraging individual responsibility for achieving the Dubai goal for 30% reduction in emissions by 2030, such as by ensuring all lights are shut off after office hours.
- Saving energy by using energy saver LED bulbs for office lighting.
- Saving water by monitoring taps regularly for any leakage in plumb lines.

The company encourages employees to adopt the mandate of Reduce, Reuse, Recycle wherever possible. Given the nature of business, an area where the company is already able to make a contribution is controlling paper waste.

Several steps are taken to optimise paper usage:

- Motor Claims files, which are over 35% of total claims, are scanned and physically stored with an outside agency Infocort. Finance files are also being scanned.
- A link is sent to clients for payment of premium online.
- The Core Insurance System provides necessary features so that the documents can be scanned and stored at each policy level, so that when a claim is registered, the claims team can access all these documents through the application, rather than obtaining physical copies from the underwriting teams.
- Reducing printouts and re-using printed paper as rough writing pads etc. where possible.





SOCIAL

Orient UNB Takaful recognises the importance of focusing on the triple bottom line of People, Planet and Profit and manages its Human Capital through a set of policies that ensure a fair and equitable framework is followed.

Policies for HR are driven by the Al Futtaim Group to ensure parity and a coordinated approach amongst its companies. As a young company with plans to grow and retain its talent, Orient UNB Takaful takes a personalised approach to managing its employees and partnering with them in their aspirations.

HUMAN CAPITAL

The HR team has issued detailed policies to manage the multicultural team with transparency and fairness. Some key policies that improve engagement and productivity are :

- Recruitment Policy : provides guidelines for internal, external and temporary recruitment, selection processes and onboarding.
- Emiratisation and Diversity : encourages diversity of gender and nationality by setting rules for the maximum number of people from a single country in any department.
- Performance Management : aligns objectives to overall strategy through the use of Balanced Score Card, regular reviews, the 360-degree feedback process and reward policies that recognize special contributions.



OUTFL'S PRIDE

Gratefully Acknowledges Key Performers/Contributors
Employee Recognition 2021

Employee of the Quarter – Q1 2021

Ultimate Contributor Awardee – Q1 2021

Top Sales Performer - DXB

Top Sales Performer - AUH

Employee Newsletter



band together to defend your body against invaders. Those invaders can include bacteria, viruses, parasites, even a fungus, all with the potential to make us sick. They are everywhere - in our homes, offices, and backyards. A healthy immune system protects us by first creating a barrier that stops those invaders, or antigens, from entering the body. And if one slips by the barrier, the immune system produces white blood cells, and other chemicals and proteins that attack and destroy these foreign substances. They try to find the antigen and get rid of it before it can reproduce. Failing that, the immune system revs up even more to destroy the invaders as they multiply.



The immune system can recognize millions of different antigens. And it can produce what it needs to eradicate nearly all of them. When it's working properly, this elaborate defense system can keep health problems

BUILDING HEALTHY IMMUNITY

There's no single pill or supplement you can take to boost your immune system. Instead, adopting these healthy living habits can help improve your immunity for a lifetime.

Go for a walk: Sitting around not only can leave you feeling sluggish, it also can make your immune system sluggish. Exercise, on the other hand, helps boost immunity.

We know exercise is good for immune function, but good news, is that you don't need elaborate exercise programs

and personal trainers. Even fast walking - getting your heart rate up for 20 minutes three times a week -- is associated with increased immune function.

Researchers aren't sure exactly how exercise helps strengthen the immune system. Studies show that people who exercise have better-functioning white blood cells (the ones that help fight off infection) than people who don't exercise.

EMPLOYEE TRAINING AND DEVELOPMENT

The Al Futtaim Group has an extensive Performance Management System. As part of a focussed effort to improve employee prospects and performance, training calendars are prepared annually. The company gives access to a wide range of training courses, both online & classroom, available on the online employee portal known as IGROW.

Training undertaken last year includes a variety of technical and management skills development.

Department	Trainings	Date
Business Development Team	<u>Al Futtaim Information Security Basics (Module 1)</u>	June 21-26, 2021
	<u>Sales Prospecting</u>	June 21-26, 2021
	<u>Field Sales</u>	June 21-26, 2021
	Effective Corporate Communication and Payment Collections	June 24, 2021
	Technical Product training	May 2021
All Employees	Group Stress Awareness and Management Webinar	April 19, 2021



HEALTH AND SAFETY

For its employees, Orient UNB Takaful ensures full compliance with health and safety requirements including First Aid training and fire drills. Medical insurance is provided to all staff, while at senior levels, family cover is also provided. Maternity cover and pre-natal and post-natal care are provided for women.

The company also sponsors recreation events such as Sports Day and specific health and wellness activities to foster teamwork and well-being in the workplace.



Research has shown that a well-thought-out and strategic diversity and equality policy facilitates employee satisfaction, retention and creativity. In addition, Orient UNB Takaful's diverse workforce helps the organisation appeal to a wider customer base that is representative of the UAE's population.

Nationality	# of Employees	% Distribution
Indian	42	40.77
Pakistani	35	33.98
Filipino	7	6.79
Emirati	7	6.79
Egyptian	2	1.94
Jordanian	2	1.94
Kenyan	1	1
Sri Lankan	3	2.91
Palestinian	1	1
Sudanese	1	1
Syrian	2	1.94
TOTAL	103	

Ensuring Board diversity, one of the 5 directors on the Board of Orient UNB Takaful is a lady member. 27% of the employees are women.



FEEDBACK AND GRIEVANCE MECHANISM

The suggestion scheme provides opportunities to all staff to contribute to the company's performance. Employees are encouraged to provide suggestions not just in environmental initiatives but in any area where there is a room for enhancement. Taking responsibility and working well with internal and external customers is rewarded through a recognition system of Employee of the Quarter, On The Spot Award, Annual Sales Award and Long Service Awards.

The Al Futtaim Group has in place a grievance code which aims to provide a means of formally communicating grievances and ensuring their timely and equitable settlement by contacting Employee Services online or via the telephone.



FINANCIAL PRODUCT SAFETY

In addition, feedback is received in the form of Employee Engagement surveys, as well as Exit Interviews. HR also uses other forms of inputs from the employees by way of periodical department meetings and other open forums.

The HR department annually conducts online employee engagement surveys that measures various work-related factors such as Alignment, Loyalty, Organisational environment, Customer focus, Performance & Recognition, Empowerment, and Growth & Development. Time bound impact plans are formulated by every department on the basis of the Engagement Survey results. The most recent survey had response rate of 94%.

The employees can also obtain free independent confidential legal advice in relation to whistle blowing from the following external contact: Group Legal Counsel: Ethics toll-free line on 800-ETHICS (800 384427) or on email to ethics@alfuttaim.ae.

SUSTAINABLE INSURANCE

According to the UNEP FI, “Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.”

A detailed analysis of risks and how they are managed is presented in the audited financial statements which is available on the Company website as well as regulator’s website.



PRODUCT MANAGEMENT

Policies and products are designed in keeping with Customer requirements with respect to product features, competitive pricing, delivery and policy servicing including claims handling.

Specific aspects are:

- Every customer is provided with a copy of the policy together with all applicable terms, conditions, warranties and exclusions.
- Products offered by the company are displayed on the Company as well as websites of partners such as online brokers

FINANCIAL PRODUCT SAFETY, REMEDY AND GRIEVANCE MECHANISM FOR CLIENTS

Orient UNB Takaful ensures that the transparency is at the heart of every transaction. At Orient UNB Takaful all products, at the time of product design, are reviewed and approved by the Company's Shariah Board.

For any concerns, customers can contact "CustomerCare@orientunbtakaful.ae". Issues are reviewed by the CEO's office for appropriate action and remedial measures. In the spirit of transparency, customers are encouraged to escalate to the Dispute Committee if they feel the matter merits further attention.

[Back to Insurance Companies | Orient UNB Takaful P.J.S.C.](#)

ORIENT UNB TAKAFUL P.J.S.C. - ORIENT UNB PLAN 3 AUH - NEXTCARE RN

Available in [abu-dhabi](#), [m-om](#)

Yearly Cover AED 500,000.00	Deductible AED 50 per out-patient consultation	Coverage Worldwide
Chronic Conditions Covered up to AED 150,000 (with pre-existing conditions); 6 month waiting period for new members except those who are under continuous cover	Pre-Existing Conditions Not Covered	

IN-PATIENT

Ambulance Coverage
Covered

Hospital Accomodation
Private Room

OUT-PATIENT

Vaccination
Covered for children up to age of 6 years as per MOH

Physiotherapy
Covered for out-patient treatment with pre-authorization

Scans
Covered

Health Checks
Not Covered

REVIEWS

[Be the first one to review this plan](#)

APPLY

Network

Network Coverage
79 Hospitals
853 Clinics
59 Laboratories
1615 Pharmacies
69 Dentals
91 Optics

Treatment Outside Area of Cover
Not Covered

Treatment Outside Network
80% of the reasonable actual costs or 80% of the reasonable & customary costs of the medical network, whichever is less on reimbursement basis

Maternity

Pregnancy Cover
Covered: AED 50 per out-patient consultation outside the Emirate of Abu Dhabi; AED 500 deductible per delivery within Abh Dhabi

Natal Complications
Covered

Dental

Dental Coverage
Up to AED 2,500 with 20% co-pay

<p>CONTACT US</p> <p>Our working hours: 8:00 am to 5:00 pm Monday to Friday</p> <p>For enquires please contact: CustomerCare@orientunbtakaful.ae</p> <p>For motor claims please contact: MotorClaims@orientunbtakaful.ae Tel: +971 4 6017574 / 71</p> <p>For motor underwriting please contact: Tel: +971 4 6017556 / 57</p> <p>For motor renewals please contact: Tel: +971 4 6017569</p> <p>For medical underwriting please contact: Tel: +971 4 6017542 / 43</p> <p>For medical claims please contact: Tel: +971 4 6017545</p>	<p>DUBAI HEAD OFFICE</p> <p>Orient UNB Takaful P.J.S.C. Al Futtaim Building, Deira PO Box 183388, Dubai, UAE</p> <p>Tel: +971 4 6017500 Fax: +971 4 6017555 CustomerCare@orientunbtakaful.ae</p> <p>SHARJAH OFFICE</p> <p>Office 3008 Al Hind Tower Al Khan PO Box 322079 Sharjah, UAE</p> <p>Tel: +971 6 5017400 CustomerCare@orientunbtakaful.ae</p>	<p>ABU DHABI OFFICE</p> <p>Office 1501-1502, 15th Floor Al Wahda City Commercial Tower, Hazza Bin Zayed St, PO Box 38 122 Abu Dhabi, UAE</p> <p>Tel: +971 2 3127000 Fax: +971 2 4498662 CustomerCare@orientunbtakaful.ae</p>
---	--	---

Copyright © 2021 Orient UNB Takaful. All rights reserved.

In 2021, there were 111 complaints related to Motor, of which 83% resolved immediately and 17% escalated to the Dispute Committee. For the balance non-motor products, there were 15 complaints received, of which 4 were resolved internally and the balance escalated.



AREA

Privacy and Data Security

Responsible Investment

ACTIVITY / PROJECT

As part of the Al Futtaim Group, Orient UNB Takaful follows the Group policy to govern and protect the confidentiality, integrity and availability of information.

In addition, Orient UNB Takaful is working with Al Futtaim IT team to ensure compliance with ADHICS and NESA guidelines issued by the regulator relating to Data Privacy and Data Security.

Orient UNB Takaful 's key investments are in Wakala deposits held with Islamic Financial Institutions in accordance with requirements for a Takaful company.

Partnerships

The Company has a process for approving partners which involves assessing their credit rating, market presence, independent strength of the organization and market feedback.

Orient UNB Takaful 's key partnerships include :

- Reinsurers
- Other insurance companies for risk sharing
- Brokers
- Third Party Administrators (TPAs):

There are about 115 regulated brokers who are managed through a dedicated Broker Management Team which constantly interacts with them.

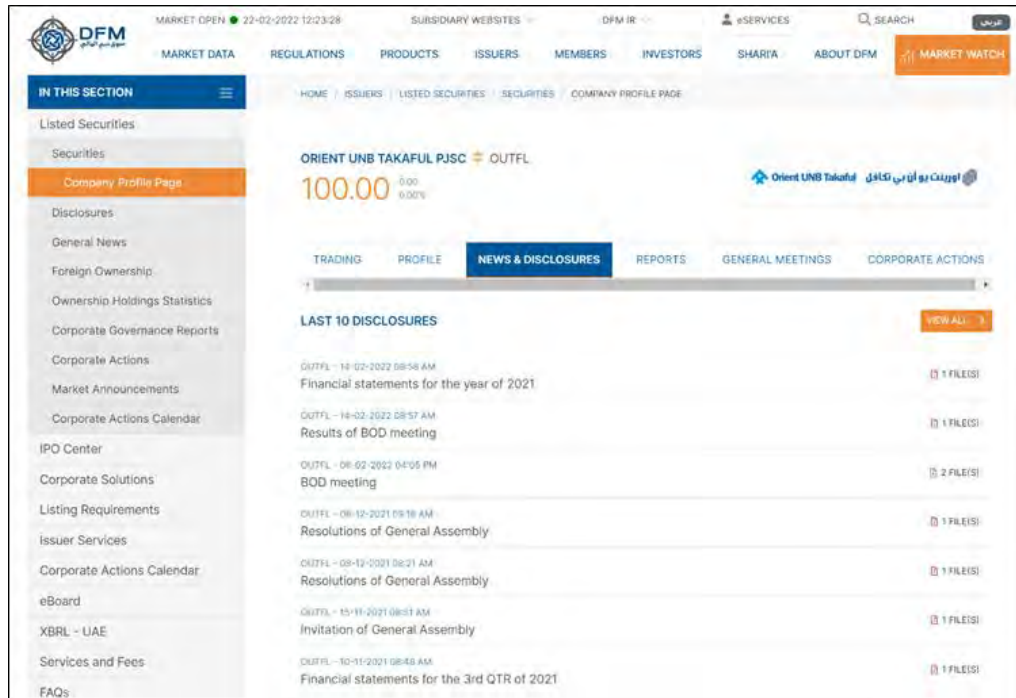
Highly specialized activity like the Medical claims management is outsourced to Third Party Administrators (TPAs) who have highly specialized knowledge of health care. Orient UNB Takaful uses 4 TPAs who are licensed and regulated by the relevant health regulators in liaison with Insurance regulators.



Governance

All requirements relating to the disclosures of the financial statements as required by DFM, Securities and Commodities Authority and UAE Central Bank are adhered to by the company within the timelines prescribed for the same.

These include the Corporate Governance report which is published on DFM as well as the company website.



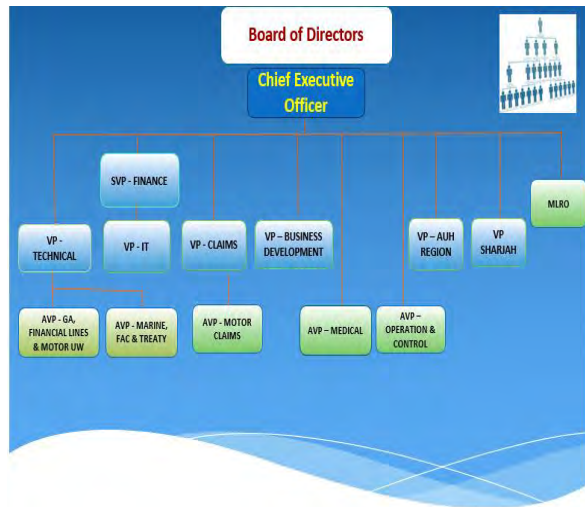
The screenshot displays the DFM website interface for Orient UNB Takaful PJSC. The page is titled "ORIENT UNB TAKAFUL PJSC" and shows a price of 100.00. The "NEWS & DISCLOSURES" section is active, listing the following disclosures:

Date	Disclosure Title	Files
14-02-2022 08:58 AM	Financial statements for the year of 2021	1 FILE(S)
14-02-2022 08:57 AM	Results of BOD meeting	1 FILE(S)
08-02-2022 04:05 PM	BOD meeting	2 FILE(S)
08-12-2021 09:18 AM	Resolutions of General Assembly	1 FILE(S)
08-12-2021 08:21 AM	Resolutions of General Assembly	1 FILE(S)
15-11-2021 08:51 AM	Invitation of General Assembly	1 FILE(S)
10-11-2021 08:48 AM	Financial statements for the 3rd QTR of 2021	1 FILE(S)



BOARD AND COMMITTEES

The company is a subsidiary of Orient Insurance PJSC and follows all practices related to governance, internal control and audit. There is a 5-member Board which oversees all activities with the help of a management team to which authorities have been delegated. The organisation chart of the senior team is displayed below.



Specific Committees have been set up to take care of key aspects and meetings are held regularly as mandated. The Committees include

- Audit Committee
- Nominations and Remuneration Committee.
- Insiders' Trading Follow up and Supervision Committee
- Investment Committee

All governance activities are reported in the Annual Governance Report published on the website.

INTERNAL CONTROLS AND AUDITS

The core operations in the company can be segregated into underwriting, claims, sales and marketing, HR and Administration, Finance, IT and Audit & Compliance.

Key procedures are outlined in the form of Manuals and SOPs. All common corporate policies are available on the Al Futtaim Group intranet. Within the company, there is a shared folder for Takaful related policies / resources. Both these are available for access by any employee.

The Audit Committee is headed by an independent director and is responsible for reviewing financial control and internal control systems and risk management of the company. Internal audits are carried out by Orient UNB Takaful's inhouse Internal audit team as well as at group level.

The internal and external audit procedures include the concurrent audit of all financial payments and in addition, Quarterly Internal Audit of selected topics or departments.

The external audit is conducted by KPMG. Along with the audited financial statements, the approval of the Shariah Board must be obtained and Fatwa from the Shariah Board must be obtained regarding the Zakat to be paid by the Shareholders, to ensure compliance with Shariah principles.



EXECUTIVE COMPENSATION

A Board Member is in charge of the nominations and remunerations committee which oversees the remunerations, benefits, incentives and salaries of the company's board and senior executives. Directors and senior executives' compensation is disclosed in the Corporate Governance Report.



BUSINESS ETHICS AND ANTI-CORRUPTION

Al Futtaim Group has clearly laid down policies with regard to Ethics and Whistle blowing. Every employee is required to undergo the Corporate Ethics Training at the time of their joining. During 2020, several workshops were held for employees to understand the rules of Corporate Governance.

TAX TRANSPARENCY

Orient UNB Takaful ensures full compliance with VAT regulation, filing the returns in a timely fashion during each reporting period.

Focus on Sustainability

In keeping with the UAE's direction outlined in the National Committee on Sustainable Development Goals, Orient UNB Takaful supports the implementation of the SDGs in an integrated manner.



1 NO POVERTY



NO POVERTY

Providing insurance leads to the economic protection of people, their property and their savings. It provides a safety net and prevents families from falling back into poverty. For example, health insurance can help cover medical costs, a common reason why people fall into poverty and general insurance for situations caused by accidents and natural disasters can help prevent bankruptcy in individuals and businesses.

2 ZERO HUNGER



Zero Hunger

Providing insurance for individuals/organizations in the food production value chain, leads to achieving food security and reducing hunger. Orient UNB Takaful provides insurance for food processing industries among its clients.

3 GOOD HEALTH AND WELL-BEING



GOOD HEALTH AND WELL BEING

Health Insurance improves health care seeking behaviour and lowers/removes financial barriers to obtain healthcare. Insured households are less likely to incur devastating out-of-pocket health expenditures. The company provides health insurance to a number of companies for their employees, and special rates are offered for Frontline workers. Wellness and preventative programs are conducted for clients & general public.

Orient UNB Takaful supports its employees as follows:-

- By providing an extensive medical cover to them.
- Through the Covid breakout by providing free quarantine (including food and medical care) at a group owned hotel facility to all staff who tested positive.
- Free testing was provided to staff and their family members.
- Work from home was facilitated by providing desktops, dongles and laptop
- Fire drills and other periodic inspections are being carried out as per the mandate of The General Directorate of Civil Defence Dubai
- Compliance with Instructions given by Dubai Health Authority (DHA) and HR guidelines to ensure the health, safety and wellbeing of staff.

4 QUALITY EDUCATION



QUALITY EDUCATION

Employees are able to provide quality education for their children as Orient UNB Takaful ensures its employees are paid on time within market norms.

For its own staff, Orient UNB Takaful sponsors insurance training and certifications through bearing the cost of external training, tuition and books. In addition, staff may attend the over 5000 training courses conducted by Group in-house technical training staff.

The company also supports educational institutions which impact quality education to children in the community.

5 GENDER EQUALITY



GENDER EQUALITY

Contributing to gender and cultural diversity, Orient UNB Takaful has 27% of women in the workforce. Women are represented at various levels in the organization.

1 out of the 5 Members of the Board of Directors is a lady member.

6 CLEAN WATER AND SANITATION



Clean water and sanitation

Orient UNB Takaful ensures that customers who walk-in have ready access to clean water.

The Company also keeps monitoring its water taps and plumb lines to ensure availability of clean water for sanitation and ensuring at the same time efficient usage of water.

As an indirect form of support, the company provides insurance for a number of utility companies.

7 AFFORDABLE AND CLEAN ENERGY



AFFORDABLE and clean Energy

In keeping with the need to contribute to the overall uptake of renewable technologies, Orient UNB Takaful offers insurance for electric cars and autonomous cars.

Orient Insurance has put in place an Energy Optimization project. This includes using LED bulbs for office lighting as well as optimising use of centralized AC focusing on energy savings.

8 DECENT WORK AND ECONOMIC GROWTH



DECENT WORK AND Economic growth

Orient UNB Takaful contributes to this goal by - Creating social and economic value for shareholders, clients, employees, through various products.

- Promoting a safe and healthy, diverse and inclusive working environment free from discrimination.

- Promoting training and professional and personal development of employees.

- Protecting labour rights with effective monitoring and control systems.

Orient UNB Takaful has a multicultural team of more than 100 staff, There are more than 10 nationalities across the company.

Further, the company builds a safety net which supports economic growth as well as benefits the entire workforce within the community.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



INDUSTRY, INNOVATION & INFRASTRUCTURE

Providing Insurance to small and medium enterprises protects them from losses due to risks related to business, natural disasters and other catastrophes. Orient UNB Takaful supports its SME clients with providing access to its entire gamut of commercial policies.

Providing Insurance to technology companies, R&D companies, and infrastructure companies supports industrial innovation and growth. Orient UNB Takaful is the insurance partner with a number of infrastructure projects in the UAE.

10 REDUCED INEQUALITIES



REDUCED INEQUALITIES

The company supports a number of social organisations through its insurance policies.

11 SUSTAINABLE CITIES AND COMMUNITIES



SUSTAINABLE CITIES AND COMMUNITIES

Within its short life span, Orient UNB Takaful has policies covering General Insurance products related to Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical. The assessment and management of risks contributes significantly to sustainability in cities and communities.

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



RESPONSIBLE CONSUMPTION AND PRODUCTION

The insurance business drives responsible consumption and production through its format of reducing risk for all participants in the economy, which has certain pre-requisites of the insured party's performance.

In an example, Orient UNB Takaful offers its customers a better pricing on account of No Claims in the Motor Insurance business, thus promoting better driving.

13 CLIMATE
ACTION



CLIMATE ACTION

Insurance products mitigate the effects of extreme weather events and strengthens climate change resilience. Orient UNB Takaful's insurance policies provide the insurance cover against the damage caused due to natural disasters like earthquakes, floods, storms etc.

14 LIFE
BELOW WATER



LIFE BELOW WATER

Orient UNB Takaful supports a number of organisations dealing with marine transport, which indirectly supports marine resources through developing a marine risk model.

15

LIFE
ON LAND



LIFE ON LAND

Orient UNB Takaful indirectly helps to combat desertification through its support of clients in the water sector. It also supports clients which operate in the Dairy Farming sector.

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS



PEACE, JUSTICE AND STRONG INSTITUTION

Orient UNB Takaful contributes to an ethical, accountable, transparent, diverse, inclusive and effective governance system and to systems for controlling potential conflicts of interest in the following ways :

Orient UNB Takaful ensures all operations and activity are within the Company's ethics, values and principles. In order to promote these behavior among stakeholders, especially employees, providers and clients, Orient has in place a Code of Conduct and Ethics policy as well as a Whistle-blower policy

Orient UNB Takaful has adequate systems in place for monitoring and controlling compliance with laws, agreements, commitments and goals of the Company and with due diligence mechanisms for human rights. This is done through the Internal Audit function at the Company and at Group level.

17

PARTNERSHIPS
FOR THE GOALS



PATNERSHIP FOR THE GOALS

Partnering with many of the best government and private sector projects in the UAE and GCC, Orient UNB Takaful thus has the opportunity to participate in the exchange of best practices with its market presence and partnerships with global reinsurers, TPAs and brokers, among others.

Thank You

