شركة أبوظبي الوطنية للتكافل ش.م.ع
تكافل
Takaful
Abu Dhabi National Takaful Co. P.S.C



# The Integrated Report 2023

Monday, 11 March 2024

www.takaful.ae

شركة أبوظبي الوطنية للتكافل ش.م.ع
تكافل
Takaful
Abu Dhabi National Takaful Co. P.S.C

**The integrated report which is include the following:**

A. **Board Report.**
B. **Auditor Report.**
C. **Annual financial Data and their notes.**
D. **Governance Report.**
E. **Sustainability Report**
F. **Sharia Control Committee Report.**

**Monday, 11 March 2024**

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# ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.

## Reports and financial statements for the year ended 31 December 2023

**ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.**

**Reports and financial statements**
**for the year ended 31 December 2023**

**Table of Contents** **Pages**


| | |
|---|---|
| **Director's report** | **1** |
| **Independent auditor's report** | **2 - 8** |
| **Statement of financial position** | **9 - 10** |
| **Statement of profit or loss** | **11** |
| **Statement of comprehensive income** | **12** |
| **Statement of changes in shareholders' equity** | **13** |
| **Statement of cash flows** | **14** |
| **Notes to the financial statements** | **15 - 84** |

# Directors' report
# for the year ended 31 December 2023

Dear Shareholders, peace be upon you,

It gives us pleasure to present to you the annual report on the company's activities and its audited financial statements for the year ended 31 December 2023, along with the Fatwa & Sharia'a Supervisory Board, independent auditor reports and a detailed corporate governance report complying with the corporate governance code of UAE Securities and Commodities Authority.

**Summary of the company's performance and financial position for the financial year 2023:**

- The total gross contributions reached AED 735 million as compared to AED 447 million for the last year.
- Net investment income and other income reached AED 55.5 million compared to AED 32.8 million for the last year.
- Shareholders net profit for the year ending 31 December 2023 is AED 103 million compared to AED 66.7 million for the prior year and earnings per share is AED 0.98 compared to AED 0.64 for the last year.
- Total Assets reached AED 1.27 billion compared to AED 1.05 billion at the end of prior year.
- Total cash, bank balances and deposits reached AED 556 million compared to AED 504 million at the end of prior year.
- Shareholder's equity on 31 December 2023 reached AED 449.5 million compared to AED 413.4 million end of prior year.

**Valued Shareholders,**

On this occasion, and on your behalf we extend profound gratitude and great appreciation to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, President of UAE May Allah, the Almighty preserve him for his kind patronage to the Islamic insurance industry.

We would like also to express our sincere thanks and appreciation to the Fatwa & Sharia'a Supervisory Board members for their guidance to ensure that we fully abide by the glorious principles of Islamic Sharia'a, Insurance Authority division of Central Bank of United Arab Emirates as well as other concerned parties for their support and cooperation provided to us.

We also seize this opportunity to laud the efforts made by company staff members for their dedication and commitment for the sake of the company success and servicing our policyholders.

Furthermore, we extend our heartfelt thanks to our valued shareholders and other stakeholders inside and outside the UAE for their unlimited support to Abu Dhabi National Takaful Co. PSC.

Finally, we ask the Almighty Allah, to bless our activities and guide us to the right path.

**Khamis Buharoon**
Chairman of Board of Directors

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# INDEPENDENT AUDITOR'S REPORT

**The Shareholders of**
**Abu Dhabi National Takaful Company P.S.C.**
**Abu Dhabi**
**United Arab Emirates**

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of **Abu Dhabi National Takaful Company P.S.C.** (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) ('IFRSs').

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of Company's financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities. 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Akbar Ahmad (1141), Cynthia Corby (995), Faeza Sohawon (5508), Firas Anabtawi (5482), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Nurani Subramanian Sundar (5540), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C. (continued)**

**Key audit matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Adoption of IFRS 17 Insurance Contracts***<br><br>The Company adopted IFRS 17 Insurance Contracts with effect from 1 January 2023, which resulted in changes to the measurement of takaful contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to takaful contracts.<br><br>IFRS 17 is a new and complex accounting standard that requires management to apply significant judgement in its application to the Company's takaful contracts. The Company issues a wide range of takaful contracts and consequently a large number of judgements and estimates need to be applied and made respectively.<br><br>The Company applied the full retrospective approach for transition unless this was impracticable. In these instances, the modified retrospective approach or the fair value transition approach was followed for certain groups of takaful contracts since the Company assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for these contracts which were issued prior to the transition date. The Company used these approaches to determine the adjustments to the comparative information at the transition date of 1 January 2022 and has recorded the impact within retained earnings as disclosed in note 2.3 to the financial statements.<br><br>The adoption of this standard has had a significant impact on the reported financial position and performance of the Company, including key performance indicators.<br><br>The adoption of IFRS 17 has also had a consequential change in processes, systems and controls. Due to the complexity and the significant judgements applied and estimates made in determining the impact of IFRS 17, this is considered to be a key audit matter. | In relation to the implementation and impact of the adoption of IFRS 17, with the assistance of IFRS 17 and actuarial specialists, we have carried out audit procedures which included:<br><br>• We obtained an understanding of the impact of the Company's adoption of IFRS 17 and identified internal controls, including entity level controls, adopted by the Company for the accounting process and system under the new accounting standard;<br><br>• We assessed the key controls pertaining to the application of IFRS 17 to determine if they had been appropriately designed and implemented;<br><br>• We utilized our specialists and subject matter experts to challenge management's interpretation of IFRS 17 and its application to the Company's takaful contracts;<br><br>• We assessed the key technical accounting decisions, judgments, assumptions and accounting policy elections made in applying the requirements of IFRS 17 to determine if they were in compliance with the requirements of this standard;<br><br>• We reperformed the mathematical accuracy of the supporting calculations and adjustments used to determine the impact on the Company's opening equity position as at 1 January 2022 and agreed the results of those calculations to the amounts reported in the financial statements;<br><br>• We tested the completeness of takaful contract data by testing the reconciliations of the Company's takaful contract assets and liabilities to takaful contracts disclosed in the 2022 financial statements; and;<br><br>• We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs; |

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C. (continued)**

**Key audit matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Valuation of takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities***<br><br>As at 31 December 2023, takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities amounted to AED 619 million, AED 1 million, AED 186 million and AED 21 million respectively, as detailed in notes 12 and 13 to the financial statements.<br><br>A key element of the valuation of takaful contract liabilities, re-takaful contract assets and re-takaful contract liabilities is the Present value of future cash flows ("PVFCFs"). The PVFCFs is included in the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") for contracts not measured under the Premium Allocation Approach ("PAA") and the LIC for contracts measured under the PAA. As at 31 December 2023 this amounted to a net liability of AED 388 million for takaful contracts issued and a net asset of AED 147 million for re-takaful contracts held.<br><br>The determination of the PVFCFs represents the Company's expectations regarding future cash outflows minus cash inflows that will arise as the entity fulfils takaful contracts and involves actuarial models and several assumptions made by management. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates and use actuarial models. The risk of error arises as a result of inappropriate choice of actuarial methodologies, techniques and assumptions. Management used an external actuary to assist them in the aforementioned determination. | Our audit procedures included, inter alia, the following:<br><br>• Assessing the key controls related to the integrity of the data used in the process of valuation of the PVFCFs to determine if they had been appropriately designed and implemented;<br><br>• Evaluating and testing the data used in the process of valuation of the PVFCFs;<br><br>• Testing samples of claims case reserves by comparing the estimated amount of the case reserve to appropriate documentation, such as reports from loss adjusters, confirmations obtained from lawyers, re-takaful contracts etc;<br><br>• Evaluating the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary's engagement with the Company to determine if the scope of his work was sufficient for audit purposes.<br><br>In addition, with the assistance of our internal actuarial specialists, we:<br>• Determined if the calculation methods and the model used were appropriate;<br><br>• Assessed the following key assumptions:<br>- loss ratios;<br>- claims development factors;<br>- mortality rates;<br>- lapse rates; and<br>- discount rates;<br><br>• Determined if the estimates applied in the current and prior year were consistent;<br><br>• Developed a point estimate or range based on our understanding of the Company's business, and evaluated the differences between management's point estimate and our point estimate or range; |

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C. (continued)**

**Key audit matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Valuation of takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities*** *(continued)*<br><br>We considered the valuation of PVFCFs as a key audit matter due to the significant judgements applied and the associated uncertainties in the estimates made by management.<br><br>***Valuation of unquoted investments***<br><br>The Company has investments in unquoted equities and funds with a carrying value of AED 180 million as at 31 December 2023. These instruments are classified as financial assets at fair value through other comprehensive income.<br><br>As disclosed in note 8 to the financial statements, the valuation of investments in unquoted equities uses inputs other than observable market data and therefore are inherently subjective. It also requires significant judgement to be applied by management in determining the appropriate valuation methodology and the use of various assumptions, for example future cash flows, discount rates, market risk adjustment etc.<br><br>Management determines the fair value of these investments by internal valuations or by involving external experts ("management experts") to provide independent valuations of the investments based on valuation techniques stipulated within IFRSs.<br><br>Given the inherent subjectivity and judgment required in the valuation of unquoted investments, which are classified under level 3 of the fair value hierarchy, we determined this to be a key audit matter. | We also assessed the disclosures in the financial statement relating to this matter against the requirements of IFRS Accounting Standards.<br><br>We established an audit approach which included both testing the design of internal controls over investments and substantive audit procedures. Our audit procedures in respect of this matter included, but were not limited to, the following:<br>• Obtained an understanding of the process adopted by management to determine the fair value of unquoted securities and assessed the design and implementation of controls over the valuation of unquoted securities.<br>• Agreed the valuations performed by management to the amount reported in the financial statements.<br>• Assessed the valuation methodology and estimates used in the valuations by consulting with our internal valuation specialists.<br>• Agreed the inputs into the valuation to supporting documentation on a sample basis, where applicable.<br>• Reperformed the arithmetical accuracy of the valuations.<br>• Assessed the competency, objectivity and capabilities of management's experts and for a sample of valuations, evaluated the adequacy and appropriateness of their work with the assistance of our valuation experts.<br>• Reviewed the engagement letter with management's experts to determine if their scope was sufficient for audit purposes.<br>• Assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs. |

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C. (continued)**

## Other Information

The Board of Directors and management is responsible for the other information, which comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the articles of association of the Company, United Arab Emirates (U.A.E.) Federal Law No. 32 of 2021, Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities, Central Bank of the UAE Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C. (continued)**

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

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C. (continued)**

**Report on Other Legal and Regulatory Requirements**

Further, as required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2023:

i) we have obtained all the information 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. 32 of 2021;

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 8 to the financial statements, the Company has investment in securities as at 31 December 2023;

vi) Note 16 to the financial statements discloses material related party transactions and balances, 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, during the financial year ended 31 December 2023, contravened any of the applicable provisions of the UAE Federal Law No. 32 of 2021, or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023; and

viii) Note 30 to the financial statements discloses the social contributions made during the financial year ended 31 December 2023.

Further, as required by the Federal Decree Law No. 48 of 2023 and the related financial Regulations for Insurance Companies, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Furthermore, as required by the CBUAE Insurance Reporting Requirements for 2023, note 8 to the financial statements discloses information about certain financial assets that are held by custodians for and on behalf of the Company through investment agreements.

Deloitte & Touche (M.E.)



Signed by:
Nurani Subramanian Sundar
Registration No. 5540
12 March 2024
Abu Dhabi, United Arab Emirates

## Statement of financial position as at 31 December 2023

| | Notes | 31 December 2023 | 31 December 2022 *(restated)* | 1 January 2022 *(restated)* |
|---|---|---|---|---|
| | | **AED** | AED | AED |
| **ASSETS** | | | | |
| **Takaful operations assets** | | | | |
| Financial assets measured at fair value through other comprehensive income | | **-** | - | 13,352,921 |
| Re-takaful contract assets | **13** | **185,582,217** | 134,710,415 | 150,108,353 |
| Takaful contract assets | **12** | **1,208,981** | - | - |
| Prepaid expenses and other assets | | **44,193,000** | 35,254,832 | 20,736,311 |
| Unit linked investments at fair value through profit or loss | | **1,576,487** | - | - |
| Term deposits | **5** | **461,359,871** | 351,382,204 | 318,095,203 |
| Cash and bank balances | **5** | **27,728,110** | 22,426,436 | 59,953,280 |
| **Total takaful operations assets** | | **721,648,666** | 543,773,887 | 562,246,068 |
| **Shareholders' assets** | | | | |
| Property and equipment | **6** | **20,882,342** | 22,300,419 | 22,440,515 |
| Statutory deposit | **7** | **10,000,000** | 10,000,000 | 10,000,000 |
| Financial assets measured at fair value through profit or loss | | **-** | - | 135,765,710 |
| Financial assets measured at fair value through other comprehensive income | **8** | **352,579,538** | 315,880,256 | 225,741,671 |
| Financial assets measured at amortized cost | **9** | **10,283,000** | - | - |
| Investments properties | **10** | **53,535,000** | 17,850,000 | 16,815,000 |
| Investment in commodities | **11** | **15,597,187** | - | - |
| Prepaid expenses and other assets | | **13,816,682** | 9,629,130 | 13,034,499 |
| Term deposits | **5** | **59,317,243** | 109,014,546 | 60,148,778 |
| Cash and bank balances | **5** | **8,045,041** | 21,614,101 | 32,893,283 |
| **Total shareholders' assets** | | **544,056,033** | 506,288,452 | 516,839,456 |
| **TOTAL ASSETS** | | **1,265,704,699** | 1,050,062,339 | 1,079,085,524 |
| **LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY** | | | | |
| **Takaful operations liabilities** | | | | |
| Takaful contract liabilities | **12** | **618,813,837** | 489,097,430 | 541,132,714 |
| Re-takaful contract liabilities | **13** | **20,596,543** | 35,794,480 | 333,424 |
| Accrued expenses and other liabilities | | **24,075,506** | 19,581,886 | 12,250,735 |
| **Total takaful operations liabilities** | | **663,485,886** | 544,473,796 | 553,716,873 |

The accompanying notes form an integral part of these financial statements.

## Statement of financial position as at 31 December 2023 (continued)

| | Notes | 31 December 2023 | 31 December 2022 *(restated)* | 1 January 2022 *(restated)* |
|---|---|---|---|---|
| | | AED | AED | AED |
| **Shareholders' liabilities** | | | | |
| Accrued expenses and other liabilities | | **139,044,562** | 79,807,314 | 96,179,293 |
| Provision for end of service benefits | 14 | **13,722,727** | 12,349,183 | 10,856,237 |
| **Total shareholders' liabilities** | | **152,767,289** | 92,156,497 | 107,035,530 |
| **Total liabilities** | | **816,253,175** | 636,630,293 | 660,752,403 |
| **Policyholders' fund** | | | | |
| Deficit of family policyholders takaful fund | 15 | **(16,769,788)** | (26,997,664) | (40,127,497) |
| (Deficit)/surplus of general policyholders takaful fund | 15 | **(1,220,609)** | (3,329,190) | 28,384,105 |
| Loan (Qard Hasan) from shareholders | 15 | **17,990,397** | 30,326,854 | 40,127,497 |
| Investment revaluation reserve | | **-** | - | (234,958) |
| **Total Policyholders' fund** | | **-** | - | 28,149,147 |
| **Shareholders' equity** | | | | |
| Share capital | 18 | **105,000,000** | 105,000,000 | 100,000,000 |
| Legal reserve | 19 | **52,500,000** | 51,819,922 | 50,000,000 |
| General reserve | 20 | **42,500,000** | 42,500,000 | 42,500,000 |
| Re-takaful default reserve | 21 | **7,627,958** | 5,387,784 | 3,848,642 |
| Investment revaluation reserve | | **(53,578,630)** | (20,866,807) | 7,318,068 |
| Retained earnings | | **295,402,196** | 229,591,147 | 186,517,264 |
| **Total shareholders' equity** | | **449,451,524** | 413,432,046 | 390,183,974 |
| **TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY** | | **1,265,704,699** | 1,050,062,339 | 1,079,085,524 |

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Company.

**Khamis Buharoon**
Chairman of the Board of Directors

**Osama Abdeen**
Chief Executive Officer

The accompanying notes form an integral part of these financial statements.

## Statement of profit or loss
## for the year ended 31 December 2023

| | *Notes* | **2023** | 2022 *(restated)* |
|---|---|---|---|
| | | **AED** | AED |
| **Attributable to policyholders** | | | |
| Takaful revenue | **22** | **672,453,727** | 449,798,161 |
| Takaful service expense | **23** | **(501,480,251)** | (372,602,889) |
| Allocation of re-takaful contributions paid | **24** | **(379,234,065)** | (277,134,658) |
| Amounts recovered from re-takaful contracts | **24** | **214,773,894** | 174,342,285 |
| **Takaful service result** | | **6,513,305** | (25,597,101) |
| Investment income | **25** | **18,608,649** | 9,273,592 |
| Mudareb share | **29** | **(6,513,027)** | (3,245,757) |
| Takaful finance (expenses)/income for takaful contracts issued | **26** | **(16,958,030)** | 24,262,908 |
| Re-takaful finance income/(expense) for re-takaful contracts held | **27** | **13,529,978** | (21,892,567) |
| **Net financial takaful result** | | **8,667,570** | 8,398,176 |
| Other expenses, net | | **(2,844,418)** | (1,384,537) |
| **Surplus/(deficit) of takaful result for the year** | | **12,336,457** | (18,583,462) |
| **Attributable to shareholders** | | | |
| Shareholders' investment and other income, net | **28** | **36,857,289** | 23,535,397 |
| Mudareb share from policyholders | **29** | **6,513,027** | 3,245,757 |
| Wakalah fees from policyholders | **29** | **169,589,291** | 109,654,916 |
| Takaful expense | | **(64,181,799)** | (26,793,000) |
| General and administrative expenses | **30** | **(58,071,992)** | (52,726,276) |
| Decrease in provision of loan (Qard Hasan) from shareholders | **15** | **12,336,457** | 9,800,643 |
| **Profit for the year** | **31** | **103,042,273** | 66,717,437 |
| **Basic and diluted earnings per share** | **32** | **0.98** | 0.64 |

The accompanying notes form an integral part of these financial statements.

## Statement of comprehensive income for the year ended 31 December 2023

| | 2023 AED | 2022 *(restated)* AED |
|---|---|---|
| **Profit for the year** | **103,042,273** | 66,717,437 |
| **Other comprehensive income:** | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | |
| Change in fair value of equity investments measured at fair value through other comprehensive income | **(35,921,021)** | (13,784,321) |
| Board of Director's remuneration | **(6,448,826)** | (1,637,930) |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Change in fair value of sukuk investments measured at fair value through other comprehensive income | **390,333** | (3,047,114) |
| **Total other comprehensive loss for the year** | **(41,979,514)** | (18,469,365) |
| **Total comprehensive income for the year** | **61,062,759** | 48,248,072 |

The accompanying notes form an integral part of these financial statements.

# Abu Dhabi National Takaful Company P.S.C.
## Statement of changes in shareholders' equity
## for the year ended 31 December 2023

| | Share capital AED | Legal reserve AED | General reserve AED | Re-takaful default reserve | Investment revaluation reserve AED | Retained earnings AED | Total AED |
|---|---|---|---|---|---|---|---|
| Balance at 31 December 2022 – as previously stated | 105,000,000 | 51,819,922 | 42,500,000 | 5,387,784 | (20,866,807) | 306,907,028 | 490,747,927 |
| Impact of adoption of IFRS 17 (note 2.3) | - | - | - | - | - | (75,951,063) | (75,951,063) |
| Impact of adoption of IFRS 9 – ECL model (note 2.3) | - | - | - | - | - | (1,364,818) | (1,364,818) |
| Balance at 1 January 2023 – as restated | 105,000,000 | 51,819,922 | 42,500,000 | 5,387,784 | (20,866,807) | 229,591,147 | 413,432,046 |
| Profit for the year | - | - | - | - | - | 103,042,273 | 103,042,273 |
| Other comprehensive loss for the year | - | - | - | - | (35,530,688) | (6,448,826) | (41,979,514) |
| Total comprehensive income for the year | - | - | - | - | (35,530,688) | 96,593,447 | 61,062,759 |
| Gain on disposal of financial assets classified at fair value through other comprehensive income | - | - | - | - | 2,818,865 | (862,146) | 1,956,719 |
| Transfer to legal reserve | - | 680,078 | - | - | - | (680,078) | - |
| Transfer to re-takaful default reserve | - | - | - | 2,240,174 | - | (2,240,174) | - |
| Dividends paid (note 17) | - | - | - | - | - | (27,000,000) | (27,000,000) |
| **Balance at 31 December 2023** | **105,000,000** | **52,500,000** | **42,500,000** | **7,627,958** | **(53,578,630)** | **295,402,196** | **449,451,524** |
| Balance at 31 December 2021 – as previously reported | 100,000,000 | 50,000,000 | 42,500,000 | 3,848,642 | 7,318,068 | 312,351,362 | 516,018,072 |
| Impact of transition of IFRS 17 (note 2.3) | - | - | - | - | - | (124,570,781) | (124,570,781) |
| Impact of transition of IFRS 9 – ECL model (note 2.3) | - | - | - | - | - | (1,263,317) | (1,263,317) |
| Balance at 1 January 2022 – as restated | 100,000,000 | 50,000,000 | 42,500,000 | 3,848,642 | 7,318,068 | 186,517,264 | 390,183,974 |
| Profit for the year – as restated | - | - | - | - | - | 66,717,437 | 66,717,437 |
| Other comprehensive loss for the year | - | - | - | - | (16,831,435) | (1,637,930) | (18,469,365) |
| Total comprehensive income for the year | - | - | - | - | (16,831,435) | 65,079,507 | 48,248,072 |
| Gain on disposal of financial assets classified at fair value through other comprehensive income | - | - | - | - | (11,353,440) | 11,353,440 | - |
| Transfer to legal reserve | - | 1,819,922 | - | - | - | (1,819,922) | - |
| Transfer to re-takaful default reserve | - | - | - | 1,539,142 | - | (1,539,142) | - |
| Issuance of bonus shares | 5,000,000 | - | - | - | - | (5,000,000) | - |
| Dividends paid (note 17) | - | - | - | - | - | (25,000,000) | (25,000,000) |
| Balance at 31 December 2022 (restated) | 105,000,000 | 51,819,922 | 42,500,000 | 5,387,784 | (20,866,807) | 229,591,147 | 413,432,046 |

The accompanying notes form an integral part of these financial statements.

# Statement of cash flows
# for the year ended 31 December 2023

| | 2023 | 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| **OPERATING ACTIVITIES** | | |
| Profit for the period | **103,042,273** | 66,717,437 |
| **Adjustments for:** | | |
| Depreciation of property and equipment | **2,111,583** | 1,900,490 |
| Investment and other income | **(43,886,822)** | (31,874,286) |
| Net movement in provision for end of service benefits | **1,373,544** | 1,492,946 |
| Movement in expected credit loss | **(856,303)** | 101,501 |
| Movement in fair value of investments properties | **(10,644,400)** | (1,035,000) |
| Movement in provision of loan (Qard Hasan) from shareholders | **(12,336,457)** | (9,800,643) |
| Surplus of general policy holders takaful fund | - | (28,384,105) |
| Gain on disposal of property and equipment | **(78,413)** | (1,204) |
| **Operating profit before movements in working capital** | **38,725,005** | (882,864) |
| Increase in prepaid and other assets | **(13,125,720)** | (11,113,152) |
| Increase in re-takaful contract assets | **(50,871,802)** | 15,397,938 |
| Increase in takaful contract assets | **(1,208,981)** | - |
| Increase/(decrease) in takaful contract liabilities | **129,716,407** | (52,035,284) |
| (Decrease)/increase in re-takaful contract liabilities | **(15,197,937)** | 35,461,056 |
| Increase in provision of loan (Qard Hasan) from shareholders | **12,336,457** | 9,800,643 |
| Increase/(decrease) in accrued expenses and other liabilities | **58,919,972** | (5,146,763) |
| Directors' remuneration paid | **(1,637,930)** | (5,531,995) |
| **Net cash generated from/(used in) operating activities** | **157,655,471** | (14,050,421) |
| **INVESTING ACTIVITIES** | | |
| Net movement in investments | **(95,297,135)** | 42,282,068 |
| Movement in unit linked investments | **(1,576,487)** | - |
| Purchase of investment property | **(25,040,600)** | - |
| Proceeds from sale of property and equipment | **79,047** | 1,706 |
| Purchase of property and equipment | **(694,140)** | (1,760,896) |
| Investment and other income received | **43,886,822** | 31,874,286 |
| Movement in term deposits | **(80,280,364)** | (24,451,097) |
| **Net cash (used in)/generated from investing activities** | **(158,922,857)** | 47,946,067 |
| **FINANCING ACTIVITY** | | |
| Dividends paid | **(27,000,000)** | (25,000,000) |
| **Net cash used in financing activity** | **(27,000,000)** | (25,000,000) |
| **(Decrease)/increase in cash and cash equivalents** | **(28,267,386)** | 8,895,646 |
| Cash and cash equivalents at the beginning of the year | **109,040,537** | 100,144,891 |
| **Cash and cash equivalents at the end of the year** | **80,773,151** | 109,040,537 |

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements**
**for the year ended 31 December 2023**

## 1 Corporate information

Abu Dhabi National Takaful Company PSC (the "Company") is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates ("UAE") on 16 November 2003. The Company is registered in accordance with the Federal Law No. (32) of 2021. The Company is subject to the regulations of the U.A.E. Federal Decree-Law No. 48 of 2023 regarding the Regulation of Insurance Activities, and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA")). under registration number 071.

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

The Company carries out takaful and retakaful activities of all classes in accordance with the provisions of the U.A.E. Federal Decree-Law No. 48 of 2023. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

## 2 Application of new and revised International Financial Reporting Standards ("IFRS")

### 2.1 New and revised IFRS adopted in the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in this financial statements. The application of these revised IFRSs, did not have any material impact on the amounts reported for the current and prior periods, except from the application of expected credit loss model under IFRS 9 and IFRS 17 which has replaced IFRS 4 and has fundamentally changed the measurement and presentation of takaful contracts (including re-takaful contracts held).

| New and revised IFRSs | Effective for annual periods beginning or after |
|---|---|
| IFRS 17 *Insurance Contracts (note 2.3)* | 1 January 2023 |
| Amendments to IAS 1 – Amendments to IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates | 1 January 2023 |
| Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules | 1 January 2023 |
| Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.2 New and revised IFRS in issue but not yet effective and not early adopted

| New and revised IFRSs | Effective for annual periods beginning or after |
|---|---|
| Amendments to IFRS 16 on lease liability in a sales and lease back | 1 January 2024 |
| Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements | 1 January 2024 |
| Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Effective date deferred indefinitely. Adoption is still permitted. |

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

### 2.3 Changes in accounting policies

In these financial statements, the Company has applied IFRS 17 and IFRS 9 measurement for the first time. The nature of the changes in first time adoption of IFRS 17 and IFRS 9 can be summarized, as follows:

**Changes to classification and measurement**

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of takaful contracts issued and re-takaful contracts held by the Company. The adoption of IFRS 17 did not change the classification of the Company's takaful contracts.

The Company uses different measurement approaches, depending on the type of contracts, as follows:

| Nature of Contracts | Product classification | Measurement model |
|---|---|---|
| Property and liability takaful | Takaful contracts | PAA |
| Medical takaful | Takaful contracts | PAA |
| Group family takaful | Takaful contracts | PAA |
| Credit family takaful – short term | Takaful contracts | PAA |
| Credit family takaful – long term | Takaful contracts | GMM |
| Individual family takaful – long term | Takaful contracts | GMM |
| Individual family takaful – unit linked | Takaful contracts | VFA |
| All re-takaful contracts held other than long term credit family takaful | Re-takaful contracts held | PAA |
| Long term credit family takaful | Re-takaful contracts held | GMM |
| Individual family takaful – long term | Re-takaful contracts held | GMM |

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.3 Changes in accounting policies (continued)

**Changes to classification and measurement (continued)**

The key principles of IFRS 17 under the different measurement models, where applicable, are that the Company:

- Identifies takaful contracts as those 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;
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than takaful contract services from takaful contracts and accounts for them in accordance with other standards;
- Divides the takaful and re-takaful contracts into groups it will recognise and measure;
- Recognises profit from a group of takaful contracts over each period the Company provides takaful contract services, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately;
- Recognises an asset for takaful acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of takaful contracts is recognised. Such an asset is derecognised when the takaful acquisition cash flows are included in the measurement of the related group of takaful contracts.

The premium allocation approach (PAA) simplifies the measurement of takaful contracts in comparison with the general measurement model (GMM) in IFRS 17. The measurement principles of the PAA differ from the 'earned contribution approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects contribution received less amounts recognised in revenue for takaful services provided (takaful revenue for each period is the amount of expected contribution receipts for providing services in the period);
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the contribution due date and the related period of services are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non- financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred takaful expenses;

Measurement of the asset for remaining coverage (reflecting re-takaful contribution paid for re-takaful contracts held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.3 Changes in accounting policies (continued)

**Changes to classification and measurement (continued)**

Under the GMM and variable fee approach (VFA), the Company recognises and measures groups of takaful contracts at:

i) A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; and
ii) An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)"

The VFA is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts.

The Company capitalises takaful acquisition cash flows for all takaful group of contracts. The Company allocates the acquisition cash flows to groups of takaful contracts issued using a systematic and rational basis. Takaful acquisition cash flows include those that are directly attributable to a group.

**Changes to presentation and disclosure**

For presentation in the statement of financial position, the Company aggregates portfolios of takaful and re-takaful contracts issued and re-takaful contracts held and presents separately, the carrying amount of:

- Portfolios of takaful and re-takaful contracts issued that are assets
- Portfolios of takaful and re-takaful contracts held that are assets
- Portfolios of takaful contracts and re-takaful contracts issued that are liabilities
- Portfolios of takaful contracts and re-takaful contracts held that are liabilities

The line item descriptions in the profit or loss have been changed significantly compared with prior year. Previously the Company reported the following main line items:

- Gross contribution written
- Net written contribution
- Commission earned
- Net changes in unearned contribution provision
- Net earned contribution
- Gross claims paid
- Net claims paid
- Change in incurred claim liabilities
- Net claims incurred
- Other underwriting income and expenses

Instead, IFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expense
- Allocation of re-takaful contributions paid
- Amounts recovered from re-takaful contracts
- Takaful finance expenses/income for takaful contracts issued
- Re-takaful finance income/expense for re-takaful contracts held

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.3 Changes in accounting policies (continued)

**Transition impact**

On transition date, 1 January 2022, the Company:

- Applied the following approaches to identify, recognise and measure the groups of takaful contracts issued and re-takaful contracts held:
  - The full retrospective approach was used for groups of short-term takaful contracts issued and both long-term and short-term groups of re-takaful contracts held.
  - The full retrospective approach was used for groups of long-term Credit family takaful contracts issued unless this was impracticable, in which case either the modified retrospective approach or fair value approach was used.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in policyholder fund.

The Company assessed historical information available and determined that all reasonable and supportable information necessary to apply the full retrospective approach was not available for those groups of contracts for which the modified retrospective and fair value approaches were used.

*Modified Retrospective Approach*
The objective of the modified retrospective approach is to achieve the closest possible outcome to the full retrospective approach maximising the use of available information. In applying the modified retrospective approach the Company has used the following permitted modification to determine the CSM:

- Estimated historical discount rates applied to cash flows in the period prior to 2016 using an observable market interest curve based on discount rate applicable for 2016.

*Fair Value Approach*
Under the fair value approach, the CSM at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. In determining fair value, the Company applied the requirements of IFRS 13 Fair Value Measurement. Specifically, the fair value of the takaful contracts was measured as the sum of (a) the present value of the cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin.

Differences in the Company's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows gave rise to a CSM at 1 January 2022. In particular, in measuring fair value the Company included a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the takaful contracts. In determining this margin, the Company considered certain risks that were not reflected in the fulfilment cash flows, that a market participant would consider. When applying the fair value transition approach the Company determined the discount rate at the transition date.

As mentioned above, the line item descriptions in the statement of profit or loss and other comprehensive income have changed significantly compared with prior period. The adoption of IFRS 17 has led to the restatement of the profit for the year ended 31 December 2022 from AED 18,199,220 to AED 66,717,437.

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.3 Changes in accounting policies (continued)

**Transition impact (continued)**

**IFRS 9 Financial Instruments**

**Measurement of the expected credit loss ("ECL") allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

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

The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The Company has adopted the impairment requirements of IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2022, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The adoption of the impairment requirements of IFRS 9 has resulted in changes in accounting policies for impairment of financial assets.

The Company recorded an impairment allowance at 1 January 2022 on financial assets at fair value through other comprehensive income amounting to AED 1,263,317 as a result of first time adoption of impairment requirements IFRS-9.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.3 Changes in accounting policies (continued)

**Transition impact (continued)**

The table below summarise the impact of initial application of IFRS 17 and IFRS 9 as at 31 December 2022:

| | **As previously reported (audited) AED** | Effect of application of IFRS 17/IFRS 9 AED | As restated AED |
|---|---|---|---|
| ***Takaful operations assets*** | | | |
| Retakaful share of unearned contributions | 276,904,971 | (276,904,971) | - |
| Retakaful share of outstanding claims | 129,484,313 | (129,484,313) | - |
| Contributions and retakaful balances receivables | 38,265,290 | (38,265,290) | - |
| Re-takaful contract assets | - | 134,710,415 | 134,710,415 |
| ***Shareholders' operations assets*** | | | |
| Financial assets at fair value | 317,245,074 | (1,364,818) | 315,880,256 |
| Deferred policy acquisition costs | 17,203,623 | (17,203,623) | - |
| ***Takaful operations liabilities*** | | | |
| Takaful payables | 16,150,320 | (16,150,320) | - |
| Outstanding claims | 174,064,907 | (174,064,907) | - |
| Unearned contributions | 368,761,610 | (368,761,610) | - |
| Unearned retakaful commission income | 9,810,005 | (9,810,005) | - |
| Re-takaful payable | 296,257,018 | (296,257,018) | - |
| Accrued expenses and other liabilities | 8,597,810 | 10,984,076 | 19,581,886 |
| Takaful contract liabilities | - | 489,097,430 | 489,097,430 |
| Re-takaful contract liabilities | - | 35,794,480 | 35,794,480 |
| ***Shareholders' operations liabilities*** | | | |
| Accrued expenses and other liabilities | 1,836,159 | 77,971,155 | 79,807,314 |
| ***Policyholders' fund*** | | | |
| Deficit of General policyholders takaful fund | (32,818,253) | 29,489,063 | (3,329,190) |
| Deficit of family policyholders takaful fund | (16,732,317) | (10,265,347) | (26,997,664) |
| Loan (Qard Hasan) from shareholders | 49,550,570 | (19,223,716) | 30,326,854 |
| ***Total shareholders' equity*** | | | |
| Retained earnings | 306,907,028 | (77,315,881) | 229,591,147 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

### 2.3 Changes in accounting policies (continued)

**Transition impact (continued)**

The table below summarise the impact of initial application of IFRS 17 and IFRS 9 as at 1 January 2022:

| | **As previously reported (audited) AED** | Effect of application of IFRS 17/IFRS 9 AED | As restated AED |
|---|---|---|---|
| ***Takaful operations assets*** | | | |
| Retakaful share of unearned contributions | 274,002,126 | (274,002,126) | - |
| Retakaful share of outstanding claims | 127,776,349 | (127,776,349) | - |
| Contributions and retakaful balances receivables | 18,379,044 | (18,379,044) | - |
| Re-takaful contract assets | - | 150,108,353 | 150,108,353 |
| ***Shareholders' operations assets*** | | | |
| Financial assets at fair value | 362,770,698 | (1,263,317) | 361,507,381 |
| Deferred policy acquisition costs | 7,445,788 | (7,445,788) | - |
| ***Takaful operations liabilities*** | | | |
| Takaful payables | 11,300,119 | (11,300,119) | - |
| Outstanding claims | 164,079,350 | (164,079,350) | - |
| Unearned contributions | 353,999,279 | (353,999,279) | - |
| Unearned retakaful commission income | 6,762,953 | (6,762,953) | - |
| Accrued expenses and other liabilities | 5,953,230 | 6,297,505 | 12,250,735 |
| Takaful contract liabilities | - | 541,132,714 | 541,132,714 |
| Re-takaful payables | 279,732,447 | (279,732,447) | - |
| Re-takaful contract liabilities | - | 333,424 | 333,424 |
| ***Shareholders' operations liabilities*** | | | |
| Accrued expenses and other liabilities | 9,377,066 | 86,802,227 | 96,179,293 |
| ***Policyholders' fund*** | | | |
| Deficit of General policyholders takaful fund | (5,482,687) | 5,482,687 | - |
| Surplus of General policyholders takaful fund | - | 28,384,105 | 28,384,105 |
| Loan (Qard Hasan) from shareholder | 9,804,731 | 30,322,766 | 40,127,497 |
| Deficit of family policyholders takaful fund | (4,322,044) | (35,805,453) | (40,127,497) |
| ***Total shareholders' equity*** | | | |
| Retained earnings | 312,351,362 | (125,834,098) | 186,517,264 |

## 3 Summary of significant accounting policies

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable requirements of United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 and Federal Decree-Law No. 48 of 2023, concerning the formation of Insurance Authority of UAE, as well as the Insurance Authority Financial Regulations for insurance companies (the "Regulations").

### 3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values as at the end of each reporting date, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Company.

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held

*Takaful and re-takaful contracts issued classification*

The Company issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its policyholders. As a general guideline, the Company determines whether it has significant takaful risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. The Company also issues re-takaful contracts in the normal course of business to compensate other entities for claims arising from one or more takaful contracts issued by those entities.

*Level of Aggregation*

The Company identifies portfolios by aggregating takaful contracts that are subject to similar risks and managed together. In grouping takaful contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which takaful contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Recognition*

Groups of takaful contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; or
- when the Company determines that a group of contracts becomes onerous.

*Combination of takaful contracts*

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single takaful contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other

*Separating components from takaful and re-takaful contracts*

The Company assesses its takaful and re-takaful contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) takaful contract. Currently, the Company's contracts do not include any distinct components that require separation.

*Contract boundary*

The measurement of a group of takaful contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the contributions, or in which the Company has a substantive obligation to provide the policyholder with takaful contract services. A substantive obligation to provide takaful contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:

    i. The Company has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
    ii. The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected contributions or claims outside the boundary of the takaful contract are not recognised. Such amounts relate to future takaful contracts.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement*

The following table sets out the accounting policy choices adopted by the Company:

| | Measurement models the option is allowed to be applied | IFRS 17 options | Adopted approach |
|---|---|---|---|
| Takaful acquisition cash flows | PAA | Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the takaful acquisition cashflows when incurred or amortizing them over the contract's coverage period. | Takaful acquisition cash flows are allocated to related groups of takaful contracts and amortised over the coverage period of the related group using a systematic and rational basis. |
| Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money | PAA | Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related contribution due date is no more than a year, an entity is not required to make an adjustment for accretion of profit on the LRC. | For all contracts measured under the PAA, there is no adjustment to reflect the time value of money and the effect of financial risk as the contributions are expected to be received within one year of the coverage period. |
| Liability for Incurred Claims ("LIC") adjusted for time value of money | PAA | Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money. | The Company discounts the LIC for the time value of money. |

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

The following table sets out the accounting policy choices adopted by the Company:

| | Measurement models the option is allowed to be applied | IFRS 17 options | Adopted approach |
|---|---|---|---|
| Takaful finance income and expenses | All | IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis. | For all contracts within the scope of IFRS 17 the Company includes all takaful finance income or expenses for the period in profit or loss. |
| Disaggregation of risk adjustment | All | An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the takaful service result. Instead, it can choose to split the amount between the takaful service result and takaful finance income or expenses. | The Company does not disaggregate changes in the risk adjustment for non-financial risk between takaful service result and takaful finance income or expenses. |
| Presentation of income / (expense) from re-takaful contracts held | All | IFRS 17 allows options in presenting income or expenses from re-takaful contracts held, other than takaful finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the contribution paid (as re-takaful expenses) in line items separate from takaful revenue and takaful service expenses. | The Company elected to present separately the amounts recovered from re-takaful contracts and an allocation of re-takaful contributions paid. |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

*Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement*

The Company applies the premium allocation approach to all the takaful contracts (other than long term credit family takaful and individual family takaful contracts) that it issues and re-takaful contracts (other than those covering long term credit family takaful and individual family takaful contracts) that it holds as;

- The coverage period of each contract in the group is one year or less, including takaful contract services arising from all contributions within the contract boundary; or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition
- Minus any takaful acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of takaful contracts is recognised.

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period
- Minus takaful acquisition cash flows
- Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as takaful revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

*Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement (continued)*

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

*Takaful contracts measured other than PAA - Initial and Subsequent Measurement*

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Contributions and related cash flows
- Claims and benefits, including reported claims not yet paid and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Transaction-based taxes
- Other costs specifically chargeable to the policyholder under the terms of the contract

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

*Takaful contracts measured other than PAA - Initial and Subsequent Measurement (continued)*

The Company updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Company determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Company considers the most recent experience and earlier experience, as well as other information.

The measurement of fulfilment cash flows includes takaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time.

The CSM at the end of the reporting period represents the profit in the group of takaful contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of takaful contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- For contracts measured under the GMM, profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue because of the transfer of takaful contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For direct participating contracts measured under the VFA, the Company adjusts the CSM for the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in takaful service expenses) and creating a loss component; or
- an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in takaful service expenses).

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from takaful revenue and takaful service expenses. Individual family unit linked contracts have explicit surrender values. The investment component excluded from takaful revenue and takaful service expenses is determined as the surrender value specified in the contractual terms less any surrender charges. All the other contracts issued by the Company do not contain investment components.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to contributions received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any takaful finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

For contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of takaful contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of takaful contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprising the fulfilment cash flows related to past service allocated to the group at that date.

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

*Re-takaful contracts held*

Re-takaful contracts held are accounted for by applying IFRS 17 when they meet the definition of a takaful contract. This includes the condition that the contract must transfer significant takaful risk.

Re-takaful contracts transfer significant takaful risk only if they transfer to the reinsurer substantially all the takaful risk relating to the reinsured portions of the underlying takaful contracts, even if a re-takaful contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of re-takaful contracts held are assessed for aggregation separately from portfolios of takaful contracts issued. Applying the grouping requirements to re-takaful contracts held, the Company aggregates re-takaful contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

A group of re-takaful contracts held is recognised as follows:

- If the re-takaful contracts provide proportionate coverage, the date the Company initially recognizes any underlying takaful contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of re-takaful contracts. However, if the Company recognises an onerous group of underlying takaful contracts on an earlier date and the related re-takaful contract was entered into before that earlier date, then the group of re-takaful contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer shall end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage

The Company measures its re-takaful assets for a group of re-takaful contracts that it holds on the same basis as takaful contracts that it issues. However, they are adapted to reflect the features of re-takaful contracts held that differ from takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

## 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

*Re-takaful contracts held (continued)*

Where the Company recognises a loss on initial recognition of an onerous group of underlying takaful contracts or when further onerous underlying takaful contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of re-takaful contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying takaful contracts and the percentage of claims on the underlying takaful contracts the Company expects to recover from the group of re-takaful contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to takaful contracts covered by the group of re-takaful contracts held where some contracts in the underlying group are not covered by the group of re-takaful contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

*Modification and derecognition*

The Company derecognises takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

*Takaful acquisition cash flows*

The Company includes takaful acquisition cash flows in the measurement of a group of takaful contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of takaful contracts to which the group belongs. These are essentially the Wakala Charges levied on each policy at time of inception.

*Discount rates*

The Company uses the bottom-up approach for the groups of contracts measured under PAA, GMM and VFA to derive the discount rates.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 3 Summary of significant accounting policies (continued)

### 3.3 Changes in accounting policies for takaful contracts issued and re-takaful contracts held (continued)

*Measurement (continued)*

*Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 60th to 70th percentile, adjusted for diversification. That is, the Company has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 60th to 70th percentile confidence level, adjusted for diversification, less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The selection of Risk Adjustment percentile is linked to inherent volatility of underlying risk. For relatively stable lines (Motor and Medical), a $60^{th}$ percentile has been chosen while for other lines a more conservative $70^{th}$ percentile has been chosen.

*Contractual service margin (CSM)*

The CSM is a component of the asset or liability for the group of takaful contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful contracts is recognised in profit or loss as takaful revenue in each period to reflect the takaful contract services provided under the group of takaful contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the takaful contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future

The number of coverage units in a group is the quantity of takaful contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The coverage unit for the long-term credit family takaful is the expected claim cost. The coverage units for Unit-Linked portfolio are the expected sum at risk plus the cash value.

The total coverage units of each group of takaful contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For re-takaful contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant accounting policies (continued)

### 3.4 Revenue recognition

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the income statement.

Other income

Other income is accrued on a time basis, by reference to the principal outstanding and at the effective rate of return applicable.

### 3.5 Foreign currencies

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retransferred at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of income in the period in which they arise.

### 3.6 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

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

Depreciation is calculated so as to write off the cost of property and equipment on a straight-line basis over their expected useful economic lives.

The principal annual rates used for this purpose are:

| | |
|---|---|
| Building | 3.33% |
| Furniture, fixtures and office equipment | 20% |
| Computer equipment and accessories | 20 - 33.33% |
| Motor vehicles | 25% |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant accounting policies (continued)

### 3.7 Investment properties

Investment properties are held for the generation of income or capital appreciation and are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

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

Transfers are made to or from investment property only when there is a change in use.

### 3.8 Impairment of tangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 3.9 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

## 3 Summary of significant accounting policies (continued)

### 3.10 Employee benefits

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

Provision is also made for end of service benefits due to non-UAE national employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Pension Authority, calculated in accordance with Government regulations, such contributions are charged to the statement of income during the employees' period of service.

### 3.11 Financial assets

Classification and measurement

The Company has the following financial assets: cash and cash equivalents, contributions and retakaful balances receivables, investments at fair value through other comprehensive income and investments at fair value through profit or loss. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalent include cash on hand and deposits held at call with banks with original maturities of three months or less.

Investments at fair value through other comprehensive income (equity instruments)

Investments at fair value through other comprehensive income (equity instruments) are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in other comprehensive income and dividend income is credited to statement of income when the right to receive the dividend is established.

Investments at fair value through other comprehensive income (debt instruments)

Investments at fair value through other comprehensive income (debt instruments) are initially recorded at cost and subsequently measured at fair value. profit, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in statement of income, profit from debt securities is recognized in statement of income and dividend income is credited to statement of income when the right to receive the dividend is established.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 3 Summary of significant account policies (continued)

### 3.11 Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

Impairment of financial assets

The Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

*a) Overview*

The Company is recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECLs. Stage 2 also include instruments, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the profits calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and profit is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 3 Summary of significant account policies (continued)

### 3.11 Financial assets (continued)

Impairment of financial assets (continued)

*a) Overview (continued)*

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

*b) The calculation of ECLs*

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

## 3 Summary of significant account policies (continued)

### 3.11 Financial assets (continued)

Impairment of financial assets (continued)

*Debt instruments measured at fair value through OCI*

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

*c) Forward looking information*

The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

### 3.12 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other liabilities and accruals

Other liabilities and accruals are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective rate of return, with the expense recognised on an effective yield basis.

The effective rate of return is a method of calculating the amortised cost of a financial liability and of allocating the expense over the relevant period. The effective rate of return is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## 3 Summary of significant account policies (continued)

### 3.12 Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

### 3.13 Investment in commodities

Investment in commodities, which are commodities held to for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment in commodities is measured at fair value. Gains or losses arising from changes in the fair value of investment commodities are included in profit or loss in the period in which they arise.

An investment commodity is derecognised upon disposal. Any gain or loss arising on derecognition of the commodity (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the commodity is derecognised.

### 3.14 Deficit in policyholders' fund

Deficit in the policyholders' fund is financed by the shareholders through a profit free loan "Qard Hasan". The Company maintains a full provision against such loans.

### 3.15 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 4 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are:

## 4 Critical accounting judgments and key sources of estimation uncertainty (continued)

*Fair value of investment properties:*

External valuers may be involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Company's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

*Fair value of unquoted equity investments:*

Fair valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset base of investee or other valuation models.

*Assessment of significance of takaful risk:*

The Company applies its judgement in assessing whether a contract transfers to the issuer significant takaful risk. A contract transfers significant takaful risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

*Risk adjustment*

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 60th to 70th percentile, adjusted for diversification. That is, the Company has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 60th to 70th percentile confidence level, adjusted for diversification, less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles. The Company has changed its risk adjustment from $65^{th}$ to $75^{th}$ percentile to $60^{th}$ to $70^{th}$ percentile during the year as it in line with the Company risk appetite and best market practice.

The selection of Risk Adjustment percentile is linked to inherent volatility of underlying risk. For relatively stable lines (Motor and Medical), a $60^{th}$ percentile has been chosen while for other lines a more conservative $70^{th}$ percentile has been chosen.

*Onerous groups*

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

## 4 Critical accounting judgments and key sources of estimation uncertainty (continued)

*Time value of money*

The Company adjusts the carrying amount of the takaful contracts liabilities and re-takaful contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Under the bottom-up approach, the discount rate is determined as the risk-free yield and adjusted with a liquidity risk premium. The Company used the following yield curves to discount cash flows:

| 2023 | Currency | 1 year | 5 year | 10 year | 20 year | 30 year |
|---|---|---|---|---|---|---|
| Contracts under VFA | AED | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Contracts under GMM and PAA | AED | 5.95% | 4.69% | 4.64% | 4.65% | 4.42% |

| 2022 | Currency | 1 year | 5 year | 10 year | 20 year | 30 year |
|---|---|---|---|---|---|---|
| Contracts under GMM and PAA | AED | 6.44% | 5.32% | 5.12% | 5.00% | 4.64% |

*Liability for incurred claims for contracts measured under the PAA*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

*Measurement of future cash flows for contracts not measured under the PAA*

The measurement of a group of takaful contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and also from applicable law and regulation. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks till that next reassessment date.

## 4 Critical accounting judgments and key sources of estimation uncertainty (continued)

*Measurement of future cash flows for contracts not measured under the PAA (continued)*

The following assumptions were used when estimating future cash flows:

- Mortality rates

Mortality risks are inherent in most lines of business. The assumptions are set based on the internal experience of the Company when there are sufficient volumes of data to support a credible investigation. When internal experience is not sufficient, the assumptions are set with reference to industry experience and commonly used tables.

- Lapse and surrender rates

Lapse and surrenders assumptions relate to the rate by which policyholders cancel/surrender their policies. The assumptions are set in line with recent Company experience, by adjusting for expected improvements/deteriorations where necessary.

*Transition*

The Company assessed all information available and determined that it would be impracticable to apply the full retrospective approach for all groups of long-term Credit family takaful contacts. As such, for certain groups of long-term Credit family takaful contacts, the Company has applied the fair value approach to determine the CSM at the transition date.

Applying the fair value approach, the Company determined the CSM to be the difference between the fair value of a group of takaful contracts, measured in accordance with IFRS 13 'Fair Value Measurement' (IFRS 13), and its fulfilment cashflows at the transition date.

Under IFRS 13 the fair value of a takaful liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of takaful contracts, the following considerations were applied:

- only future cash flows within the boundaries of the takaful contracts were included in the fair value estimation;
- assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and
- profit margins were included to reflect what a market participant would require for accepting obligations under takaful contracts, beyond the risk adjustment for non-financial risk.

The Company used significant judgement to determine adjustments required to reflect the market participant's view.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 5 Cash and cash equivalents

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| **Takaful operations assets** | | |
| Cash and bank balances | **27,728,110** | 22,426,436 |
| Term deposits | **461,359,871** | 351,382,204 |
| | **489,087,981** | 373,808,640 |
| Less: term deposits with original maturity of more than three months | **(435,359,871)** | (301,382,204) |
| Cash and cash equivalents | **53,728,110** | 72,426,436 |
| **Shareholders' assets** | | |
| Cash and bank balances | **8,045,041** | 21,614,101 |
| Term deposits | **59,317,243** | 109,014,546 |
| | **67,362,284** | 130,628,647 |
| Less: term deposits with original maturity of more than three months | **(40,317,243)** | (94,014,546) |
| Cash and cash equivalents | **27,045,041** | 36,614,101 |
| Takaful operations assets | **53,728,110** | 72,426,436 |
| Shareholders' assets | **27,045,041** | 36,614,101 |
| | **80,773,151** | 109,040,537 |

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry expected profit at the prevailing market rates ranging from 4.1% to 7% per annum (31 December 2022: 0.75% to 6% per annum).

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 6 Property and equipment

| | Building AED | Furniture, fixtures and equipment AED | Computer equipment and accessories AED | Motor vehicles AED | Total AED |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2023 | 25,196,436 | 9,670,875 | 8,936,923 | 1,440,628 | 45,244,862 |
| Additions | - | 141,051 | 383,001 | 170,088 | 694,140 |
| Disposals | - | (58,715) | (77,135) | (390,000) | (525,850) |
| At 31 December 2023 | **25,196,436** | **9,753,211** | **9,242,789** | **1,220,716** | **45,413,152** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2023 | 6,376,363 | 8,585,460 | 6,937,619 | 1,045,001 | 22,944,443 |
| Charge for the year | 839,344 | 402,341 | 707,162 | 162,736 | 2,111,583 |
| Disposals | - | (58,246) | (76,971) | (389,999) | (525,216) |
| At 31 December 2023 | **7,215,707** | **8,929,555** | **7,567,810** | **817,738** | **24,530,810** |
| **Net carrying amount 31 December 2023** | **17,980,729** | **823,656** | **1,674,979** | **402,978** | **20,882,342** |
| Cost | | | | | |
| At 1 January 2022 | 25,196,436 | 8,998,508 | 10,290,039 | 1,065,400 | 45,550,383 |
| Additions | - | 897,244 | 488,424 | 375,228 | 1,760,896 |
| Disposals | - | (224,877) | (1,841,540) | - | (2,066,417) |
| At 31 December 2022 | **25,196,436** | **9,670,875** | **8,936,923** | **1,440,628** | **45,244,862** |
| Accumulated depreciation | | | | | |
| At 1 January 2022 | 5,537,019 | 8,500,326 | 8,143,748 | 928,775 | 23,109,868 |
| Charge for the year | 839,344 | 309,864 | 635,056 | 116,226 | 1,900,490 |
| Disposals | - | (224,730) | (1,841,185) | - | (2,065,915) |
| At 31 December 2022 | **6,376,363** | **8,585,460** | **6,937,619** | **1,045,001** | **22,944,443** |
| Net carrying amount 31 December 2022 | **18,820,073** | **1,085,415** | **1,999,304** | **395,627** | **22,300,419** |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 7 Statutory deposit

In accordance with the requirements of the Federal Law No. (48) of 2023, the Company maintains a bank deposit of AED 10,000,000 which cannot be utilised without the consent of the UAE Central Bank. The statutory deposit is held with a commercial bank in the UAE, a related party (note 16).

## 8 Financial assets measured at fair value through other comprehensive income

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| Financial assets measured at fair value through other comprehensive income | **352,579,538** | 315,880,256 |

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| ***Shareholders' assets*** | | |
| Quoted securities | | |
| - *Equity securities* | **87,013,507** | 76,754,857 |
| - *Sukuks* | **86,260,040** | 45,431,120 |
| Expected credit losses on Sukuk | **(508,515)** | (1,364,818) |
| ***Total quoted securities for shareholders assets*** | **172,765,032** | 120,821,159 |
| Unquoted securities | | |
| - *Unlisted equities* | **179,814,506** | 195,059,097 |
| ***Total unquoted securities for shareholders assets*** | **179,814,506** | 195,059,097 |
| **Total quoted and unquoted securities for shareholders assets** | **352,579,538** | 315,880,256 |

Movement in expected credit loss are as follows:

| | **2023 AED** | 2022 AED |
|---|---|---|
| Opening balance | **1,364,818** | 1,263,317 |
| Charged during the year | **-** | 101,501 |
| Reversals during the year | **(856,303)** | - |
| Closing balance | **508,515** | 1,364,818 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 8 Financial assets measured at fair value through other comprehensive income (continued)

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| Quoted securities | **172,765,032** | 120,821,159 |
| Unquoted securities | **179,814,506** | 195,059,097 |
| | **352,579,538** | 315,880,256 |

Investments include AED 197.4 million (2022: AED 121.3 million) registered in the name of custodians who are holding these investments on behalf of the Company through investment agreements.

Unquoted equity securities are valued primarily based on net assets of the investees unless recent transactions provide evidence of the current fair value. The Company classified these as level 3 investments.
The geographical concentration of investments is as follows:

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| Within UAE | **164,891,912** | 95,584,472 |
| Outside UAE | **187,687,626** | 220,295,784 |
| | **352,579,538** | 315,880,256 |
| Total investments | **352,579,538** | 315,880,256 |

The movement in investments are as follows:

| | **2023 AED** | 2022 AED |
|---|---|---|
| Opening balance | **315,880,256** | 225,741,671 |
| Addition during the year, net | **69,411,105** | 118,323,460 |
| Gain/(loss) on disposal of investments | **2,818,865** | (11,353,440) |
| Unrealized loss | **(35,530,688)** | (16,831,435) |
| Closing balance | **352,579,538** | 315,880,256 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 9 Financial assets measured at amortized cost

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| ***Shareholders' assets*** | | |
| Unquoted securities | | |
| - *Murabaha placement* | **10,283,000** | - |
| **Total securities for shareholders assets** | **10,283,000** | - |

The geographical concentration of investments is as follows:

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| Within UAE | **-** | - |
| Outside UAE | **10,283,000** | - |
| | **10,283,000** | - |
| Total investments | **10,283,000** | - |

The movement in investments are as follows:

| | **2023 AED** | 2022 AED |
|---|---|---|
| Opening balance | **-** | - |
| Addition during the year | **10,283,000** | - |
| Closing balance | **10,283,000** | - |

## 10 Investment properties

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| At 1 January | **17,850,000** | 16,815,000 |
| Addition during the year | **25,040,600** | - |
| Change in fair value | **10,644,400** | 1,035,000 |
| | **53,535,000** | 17,850,000 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 10 Investment properties (continued)

The Company enters into operating leases for its investment properties. Amounts recognized in profit or loss in respect of investments properties are as follows:

| | **2023** | 2022 |
|---|---|---|
| | **AED** | AED |
| Rental income from investment properties | **930,953** | 932,826 |
| Operating expenses for properties generating rental income | **(269,427)** | (208,702) |
| Net income arising from investment properties | **661,526** | 724,124 |

During the year, the Company has purchased investment properties of AED 25,040,600. The properties have been classified as investment properties as these are kept for earning rentals and capital appreciation.

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The investment properties were valued as at 31 December 2023 by independent valuers at AED 53,535,000 (2022: AED 17,850,000) using comparable method and investment method (also known as income approach) of valuation.

The Comparable Method analyses recent sales transactions of similar properties in a similar location, applying adjustments to reflect differences to the property, including location, specification, age, design and layout.

The Investment Method analyses the market rent of similar properties in a similar location and applying capitalization rate on given rent. The capitalization rate applied to the income is implicit of factors such as rental growth, perceived covenant strength, in addition to the specification and location of the property.

The investment properties are classified as Level 3. There were no transfers between Level 1 and 2 or to Level 3 during current and previous year.

There are no restrictions on the realisability of investment properties. The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

## 11 Investment in commodities

During the year, the Company has invested in gold and silver commodities which has been classified at fair value through profit and loss. The commodity market value is determined from the commodities market which is a secondary market and accordingly it has been classified under level 2 investment. There were no transfers between Level 1 and 3 or to Level 2 during current year. As of 31 December 2023, the Company holds physical gold bullions having market value of AED 15.3 million (2022: nil) and silver bullions having market value of AED 0.3 million (2022: nil).

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities

### Reconciliation of the liability for remaining coverage and the liability for incurred claims for takaful contracts

| | LRC | | | LIC for contracts under PAA | | |
|---|---|---|---|---|---|---|
| | Excluding loss components AED | Loss Components AED | LIC for contracts not measured under PAA AED | Present value of future cash flows AED | Risk adjustment for non-financial risk AED | Total AED |
| Opening takaful contract assets | - | - | - | - | - | - |
| Opening takaful contract liabilities | 288,012,562 | 20,679,495 | 32,694,778 | 142,506,272 | 5,204,323 | 489,097,430 |
| **Net balance at 1 January 2023** | **288,012,562** | **20,679,495** | **32,694,778** | **142,506,272** | **5,204,323** | **489,097,430** |
| **Takaful revenue** | **(672,453,727)** | **-** | **-** | **-** | **-** | **(672,453,727)** |
| **Takaful service expenses** | | | | | | |
| Incurred benefits and expenses | - | - | 20,042,837 | 343,191,363 | 9,339,598 | 372,573,798 |
| Changes that relate to past service - adjustments to LIC | - | - | (11,826,994) | (19,632,113) | (3,897,325) | (35,356,432) |
| Losses on onerous contracts and reversal of those losses | - | (4,715,093) | - | - | - | (4,715,093) |
| Amortisation of takaful acquisition cash flows | 168,977,978 | - | - | - | - | 168,977,978 |
| **Takaful service expenses** | **168,977,978** | **(4,715,093)** | **8,215,843** | **323,559,250** | **5,442,273** | **501,480,251** |
| Takaful finance expenses through profit and loss | 11,137,313 | 5,664 | 1,032,785 | 4,782,280 | - | 16,958,042 |
| Net foreign exchange income or expense | (1) | (2) | (9) | - | - | (12) |
| **Total changes in statement of profit and loss** | **(492,338,437)** | **(4,709,431)** | **9,248,619** | **328,341,530** | **5,442,273** | **(154,015,446)** |
| **Cash flows** | | | | | | |
| Contributions received | 746,433,473 | - | - | - | - | 746,433,473 |
| Claims paid | - | - | (9,719,302) | (237,807,467) | - | (247,526,769) |
| Directly attributable expenses paid | - | - | (611,314) | - | - | (611,314) |
| Takaful acquisition cash flows | (215,772,518) | - | - | - | - | (215,772,518) |
| **Total cash flow** | **530,660,955** | **-** | **(10,330,616)** | **(237,807,467)** | **-** | **282,522,872** |
| **Net balance at 31 December 2023** | **326,335,080** | **15,970,064** | **31,612,781** | **233,040,335** | **10,646,596** | **617,604,856** |
| Closing takaful contract assets | (3,638,846) | - | - | 2,271,137 | 158,728 | (1,208,981) |
| Closing takaful contract liabilities | 329,973,926 | 15,970,064 | 31,612,781 | 230,769,198 | 10,487,868 | 618,813,837 |
| **Net closing balance 31 December 2023** | **326,335,080** | **15,970,064** | **31,612,781** | **233,040,335** | **10,646,596** | **617,604,856** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities (continued)

### Reconciliation of the liability for remaining coverage and the liability for incurred claims for takaful contracts (continued)

| | LRC | | | LIC for contracts under PAA | | |
|---|---|---|---|---|---|---|
| | Excluding loss components AED | Loss components AED | LIC for contracts not measured under PAA AED | Present value of future cash flows AED | Risk adjustment for non-financial risk AED | Total AED |
| Opening takaful contract assets | - | - | - | - | - | - |
| Opening takaful contract liabilities | 360,751,087 | 38,193 | 30,911,988 | 138,815,361 | 10,616,085 | 541,132,714 |
| **Net balance at 1 January 2022** | **360,751,087** | **38,193** | **30,911,988** | **138,815,361** | **10,616,085** | **541,132,714** |
| **Takaful revenue** | **(449,798,161)** | **-** | **-** | **-** | **-** | **(449,798,161)** |
| **Takaful service expenses** | | | | | | |
| Incurred benefits and expenses | - | - | 49,985,810 | 241,795,676 | 7,527,434 | 299,308,920 |
| Changes that relate to past service – adjustments to LIC | - | - | (45,146,034) | 1,077,016 | (12,939,196) | (57,008,214) |
| Losses on onerous contracts and reversal of those losses | - | 20,647,268 | - | - | - | 20,647,268 |
| Amortisation of takaful acquisition cash flows | 109,654,915 | - | - | - | - | 109,654,915 |
| **Takaful service expenses** | **109,654,915** | **20,647,268** | **4,839,776** | **242,872,692** | **(5,411,762)** | **372,602,889** |
| Takaful finance income through profit and loss | (19,399,708) | (5,966) | (569,784) | (4,287,450) | - | (24,262,908) |
| **Total changes in statement of profit and loss** | **(359,542,954)** | **20,641,302** | **4,269,992** | **238,585,242** | **(5,411,762)** | **(101,458,180)** |
| **Cash flows** | | | | | | |
| Contributions received | 404,341,251 | - | - | - | - | 404,341,251 |
| Claims paid | - | - | (2,487,202) | (234,894,331) | - | (237,381,533) |
| Takaful acquisition cash flows | (117,536,822) | - | - | - | - | (117,536,822) |
| **Total cash flow** | **286,804,429** | **-** | **(2,487,202)** | **(234,894,331)** | **-** | **49,422,896** |
| **Net balance at 31 December 2022** | **288,012,562** | **20,679,495** | **32,694,778** | **142,506,272** | **5,204,323** | **489,097,430** |
| Closing takaful contract assets | - | - | - | - | - | - |
| Closing takaful contract liabilities | 288,012,562 | 20,679,495 | 32,694,778 | 142,506,272 | 5,204,323 | 489,097,430 |
| **Net closing balance 31 December 2022** | **288,012,562** | **20,679,495** | **32,694,778** | **142,506,272** | **5,204,323** | **489,097,430** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities (continued)

### Reconciliation of measurement component of takaful contract balances not measured under the PAA

| | Present value of future cash flows AED | Risk adjustment for non-financial risk AED | CSM AED | Total AED |
|---|---|---|---|---|
| Opening takaful contract assets | - | - | - | - |
| Opening takaful contract liabilities | 174,102,928 | 9,371,704 | 30,896,030 | 214,370,662 |
| **Net balance at 1 January 2023** | **174,102,928** | **9,371,704** | **30,896,030** | **214,370,662** |
| **Changes related to current services** | | | | |
| CSM recognized for service provided | - | - | (9,960,292) | (9,960,292) |
| Risk adjustment recognized for the risk expired | - | (1,176,378) | - | (1,176,378) |
| Experience adjustments | 4,520,544 | 63,276 | - | 4,583,820 |
| | **4,520,544** | **(1,113,102)** | **(9,960,292)** | **(6,552,850)** |
| **Changes related to future services** | | | | |
| Contracts initially recognized in the period | (5,213,958) | 312,050 | 4,973,453 | 71,545 |
| Changes in estimates that adjust CSM | 3,041,002 | (434,971) | (2,606,031) | - |
| Changes in estimates that result in onerous contracts or reversal of losses | 435,981 | (142,072) | - | 293,909 |
| | **(1,736,975)** | **(264,993)** | **2,367,422** | **365,454** |
| **Changes that relate to past service** | | | | |
| Changes that relate to past service - adjustments to LIC | **(11,704,854)** | **(122,140)** | **-** | **(11,826,994)** |
| **Takaful Service result** | **(8,921,285)** | **(1,500,235)** | **(7,592,870)** | **(18,014,390)** |
| Takaful finance expenses through profit and loss | 10,924,257 | - | 1,251,502 | 12,175,759 |
| Net foreign exchange income or expense | 2 | (1) | (12) | (11) |
| **Total changes in statement of profit and loss** | **2,002,974** | **(1,500,236)** | **(6,341,380)** | **(5,838,642)** |
| **Cash flows** | | | | |
| Contribution received | (7,877,555) | - | - | (7,877,555) |
| Claims paid | (9,719,284) | - | - | (9,719,284) |
| Directly attributable expenses paid | (611,314) | - | - | (611,314) |
| Takaful acquisition cash flows | (3,123,912) | - | - | (3,123,912) |
| **Total cash flow** | **(21,332,065)** | **-** | **-** | **(21,332,065)** |
| **Net balance at 31 December 2023** | **154,773,837** | **7,871,468** | **24,554,650** | **187,199,955** |
| **Closing takaful contract assets** | **-** | **-** | **-** | **-** |
| **Closing takaful contract liabilities** | **154,773,837** | **7,871,468** | **24,554,650** | **187,199,955** |
| **Net closing balance 31 December 2023** | **154,773,837** | **7,871,468** | **24,554,650** | **187,199,955** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities (continued)

### Reconciliation of measurement component of takaful contract balances not measured under the PAA

| | Present value of future cash flows AED | Risk adjustment for non-financial risk AED | CSM AED | Total AED |
|---|---|---|---|---|
| Opening takaful contract assets | - | - | - | - |
| Opening takaful contract liabilities | 227,189,750 | 10,224,113 | 48,094,463 | 285,508,328 |
| **Net balance at 1 January 2022** | **227,189,750** | **10,224,113** | **48,094,463** | **285,508,328** |
| **Changes related to current services** | | | | |
| CSM recognized for service provided | - | - | (13,383,668) | (13,383,668) |
| Risk adjustment recognized for the risk expired | - | (1,201,532) | - | (1,201,532) |
| Experience adjustments | 34,292,837 | 157,324 | - | 34,450,161 |
| | **34,292,837** | **(1,044,208)** | **(13,383,668)** | **19,864,961** |
| **Changes related to future services** | | | | |
| Contracts initially recognized in the period | (3,286,123) | 183,960 | 3,102,163 | - |
| Changes in estimates that adjust CSM | 8,467,317 | 49,651 | (8,516,968) | - |
| Changes in estimates that result in onerous contracts or reversal of losses | 71,669 | (12,512) | - | 59,157 |
| | **5,252,863** | **221,099** | **(5,414,805)** | **59,157** |
| **Changes that relate to past service** | | | | |
| Changes that relate to past service - adjustments to LIC | **(45,116,735)** | **(29,300)** | **-** | **(45,146,035)** |
| **Takaful Service result** | **(5,571,035)** | **(852,409)** | **(18,798,473)** | **(25,221,917)** |
| Takaful finance (income)/expenses through profit and loss | (21,575,498) | - | 1,600,040 | (19,975,458) |
| **Total changes in statement of profit and loss** | **(27,146,533)** | **(852,409)** | **(17,198,433)** | **(45,197,375)** |
| **Cash flows** | | | | |
| Contribution received | (20,673,010) | - | - | (20,673,010) |
| Claims paid | (2,487,202) | - | - | (2,487,202) |
| Takaful acquisition cash flows | (2,780,079) | - | - | (2,780,079) |
| **Total cash flow** | **(25,940,291)** | **-** | **-** | **(25,940,291)** |
| **Net balance at 31 December 2022** | **174,102,928** | **9,371,704** | **30,896,030** | **214,370,662** |
| **Closing takaful contract assets** | **-** | **-** | **-** | **-** |
| **Closing takaful contract liabilities** | **174,102,928** | **9,371,704** | **30,896,030** | **214,370,662** |
| **Net closing balance 31 December 2022** | **174,102,928** | **9,371,704** | **30,896,030** | **214,370,662** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities (continued)

**Analysis of insurance contracts initially recognized**

| | **31 December 2023** | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | **Non-onerous contracts originated AED** | **Onerous contracts originated AED** | **Total AED** | Non-onerous contracts originated AED | Onerous contracts originated AED | Total AED |
| Claims and other directly attributable expenses | **11,488,255** | **2,089,267** | **13,577,522** | 1,515,047 | - | 1,515,047 |
| Acquisition cost | **2,883,831** | **-** | **2,883,831** | 2,737,856 | - | 2,737,856 |
| Estimates of present value of future cash outflows | **14,372,086** | **2,089,267** | **16,461,353** | 4,252,903 | - | 4,252,903 |
| Estimates of present value of future cash inflows | **(19,654,673)** | **(2,020,638)** | **(21,675,311)** | (7,539,026) | - | (7,539,026) |
| Risk adjustment for non-financial risk | **309,134** | **2,916** | **312,050** | 183,960 | - | 183,960 |
| CSM | **4,973,453** | **-** | **4,973,453** | 3,102,163 | - | 3,102,163 |
| Increase in takaful contract liabilities from contracts recognised during the year | **-** | **71,545** | **71,545** | - | - | - |

**Expected recognition of the contractual service margin**

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

| **Number of years until expected to be recognised** | **2023 Long term individual family takaful contracts issued AED** | 2022 Long term individual family takaful contracts issued AED |
|---|---|---|
| As at 31 December | | |
| 0-1 | **5,536,898** | 8,462,884 |
| 1-2 | **3,441,554** | 4,311,453 |
| 2-3 | **2,316,050** | 2,386,080 |
| 3-4 | **1,617,841** | 1,733,827 |
| 4-5 | **1,365,043** | 1,544,510 |
| >5 | **10,277,264** | 12,457,276 |
| | **24,554,650** | 30,896,030 |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities (continued)

**Takaful revenue and CSM by transition method**

| | Contracts measured under the modified retrospective approach at transition AED | Contracts measured under the fair value approach at transition AED | New contracts and contracts measured under the full retrospective approach at transition AED | Total AED |
|---|---|---|---|---|
| **Takaful revenue** | **115,479** | **14,095,342** | **13,820,028** | **28,030,849** |
| **Opening CSM as at 1 January 2023** | **37,429** | **18,844,661** | **12,013,940** | **30,896,030** |
| **Changes that relate to current service** | | | | |
| CSM recognised for the services provided | **(6,035)** | **(1,578,243)** | **(8,376,014)** | **(9,960,292)** |
| **Changes that relate to future service** | | | | |
| Changes in estimates that adjust the CSM | **4,450** | **(2,535,808)** | **(74,673)** | **(2,606,031)** |
| Effects of contracts initially recognised in period | **-** | **-** | **4,973,453** | **4,973,453** |
| | **4,450** | **(2,535,808)** | **4,898,780** | **2,367,422** |
| Finance expenses from takaful contracts issued | **1,624** | **627,304** | **622,574** | **1,251,502** |
| Net foreign exchange income or expense | **-** | **-** | **(12)** | **(12)** |
| **Total amount recognised in profit or loss** | **39** | **(3,486,747)** | **(2,854,672)** | **(6,341,380)** |
| **Closing CSM as at 31 December 2023** | **37,468** | **15,357,914** | **9,159,268** | **24,554,650** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12 Takaful contract assets and liabilities (continued)

**Takaful revenue and CSM by transition method**

| | Contracts measured under the modified retrospective approach at transition AED | Contracts measured under the fair value approach at transition AED | New contracts and contracts measured under the full retrospective approach at transition AED | Total AED |
|---|---|---|---|---|
| Takaful revenue | 121,281 | 15,887,787 | 14,878,919 | 30,887,987 |
| Opening CSM as at 1 January 2022 | 57,986 | 28,514,515 | 19,521,962 | 48,094,463 |
| Changes that relate to current service | | | | |
| CSM recognised for the services provided | (6,320) | (1,928,750) | (11,448,598) | (13,383,668) |
| Changes that relate to future service | | | | |
| Changes in estimates that adjust the CSM | (16,678) | (8,743,194) | 242,904 | (8,516,968) |
| Effects of contracts initially recognised in period | - | - | 3,102,163 | 3,102,163 |
| | (16,678) | (8,743,194) | 3,345,067 | (5,414,805) |
| Finance expenses from takaful contracts issued | 2,441 | 1,002,090 | 595,509 | 1,600,040 |
| Total amount recognised in profit or loss | (20,557) | (9,669,854) | (7,508,022) | (17,198,433) |
| Closing CSM as at 31 December 2022 | 37,429 | 18,844,661 | 12,013,940 | 30,896,030 |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities

### Reconciliation of changes in re-takaful contracts held by remaining coverage and incurred claims

| | Remaining coverage excluding loss-recovery component AED | Remaining coverage loss-recovery component AED | Incurred claims for contracts not measured under PAA AED | Incurred claims for contract under PAA: Present value of future cash flows AED | Incurred claims for contract under PAA: Risk adjustment for non-financial risk AED | Total AED |
|---|---|---|---|---|---|---|
| Opening re-takaful contract assets | **42,557,918** | **4,412,863** | **31,295,709** | **52,790,269** | **3,653,656** | **134,710,415** |
| Opening re-takaful contract liabilities | **(79,167,789)** | - | - | **42,990,510** | **382,799** | **(35,794,480)** |
| **Net balance at 1 January 2023** | **(36,609,871)** | **4,412,863** | **31,295,709** | **95,780,779** | **4,036,455** | **98,915,935** |
| **Net income or expense from re-takaful contracts held** | | | | | | |
| Allocation of re-takaful contribution | (379,234,065) | - | - | - | - | (379,234,065) |
| Amounts recoverable for claims and other expenses | - | - | 18,811,720 | 96,877,028 | 4,465,791 | 120,154,539 |
| Changes that relate to past service – adjustments to AIC | - | - | (11,329,578) | 105,614,527 | (755,578) | 93,529,371 |
| Changes in loss recovery component | - | 1,556,988 | - | - | - | 1,556,988 |
| Effect of changes in the risk of reinsurers non-performance | - | - | (7,331) | (459,673) | - | (467,004) |
| **Net (expense)/income from re-takaful contracts held** | **(379,234,065)** | **1,556,988** | **7,474,811** | **202,031,882** | **3,710,213** | **(164,460,171)** |
| Re-takaful finance income through profit and loss | 9,006,911 | - | 988,962 | 3,534,115 | - | 13,529,988 |
| Net foreign exchange income or expense | (2) | - | (8) | - | - | (10) |
| **Total changes in statement of profit and loss** | **(370,227,156)** | **1,556,988** | **8,463,765** | **205,565,997** | **3,710,213** | **(150,930,193)** |
| **Cash flows** | | | | | | |
| Contributions paid to re-takaful | 372,119,312 | - | - | - | - | 372,119,312 |
| Recoveries from re-takaful | - | - | (9,475,292) | (145,644,088) | - | (155,119,380) |
| **Total cash flows** | **372,119,312** | **-** | **(9,475,292)** | **(145,644,088)** | **-** | **216,999,932** |
| **Net balance at 31 December 2023** | **(34,717,715)** | **5,969,851** | **30,284,182** | **155,702,688** | **7,746,668** | **164,985,674** |
| Closing re-takaful contract assets | 21,357,697 | 5,969,851 | 30,284,182 | 121,880,032 | 6,090,455 | 185,582,217 |
| Closing re-takaful contract liabilities | (56,075,412) | - | - | 33,822,656 | 1,656,213 | (20,596,543) |
| **Net closing balance 31 December 2023** | **(34,717,715)** | **5,969,851** | **30,284,182** | **155,702,688** | **7,746,668** | **164,985,674** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities (continued)

### Reconciliation of changes in re-takaful contracts held by remaining coverage and incurred claims (continued)

| | Remaining coverage excluding loss-recovery component AED | Remaining coverage loss-recovery component AED | Incurred claims for contracts not measured under PAA AED | Incurred claims for contract under PAA: Present value of future cash flows AED | Incurred claims for contract under PAA: Risk adjustment for non-financial risk AED | Total AED |
|---|---|---|---|---|---|---|
| Opening re-takaful contract assets | **21,916,298** | **-** | **29,492,779** | **90,559,967** | **8,139,309** | **150,108,353** |
| Opening re-takaful contract liabilities | **(344,208)** | **-** | **-** | **7,570** | **3,214** | **(333,424)** |
| **Net balance at 1 January 2022** | **21,572,090** | **-** | **29,492,779** | **90,567,537** | **8,142,523** | **149,774,929** |
| **Net income or expense from re-takaful contracts held** | | | | | | |
| Allocation of re-takaful contribution | (277,134,659) | - | - | - | - | (277,134,659) |
| Amounts recoverable for claims and other expenses | - | - | 21,543,427 | 76,788,582 | 4,681,343 | 103,013,352 |
| Changes that relate to past service – adjustments to AIC | - | - | (16,767,123) | 92,478,172 | (8,787,411) | 66,923,638 |
| Changes in loss recovery component | - | 4,412,863 | - | - | - | 4,412,863 |
| Effect of changes in the risk of reinsurers non-performance | - | - | (7,567) | - | - | (7,567) |
| **Net (expense)/income from re-takaful contracts held** | **(277,134,659)** | **4,412,863** | **4,768,737** | **169,266,754** | **(4,106,068)** | **(102,792,373)** |
| Re-takaful finance expense through profit and loss | (17,950,533) | - | (546,147) | (3,395,887) | - | (21,892,567) |
| **Total changes in statement of profit and loss** | **(295,085,192)** | **4,412,863** | **4,222,590** | **165,870,867** | **(4,106,068)** | **(124,684,940)** |
| **Cash flows** | | | | | | |
| Contributions paid to re-takaful | 236,903,231 | - | - | - | - | 236,903,231 |
| Recoveries from re-takaful | - | - | (2,419,660) | (160,657,625) | - | (163,077,285) |
| **Total cash flows** | **236,903,231** | **-** | **(2,419,660)** | **(160,657,625)** | **-** | **73,825,946** |
| **Net balance at 31 December 2022** | **(36,609,871)** | **4,412,863** | **31,295,709** | **95,780,779** | **4,036,455** | **98,915,935** |
| Closing re-takaful contract assets | 42,557,918 | 4,412,863 | 31,295,709 | 52,790,269 | 3,653,656 | 134,710,415 |
| Closing re-takaful contract liabilities | (79,167,789) | - | - | 42,990,510 | 382,799 | (35,794,480) |
| **Net closing balance 31 December 2022** | **(36,609,871)** | **4,412,863** | **31,295,709** | **95,780,779** | **4,036,455** | **98,915,935** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities (continued)

**Reconciliation of measurement component of re-takaful contract balances not measured under the PAA**

| | Present value of future cash flows AED | Risk adjustment for non-financial risk AED | CSM AED | Total AED |
|---|---|---|---|---|
| Opening re-takaful contract assets | **(10,501,930)** | **6,949,320** | **17,304,271** | **13,751,661** |
| Opening re-takaful contract liabilities | **-** | **-** | **-** | **-** |
| **Net balance at 1 January 2023** | **(10,501,930)** | **6,949,320** | **17,304,271** | **13,751,661** |
| **Changes related to current services** | | | | |
| CSM recognized for services received | - | - | (4,288,097) | (4,288,097) |
| Risk adjustment recognized for the risk expired | - | (667,029) | - | (667,029) |
| Experience adjustments | 6,002,060 | 56,312 | - | 6,058,372 |
| | **6,002,060** | **(610,717)** | **(4,288,097)** | **1,103,246** |
| **Changes related to future services** | | | | |
| Contracts initially recognized in the period | (4,111,597) | 431,232 | 3,680,365 | - |
| Changes in estimates that adjust CSM | (4,620,650) | (690,285) | 5,310,935 | - |
| | **(8,732,247)** | **(259,053)** | **8,991,300** | **-** |
| **Changes that relate to past service** | | | | |
| Changes that relate to past service - adjustments to AIC | (11,219,044) | (110,534) | - | (11,329,578) |
| **Effect of changes in the risk of reinsurers non-performance** | **(7,331)** | **-** | **-** | **(7,331)** |
| **Takaful Service result** | **(13,956,562)** | **(980,304)** | **4,703,203** | **(10,233,663)** |
| Takaful finance income through profit and loss | 9,426,758 | - | 569,118 | 9,995,876 |
| Net foreign exchange income or expense | (14) | (1) | 5 | (10) |
| **Total changes in statement of profit and loss** | **(4,529,818)** | **(980,305)** | **5,272,326** | **(237,797)** |
| **Cash flows** | | | | |
| Contributions paid to re-takaful | 16,248,458 | - | - | 16,248,458 |
| Recoveries from re-takaful | (9,475,293) | - | - | (9,475,293) |
| **Total cash flows** | **6,773,165** | **-** | **-** | **6,773,165** |
| **Net closing balance 31 December 2023** | **(8,258,583)** | **5,969,015** | **22,576,597** | **20,287,029** |
| **Closing re-takaful contract assets** | (8,258,583) | 5,969,015 | 22,576,597 | 20,287,029 |
| **Closing re-takaful contract liabilities** | - | - | - | - |
| **Net closing balance 31 December 2023** | **(8,258,583)** | **5,969,015** | **22,576,597** | **20,287,029** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities (continued)

### Reconciliation of measurement component of re-takaful contract balances not measured under the PAA (continued)

| | Present value of future cash flows AED | Risk adjustment for non-financial risk AED | CSM AED | Total AED |
|---|---|---|---|---|
| Opening re-takaful contract assets | **13,826,471** | **8,144,234** | **12,763,273** | **34,733,978** |
| Opening re-takaful contract liabilities | **-** | - | - | **-** |
| **Net balance at 1 January 2022** | **13,826,471** | **8,144,234** | **12,763,273** | **34,733,978** |
| **Changes related to current services** | | | | |
| CSM recognized for services rendered | - | - | (2,907,592) | (2,907,592) |
| Risk adjustment recognized for the risk expired | - | (805,277) | - | (805,277) |
| Experience adjustments | 6,923,538 | 151,394 | - | 7,074,932 |
| | **6,923,538** | **(653,883)** | **(2,907,592)** | **3,362,063** |
| **Changes related to future services** | | | | |
| Contracts initially recognized in the period | (4,628,759) | 169,800 | 4,458,959 | - |
| Changes in estimates that adjust CSM | (2,070,766) | (686,464) | 2,757,230 | - |
| | **(6,699,525)** | **(516,664)** | **7,216,189** | **-** |
| **Changes that relate to past service** | | | | |
| Changes that relate to past service - adjustments to AIC | (16,742,756) | (24,367) | - | (16,767,123) |
| **Effect of changes in the risk of reinsurers non-performance** | **(7,567)** | **-** | **-** | **(7,567)** |
| **Takaful service result** | **(16,526,310)** | **(1,194,914)** | **4,308,597** | **(13,412,627)** |
| Takaful finance expenses through profit and loss | (18,729,081) | - | 232,401 | (18,496,680) |
| **Total changes in statement of profit and loss** | **(35,255,391)** | **(1,194,914)** | **4,540,998** | **(31,909,307)** |
| **Cash flows** | | | | |
| Contributions paid to re-takaful | 13,346,650 | - | - | 13,346,650 |
| Recoveries from re-takaful | (2,419,660) | - | - | (2,419,660) |
| **Total cash flows** | **10,926,990** | **-** | **-** | **10,926,990** |
| **Net closing balance 31 December 2022** | **(10,501,930)** | **6,949,320** | **17,304,271** | **13,751,661** |
| **Closing re-takaful contract assets** | (10,501,930) | 6,949,320 | 17,304,271 | 13,751,661 |
| **Closing re-takaful contract liabilities** | - | - | - | - |
| **Net closing balance 31 December 2022** | **(10,501,930)** | **6,949,320** | **17,304,271** | **13,751,661** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities (continued)

**Analysis of reinsurance contracts held initially recognized**

| | **31 December 2023** | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | **Contracts originated not in a net gain position** | **Contracts originated in a net gain position** | **Total** | **Contracts originated not in a net gain position** | **Contracts originated in a net gain position** | **Total** |
| | **AED** | **AED** | **AED** | AED | AED | AED |
| **Estimates of present value of future cash inflows** | **5,775,012** | **981,060** | **6,756,072** | 225,249 | - | 225,249 |
| Estimates of present value of future cash outflows | **(9,937,661)** | **(930,008)** | **(10,867,669)** | (4,854,008) | - | (4,854,008) |
| Risk adjustment for non-financial risk | **428,999** | **2,233** | **431,232** | 169,800 | - | 169,800 |
| CSM | **3,733,650** | **(53,285)** | **3,680,365** | 4,458,959 | - | 4,458,959 |
| Increase in retakaful contract liabilities from contracts recognised during the year | - | - | - | - | - | - |

**Expected recognition of the contractual service margin**

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

| **Number of years until expected to be recognised** | **2023 Long term individual family re-takaful contracts issued AED** | 2022 Long term individual family re-takaful contracts issued AED |
|---|---|---|
| As at 31 December | | |
| 0-1 | **4,232,178** | 2,874,941 |
| 1-2 | **3,199,028** | 2,302,728 |
| 2-3 | **2,171,914** | 1,695,148 |
| 3-4 | **1,523,120** | 1,175,351 |
| 4-5 | **1,308,523** | 1,004,255 |
| >5 | **10,141,834** | 8,251,848 |
| | **22,576,597** | 17,304,271 |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities (continued)

**CSM by transition method**

| | Contracts measured under the modified retrospective approach at transition AED | Contracts measured under the fair value approach at transition AED | New contracts and contracts measured under the full retrospective approach at transition AED | Total AED |
|---|---|---|---|---|
| **Opening CSM as at 1 January 2023** | **-** | **-** | **17,304,271** | **17,304,271** |
| **Changes that relate to current service** | | | | |
| CSM recognised for the services provided | **-** | **-** | **(4,288,097)** | **(4,288,097)** |
| **Changes that relate to future service** | | | | |
| Changes in estimates that adjust the CSM | **-** | **-** | **5,310,935** | **5,310,935** |
| Effects of contracts initially recognised in period | **-** | **-** | **3,680,365** | **3,680,365** |
| | **-** | **-** | **8,991,300** | **8,991,300** |
| Finance expenses from takaful contracts issued | **-** | **-** | **569,118** | **569,118** |
| Net foreign exchange income or expense | **-** | **-** | **5** | **5** |
| **Total amount recognised in comprehensive income** | **-** | **-** | **5,272,326** | **5,272,326** |
| **Closing CSM as at 31 December 2023** | **-** | **-** | **22,576,597** | **22,576,597** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13 Re-takaful contracts assets and liabilities (continued)

**CSM by transition method**

| | Contracts measured under the modified retrospective approach at transition AED | Contracts measured under the fair value approach at transition AED | New contracts and contracts measured under the full retrospective approach at transition AED | Total AED |
|---|---|---|---|---|
| **Opening CSM as at 1 January 2022** | - | - | 12,763,273 | 12,763,273 |
| **Changes that relate to current service** | | | | |
| CSM recognised for the services provided | - | - | (2,907,592) | (2,907,592) |
| **Changes that relate to future service** | | | | |
| Changes in estimates that adjust the CSM | - | - | 2,757,230 | 2,757,230 |
| Effects of contracts initially recognised in period | - | - | 4,458,959 | 4,458,959 |
| | - | - | 7,216,189 | 7,216,189 |
| Finance expenses from retakaful contracts issued | - | - | 232,401 | 232,401 |
| **Total amount recognised in comprehensive income** | - | - | 4,540,998 | 4,540,998 |
| **Closing CSM as at 31 December 2022** | - | - | 17,304,271 | 17,304,271 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 14 Provision for employee's end of service benefits

| | **2023** | 2022 |
|---|---|---|
| | **AED** | AED |
| At 1 January | **12,349,183** | 10,856,237 |
| Charged during the year | **1,699,853** | 1,787,127 |
| Paid during the year | **(326,309)** | (294,181) |
| At 31 December | **13,722,727** | 12,349,183 |

## 15 Movement in policyholders' funds and Distribution payable to family Policyholders

| | **Deficit of family policyholders' funds AED** | **Surplus of general policyholders takaful funds AED** | **Loan (Qard Hasan) from shareholders AED** | **Investment revaluation reserve AED** | **Total AED** |
|---|---|---|---|---|---|
| At 1 January 2023 (restated) | **(26,997,664)** | **(3,329,190)** | **30,326,854** | **-** | **-** |
| Surplus in the reporting year | **10,227,876** | **2,108,581** | **-** | - | **12,336,457** |
| Loan (Qard Hasan) paid back to shareholder | **-** | **-** | **(12,336,457)** | - | **(12,336,457)** |
| **At 31 December 2023** | **(16,769,788)** | **(1,220,609)** | **17,990,397** | **-** | **-** |
| Balance at 1 January 2022 (restated) | (40,127,497) | 28,384,105 | 40,127,497 | (234,958) | 28,149,147 |
| Surplus/(deficit) in the reporting year | 13,129,833 | (31,713,295) | - | - | (18,583,462) |
| Loan (Qard Hasan) paid back to shareholder | - | - | (9,800,643) | - | (9,800,643) |
| Change in investment revaluation reserve | - | - | - | 234,958 | 234,958 |
| At 31 December 2022 (restated) | (26,997,664) | (3,329,190) | 30,326,854 | - | - |

## 16 Related parties

Related parties comprise the shareholders, directors and key management personnel of the Company and those entities in which they have a significant interest and the ability to control or exercise significant influence in financial and operational decisions. Details of significant transactions with related parties in the normal course of business are as follows:

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 16 Related parties (continued)

| | Shareholders AED | Directors and their related parties AED | Key management personnel AED | Total AED |
|---|---|---|---|---|
| **Balances as at 31 December 2023** | | | | |
| Statutory deposit (note 7) | **10,000,000** | **-** | **-** | **10,000,000** |
| Investment in sukuk | **4,795,845** | **-** | **-** | **4,795,845** |
| Due from related parties | **26,794** | **784,088** | **-** | **810,882** |
| Due to related parties | **963,496** | **-** | **-** | **963,496** |
| **Transactions for the year ended 31 December 2023** | | | | |
| Gross contributions written | **101,625,211** | **23,074,849** | **-** | **124,700,060** |
| Takaful expenses | **6,112,022** | **-** | **-** | **6,112,022** |
| Profit on term deposits | **1,433,395** | **-** | **-** | **1,433,395** |
| Profit on sukuk | **146,186** | **-** | **-** | **146,186** |
| Short-term benefits | **-** | **-** | **4,508,244** | **4,508,244** |
| Long-term benefits | **-** | **-** | **224,048** | **224,048** |

| | Shareholders AED | Directors and their related parties AED | Key management personnel AED | Total AED |
|---|---|---|---|---|
| **Balances as at 31 December 2022** | | | | |
| Statutory deposit (note 7) | 10,000,000 | - | - | 10,000,000 |
| Due from related parties | 63,083 | 43,837 | - | 106,920 |
| Due to related parties | 6,148,792 | - | - | 6,148,792 |
| **Transactions for the year ended 31 December 2022** | | | | |
| Gross contributions written | 19,890,443 | 20,651,684 | - | 40,542,127 |
| Takaful expenses | 1,537,548 | - | - | 1,537,548 |
| Profit on term deposits | 175,938 | - | - | 175,938 |
| Short-term benefits | - | - | 4,643,554 | 4,643,554 |
| Long-term benefits | - | - | 503,670 | 503,670 |

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

Directors' remuneration in relation to the year ended 31 December 2023 of AED 6,448,826 (2022: AED 1,637,930) which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, was proposed and reflected in other comprehensive income in the statement of comprehensive income.

## 17 Dividends

For the year ended 31 December 2022, cash dividend of AED 27,000,000 at a rate of AED 0.2571 per share was approved by shareholders on 11 April 2023 and paid in April 2023.

For the year ended 31 December 2021, cash dividend of AED 25,000,000 at a rate of AED 0.25 per share and a 5% stock dividend amounting to AED 5,000,000 was approved by the shareholders on 28 March 2022 and paid in March 2022.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 18 Share capital

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| | **AED** | AED |
| ***Authorised, issued and fully paid*** | | |
| 105,000,000 shares of AED 1 each | **105,000,000** | 105,000,000 |

At 31 December 2023, 43,743,000 shares or 41.66% of total share capital (2022: 43,743,000 shares or 41.66% of total share capital) were held by Abu Dhabi Islamic Bank PJSC and 61,257,000 shares or 58.34% of total share capital (2022: 61,257,000 shares or 58.34% of total share capital) were held by UAE nationals and other institutions.

## 19 Legal reserve

In accordance with the provisions of the UAE Federal Decree Commercial Companies Law No. (32) of 2021, and the Company's articles of association, the Company is required to transfer annually to a legal reserve account an amount equivalent to 10% of its annual net profit, until such reserve reaches 50% of the paid up capital of the Company. This reserve is not available for distribution.

## 20 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors and are subject to the shareholders' approval. This reserve may be used for such purposes as they deem fit.

## 21 Re-takaful default reserve

The transfer from retained earnings to re-takaful default reserve is made in accordance with the Insurance Authority (IA) of UAE's Board of Directors Decision No. (23) of 2019 concerning instructions organizing reinsurance operations. The directive requires to allocate an amount equals to 0.5% of the total re-takaful contribution ceded by the Company in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the company or default in its financial position.

## 22 Takaful revenue

The following table presents an analysis of takaful revenue recognised in the year:

| | **2023** | 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| Expected benefits incurred | **14,563,590** | 15,615,402 |
| Expected expenses incurred | **746,720** | - |
| Change in the risk adjustment for the risk expired | **1,168,633** | 1,199,007 |
| CSM recognized for the service provided | **9,960,292** | 13,383,668 |
| Recovery of acquisition cash flows | **1,591,614** | 689,910 |
| Contracts not measured under PAA | **28,030,849** | 30,887,987 |
| Contracts measured under PAA | **644,422,878** | 418,910,174 |
| Total Takaful Revenue | **672,453,727** | 449,798,161 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 23 Takaful service expenses

The following table presents an analysis of takaful service expenses recognized in the year:

| | **2023** | 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| Incurred benefits | **371,962,488** | 299,308,920 |
| Incurred directly attributable expenses | **611,314** | - |
| Losses on onerous contracts and reversal of those losses | **(4,715,093)** | 20,647,268 |
| Changes that relate to past service - adjustments to LIC | **(35,356,436)** | (57,008,214) |
| Amortisation of takaful acquisition cash flows | **168,977,978** | 109,654,915 |
| Total takaful service expense | **501,480,251** | 372,602,889 |

## 24 Net income or expense from re-takaful contracts held

The following table presents an analysis of income or expense from re-takaful contracts recognised in the year:

| | **2023** | 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| Expected recovery of claims and other expenses | **12,753,347** | 14,468,494 |
| Change in the risk adjustment for the risk expired | **667,029** | 805,277 |
| CSM recognized for service received | **4,288,097** | 2,907,592 |
| Contracts not measured under PAA | **17,708,473** | 18,181,363 |
| Contracts measured under PAA | **361,525,592** | 258,953,295 |
| Allocation of re-takaful contribution | **379,234,065** | 277,134,658 |
| Amounts recovered for claims and other expenses | **120,154,538** | 103,013,351 |
| Changes that relate to past service - recoverable claims and other expenses | **93,529,372** | 66,923,638 |
| Change of loss recovery components | **1,556,988** | 4,412,863 |
| Effect of changes in the risk of reinsurers non-performance | **(467,004)** | (7,567) |
| Amounts recoverable from reinsurer and incurred expenses | **214,773,894** | 174,342,285 |
| Net expense from re takaful contracts held | **164,460,171** | 102,792,373 |

## 25 Policyholders' investment income, net

| | **2023** | 2022 |
|---|---|---|
| | **AED** | AED |
| Return on short-term investment accounts and deposits | **18,608,649** | 9,624,048 |
| | **18,608,649** | 9,624,048 |
| Operating expenses | **-** | (350,456) |
| | **18,608,649** | 9,273,592 |

## 26 Takaful finance expenses/(income) for takaful contracts issued

The following table presents an analysis of takaful finance expenses/income recognised in the year:

| | **2023** | 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| Profit accreted to takaful contracts | **15,462,352** | 4,720,655 |
| Effect of changes in profit rates and other financial assumptions | **1,284,573** | (28,059,167) |
| Effect of unlocking CSM at locked-in rates and FCF at current rates | **211,117** | (924,396) |
| Net foreign exchange income or expense | **(12)** | - |
| Total takaful finance expense/(income) for takaful contracts issued recognized in profit or loss | **16,958,030** | (24,262,908) |

## 27 Re-takaful finance income/expense for re-takaful contracts held

The following table presents an analysis of re-takaful finance income/expenses recognised in the year:

| | **2023** | 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| Profit accreted to re-takaful contracts held | **12,313,995** | 2,901,459 |
| Effect of changes in profit rates and other financial assumptions | **1,312,081** | (24,277,634) |
| Effect of unlocking CSM at locked-in rates and FCF at current rates | **(96,089)** | (516,392) |
| Net foreign exchange income or expense | **(9)** | - |
| Total re-takaful finance (expense)/income for re-takaful contracts held recognized in profit or loss | **13,529,978** | (21,892,567) |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 28 Shareholder's investment and other income, net

| | **2023** **AED** | 2022 AED |
|---|---|---|
| Return on short-term investment accounts and deposits | **3,620,769** | 2,943,611 |
| Dividend income and profit on investments, net | **23,537,148** | 20,547,479 |
| (Loss)/gain on disposal of investments, net | **(333,879)** | 242,384 |
| Investment income on commodities | **595,957** | - |
| Increase in fair value of investment properties (note 10) | **10,644,400** | 1,035,000 |
| Rental income, net (note 10) | **661,526** | 724,124 |
| Gain on disposal of furniture and equipment | **78,413** | 1,204 |
| | **38,804,334** | 25,493,802 |
| Operating expenses | **(1,947,045)** | (1,958,405) |
| | **36,857,289** | 23,535,397 |

## 29 Mudareb share and wakalah fees

The shareholders manage the policyholders' investment fund and charge 35% (2022: 35%) of investment income earned by policyholders' investment fund as mudareb share.

The shareholders manage the takaful operations for the policyholders and charge 29.5% (2022: 30.8%) of gross takaful contributions as wakalah fees.

## 30 General and administrative expenses

| | **2023** **AED** | 2022 AED |
|---|---|---|
| Staff costs | **45,586,619** | 42,573,217 |
| Rental expenses | **668,770** | 633,530 |
| Depreciation of property and equipment | **2,111,583** | 1,900,490 |
| Other expenses | **9,705,020** | 7,619,039 |
| | **58,071,992** | 52,726,276 |

Social contribution included in staff costs for the year ended 31 December 2023 amounts to AED 799,224 (2022: AED 626,939).

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 31 Profit for the year

The Company's combined net profit for the year for policyholder and shareholder, before Qard Hasan provision is AED 103,042,402 (31 December 2022: AED 38,333,332).

## 32 Basic and diluted earnings per share

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

| | **2023** | 2022 *(restated)* |
|---|---|---|
| Profit for the year (AED) | **103,042,273** | 66,717,437 |
| Weighted average number of shares outstanding at 1 January | **105,000,000** | 100,000,000 |
| Effect of bonus shares issued in 2022 | **-** | 5,000,000 |
| **Total weighted average share at 31 December** | **105,000,000** | 105,000,000 |
| **Basic and diluted earnings per share (AED)** | **0.98** | 0.64 |

## 33 Segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of takaful business incorporating all classes of takaful including fire, marine, motor, general accident, engineering, medical and family takaful. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 33 Segment information (continued)

Information regarding the Company's reportable segments is presented below:

**Segment revenue and results**

| | 2023 | | | 2022 (restated) | | |
|---|---|---|---|---|---|---|
| | **Underwriting AED** | **Investments AED** | **Total AED** | Underwriting AED | Investments AED | Total AED |
| Direct revenues | **672,453,727** | **55,465,938** | **727,919,665** | 449,798,161 | 32,808,989 | 482,607,150 |
| Direct costs | **(665,940,422)** | - | **(665,940,422)** | (475,395,262) | - | (475,395,262) |
| Finance (cost)/income, net | **(3,428,052)** | - | **(3,428,052)** | 2,370,341 | - | 2,370,341 |
| Other (expenses)/income | **(2,844,418)** | - | **(2,844,418)** | (1,384,537) | - | (1,384,537) |
| Takaful expenses | **105,407,492** | - | **105,407,492** | 82,861,916 | - | 82,861,916 |
| **Segment results** | **105,648,327** | **55,465,938** | **161,114,265** | 58,250,619 | 32,808,989 | 91,059,608 |
| Unallocated costs | | | **(58,071,992)** | - | - | (24,342,171) |
| **Profit for the year** | | | **103,042,273** | | | 66,717,437 |

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year (2022: AED nil).

The accounting policies of the reportable segments are the same as the Company's accounting policies used in the annual audited financial statements for the year ended 31 December 2022, except for adoption of new and amended standards as set out in note 2.

**Segment assets and liabilities**

| | As at 31 December 2023 | | | As at 31 December 2022 (restated) | | |
|---|---|---|---|---|---|---|
| | **Underwriting AED** | **Investments AED** | **Total AED** | Underwriting AED | Investments AED | Total AED |
| Segment assets | **230,984,198** | **1,000,021,477** | **1,231,005,675** | 169,965,247 | 848,167,543 | 1,018,132,790 |
| Unallocated assets | - | - | **34,699,024** | - | - | 31,929,549 |
| **Total assets** | **230,984,198** | **1,000,021,477** | **1,265,704,699** | 169,965,247 | 848,167,543 | 1,050,062,339 |
| Segment liabilities | **769,785,896** | **-** | **769,785,896** | 622,444,952 | - | 622,444,952 |
| Unallocated liabilities | - | - | **46,467,279** | - | - | 14,185,341 |
| **Total liabilities** | **769,785,896** | **-** | **816,253,175** | 622,444,952 | - | 636,630,293 |
| **Capital expenditure** | | | **694,140** | | | 1,760,896 |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 34 Contingent liabilities and commitments

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| Bank guarantees | **-** | 500,000 |

Bank guarantees were issued in the normal course of business.

## 35 Takaful risk

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

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

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

The Company manages risks through its underwriting strategy, adequate 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, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

## 35 Takaful risk (continued)

Frequency and severity of claims

The Company has the right not to renew individual policies, re-price the risk, impose deductibles and it has the right to reject the payment of a fraudulent claim. Takaful contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Property takaful contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property takaful contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The takaful risk arising from these contracts is not concentrated in any one of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured properties.

The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED 250,000 in any one motor policy and AED 1,500,000 for any one non-motor policy. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlement of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and an element of the claims provision includes incurred but not reported claims ("IBNR"). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions; it is likely that the final outcome will prove to be different from the original liability established.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 35 Takaful risk (continued)

Sources of uncertainty in the estimation of future claim payments (continued)

The amount of takaful claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Takaful contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

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

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

Process used to decide on assumptions

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

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

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 35 Takaful risk (continued)

Claims development process

The following schedules reflect the actual claims (based on year end estimates including IBNR) compared to the previous estimates for the last four years on an accident year basis:.

| Accident year (Ultimate Claims) | Before 2021 | 2021 | 2022 | 2023 | |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | Total AED |
| **Gross** | | | | | |
| *At the end of each reporting year* | | | | | |
| 2021 | **280,005,106** | **84,737,786** | **-** | **-** | **364,742,892** |
| 2022 | **565,265,996** | **216,736,786** | **228,459,627** | **-** | **1,010,462,409** |
| 2023 | **467,631,041** | **217,702,524** | **236,560,079** | **364,734,811** | **1,286,628,455** |
| Gross estimates of the undiscounted amount of the claims | | **217,702,524** | **236,560,079** | **364,734,811** | **818,997,414** |
| Cumulative payments to date (Paid Claims) | **455,822,132** | **207,475,695** | **195,044,113** | **195,249,446** | **1,053,591,386** |
| Gross undiscounted liabilities for incurred claims | **11,853,737** | **10,226,830** | **41,515,966** | **169,485,365** | **233,081,898** |
| Effect of discounting | | | | | **(11,807,734)** |
| Effect of risk adjustment for non-financial risk | | | | | **10,646,596** |
| Others* | | | | | **11,766,171** |
| Total gross liabilities for incurred claims | | | | | **243,686,931** |
| **Net** | | | | | |
| *At the end of each reporting year* | | | | | |
| 2021 | **8,466,094** | **21,202,824** | **6,431,851** | **-** | **36,100,769** |
| 2022 | **172,625,808** | **67,093,952** | **74,732,820** | **8,018,917** | **322,471,497** |
| 2023 | **129,921,144** | **66,730,591** | **78,687,046** | **129,526,817** | **404,865,598** |
| Net estimates of the undiscounted amount of the claims | - | **66,730,591** | **78,687,046** | **129,526,817** | **274,944,454** |
| Cumulative payments to date (Paid Claims) | **130,163,152** | **64,324,878** | **68,511,231** | **73,754,931** | **336,754,192** |
| Net undiscounted liabilities for incurred claims | **1,655,459** | **2,405,714** | **10,175,814** | **55,771,886** | **70,008,873** |
| Effect of discounting | | | | | **(2,595,722)** |
| Effect of risk adjustment for non-financial risk | | | | | **2,899,928** |
| Others* | | | | | **9,924,496** |
| Total net liabilities for incurred claims | | | | | **80,237,576** |

* Others includes unallocated loss adjustment expenses reserve, non-performance risks and claim payables and recoverables.

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 35 Takaful risk (continued)

Sensitivity Analysis

| **Sensitivity analysis for contracts measured under PAA** | **For the year ended 31 December 2023** | | For the year ended 31 December 2022 | |
|---|---|---|---|---|
| | **LIC AED** | **Impact on LIC AED** | LIC AED | Impact on LIC AED |
| Takaful contract liabilities | **(243,686,931)** | | (147,710,595) | |
| Re-takaful contract assets | **163,449,356** | | 99,817,234 | |
| **Net takaful contract liabilities** | **(80,237,575)** | | (47,893,361) | |
| | **5% increase – LIC** | | | |
| Takaful contract liabilities | **(255,871,276)** | **(12,184,345)** | (155,096,229) | (7,385,634) |
| Re-takaful contract assets | **171,621,823** | **8,172,467** | 104,808,095 | 4,990,861 |
| **Net takaful contract liabilities** | **(84,249,453)** | **(4,011,878)** | (50,288,134) | (2,394,773) |
| | **5% decrease – LIC** | | | |
| Takaful contract liabilities | **(231,502,583)** | **12,184,348** | (140,325,159) | 7,385,436 |
| Re-takaful contract assets | **155,276,888** | **(8,172,468)** | 94,826,371 | (4,990,863) |
| **Net takaful contract liabilities** | **(76,225,695)** | **4,011,880** | (45,498,788) | 2,394,573 |

| **Sensitivity analysis for contracts not measured under PAA** | **For the year ended 31 December 2023** | | For the year ended 31 December 2022 | |
|---|---|---|---|---|
| | **Net takaful and re-takaful Contract assets and liabilities** | **Impact on net takaful and re-takaful Contract assets and liabilities** | Net takaful and re-takaful Contract assets and liabilities | Impact on net takaful and re-takaful Contract assets and liabilities |
| | **AED** | **AED** | AED | AED |
| Takaful contract liabilities | **(187,199,955)** | | (214,370,662) | |
| Net re-takaful contract assets | **20,287,029** | | 13,751,661 | |
| **Net takaful contract liabilities** | **(166,912,926)** | | (200,619,001) | |
| | **10% increase – Lapses** | | | |
| Takaful contract liabilities | **(187,315,928)** | **(115,973)** | (214,570,940) | (200,278) |
| Re-takaful contract assets | **20,406,418** | **119,389** | 14,419,167 | 667,506 |
| **Net takaful contract liabilities** | **(166,909,510)** | **3,416** | (200,151,773) | 467,228 |
| | **1% increase – Mortality** | | | |
| Takaful contract liabilities | **(187,285,831)** | **(85,876)** | (214,450,654) | (79,992) |
| Re-takaful contract assets | **20,296,221** | **9,192** | 14,148,898 | 397,237 |
| **Net takaful contract liabilities** | **(166,989,610)** | **(76,684)** | (200,301,756) | 317,245 |

Concentration of takaful risk

Substantially all of the Company's underwriting activities are carried out in the UAE.

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

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful companies. The Company remains liable to its policyholders for the portion covered by retakaful to the extent that any retakaful does not meet the obligations assumed under the retakaful agreements.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 36 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and liabilities. In particular, the key financial risk is that in the long-term, its investment proceeds are not sufficient to fund the obligations arising from its takaful and investment contracts. The risks that the Company primarily faces due to the nature of its investments and underwriting business are market price risk, credit risk and liquidity risk.

### Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

An analysis of financial instruments that are measured subsequent to initial recognition at fair value into levels 1 to 3 is provided in note 37.

### Capital risk management

The Company has established the following capital management objectives, policies and approach to manage the risks that affect its capital position.

The Company's objectives when managing capital are:

- to comply with the capital requirements required by the UAE Federal Law No. (48) of 2023 regarding the Establishment of the Insurance Authority and Insurance Operations
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The Company is subject to local takaful solvency regulations with which it has complied during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

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

| | **31 December 2023** | 31 December 2022 *(restated)* |
|---|---|---|
| | **AED** | AED |
| Total shareholders' equity | **449,451,524** | 413,432,046 |
| Minimum regulatory capital | **100,000,000** | 100,000,000 |

The UAE Insurance Authority has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing an insurance firm and AED 250 million for a retakaful firm. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or Gulf Cooperation Council national individuals or corporate bodies. The Company is complying with the above requirements.

## 36 Financial risk (continued)

### Material accounting policies

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

### Categories of financial instruments

| | **31 December 2023 AED** | 31 December 2022 AED |
|---|---|---|
| **Financial assets** | | |
| Statutory deposit | **10,000,000** | 10,000,000 |
| Investments | **362,862,538** | 315,880,256 |
| Cash and bank balances (including term deposits) | **556,450,265** | 504,437,287 |
| Total | **929,312,803** | 830,317,543 |

### Profit return rate risk management

The Company is not exposed to significant rate of return risks as its assets returns are repriced frequently.

The Company's rate of return risk is mainly attributable to its bank deposits and sukuks.

The Company generally tries to minimise the rate of return risk by closely monitoring the market rates and investing in those financial assets in which such risk is expected to be minimal.

### Foreign currency risk

The Company is not exposed to significant foreign currency risk as substantially all financial assets and financial liabilities are denominated in AED or US Dollars to which the AED is pegged.

### Market price risk

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

At the end of the year, if the prices of quoted equity investments and net asset value of unquoted equity investments are 1% higher/lower and all the other variables were held constant, the Company's other comprehensive income would have increased/decreased by AED 2,668,280 (31 December 2022: AED 2,718,140). With respect to investment in commodities, if the prices of commodities are 1% higher/lower and all the other variables were held constant, the Company's profit for the year ended 31 December 2023 would increase / decrease by AED 155,972 (31 December 2022: nil).

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 36 Financial risk (continued)

### Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

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

- Retakafuls' share of takaful liabilities;
- Amounts due from retakaful in respects of claims already paid;
- Amounts due from takaful contract holders;
- Amounts due from takaful intermediaries; and
- Amounts due from banks for its bank balances and fixed deposits.

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

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

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

Management information reported to the Company includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its policy holders.

The credit risk on liquid funds maintained with banks is limited because the counterparties are reputable local banks closely monitored by the regulatory body.

At 31 December 2023, all of the deposits were placed with 9 banks (2022: 8 banks). Management is confident that this concentration at year end does not result in any credit risk to the Company as these banks are major banks operating in the UAE and are highly regulated by the Central Bank.

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

The re-takaful contract assets and re-takaful receivables are with highly rated reinsurers based on the Company's internal Risk management framework.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 36 Financial risk (continued)

### Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Bank facilities, the policy holders and the retakaful, are the major sources of funding for the Company and the liquidity risk for the Company is assessed to be low.

### Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

| | Current AED | Non-current AED | Total AED |
|---|---|---|---|
| **31 December 2023** | | | |
| **Assets excluding takaful and re-takaful contract assets** | | | |
| Cash and bank balances including bank deposits | **556,450,265** | **-** | **556,450,265** |
| Statutory deposits | **-** | **10,000,000** | **10,000,000** |
| Unit linked investments at fair value through profit or loss | **-** | **1,576,487** | **1,576,487** |
| Financial assets designated at fair value through other comprehensive income | **352,579,538** | **-** | **352,579,538** |
| Financial assets designated at amortized cost | **-** | **10,283,000** | **10,283,000** |
| Investment in commodities | **15,597,187** | **-** | **15,597,187** |
| Prepaid expenses and other assets | **58,009,682** | **-** | **58,009,682** |
| Property and equipment | **-** | **20,882,342** | **20,882,342** |
| Investment property | **-** | **53,535,000** | **53,535,000** |
| **Total assets excluding takaful and re-takaful contract assets** | **982,636,672** | **96,276,829** | **1,078,913,501** |
| **Liabilities excluding takaful and re-takaful contract liabilities** | | | |
| Accrued expenses and other liabilities | **163,120,068** | **-** | **163,120,068** |
| Provision for end of service benefits | **13,722,727** | **-** | **13,722,727** |
| **Total liabilities excluding takaful and re-takaful contract liabilities** | **176,842,795** | **-** | **176,842,795** |

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 36 Financial risk (continued)

### Maturity analysis of assets and liabilities (continued)

| | Current AED | Non-current AED | Total AED |
|---|---|---|---|
| 31 December 2022 *(restated)* | | | |
| Assets excluding takaful and re-takaful contract assets | | | |
| Cash and bank balances including bank deposits | 504,437,287 | - | 504,437,287 |
| Statutory deposits | - | 10,000,000 | 10,000,000 |
| Financial assets designated at fair value through other comprehensive income | 315,880,256 | - | 315,880,256 |
| Prepaid expenses and other assets | 44,883,962 | - | 44,883,962 |
| Property and equipment | - | 22,300,419 | 22,300,419 |
| Investment property | - | 17,850,000 | 17,850,000 |
| Total assets excluding takaful and re-takaful contract assets | 865,201,505 | 50,150,419 | 915,351,924 |
| Liabilities excluding takaful and re-takaful contract liabilities | | | |
| Accrued expenses and other liabilities | 99,389,200 | - | 99,389,200 |
| Provision for end of service benefits | 12,349,183 | - | 12,349,183 |
| Total liabilities excluding takaful and re-takaful contract liabilities | 111,738,383 | - | 111,738,383 |

A maturity analysis for portfolios of takaful contracts issued that are liabilities is presented below.

The analysis is presented by estimated timing, of the estimates of the present value of the future cash flows, for each of the first five years after the reporting date and in aggregate beyond the first five years.

As per IFRS-17 (132b), An entity is not required to include in these analyses liabilities for remaining coverage measured under the PAA approach, and accordingly, these balances have been excluded.

The Company does not have any re takaful contract liabilities except for remaining coverage measured under PAA approach, which has been excluded from below analysis.

| **31 December 2023** | **Up to 1 Year** | **1-2 year** | **2-3 year** | **3-4 year** | **4-5 year** | **>5 year** | **Total** |
|---|---|---|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** | **AED** | **AED** | **AED** |
| Takaful contract liabilities | **217,763,467** | **76,223,097** | **47,243,670** | **15,747,093** | **10,909,919** | **60,569,776** | **428,457,022** |

| 31 December 2022 | Up to 1 Year | 1-2 year | 2-3 year | 3-4 year | 4-5 year | >5 year | Total |
|---|---|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED | AED | AED |
| Takaful contract liabilities | 169,471,513 | 53,379,152 | 40,242,499 | 16,714,103 | 12,979,862 | 69,294,127 | 362,081,256 |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 37 Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

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

| | Level 1 AED | Level 2 AED | Level 3 AED | Total AED |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Financial assets measured at fair value through other comprehensive income | **172,765,032** | **-** | **179,814,506** | **352,579,538** |
| 31 December 2022 | | | | |
| Financial assets measured at fair value through other comprehensive income | 120,821,159 | - | 195,059,097 | 315,880,256 |

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

### 38 Solvency margin

Section 2 of the Financial Regulations for Takaful Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to takaful liabilities. The solvency margin must be maintained at all times throughout the year. The Company is subject to the Regulations which has been complied with during the period. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

**Notes to the financial statements**
**for the year ended 31 December 2023 (continued)**

## 38 Solvency margin (continued)

| | **31 December 2023 (unaudited) AED** | 31 December 2022 AED |
|---|---|---|
| Minimum Capital Requirement (MCR) | **100,000,000** | 100,000,000 |
| Solvency Capital Requirement (SCR) | **122,549,416** | 90,447,834 |
| Minimum Guarantee Fund (MGF) | **70,851,396** | 38,482,942 |
| Basic Own Funds | **379,011,589** | 365,489,777 |
| Ancillary Own Funds | **-** | - |
| **MCR Solvency Margin – Surplus** | **279,011,589** | 265,489,777 |
| **SCR Solvency Margin – Surplus** | **256,462,173** | 275,041,943 |
| **MGF Solvency Margin – Surplus** | **308,160,193** | 327,006,835 |

## 39 Other information

| **Description** | **Family takaful (without medical and fund accumulation) AED** | **Fund accumulation AED** | **Medical takaful AED** | **Property and liability (without medical) AED** | **All type of business combined AED** |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Direct written contribution** | **61,561,022** | **1,580,738** | **243,029,441** | **208,712,404** | **514,883,605** |
| **Assumed business** | | | | | |
| Foreign | - | - | **2,975,200** | **105,824,955** | **108,800,155** |
| Local | - | - | **2,447,262** | **109,362,556** | **111,809,818** |
| **Total Assumed business** | **-** | **-** | **5,422,462** | **215,187,511** | **220,609,973** |
| **Total Gross written contribution** | **61,561,022** | **1,580,738** | **248,451,903** | **423,899,915** | **735,493,578** |

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 39 Other information (continued)

| Description | Family takaful (without medical and fund accumulation) AED | Fund accumulation AED | Medical takaful AED | Property and liability (without medical) AED | All type of business combined AED |
|---|---|---|---|---|---|
| 2022 | | | | | |
| **Direct written contribution** | 46,308,490 | - | 137,018,141 | 158,978,568 | 342,305,199 |
| **Assumed business** | | | | | |
| Foreign | - | - | - | 44,637,872 | 44,637,872 |
| Local | - | - | 3,678,751 | 56,475,137 | 60,153,888 |
| **Total Assumed business** | - | - | 3,678,751 | 101,113,009 | 104,791,760 |
| **Total Gross written contribution** | 46,308,490 | - | 140,696,892 | 260,091,577 | 447,096,959 |

### 40 Acquisition of individual family takaful portfolio

On 27 October 2022, the Company reached an initial agreement to acquire the individual family takaful portfolio from Dubai Islamic Insurance & Reinsurance Company PJSC, subject to obtaining regulatory approval of the Central Bank of United Arab Emirates.

On 29 May 2023, Central Bank of the United Arab Emirates has issued the initial approval for the above acquisition. In accordance with the requirements of the Central Bank of the United Arab Emirates, Dubai Islamic Insurance & Reinsurance Company PJSC will notify the policyholders by publishing in two widely circulated local newspapers issued in Arabic language and a local daily newspaper published in English language for two consecutive times.

On 20 July 2023, Central Bank of United Arab Emirates has issued its final approval to transfer the Individual family Takaful Insurance portfolio from Dubai Islamic Insurance & Reinsurance Company PJSC to Abu Dhabi National Takaful Company PSC. It is expected that the transfer procedures will be completed during the first quarter of 2024.

### 41 Approval of financial statements and responsibility statement

The financial statements of the Company for the year ended 31 December 2023 has been authorised for issue in accordance with a resolution of the Board of Directors on 12 March 2024.

**Abu Dhabi National Takaful Company – PSC - Takaful**
**Governance Report for the year 2023**

**Contents**


| S | Subject | Page |
|---|---|---|
| 1 | A statement of the procedures taken to complete the Corporate Governance system during 2023, and how they are applied | 3 |
| 2 | A statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company' securities during 2023 | 4 |
| 3 | Board of Directors Composition | 6 |
| 4 | External Auditor | 15 |
| 5 | Audit Committee and Risk Committee | 16 |
| 6 | Nomination and Remuneration Committee | 19 |
| 7 | Insiders' Trading Follow-Up and Supervision Committee | 20 |
| 8 | Strategy & Investment Committee | 21 |
| 9 | Internal Control System | 22 |
| 10 | Details of the violations committed during the year 2022 and a statement of the reasons | 24 |
| 11 | A statement of the cash and in-kind contributions made by the Company during the year 2023. | 25 |
| 12 | General Information | 25 |

## INTRODUCTION:

Abu Dhabi National Takaful Company - PSC – Takaful, is a national company, it is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates (UAE) on 16 November 2003 with a paid-up capital of AED.105,000,000.00 with the aim of providing Takaful insurance solutions for the regional market. And the Company's core business activities and investment are conducted in accordance with the Islamic Shari'a principles.

## 1. A STATEMENT OF THE PROCEDURES TAKEN TO COMPLETE THE CORPORATE GOVERNANCE SYSTEM DURING 2023, AND HOW THEY ARE APPLIED.

Abu Dhabi National Takaful Company - PSC – Takaful, is presenting its annual report, in which it shows its commitment to corporate governance system and principles, We, in Abu Dhabi National Takaful, believe that corporate governance is an integral part of our progress and development, as it is based on justice, responsibility, transparency, which we consider the starting point of unlimited success.

Abu Dhabi National Takaful is committed to the provisions of Islamic Shari'a in all its transactions and activities, which gives the governance more depth, since the Shari'a also called for these principles.

As of 2009, the Company has started to implement the provisions of Ministerial Resolution No. (518) of 2009 Concerning Governance Rules and Corporate Discipline Standards, immediately after its publication, through developing an action plan as follows:

1. Issuing especial procedures for corporate governance.
2. Forming committees directly from the Board of Directors, taking into consideration the conditions that must be met by its members.
3. Establishing an internal control department, and appointing a Head of Internal Control Department
4. Who fully authorized to carry out his duties in order to achieve the objectives in this regard.
5. Adopting code of Professional Conduct.
6. Setting rules governing the transactions of the Board members and the employees as well, regarding the securities issued by the company.

The Company aims to secure the shareholders while achieving the general objectives of the governance, through implementing these criteria and rules (i.e governance rules).

The company submits its annual report on the implementation of the governance rules, this report is made available to the shareholders at the general assembly meeting to discuss its articles. In addition, the Securities and Commodities Authority is provided with a copy of the report for information and advice if necessary.

Subsequently, SCA issued the Chairman's Decision No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies , the Company reviewed this decision and amended its procedure to ensure full compliance.

Subsequently, the company observed, reviewed and amended its procedures to meet with SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide.

On 16 of November 2023, the company amended its Articles of Association by a special decision of the General Assembly, to comply with the corporate governance reregulation for insurance companies

issued by the Central Bank under Notice No. 24 of 2022. The amendment includes amending the number of members of the Board of Directors from seven to nine members.

**2. A STATEMENT OF THE TRANSACTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, AND SPOUSES AND CHILDREN THEREOF IN THE COMPANY' SECURITIES DURING 2023 USING THE TABLE BELOW:**

**1.2 The Company Policy;**

The company has followed and implemented a mechanism that governs the rules of dealing with the Board members and their direct relatives or any of the insiders of the base data in the securities of the company, and aims to obtain:

- The equality of all investors in accessing the company's data.
- Identifying and reporting of any suspicion of insiders from achieving any personal gain from this accessing.
- Increasing the transparency on the disclosure.
- Increasing the investors' confidence in the shares of the Company.

**2.2 Rules adopted by the Company;**

Subject to the provisions of Article (14) of The Authority's Board of Director's Decision No. (2) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities. As well as all decisions issued in this regard, the Company has adopted a series of rules and controls governing the dealings of all insiders of the Company's data in its own securities, which consist in;

- Members of the Board and employees are entitled to invest in the Company's shares under the stipulated conditions. They shall notify the Securities and Commodities Authority, and Abu Dhabi Securities Exchange, as well as the Chief Executive Officer about this investment.
- *It is not allowed to the Chairman, the Board members, the CEO or any person (insider) who has access to the core data of the listed company to act on his own/others by dealing in the securities of the Company itself, or in the securities of the parent company or affiliate or sister of that company, during the following periods;*
  1. *(10) business days before the announcement of any material information that may affect the price of the stock up or down, unless this information is a result of sudden events.*
  2. *(15) days before the end of the quarterly, semi-annual or annual financial period, until disclosure of the financial statements.*
- The provisions of the law shall be taken into account when any of the above-mentioned persons act by themselves/others by dealing in the securities of the company itself or in the securities of the parent company, subsidiary or affiliate of that company, any contrary dealing shall be void.
- In the course of carrying out their duties, the Board of Directors and the employees shall be fully aware of and understand all applicable laws, rules and regulations in order to be able to comply with them in all circumstances. Any benefits that may be granted to the employees or opportunities for cash and non-cash benefits, as well as any paid compensation shall be in accordance with the conflict of interest policy. Therefore, the employees must carry out their duties by applying the principles of integrity, honesty and adherence to professional standards.
- Board members should immediately inform the Chairman when any personal material interests arise against the Company's affairs. In this context, any personal financial interest resulting in any financial transaction with any entity related to the Company that reach to or exceed AED 5 Million shall be notified to the Chairman immediately.

- Board members should refrain from participating in discussions during Board meetings if any personal interest of their own is discussed.
- If a shareholder (represented by a member of the Board of Directors) has a conflict of interest in any matter that may affect the value and volume of the investment in the Company's shares, the Board shall meet and issue its decision on this matter excluding the Board member - or the representatives of this shareholder - of voting. And in exceptional cases, such matters can be resolved through a special committee formed for this purpose.
- Each Board member should - once taking office - disclose to the Company the nature of the positions he holds in public shareholding companies and others, important commitments as well, specifying the time allocated to them, any changes that may arise once occur.
- Each Board member shall – annually - disclose to the Company the nature of their transactions in the securities issued by the Company, the parent company or its subsidiaries or sister companies.
- the Board of Directors is responsible to oversight the compliance with disclosure policy and take any corrective action, if necessary
- The Board has formed a committee to manage, follow up, and supervising the transactions of insiders and their property, maintain their register and submit periodic reports and statements to ADX in accordance with the articles 12 and 13 of the Chairman Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies and Corporate Governance standards issued by CBUAE number 24/2022
- Accordingly, no member of the Board - or their spouses/sons – have made or declares any transactions on the Company's securities during the year 2023 according to the following schedule;

| S/N | Name | Position/Relationship | Shares Held as at 31/12/2023 | Total Sale Transactions | Total Purchase Transactions |
|---|---|---|---|---|---|
| 1 | Mr. Khamis Mohamed Khamis Buharoon Alshamsi | Chairman | - | - | - |
| 2 | Mr. Khalid Abdalla Deemas Alsuwaidi | Deputy Chairman | - | - | - |
| 3 | Mr. Khalifa Abdulla Khamis Al Romaithi | Board Member | - | - | - |
| 4 | Mr. Khalid Ali Ibrahim Jasem Almansoori | Board Member | - | - | - |
| 5 | Mr. Naser Mohamed Naser Al Mur Al Zaabi | Board Member | - | - | - |
| 6 | Mr. Abdullatif Abdullah Ahmed Al Mulla | Board Member (from 16/11/2023) | - | - | - |
| 7 | Mrs. Metha Mohamed Alsharif Yousif Alhashmi | Board Member | - | - | - |
| 8 | Mr. Samih Mohd Qadri Awadh Alla | Board member Until 14/11/2023 | | | |
| 9 | Abdulla Zaid Mohamed Alshehhi | Board Member ( from 26/12/2023) | | | |
| 10 | Mr. Aysha Ahmad Sultan Al Hallami | Board Member ( from 16/11/2023) | | | |

The balance of owned shares shall be shown, regardless there are transactions during the year or not.

## 3. BOARD OF DIRECTORS COMPOSITION:

The Board of Directors is considered the representative of the Company's shareholders. it is the body that primarily responsible for the company's business. It is committed to providing general instructions, approving the business strategies, plans, and budgets, following up the operational policy, business process, as well as the internal control system of all types.
The duties of the board members which needs considerable experience with high qualification, in which, the Company interested in carefully.
The current Board of Directors consists of nine members elected on 11/04/2023 and 16/11/2023* for period of three years ending in 2026. All members have the expertise and qualifications that qualify them to manage the Company, and they have the ability to read and understand the financial statements thoroughly, considering their long experience in the insurance and the business management scope.

*Mr. Sameh Awadallah resignation was approved by the board on 14/11/2023 and Mr. Abdulla Zaid Mohamed Alshehhi was appointed as a replacement. The approval of the CBUAE was received by 25 December 2023
With regards to Mr. Abdullatif Almulla, he was a board member since

**a. A Statement of the current Board of Directors (BOD) composition (adding the names of the independent and appointed BOD members) using the table below:**

| S/N | Name | Category (Executive, Non-executive, and Independent | Experience | Qualifications | Period served as a BOD member of the Company since his first election date | Their memberships and positions in any other joint-stock companies | Their positions in any other important supervisory, governmental or business entities. |
|---|---|---|---|---|---|---|---|
| 1 | Mr. Khamis Mohamed Khamis Buharoon Alshamsi | Chairman, Non-executive | He has experience in the area of accounting and audit as well as he worked as a head of the inspection team of banks in the Central Bank. He has also significant experience in the management of several business corporations and financial | Bachelor degree in Business Management and Accounting. | 22/03/2008 | Board Member of Agthia Company. Board Chairman of Aram. | Executive member in Royal Capital |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | institutions. | | | | |
| 2 | Mr. Khalid Abdalla Deemas Alsuwaidi | Deputy - Chairman Non-executive / Independent | He has considerable expertise in managing business corporations. | MBA | 22/03/2008 | Board member of Abu Dhabi Commercial Bank. Board member of Skynews Arabia | The CEO of Das Holding. |
| 3 | Mr. Khalifa Abdulla Khamis Al Romaithi | Board Member Non-executive Independent | He has considerable expertise in investment as well as in the business management a | Bachelor in Business Management | 22/03/2008 | Chairman of Emirates Driving Company Board member of Aldar Properties | Executive Director UAE Real Estate- Mubadala |
| 4 | Mr. Khalid Ali Ibrahim Jasem Almansoori | Board Member Non-executive | He has experience in studying and developing the economic activities of companies and developing their resources He has also good experience in managing a number of private projects and developing the resources | Master degree in Innovation and Entrepreneurship | 20/03/2010 | ------- | Owner of Circle Consultants<br><br>Executive Chairman- MPM properties. |
| 5 | Mr. Naser Mohamed Naser Al Mur Al Zaabi | Board Member Non-executive Independent | Experience in banking and operations management | Bachelor in Business Management and Marketing | 9/11/2014 | Board member of Manazil Real Estate | Chief Operating Officer of Das Holding Advisor Presidential of Court |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 6 | Mr. Abdullatif Abdullah Al Mulla | Board member-non executive Independent | Experience in real estate and information technology | Masters in Economical & Social development and Management, Masters in corporate communication | 15/03/2020 to 9/05/2023 *external member from 09/05/2023 to 16/11/2023 | None | Chairman of IMDAD |
| 7 | Mrs. Metha Mohamedalsharif Yousif Alhashmi | Board member-non executive | Experience in banking & insurance | BA in Management , B.SC in Computer Science | 21 /11/2022 | None | Group Chief Credit Officer-ADIB |
| 8 | Mr. Samih Mohd Qadri Awadh Alla | Board member-non executive | Experience in banking | | From 13/04/2023 To 14/11/2023 | | MPM Real Estate - Member of the Board of Directors Abu Dhabi Islamic Bank - Acting Global Head of Retail Banking |
| 9 | Abdulla Zaid Mohamed Alshehhi | Board member-non executive | Experience in banking | B.SC in Science<br><br>Master in Business Administration | 26/12/2023 | | Abu Dhabi Islamic Bank - Global Head of International Business |
| 10 | Mr. Aysha Ahmad Sultan Al Hallami | Board member-non executive | Experience in investments | BA of banking Master in banking & finance | 16/11/2023 | Abu Dhabi Commercial Bank - Member of the Board of Directors | Abu Dhabi Investment Authority - Vice President |

**b. A statement of women's representation in the Board of Directors in 2023 (in case there is no representation, kindly state 'no representation).**

Women representation in the board is 2/9.

Mrs. Meitha Al Hashemi who joined board member in 2022. She is currently the Group Chief Credit Officer at ADIB. Mrs. Meitha holds Dual Bachelors degree from Webster University, Swizerland. Along with her long list of professional certificates, she is accredited with 'Risk Management in Banking Program' from INSEAD, France and Chief Risk Officer program from GARP – UK.

Mrs. Aysha Al Hallami who newly joined as a board member in 16/11/2023.She is currently the Deputy Director in Core Portfolio department at Abu Dhabi Investment Authority (ADIA). Mrs. Aysha is CFA certified, she has a bachelor degree in finance and obtained her masters degree in finance from Cass Business School in London. Mrs. Al Hallami also has Private Equity and Venture Capital certificate from Harvard Business School.

**c. A statement of reasons why no women were nominated for the membership of the Board of Directors (for example: no women were nominated for the membership of the Board of Directors)**

NA

**d. A statement of the following: (the remuneration of the Board)**

**The policy of determining the Board remuneration:**

The Company's policy for determining the remuneration of the Board members states that the proposed remunerations to be submitted by the Board to the General Assembly for discussion and approval.

**The Company should abide by the policy that determines the remuneration of the Board as follow:**

1. Article (169) of Federal Law No. 2 of the Year 2015 on Commercial Companies in the United Arab Emirates.
2. Article (21) of the Chairman of Authority's Board of Directions No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.
3. Article (32 & 58) of the Company's Articles of Association.
4. Decision 24/2022 of CBUAE regarding governance of insurance companies.

Generally stipulated that the Chairman and the members of the Board of Directors shall be entitled to a percentage of the net profit provided that it doesn't exceed 10% of the profits for the financial year. The Company may also pay any additional expenses, fees, bonuses or monthly salary to the extent decided by the Board of Directors for any Board Member if - such member - works in any committee or makes special efforts or performs additional duties to serve the company, beyond his normal duties as a Board member. An attendance allowance may not be paid to the Chairman or the Board member for the Board meetings.

**1. Total remunerations paid to the members of the Board of Directors for the year 2022.**

At the General Assembly of the company held on 11/04/2023, the shareholders approved the remuneration of the Board members which amounted to AED 1,637,930 as a bonus for the financial year ended 31/12/2022, in accordance with the provisions of the said articles and laws above.

**2. Total remunerations proposed to be paid to the members of the Board of Directors for the year 2023, which shall be presented in the annual General Assembly for approval.**

At the General Assembly of the company which will be held on 16/04/2024, it is proposed to the General Assembly to approve the remuneration of the members of the Board to be AED 6,448,826 for the year ended 31/12/2023, in accordance with the provisions and laws above-mentioned.

**3. A statement of the details of allowances for attending the sessions of committees derived from the BO, which were paid to the BOD members for the fiscal year 2023 using the table below:**

Each member of the Board of Directors received an amount of 7500 AED for the attendance allowance for each committee meeting during the year 2023, according to the following detail:

| S/N | Name | Allowances for attending the BOD Committees | | |
|---|---|---|---|---|
| | | Name of Committee | Allowance Amount | Number of Meetings |
| 1 | Mr. Khamis Mohamed Khamis Buharoon Alshamsi | Strategy & Investment Committee | 7500AED | 1 |
| 2 | Mr. Khalid Abdalla Deemas Alsuwaidi | Strategy & Investment Committee | 7500AED | 1 |
| | | Remuneration & Nomination Committee | 22500AED | 3 |
| 4 | Mr. Khalifa Abdulla Khamis Al Romaithi | Audit & Risk Committee | 30000 AED | 4 |
| | | Strategy & Investment Committee | 7500 AED | 1 |
| | | Insiders' Trading | 00 | 2 |

| | | | | |
|---|---|---|---|---|
| 5 | Mr. Khalid Ali Ibrahim Jasem Almansoori | Remuneration &Nomination Committee | 22500AED | 3 |
| | | Strategy & Investment Committee | 7500 AED | 1 |
| | | Audit & Risk Committee | 30000AED | 4 |
| | | Insider's Trading | 00 | 1 |
| 6 | Mr. Naser Mohamed Naser Al Mur Al Zaabi | Strategy & Investment Committee | 7500 AED | 1 |
| | | Audit & Risk | 22500 AED | 3 |
| | | Remuneration & Nomination Committee | 22500AED | 3 |
| 7 | Mrs. Metha Mohamedalsharif Yousif Alhashmi | Strategy & Investment | 7500 AED | 1 |
| | | Remuneration & Nomination Committee | 7500 AED | 1 |
| 8 | Mr. Abdullatif Abdullah Ahmed Al Mulla | Audit & Risk Committee | 30000 AED | 4 |
| | | Strategy & Investment | 7500 AED | 1 |
| | | Insider's Trading | 00 | 2 |
| 9 | Mr. Samih Mohd Qadri Awadh Alla | Audit & Risk | 22500 AED | 3 |

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

N/A

**5. The number and dates of BOD meetings held during the FY 2023 as well as the attendance frequency by all the members; in person and online or by proxy (the names of the BOD members should match the information set out in item (3a) above). –**

| # | Date of the meeting | Number of Attendees | Number of attendance by proxy | Names of absent members |
|---|---|---|---|---|
| 1 | 09-02-2023 | 7 | 0 | 0 |
| 2 | 23-02-2023 | 7 | 0 | 0 |
| 3 | 15-06-2023 | 8 | 0 | 0 |
| 4 | 10-08-2023 | 8 | 0 | |
| 5 | 09-10-2023 | 8* | 0 | 0 |
| 6 | 08-11-2023 | 7* | 0 | 0 |

*Mr. Abdullatif Al Mulla joined as an external member.

**6. Number of the Board resolutions passed during the 2023 fiscal year, along with its meeting convention dates.**

**Has not made any decisions need to be disclosed.**

- On 14/02/2023, the board of Directors approved by circulation corporate governance action plan for three years.
- On 13/03/2023, the Board of Directors approved by circulation the AGM revised Date.
- On 23/03/2023, the Board of Directors approved by circulation the actuarial report of underwriting and pricing for 2022.
- On 14/08/2023, the Board of Directors approved by circulation the HR policy.
- On 20/09/2023, the Board of Directors approved by circulation the actuarial report of underwriting and pricing for the period ending on 30 June 2023.
- On 28/09/2023, the Board of Directors approved by circulation the amended AOA of the company.

**7. A statement of the BOD's 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.**

Subject to the provisions of the Articles of Association of the Company, and in accordance with the interests of the business, the Chairman of the Board has given to the Executive Management represented by the CEO, a fixed-term mandate, ending on 14/03/2024, granting him the powers upon the business needs, and the nature of the company's activity as well, explaining the cases that require prior approval or instructions from the Board. These tasks can be summarized as follows:

- Managing the company's business and providing instructions to the executive in line with the company's strategic goals and policies prescribed by the Board and the provisions of the law/legislations related to the company's activities.
- Providing the Board with accurate/periodic reports on the financial position and actions taken in the risk management, in order to enable the Board to review the objectives, plans, and policies, and to question the executive management about their performance

.

- Providing the regulatory bodies (Ministry of Economy – Securities and Commodities Authority – Abu Dhabi Securities –CBUAE… etc) with any information, data, and documents which required in accordance with the provisions of the law, regulations issued under any of them.
- Make recommendations regarding any necessary proposals concerning the company's operations.
- Managing the company's investments and funds in accordance with the directions of the Board, signing the respective contracts on behalf of the company and representing it in its relations with others.
- Managing the workflow of the contracts and agreements and the negotiation about them.

- Appointing/dismissing the employees, in accordance with the policy determined by the Nomination and Remuneration Committee emanating from the Board, in a manner that does not conflict with the laws.
- Representing the company before all stages of courts, with the right to delegate lawyers and experts and isolate them.
- Delegating representatives for the company to do some partial tasks which will facilitate the work operations.
- All the powers granted above shall not contradict the laws, and regulations.

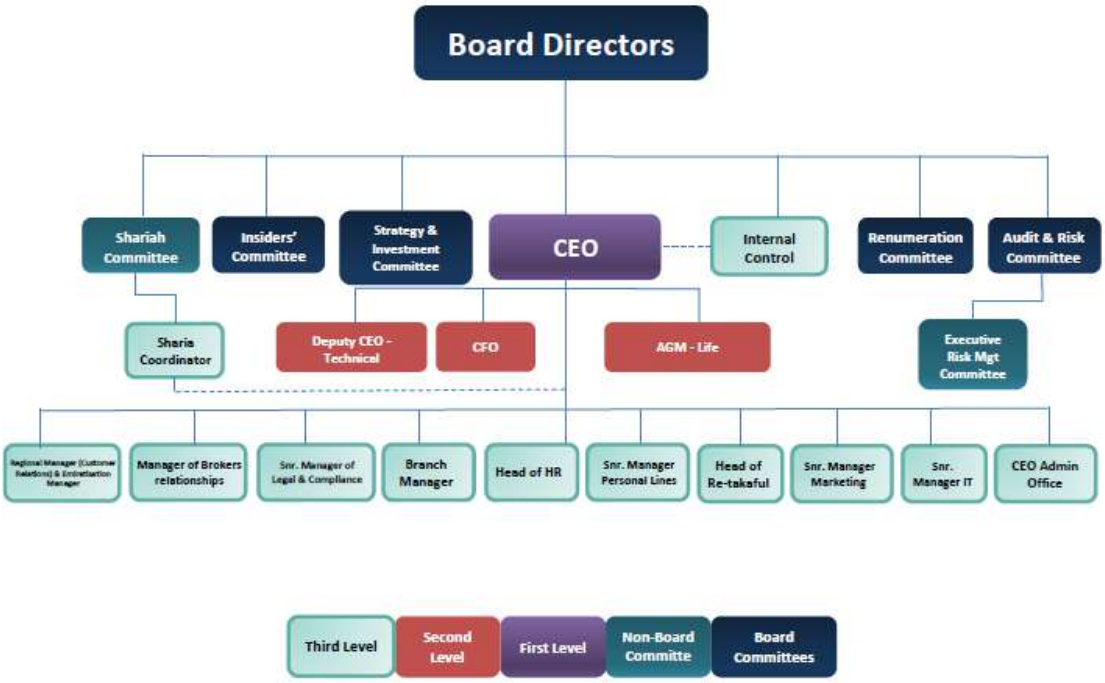
Note that there is no transactions equal to or exceeding 5% of the company's capital during the year 2023

**8. A statement of the details of transactions made with the related parties (stakeholders), indicating details of significant transactions with the related party (affiliate company and major shareholder) were within the company's normal business scope as follows:**

The company did not made any transactions equal to or more than 5% of the company's capital during 2023

| Ser. | Statement of related parties | Clarifying the nature of relationship | Type of transaction | Value of transaction |
|---|---|---|---|---|
| 1 | affiliate company and major shareholder | affiliate company and major shareholder | Gross contributions written (insurance premium) | AED 124,700,060 |
| 2 | major shareholder | major shareholder | Takaful expenses | AED 6,112,022 |
| 3 | major shareholder | major shareholder | Profit from the term deposits | AED 1,433,395 |
| 4 | major shareholder | major shareholder | Statutory deposit | AED 10,000,000 |
| 5 | major shareholder | major shareholder | Investment in sukuk | AED 4,795,845 |

**9. The organizational structure of the Company, including at least the first and second levels, and including the General Director and/or Executive Manager, Deputy General Director, and the managers of the Company such as the Financial Manager.**



**10. A detailed statement of the senior executive staff in the first and second levels according to the Company's organizational structure (as set out in item (3h) above), their positions and appointment dates, and total salaries and benefits paid thereto, using the table below:**

An elite of qualified, long experience were chosen in each field. The following are statement of senior executives of the Company:

| S/N | Position | Date of Appointment | Total salaries & allowances paid in 2023 | Total Bonuses paid in 2023 |
|---|---|---|---|---|
| 1 | Chief Executive Officer | 14-03-2010 | **2,506,382** | Not defined |
| 2 | Deputy Chief Executive Officer – Technical Affairs | 30-01-2007 | **926,874** | Not defined |
| 3 | Assistant General Manager – Life and Bancassurance | 10-07-2005 | **749,163** | Not defined |
| 4 | CFO | 24/07/2016 | **632,066** | Not defined |
| 5 | Head of Internal Control | 01-06-2004 | **482,602** | Not defined |
| 6 | Sharia Coordinator | 29-11-2020 | **404,250** | Not defined |
| 7 | Brokers' Relationship Manager | 06-05-2018 | **180,000** | Not defined |
| 8 | Manager of Legal & Compliance | 14-08-2007 | **472,845** | Not defined |
| 9 | Snr. Manager of Dubai & Northern Emirates Branch | 15-02-2016 | **704,500** | Not defined |
| 10 | Head of HR | 19/01/2022 | **588,500** | Not defined |
| 11 | Snr. Manager Motor | 20-02-2018 | **453,750** | Not defined |
| 12 | Head of Re-takaful | 01-03-2009 | **511,684** | Not defined |
| 13 | Snr. Manager Marketing | 19-12-2010 | **360,606** | Not defined |
| 14 | Snr. Manager IT | 28-04-2019 | **475,500** | Not defined |
| 15 | Regional Manager of Customer Relationship & Emiratization | 11-04-2004 | **670,005** | Not defined |

The report will be updated after approval of any executive management bonuses or any other bonuses.

## 4. EXTERNAL AUDITOR:

### a. A brief about the external auditor of the Company's to the shareholders.

Deloitte is one of the largest International companies that provide professional services to their clients; it is considered as one of the big four audit firms. Deloitte is a global organization made up of a group of member companies. Its global headquarters is in London, UK, and it has several offices serving the Middles East, including its branch in Abu Dhabi. It does auditing activities as a primary activity in addition to other consulting activities.

### b. A statement of the fees or costs of auditing or the services provided by the external auditor, using the table below:

| | |
|---|---|
| Name of the audit office and partner auditor | Deloitte<br>Nurani Subramanian Sundar |
| Number of years he served as the company external auditor | 1 |
| Number of years the company served as external auditor | 5 |
| Total audit fees for 2023 in (AED) | AED 290,000.00 |
| Fees and costs of other private services other than auditing the financial statements for 2023 (AED), if any, and in case of absence of any other fees, this shall be expressly stated. | AED 440,000.00 |
| Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly. | Approving financial statistics provided to the supervisory authorities according to the request of these authorities. |
| Statement of other services that **an external auditor** other than the company accounts auditor provided during 2023 (if any). In the absence of another external auditor, this matter is explicitly stated. | None |

### c. A statement of the qualified opinions made by the company's external auditor in the interim and annual financial statements for 2023. In the absence of any qualified opinions, this shall be stated clearly.

NONE

## 5. AUDIT COMMITTEE AND RISK COMMITEE:

Due to the company's commitment to implementing the standards of corporate governance and discipline, the company's Board has formed the following committees:

- Audit Committee
- Risk Committee
- Remuneration & Nomination Committee
- Insiders' Trading Follow-Up and Supervision Committee
- Strategy & Investment Committee

Following board of directors' election held in company AGM dated 11/04/2023, and based on the discussions held 09/05/2023, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide and Corporate Governance standards No.24-2022 issued by CBUAE

**a. The Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

**"(Khalifa Abdulla Khamis Al Romaithi ), Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness."**

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

| s | | **Position** | **His Category in the Board** | |
|---|---|---|---|---|
| 1 | Mr. Khalifa Abdulla Khamis Al Romaithi | Chairman of the Committee | Board Member/Non-executive/Independent | |
| 2 | Mr. Abdullatif Abdullah Ahmed Al Mulla | Member | Board Member/Non-executive/Independent | Mr. Almulla joined as an external expert from 09/05/2023 to 16/11/2023 |
| 3 | Mr. Khalid Al Mansoori | Member | Board member/ Non-executive | |
| 4 | Mr. Nasr Almur Al Zaabi | Member | Board Member/Non-executive/Independent | |
| 5 | Mr. Samih Awadhalla | Member | Board member/ Non-executive | From 13/04/2023 To 14/11/2023 |

| | | | | |
|---|---|---|---|---|
| | | | | |

**The duties of Audit Committee and Risk committee:**

The committee shall convene at least once every three months or whenever the need arises, with a minutes written by the Committee secretary and reviewed by the committees members. Following board of directors' election held in company AGM dated 11/04/2023 and AGM dated 16/11/2023, and based on the discussions held 09/05/2023, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Board Decision number (03 RM) year 2020 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, and Corporate Governance standards No.24-2022 issued by CBUAE including the follows:

a. It shall set up and apply a policy to govern the work of the external auditors in addition to report to the board of directors any critical issue that requires action to be taken along with providing proper suggestions for implementations.

b. It shall follow up and oversee the independence and objectivity of the external auditor and hold discussions with the external auditor on the nature, scope and efficiency of the audit according to approved audit standards.

c. It shall oversee the integrity of and review the Company's financial statements and reports (annual, semiannual and quarterly reports) in the course of its operations during the year and shall, in particular, focus on:

(1)Any changes to accounting policies and practices;

(2)Highlighting matters that are subject to Management's judgment;

(3)Material amendments emerging out of the audit;

(4)The assumption of the Company's continuity as a going concern;

(5)Adherence to the accounting standard set by the Authority; and

(6) Adherence to listing and disclosure rules as well as other legal requirements in relation to financial reporting.

d. It shall coordinate with the Board of Directors, the Management and the financial manager or the manager assuming the same duties in the Company in order to duly fulfill its duties. The audit committee shall hold a meeting with the Company's external auditor at least once per year.

e. It shall consider any irregular issues that are or have to be reflected in the board and financial reports and pay necessary attention to any issues raised by the financial manager of the Company, the manager assuming the same duties, the Compliance Officer or the external auditor.

f. It shall review the Company's financial control, internal control and risk management framework.

g. It shall discuss the internal control framework with Management and make sure that it fulfills its duty to develop an effective internal control system.

h. Consider findings of main investigations into internal control issues assigned to it by the Board of Directors or as an initiative of the audit committee upon the approval of the Board of Directors.

i. It shall ensure coordination between internal and external auditors, ensure availability of necessary resources for the internal audit function, and review and control the efficiency of this function.

j. It shall review the Company's financial and accounting policies and procedures.

k. It shall review the external auditor’s report and action plan and any material inquiries raised by the auditor to the Management in respect of accounting reports, financial accounts or control systems, respond thereto and approve the same.

l. It shall make sure that the Board of Directors responds on a timely basis to inquiries and material issues raised in the external auditor's reports.

m. It shall develop rules that enable the employees of the Company to confidentially report any potential violations in financial reports,

internal controls or other issues and take adequate steps to conduct independent and fair investigations into these violations.

n. It shall oversee the Company's compliance with its code of conduct.

o. It shall ensure implementing the duties and fulfilling the authorities assigned by the Board of Directors.

q. It shall consider any other issues as the Board of Directors may determine.

- The Audit & Risk Committee was separated into two committee ( Audit Committee) and (Risk Committee).

**c. The number and dates of the meetings held by the audit committee during the year 2023 to discuss issues related to the financial statements and any other issues, and a statement of the attendance frequency in person or online by the committee's members.**

| **Meeting number and date** | **First meeting 23/02/2023** | **Second meeting 15/06/2023** | **Third meeting 10/08/2023** | **Forth meeting 08/09/2023** |
|---|---|---|---|---|
| Mr. Khalifa Abdulla Khamis Al Romaithi | ✓ | ✓ | ✓ | ✓ |
| Mr. Abdullatif Abdullah Ahmed Al Mulla | ✓ | ✓ | ✓ | ✓ |
| Mr. Nasr Almur Al Zaabi | - | ✓ | ✓ | ✓ |
| Mr. Khalid Al Mansoori | ✓ | ✓ | ✓ | ✓ |
| Mr. Samih Awadhalla | - | ✓ | ✓ | ✓ |

## 6. NOMINATION AND REMUNERATION COMMITTEE:

**a. The Nomination and Remuneration Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, his review of its work mechanism and ensuring its effectiveness.**

**"(Khalid Abdalla Deemas Alsuwaidi), Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness."**

**b. The names of members of the Nomination and Remuneration Committee, and a statement of its functions and the duties assigned thereto.**

| | Name | The position in the committee | His Board category |
|---|---|---|---|
| 1 | Mr. Khalid Abdalla Deemas Alsuwaidi | Chairman of the Committee | Deputy –Chairman / Non-executive / Independent |
| 2 | Mr. Khalid Ali Ibrahim Jasem Almansoori | Member | Board Member / Non-executive |
| 3 | Mr. Naser Mohamed Naser Al Mur Al Zaabi | Member | Board Member / Non-executive / Independent |
| 4 | Mrs. Meitha Al Hashimi | Member | Board Member / Non-executive |

Following board of directors' election held in company AGM dated 11/04/2023, and based on the discussions held during board's meeting number 03/2023 held 09/05/2023, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide, including the follows:

- Ensure the independence of the members.
- Formulating and reviewing on annual basis, the policy for granting bonuses, benefits, incentives and salaries at the company.
- Identify the company's needs of competencies at the level of senior executive management and employees and the bases of their selection.
- Prepare the human resources and training policy in the company and observing its application and review it periodically

**c. A statement of the number and dates of the meetings held by the committee during the year 2023, stating the frequency of attendance in person or online by all the members of the committee.**

| Board member | First Meeting 22/02/2023 | Second Meeting 15/03/2023 | Third Meeting 19/09/2023 |
|---|---|---|---|
| Mr. Khalid Abdalla Deemas Alsuwaidi | ✓ | ✓ | ✓ |
| Mr. Khalid Ali Ibrahim Jasem Almansoori | ✓ | ✓ | ✓ |
| Mr. Naser Mohamed Naser Al Mur Al Zaabi | ✓ | ✓ | ✓ |
| Mrs. Meitha Al Hashimi * | **0** | **0** | ✓ |

*Mrs. Meitha's membership in the board was effected after CBUAE approval dated 21 Nov 2022. She was assigned as a member of since 9th of May 2023.

## 7. INSIDERS' TRADING FOLLOW-UP AND SUPERVISION COMMITTEE:

**a. The Acknowledgment by the Committee Chairman or the authorized person of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

**"( Khalifa Abdulla Khamis Al Romaithi) acknowledges his responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.**

**b. The names of members of the Insiders' Trading Follow-Up and Supervision Committee, and a statement of its functions and the duties assigned thereto.**

| | Name | The position in the committee | His Board category |
|---|---|---|---|
| 1 | Mr. Khalifa Abdulla Khamis Al Romaithi | Chairman of the Committee | Board Member / Non-executive / Independent |
| 2 | Mr. Abdullatif Abdullah Ahmed Al Mulla | Member | Board Member / Non-executive / Independent |
| 3 | Mr. Khalid Al Mansoori | Member | Board Member/ Non-executive |
| 4 | Mr. Naser Mohamed Naser Al Mur Al Zaabi | Member | Board Member / Non-executive / Independent |
| 5 | Mr. Samih Awadhalla | Member | Board Member/ Non-executive |

Following board of directors' election held in company AGM dated 11/04/2023, and based on the discussions held 09/05/2023, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide and Corporate Governance standards No.24-2022 issued by CBUAE.

c. **A summary of the Committee's activities in 2023. (In case the Committee not formed, state the reasons**).

- The Committee met on 15/06/2023 and confirmed that the company was not notified of any sale or purchase of the company shares by insiders.
- The Committee met on 08/11/2023 and confirmed that the company was not notified of any sale or purchase of the company shares by insiders.

## 8. STRATEGY & INVESTMENT COMMITTEE.

**a. The Strategy & Investment Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

**"(Khalid Deemas Alsuwaidi), The Strategy & Investment Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.**

**b. Name of committee or committees.**

The Board of Directors has set the Strategy & Investment Committee in accordance with the basis of investing the rights of the participants (Takaful policyholders) contained in the decision of the Board of Directors of Insurance Authority No. (26) /2014 regarding the Financial Instructions for Takaful Companies.

**c. The names of the members of each committee, and a statement of its functions and the duties assigned thereto.**

| S | Name | The position in the committee | His Board category |
|---|---|---|---|
| 1 | Mr. Khalid Abdalla Deemas Alsuwaidi | Chairman of the Committee | Deputy -Chairman<br>Non-executive/<br>Independent |
| 2 | Mr. Khalifa Abdulla Khamis Al Romaithi | Member | Board Member<br>Non-executive<br>Independent |
| 3 | Mr. Naser Mohamed Naser Al Mur Al Zaabi | Member | Board Member<br>Non-executive<br>Independent |
| 4 | Mr. Abdullatif Abdullah Ahmed Al Mulla | Member | Board Member<br>Non-executive<br>Independent |
| 5 | Mr. Khalid Ali Al Mansoori | Member | Board Member<br>Non-executive |
| 6 | Mrs. Meitha Al Hashimi | Member | Board Member<br>Non-executive |

**d. A statement of the number and dates of the meetings held by the committee during the year 2023, stating the frequency of attendance in person or online by all the members of the committee.**

| **Meeting number and date**<br>**Board member** | **First meeting**<br>**14-12-2023** |
|---|---|
| Mr. Khalid Abdalla Deemas Alsuwaidi | ✓ |
| Mr. Khalifa Abdulla Khamis Al Romaithi | ✓ |
| Mr. Naser Mohamed Naser Al Mur Al Zaabi | ✓ |
| Mr. Khalid Al Mansoori | ✓ |
| Mrs. Meitha Al Hashimi | ✓ |
| Mr. Abdullatif Abdullah Ahmed Al Mulla | ✓ |

*Mr. Khamis Buharoon Al Shamsi joined this meeting as a guest upon request of committee chairman.

## 9. INTERNAL CONTROL SYSTEM:

Internal control is essential to the application of the governance system, as it aims to establish an assessment of the risk management framework, to examine the effectiveness of the control and properly applying of the governance, and to ensure that the company and its employees comply with the provisions of laws, and the internal policies, as well as reviewing the data that presented to the senior management of the Company. It is also a crucial and necessary basis to ensure the accuracy of the financial statements. Accordingly, and in accordance with the rules of the governance, the Board of Directors of the Company (in the meeting No. 1/2010) decided on 22/02/2010 to establish The Internal Control Department, and should be directly reporting to the Board (according to the rules of governance). The Internal Control Department periodically submits written reports to the Board of Directors on the procedures, findings and recommendations reached by it and with absolute transparency. The functions entrusted to it shall be carried out in accordance with the above-mentioned resolution.

**Internal Control functions are as follows:**

1. Evaluate the Enterprise Risk Management framework applied in the company.
2. Ensure that the company adherence to the Corporate governance requirements.
3. Ensure the commitment of the company and its employees to the provisions of the laws, regulations, and the internal policies and procedures.

4. Evaluate the work of the company's internal committees and their efficiency to reduce the risks facing the company, and make appropriate recommendations to correct their weaknesses.
5. Reviewing the financial statements presented to the Company's senior management, which are used in preparing the financial statements.
6. Comparing and analyzing actual financial results with previous estimates and setting explanations, solutions, and recommendations thereon.
7. Coordinating with the external auditors of the company and other regulatory authorities regarding the exchange of information and responding to their inquiries and observations in cooperation with the concerned departments in the Company, and follow up correction of violations and as well as following up the recommendations contained in their reports.
8. prepare internal audit reports of the internal audit engagement conducted according to the approved audit plan as well as ad hoc assignments, and report them to the board on periodic basis.
9. imposing additional controls on some departments through ensuring:

i. Effectiveness and efficiency of the Company's operations.
ii. Controls over the financial transactions (payment, exchange, transfer, deduction, etc(.
iii. the accuracy of the financial statement .
iv. The reliability of the Data transmitted and processed throughout the company's operation system
v. Matching internal data with the data from external sources.
vi. Matching the annual financial results with the financial records and general ledges.
vii. Taking the appropriate action to safeguard the company's assets and records.

**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 Board of Directors acknowledges and reviews the company's internal control system and verifies its effectiveness through the Internal Control Department, which provides regular and periodic reports to the Board, Audit & Risk Committees, and executive management.**

**b. The name, qualifications, and date of appointment of the Director of Internal Control Department.**

As part of implementation of Corporate Governance measures by the Company in 2010, Mr. Zainudeen Faizan Mohamed was appointed as the Manager of this department. He has over 20 years of Banking and Insurance Industry experience including Financial Control positions held with HSBC Bahrain and Takaful International Bahrain previously. He holds professional qualifications ACMA, CIRM & CFE relating to Management Accounting, Risk Management & Fraud Examination.

**c. The name, qualifications, and date of appointment of the Compliance Officer.**

In 2017 Mr. Mustafa Hassoun, the Legal Department Manager – has been appointed as Compliance Officer, he has a Bachelor's degree in Sharia and Law since 2004.

**d. How the Internal Control Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts (in case there are no significant issues, it should stated that the Company did not have any significant issues).**

The Internal Control Department provides the Board with periodic reports on its work, including the problems experienced by the company and the manner of dealing with, and the best solution as well, despite that the company did not face any major problems.

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

The Internal Control Department issued five audit reports in 2023.

## 10. DETAILS OF THE VIOLATIONS COMMITTED DURING 2023, EXPLAINING THEIR CAUSES, HOW TO ADDRESS THEM AND AVOID THEIR RECURRENCE IN THE FUTURE.

According to the reports submitted by the Internal Control Department, the Company did not face any significant violations during the fiscal year 2023. The company considers that the absence of these errors is part of the success achieved through the good practices formulated by the Board and Executive Management.

## 11. A STATEMENT OF THE CASH AND IN-KIND CONTRIBUTIONS MADE BY THE COMPANY DURING THE YEAR 2023 TOWARD THE LOCAL COMMUNITY DEVELOPMENT AND ENVIRONMENTAL CONSERVATION. (IN CASE THERE ARE NO CONTRIBUTIONS, IT SHOULD BE STATED THAT THE COMPANY DID NOT MAKE ANY CONTRIBUTIONS).

**Clients:**
In par with global wellness initiatives, the company continues to offer wellness programs to our major medical insurance clients.

**Employees:**
Emirati Women's Day:
The theme of 2023 Emirati Women's Day was aligned with the "Year of Sustainability" showcasing the UAE's dedication to discovering creative solutions for sustainability. Considering the same, we proudly hosted a Sustainability Workshop for all our female staff, expertly organized by EEDAMA wherein our employees enjoyed hands-on DIY activities free of plastic elements such as planting, perfumery, crafting candles, and many other self-care product.

**Local & Global Affairs:**
Uniting Hands Donation Campaign- Support Turkey/Syria:-
We organized an employee led donation campaign in partnership with Emirates Red Crescent (ERC). Our staff was encouraged to contribute essential items for people affected by earthquake in Turkey/Syria. Donation boxes were placed throughout our office locations, our team united and contributed total of 9 carton boxes with essential items for the affected individuals.

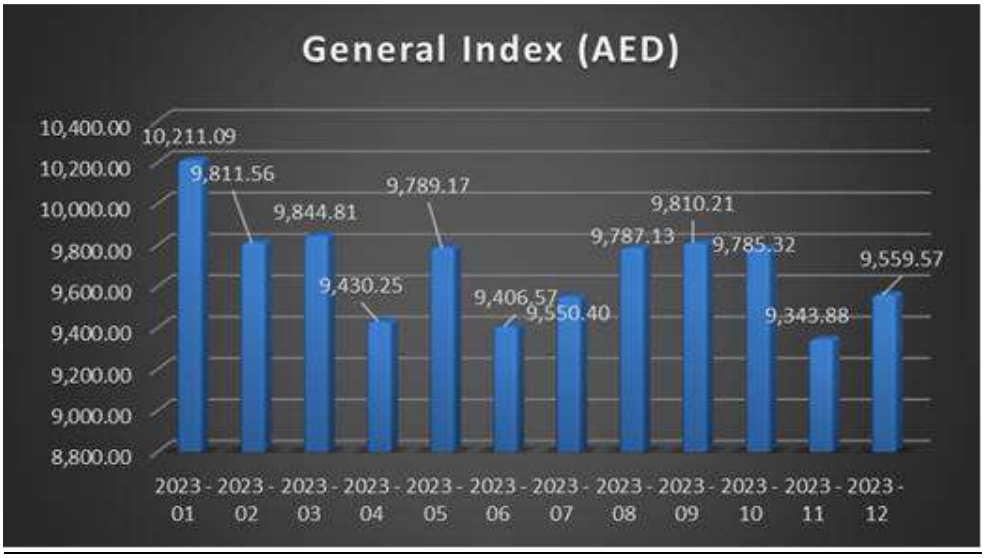
## 12. GENERAL INFORMATION:

**a. A statement of the Company share price in the Market (closing price, highest price, lowest price) in the end of each month during year 2023.**

| 2023 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| The price | 5.49 | 5.9 | 5.55 | 5.55 | 6.37 | 6.7 | 8.7 | 8.01 | 8.12 | 6.02 | 6.02 | 6.02 |
| lowest price | 5.49 | 5.9 | 4.59 | 5.55 | 5.22 | 6.49 | 6.7 | 8.01 | 8.03 | 6.02 | 6.02 | 6.02 |
| highest price | 6.12 | 5.49 | 5.55 | 5.55 | 6.37 | 6.7 | 8.7 | 9.44 | 8.12 | 7.26 | 6.02 | 6.02 |

| | |
|---|---|
| **b.** | **A statement of the comparative performance of the company's shares with the market index and the sector index to which the company belongs during year 2023.** |






**c. A statement of shareholding distribution as of 31/12/2023 (individuals, companies, governments) classified as follows: local, GCC, Arab, foreign using the table below:**

| S/N | Shareholder Category | Percentage of Shares Held | | | |
|---|---|---|---|---|---|
| | | Individual | Companies | Government | Total |
| | Local | 9% | 91% | 0 | 100% |
| | GCC | 0 | 0 | 0 | |
| | Arab | 0 | 0 | 0 | |
| | Foreign | 0 | 0 | 0 | |
| | Total | 9% | 91% | 0 | 100% |

**d. A statement of the shareholders who hold 5% or more of the Company's capital as of 31/12/2023 using the table below:**

| S/N | Name | Number of Shares Held | % of the Shares Held of the Company's Capital |
|---|---|---|---|
| 1 | Abu Dhabi Islamic Bank | 41.7% | 43,747,429 |
| 2 | Tasameem Real Estate Co. LLC (Tasameem) | 27.0% | 28,323,074 |
| 3 | East & West Group | 11.7% | 12,312,788 |
| 3 | Bond Investments Ltd | 6.1% | 6,415,574 |

**e. A statement of shareholders distribution by the size of equity as of 31/12/2023 using the table below:**

| S/N | Share(s) Owned | Number of Shareholders | Number of Share Held | % of the Shares Held of the Capital |
|---|---|---|---|---|
| 1 | Less than 50,000 | 1,430 | 5,435,549 | 5% |
| 2 | From 50,000 to less than 500,000 | 40 | 4,452,456 | 4% |
| 3 | From 500,000 to less than 5,000,000 | 5 | 4,313,130 | 4% |
| 4 | More than 5,000,000 | 4 | 90,798,865 | 86% |

**f. A statement of the procedures taken with respect to the controls of investors' relations, indicating the following:**

- **The name and contact information of the Investors' Relations Manager**
- **The link of the Investor Relations webpage on the website of the Company.**

The Company has appointed an officer for all the functions related to Investor Relations with the tasks stipulated in the Chairman Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

The appointed Investor Relations Officer (Mr. Evan Ramadan, Chief Financial Officer) is fluent in English and Arabic, with very good qualification, and has practical experience in business and accounting along with capable knowledge in the legal requirements. she has also full knowledge of the company's activities and opportunities and the required skills to communicate with investors.

A special Investor Relations page has also been created on the company's website, which includes: Investor Relations data and means of communication, and all reports related to the financial results.

A committee with six senior employees of the Company (Executive Risk Management Committee) has been set up to deal with any crisis and contingencies facing the Company. The committee will develop a communication plan with investors and the media regarding the practical steps taken by the Company to face the contingency. And appoint an official spokesperson to take care of the corporate communication.

The current Investor Relations Officer is Mr. Evan Ramadan, CFO:

024107700- 024107722 – Mob; 00971502898765 Fax. 024107800 – Evan.Ramadan@takaful.ae

The e-link of the Investor Relations page on the company's website is:

https://takaful.ae/en/about-us/investors-relations/

**g. A statement of the special resolutions presented to the General Assembly held in 2023 and the procedures taken with respect thereto.**

On 16 of November 2023, the company amended its Articles of Association by a special decision of the General Assembly, to comply with the corporate governance reregulation for insurance companies issued by the Central Bank under Notice No. 24 of 2022. The amendment includes amending the number of members of the Board of Directors from seven to nine members.

**h. The Rapporteur of the Board meetings, and his/her appointment date and his/ her qualifications and experiences and a statement of his/ her duties during the year.**

On 12/05/2011 Mrs. Sara Alabsi, was appointed as Rapporteur of Board Meetings. Mrs. Sara holds a Master degree in Strategy and Business Administration from the University of Strathclyde.

Her duties include coordination between members regarding the meetings of the Board of Directors and its committees. She also coordinates with members of top management to collect topics for discussion in meetings and distribute them to members.
She also reports the minutes of board meetings along with the related decisions and follows up on implementation.

**i. A statement of the significant events that took place in the Company in 2023**

- In March 2023, Abu Dhabi National Takaful Company (ADNTC) has received an Insurer Financial Strength (IFS) Rating of 'A-', with the outlook 'Stable' from Fitch Ratings.
- In November 2023, Abu Dhabi National Takaful Company (PSC) announced that it has regained the financial strength rating to A- (Excellent),and the long-term credit rating A- from the global rating agency A.M. Best, while the forward-looking for credit ratings is stable, maintaining one of the highest rating given to a Takaful operator in the worldwide, for the eighth consecutive year.

**j. Statement of Emiratisation percentage in the Company at the end of 2019, 2020,2021, 2022 & 2023 (workers are excluded for companies working in the field of contracting).**

- At the end of 2019, the Emiratization rate represented 17 % of the total number of employees in the company.
- At the end of 2020, the Emiratization rate represented 19 % of the total number of employees in the company.
- At the end of 2021, the Emiratization rate represented 19 % of the total number of employees in the company.
- At the end of 2022, the Emiratization rate represented 21.2 % of the total number of employees in the company
- At the end of 2023, the Emiratization rate represented 21.2 % of the total number of employees.

Note that the company is subject to the Emiratization Strategy (points system) in accordance with the Cabinet Decision No. (267/10/3) of 2015, regarding the Emiratization Strategy in banking and insurance sectors, where the determination of target points was in accordance with the number of written premiums at 51, The company, in turn, supported the national economy and participated in achieving the government vision, achieving a great result with a score of 79.00 points.

**k. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2023.**

ADNTC implemented various strategies to further enhance its digital platforms and operations.
Our major accomplishments during our journey in technology and automation during 2023 includes:

- Individual Life: Individual Life System (FILOS) with Remote Sales Solution (RSS) empowering distributors and partners to sell 100% digitally.
- Work flow system with audit trail and paperless environment.
- Digitization of internal processes in areas of finance, UW & claims.
- Real time management reporting
- Print Management System
- Online payments system

- Individual Medial Plans: NANO Health System with automated quotation management system (QMS) for individual and SME Medical and member Mobile Application.

- Automation of WhatsApp.

- Enhanced B2C & B2B portals for multiple insurance products.

- The following products are available online for customers:

  1) Individual Medical
  2) Takaful Protection Plan for School Fees
  3) Male Care Takaful Plan
  4) Female Care Takaful Plan
  5) Personal Accident Takaful Plan
  6) Motor Takaful Plan
  7) Jet Ski
  8) Home

| **Signature of the Board Chairman** | **Signature of Audit Committee Chairman** | **Signature of Nomination and Remuneration Committee Chairman** | **Signature of Internal Control Department Director** |
|---|---|---|---|
| **Date 06/03/2024** | **Date: 06/03/2024** | **Date: 06/03/2024** | **Date: 06/03/2024** |

**Company Official Seal**

تكافل
Takaful

شركة أبوظبي الوطنية للتكافل ش.م.ع
Abu Dhabi National Takaful Co. P.S.C



# 2023
# SUSTAINABILITY REPORT

## ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C

شركة أبوظبي الوطنية للتكافل ش.م.ع
تكافل
Takaful Abu Dhabi National Takaful Co. P.S.C



# تقرير الاستدامة لعام 2023

## شركة أبوظبي الوطنية للتكافل




Abu Dhabi National Takaful Company P.S.C ( Takaful) was established in November 2003 as the first takaful insurance operators in Abu Dhabi with the aim of providing sharia'a compliant insurance products and services in the UAE.

Abu Dhabi National Takaful Co. PSC is a public shareholding company with a paid-up capital of AED.105,000,000.00 and was listed on the Abu Dhabi Securities Exchange (ADX) in April 2005; stock symbol TKFL.

With its Head Office in Abu Dhabi, the company operations cover the entire UAE with branches in Abu Dhabi, Al Ain and Dubai.




شركة أبوظبي الوطنية للتكافل أسست في شهر نوفمبر من عام 2003 كأول شركة تأمين تكافلي في أبوظبي بهدف توفير حلول تأمين تتوافق مع الشريعة الإسلامية في دولة الإمارات العربية المتحدة.

شركة أبوظبي الوطنية للتكافل تأسست برأس مال مدفوع قدره 105,000,000 مليون درهم إماراتي وهي مدرجة في سوق أبوظبي للأوراق المالية منذ إبريل 2005 تحت رمز TKFL.

تتمتع الشركة بحضور واسع داخل الدولة حيث تغطي عملياتها أبوظبي ودبي والعين.



# MESSAGE FROM THE CEO

Abu Dhabi National Takaful Co.P.S.C ('Takaful') is a major player as a Takaful insurance solutions' provider in the UAE, with an A- Financial Strength Rating by A.M Best and A- Insurer Financial Strength (IFS) Rating by Fitch Ratings.

As a Shari'a compliant insurance solutions provider, we continue to exceed expectations in achieving strong financial results, backed by excellent customer service and wide products offerings' across General Takaful, Family Takaful & Medical Takaful.

In our aim to sustain transparency with our stakeholders, and as we strive to serve the community and contribute to the development of the insurance industry, we disclose in this report our Environmental, Social and Governance (ESG) approach.

As a leading Takaful operator in the UAE, we have always been keen to prove the success of the Takaful concept as a profitable business model. Supported by our strong and sustainable financial results, we were empowered to integrate multiple (ESG) factors within our insurance and investment operations.

Our strategy forward is to further engage our stakeholders with our continuous efforts to serve the UAE's environment and insurance industry.

**Osama Abdeen**
**Chief Executive Officer**



# رسالة الرئيس التنفيذي

تعد شركة أبوظبي الوطنية للتكافل (تكافل) لاعبا رئيسيا في قطاع التأمين مع تمتعها بتصنيف دولي قوي -A من قبل وكالة التصنيف العالمية "إيه إم بست" ومن وكالة "فيتش" للتصنيف المالي العالمي. وبصفتنا مقدم للحلول التأمينية المتوافقة مع أحكام الشريعة الإسلامية، فإننا نعمل، وباستمرار، لتجاوز التوقعات من خلال تحقيق نتائج مالية قوية، مدعومة بخدمة العملاء المتميزة بالإضافة إلى المنتجات الواسعة والمبتكرة في مجال التأمين العام والتأمين التكافلي العائلي والتأمين التكافلي الصحي.

ضمن جهودنا لتعزيز الشفافية مع حملة الأسهم والأطراف ذات العلاقة، تحرص شركتنا ليكون لها دورا مجتمعيا بالمساهمة الفعالة في تطوير سوق التأمين.
ونوضح في هذا التقرير دورنا ضمن المقاييس البيئية والاجتماعية والحوكمة التي تم دمجها مع استراتيجيات الشركة ودعمها بأدائنا المالي القوي والمستدام سواء على صعيد عمليات التأمين أم على صعيد الاستثمارات.
ونحن ندأب ونتطلع لنزود حملة الأسهم والأطراف ذات العلاقة لنرتقي بجهودنا أكثر في خدمة مجتمعنا وسوق التأمين.

أسامة عابدين
الرئيس التنفيذي

# ABOUT THIS REPORT

# عن هذا التقرير

Through this report we demonstrate the company's strategies to establish, monitor and enhance our commitment to ADX ESG disclosure guidance. We do that by striving to align our business and operational strategies embedding key sustainable development goals.

خلال هذا التقرير نشرح استراتيجيات الشركة المتبعة لإنشاء، مراقبة وتطوير التزامنا بمعايير الاستدامة البيئية والحوكمة الاجتماعية الصادرة عن سوق أبوظبي للأوراق المالية ودمجها ضمن استراتيجيتنا وإدارة عملياتنا لتحقيق أهداف الاستدامة.



# MISSION

To offer innovative and diversified Sharia'a compliant products and services with high quality customer service.

# VISION

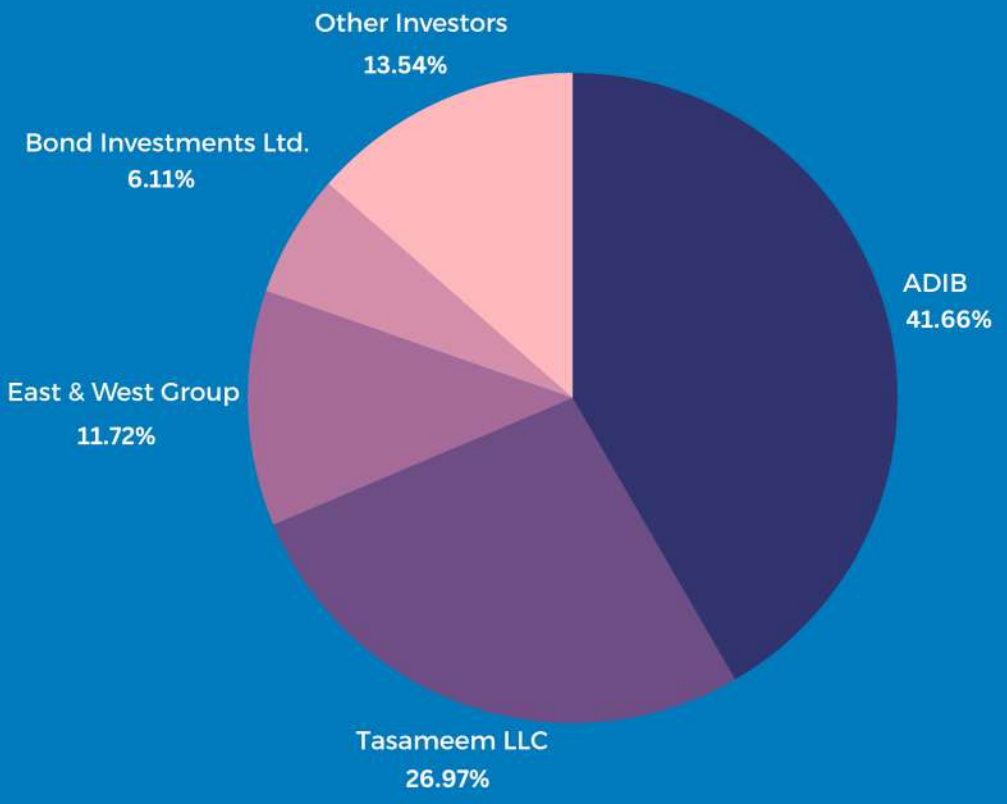
To be the Takaful operator of first choice in the region.

## Takaful Company of First Choice

# ADNTC OWNERSHIP STRUCTURE

# هيكل الملكية

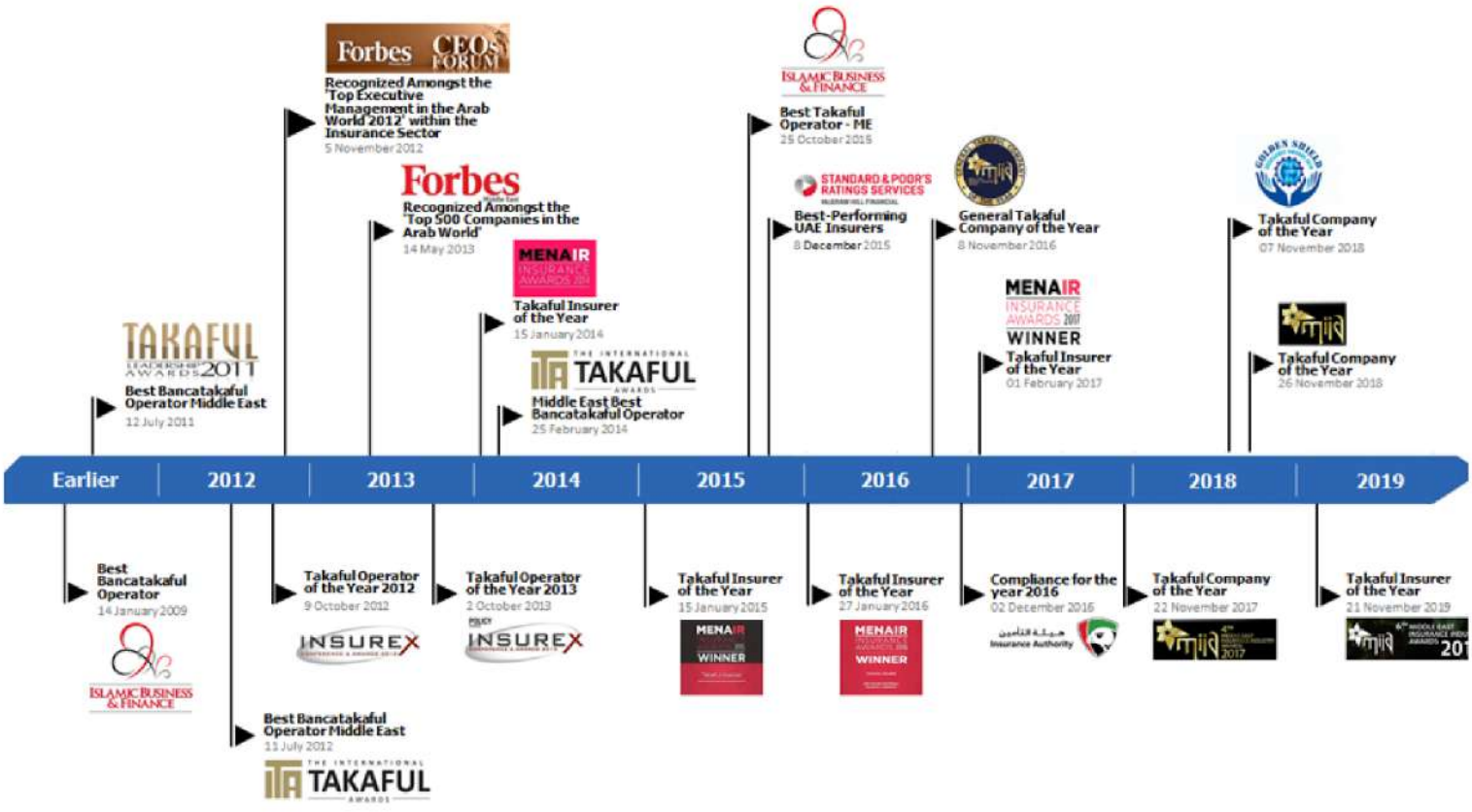
31 Dec 2023




For more informration please visit ADX link
https://www.adx.ae/English/Pages/ProductsAndServices/Securities/SelectCompany/default.aspx?listedcompanyid=AEA001801017&pnavTitle=Abu%20Dhabi%20National%20Takaful%20Co.

# AWARDS AND RECOGNITIONS

# الجوائز والتقديرات



# TAKAFUL COMPANY OF THE YEAR 2023

# شركة التكافل لعام 2023



# FINANCIAL PERFORMANCE الأداء المالي

**721 M**

The company has an accumulated Shareholders Profit of AED 721 M from 2010-2023 (e)

حققت الشركة ربح كلي للمساهمين بقيمة 721مليون درهم إماراتي من عام 2010 إلى عام 2023

**450 M**

The company has achieved self-funded increase in equity from AED 73 M (2009) to AED450 M (2023).

حققت الشركة ارتفاعا ذاتيا في الحقوق المالية من 73 مليون درهم في عام 2009 إلى 450 مليون درهم في عام 2023

**275%**

Company Assets Increased by 275% from AED 337 M in 2010 to AED 1.27 Bn in 2023.

ارتفعت أصول الشركة بنسبة 275% من 337 مليون درهم عام 2010 لتصل إلى1.27 بليون درهم في عام 2023



# FINANCIAL PERFORMANCE

# الأداء المالي

**103 M**

The company reported shareholder's **profit** of AED 103 million for the year 2023 (e).

حققت الشركة ربحا كليا قدره 103 مليون درهم إماراتي لعام 2023



# FINANCIAL RATING

# التصنيف المالي




حصلت الشركة للسنة الثامنة على التوالي على تصنيف القوة المالية A- من وكالة التصنيف العالمية إيه إم بست للتصنيف المالي في عام 2023 كما حصلت الشركة على ذات التصنيف من وكالة التصنيف العالمية فيتش لعامي 2022 و2023.

**ADNTC's Financial Strength Rating** was re-affirmed for the eighth consecutive **year** as **A- (Excellent)** by **A.M Best international financial rating agency** in **2023**.

**ADNTC's Insurer Financial Strength Rating** was re-affirmed as **A- (Excellent)** by **Fitch Ratings international financial rating agency** in years 2022 & **2023**.

# DEVELOPMENT GOALS

# أهداف التنمية



# OUR APPROACH

At ADNTC, we strive to align ESG metrics with our business strategies and embed them within our business model. While constructing our business plan, we use the ESG metrics as a reference that complements our objectives and support them.

في شركة أبوظبي الوطنية للتكافل نحن نسعى لدمج معيير الاستدامة والتنمية لتكون جزءا من نموذج عملنا بحيث نضمنها في خطة الأعمال السنوية لدعم نهج أعمالنا.



# OUR STRATEGIC PILLARS AND ESG

# استراتيجتنا وأهداف الاستدامة

The value created at the UAE level by ADNTC's strategy and business model over time translates into economic and social development.

PROFITABILITY AND RETURNS

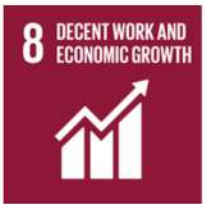
الربحية والعائدات

OPERATIONAL EFFICIENCY

فعالية العمليات

STAKEHOLDERS ' SATISFACTION

رضا أصحاب العلاقة

















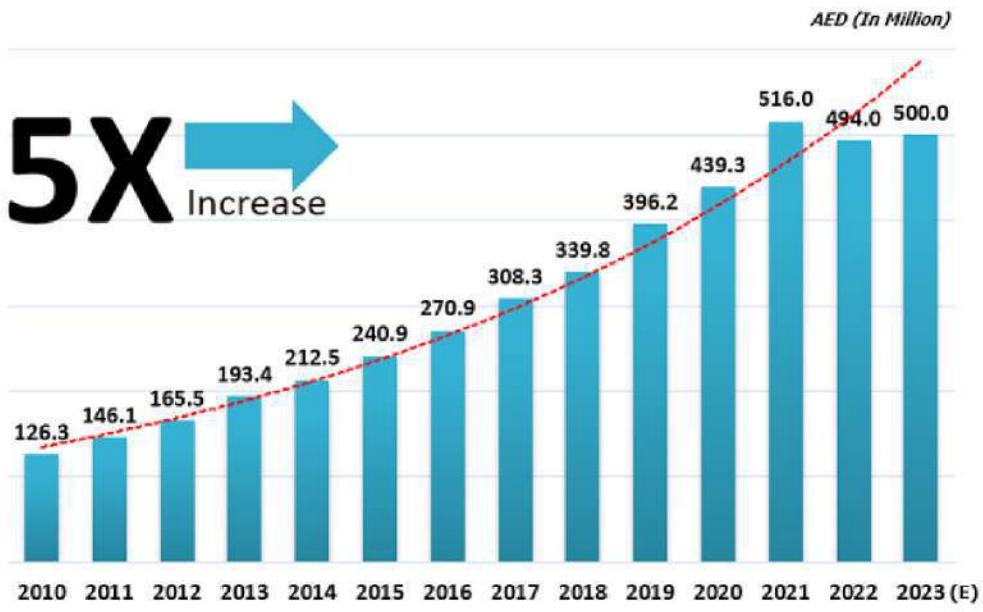




# PROFITABILITY & RETURNS الربحية والعائدات

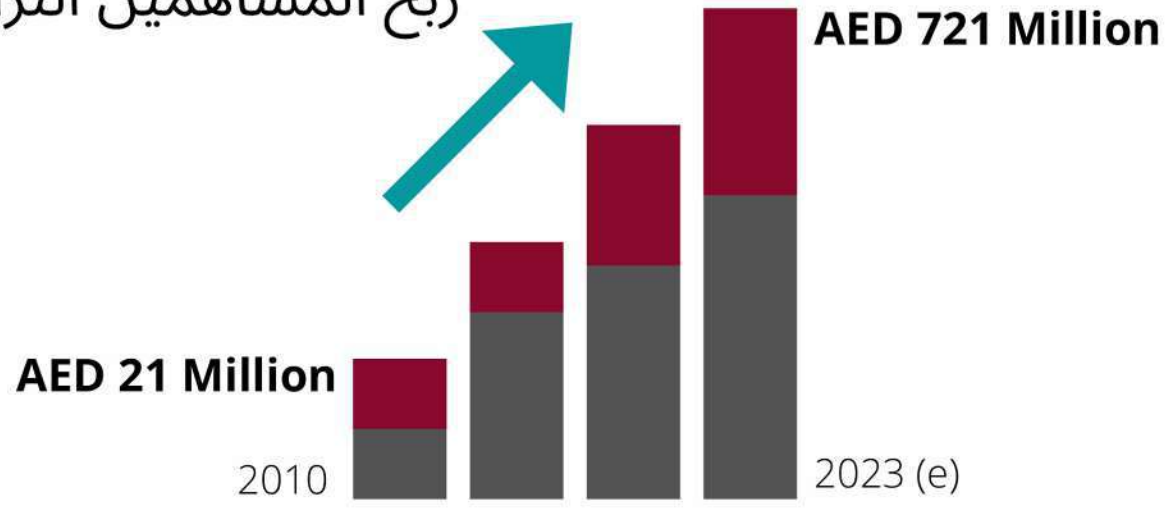
## Shareholders' Equity

## حقوق المساهمين




## Accumulated Shareholders Net Profit

## ربح المساهمين التراكمي



# Our Approach

Digital transformation has been our focus for the last three years in order to keep ADNTC updated with the emerging technologies in the Insurance industry.

While we embark on the digitization journey, we keep in mind what impact could renewed processes could have not only on our stakeholders', but also our environment.



# OPERATIONAL EFFICIENCY فعالية العمليات

# نهجنا

إن التحول الرقمي هو واحد من الركائز الأساسية التي نسعى لتطويرها منذ ثلاث سنوات بشكل مستمر للنهوض بالشركة على المستوى التقني لمواكبة أحدث التكنولوجيا الحديثة المتبعة في سوق التأمين.

وفي رحلة سعينا نحو التحول الرقمي فإن شركتنا تأخذ بعين الاعتبار أثر هذا التظور التكنولوجي على الأطراف ذات العلاقة وعلى بيئتنا.

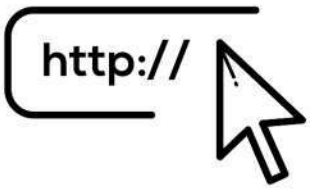


# OPERATIONAL EFFICIENCY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

## Digital Transformation

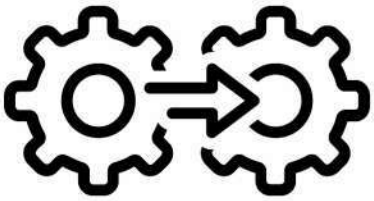
During 2023, we made sure that our stakeholders can reach us via multiple digital platforms with end-to end solutions:




New online portal for B2C & B2B products




Developed in house APIs for new business channels and regulators



Integration with Aggregator Shory Aber



24/7 support



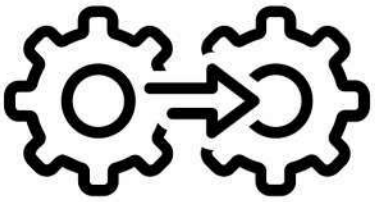
Pay Pay



**Towards Paperless Environment**

# التحول الرقمي

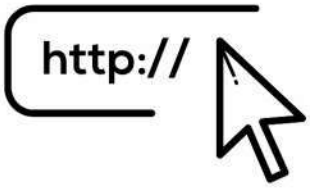
خلال عام 2023 عملنا بجهد لضمان استمرار عملياتنا لجميع الأطراف ذات العلاقة عن طريق عدة منصات رقمية:



ربط منافذ البيع ضمن نظام متكامل مع مواقع مقارنة أسعار خدمات التأمين شوري وعابر




تطوير داخلي لتقنيات الربط الالكتروني




منافذ بيع الكترونية جديدة للأعمال والأفراد



Pay Pay



24/7 support



Towards
Paperless Environment

# OPERATIONAL EFFICIENCY




Our partnership with Al Damani Motor Vehicles Manufacturing L.L.C, a subsidiary of M Glory Holding, not only enhances the eco-friendly aspect of our services but also strengthens our commitment to combating climate change and being part of UAE green initiatives and its goal to achieve zero-carbon omission.




The company implemented Work Flow, Document, Management & Printing System in its plan to become a paperless office.




The average electricity consumption for the year 2023 approx. 200.683 KWH

# فعالية العمليات







في سعينا لدمج معايير الاستدامة ضمن نموذج عملنا, قامت الشركة بعقد شراكة حصرية مع شركة دماني لتصنيع السيارات (مجموعة أم جلوري القابضة) حيث تقدم هذه الشراكة خدمات تأمين شامل وضد الغير للسيارات الكهربائية المجمعة في دولة الإمارات العربية المتحدة. كما يمثل هذا التعاون تجسيد لسياسة الدولة فيما يتعلق بالاستدامة البيئية الخضراء وأهداف تخفيض انبعاثات الكربون إلى صفر.




طبقت الشركة نظام إدارة الطباعة ضمن خطتها لقيادة عملياتها بلا أوراق




بلغ استهلاك متوسط استهلاك الطاقة الكهربائية للعام 2023 حوالي 200.683 كيلووات ساعة

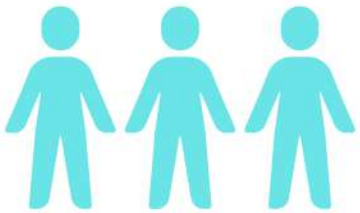








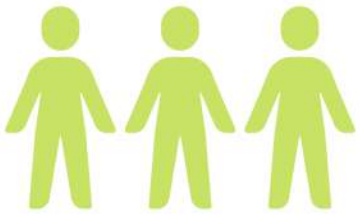

# STAKEHOLDERS' SATISFACTION



Employees



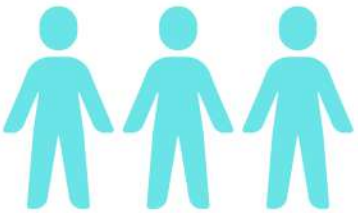
Customers



Shareholders

# STAKEHOLDERS' SATISFACTION

# رضا الأطراف ذات العلاقة



الموظفين



العملاء



المساهمين

# Health & Safety

## Employees:



Financial Well-being



Working from Home




Health Webinar
for all employees




Facilitated flu vaccine
for all employees

# STAKEHOLDERS' SATISFACTION
# رضا الأطراف ذات العلاقة

## الصحة والسلامة

### الموظفين:



العمل من المنزل



الأمان المالي




توفير لقاح الإنفلونزا
السنوي للموظفين وعائلاتهم




ندوات توعية صحية

# STAKEHOLDERS' SATISFACTION رضا الأطراف ذات العلاقة



Financial Well-being: Since the start of Covid-19 pandemic, the company didn't cut off employees salaries' .



Working from Home: the company implemented a quick risk assessment approach protecting the safety and well-being of all employees with effective working from home policy that ensures connectivity and operational efficiency.




Conducted Webinar for all our employees on updated Teleconsultation services from TruDoc, as part of our medical insurance policy.




Facilitated Flu Vaccine for all employees: The company facilitated vaccines for all its staff and their family members for Flu on an annual basis.

# STAKEHOLDERS' SATISFACTION رضا الأطراف ذات العلاقة



الأمان المالي: حرصت الشركة منذ بداية الأزمة حرصت الشركة على عدم اقتطاع أي مبلغ مالي من الرواتب الشهرية للموظفين خلال جائحة كوفيد19



العمل عن بعد: طبقت الشركة كإجراء احترازي سريع سياسة العمل من المنزل لضمان سلامة الموظفين وعائلاتهم وسير الأعمال بفعالية.




تعقد الشركة بشكل دوري ندوات صحية على تطبيق التشافي عن بعد الذي يشكل جزء من منظمة التأمين الصحي للموظفين وعائلاتهم.




توفر الشركة لقاح الإنفلونزا للموظفين وعوائلهم بشكل سنوي

# STAKEHOLDERS' SATISFACTION رضا الأطراف ذات العلاقة

## Customers:




In alignment with our commitment to sustainability, we've partnered with Al Damani Motor Vehicles Manufacturing L.L.C, a subsidiary of M Glory Holding. This collaboration introduces an eco-friendly element to our services. Beyond offering comprehensive and third-party liability motor insurance products to electric vehicles, this initiative is a step aligned with the UAE green strategy and environmentally sustainable zero-emission goals.

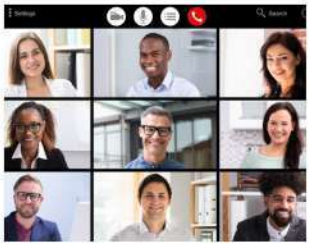


Awareness campaign on BASMAH Patient Support Program, an initiative by Dubai Health Insurance Corporation (DHA). Encouraging eligible Dubai residents to undergo free screening and treatment for Cancer, through eligible providers within their medical insurance network. Via sms. email and social media.



During the pandemic and up to now, customers were able to reach our staff for services and products by multiple touch points to ensure their safety within or after business hours.

## Shareholders:



The health and well-being of our shareholders' was protected by facilitating online meetings and e-signature ensuring business continuity at all times.

# STAKEHOLDERS' SATISFACTION
# رضا الأطراف ذات العلاقة

## العملاء



في سعينا لدمج معايير الاستدامة ضمن نموذج عملنا, قامت الشركة بعقد شراكة حصرية مع شركة دماني لتصنيع السيارات (مجموعة أم جلوري القابضة) حيث تقدم هذه الشراكة خدمات تأمين شامل وضد الغير للسيارات الكهربائية المجمعة في دولة الإمارات العربية المتحدة. كما يمثل هذا التعاون تجسيد لسياسة الدولة فيما يتعلق بالاستدامة البيئية الخضراء وأهداف تخفيض انبعاثات الكربون إلى صفر.

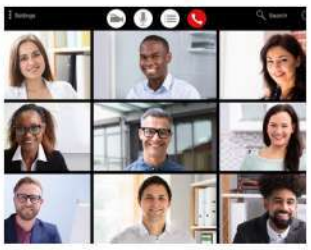


شاركت الشركة عبر حساباتها على مواقع التواصل الاجتماعي بدعم حملة بسمة لدعم المرضى وهي المبادرة التي تفدمها هيئة دبي للصحة. المبادرة تشجع قاطني مدينة دبي على إجراء فحوصات دورية للكشف المبكر عن مرض السرطان عبر سلسلة من مزودي التأمين الصحي.



اخلال الجائحة تمكنت شركتنا من الاستمرار بخدمة عملائها عبر عدة منصات لضمان سلامتهم وسير الأعمال خلال او بعد أوقات العمل.

## المساهمين



إن صحة وسلامة مساهمينا تقع ضمن أولوياتنا وقد حرصنا على سلامتهم عبر تسهيل الاجتماعات والتوقيعات بشكل الكتروني.

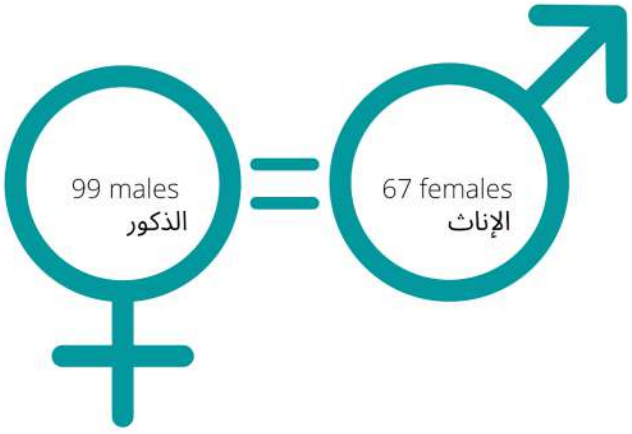
# STAKEHOLDERS' SATISFACTION
# رضا الأطراف ذات العلاقة

نحن فخورون بسياستنا المتبعة بما يخص المساواة بين الجنسين في نطاق العمل ونفخر بتزايد أعداد الإناث في المناصب الإدارية.



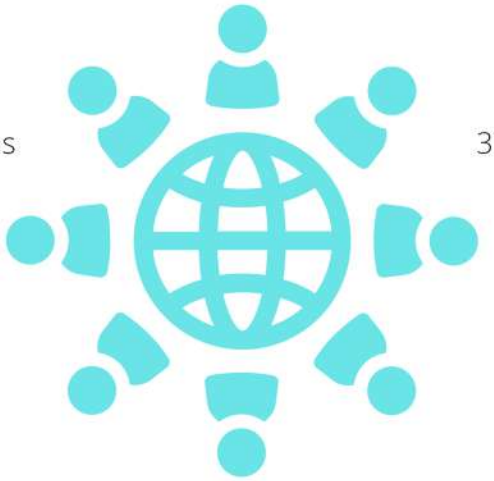
**We take pride in our approach towards gender equality at workplace which is evident by the increasing number of women leadership in managerial roles across all functions.**

## Headcount by Gender as at 31 Dec 2023




## Ethnic Diversity as at 31 Dec 2023

21.08% UAE Nationals



37.35% Arabs

41.57% Non-Arabs

# Training & Development

**One of the key drivers to our company's success over the years is our devoted attention to building employees' knowledge.**
**The company spent an average of AED 400,000 during 2023 for Training & Development.**



**CBUAE/ Insurance Authority/EI BFS**



**Inhouse-training**



**Sharing of Knowledge**

# التدريب والتطوير

**إن التدريب والتطوير هو عامل أساسي من عوامل نجاح شركتنا وقد حرصنا عبر السنوات على مساعدة موظفينا في بناء المعرفة وتوسيع آفاقهم.**

استثمار الشركة في تطوير وتدريب موظفيها هو إحدى أولوياتها وقد بلغ متوسط ما أنفقته الشركة على التدريب والتطوير 400 ألف درهم خلال عام 2023.



التدريب عبر المصرف المركزي ومركز الإمارات للدراسات المصرفية



التدريب الداخلي



برنامج مشاركة المعرفة

# Emiratization التوطين

تفخر الشركة بكونها إحدى الشركات المكرمة سنويا من الجهات المختصة لتميزها في التوطين متجاوزة النسب المطلوبة.

The company takes pride of its achievements in the Emiratization Program exceeding the targeted points on annual basis.




targeted points 55

وزارة الموارد البشرية والتوطين
MINISTRY OF HUMAN RESOURCES & EMIRATISATION

مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

# Training & Development
# التدريب والتطوير

I

In-house training is being encouraged for all employees by Head of Department's and senior managers on multiple and diversified topics. In addition, job rotation across departments is part of employees training program.

التدريب : نحن حريصون في شركتنا على تشجيع رؤساء الأقسام لتسجيل موظفيهم في عدة دورات تدريبية في مختلف المجالات. بالإضافة لذلك فإننا نطبق التناوب الوظيفي ليكتسب الموظفون المعرفة من عدة أقسام.

II

Special training programs are being delivered to employees on specific mandatory requirements such as: AML/CFT, Anti Bribery, Cyber Security, Code of Conduct and others.

يتم تزويد موظفينا بشكل دوري بالتدريبات المتعلقة بالمتطلبات الأساسية المتبعة من الهيئات ذات العلاقة مثل الامتثال الوظيفي ومكافحة غسيل الأموال والأمن السيبراني وغيرها.

IIII

All employees are scheduled on annual basis to pursue the courses offered by Central Bank of UAE and EIBFS to enhance business and insurance knowledge.

تحدد الشركة سنويا جدول تدريبي يشمل كل الموظفين للمواد والمواضيع التي توفرها كل من هيئة التأمين والمصرف المركزي و معهد الإمارات للدراسات المصرفية سواء في مجال التأمين أو إدارة الأعمال.

هـيـئـة التأمين
Insurance Authority

مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

Chartered Insurance Institute

eibfs
معهد الامارات للدراسات المصرفية والمالية
Emirates Institute for Banking and Financial Studies

# CORPORATE GOVERNANCE الحوكمة

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

## Our Approach:

At Abu Dhabi National Takaful, we strive to contentiously develop and monitor our corporate governance practices providing utmost transparency and long-term value to our shareholders.



# CORPORATE GOVERNANCE



We have amended our Article of Association (AOA) to meet the latest rules and regulations of ADX, CBUAE & SCA

حرصت الشركة على الالتزام بتعديل نظامها الأساسي ليتوافق مع قرارات الحوكمة الصادرة من ADX و SCA و CBUAE.

Abu Dhabi National Takaful company believe that corporate governance is an integral part of our progress and development.



- Special Procedures for corporate governance
- Internal Control Department
- Code of Professional Conduct
- Insider Trading Policy
- Board of Directors Declarations
- Whistle-blowing Policy

# CORPORATE GOVERNANCE



We have an evolving risk management framework that we consider a central part of our operation. Our Board of Directors receives periodical update on our risk position.
Our risk registrar is quarterly updated by the Internal control department in coordination with departmental risk champions.




We are ISO certified since 2019



AT ADNTC, we pay significant attention to good house-keeping with the following in place:

- Code of ethics
- Cyber Security Policy
- Conflict of Interest
- Anti-Money Laundry
- Departmental Policies and Procedures

**Abu Dhabi National Takaful Company P.S.C**

## TALK TO US

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www.takaful.ae
***ceo.office@takaful.ae***

بسم الله الرحمن الرحيم

# Annual Report of the Internal Shari'ah Supervision Committee of (Abu Dhabi National Takaful Company P.S.C)

**Issued on: Monday, February 26, 2024, corresponding to Shaban 16,1445**

**To: Shareholders of (Abu Dhabi National Takaful Company P.S.C) ("the Company")**

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Company ("ISSC") presents to you the ISSC's Annual Report for the financial year ending on 31 December **2023** ("Financial Year").

## 1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Company; and the Company's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between participants' accounts and shareholders' accounts ("Company's Activities") and issue Shari'ah resolutions in this regard, and

b. determine Shari'ah parameters necessary for the Company's Activities, and the Company's compliance with Islamic Shari'ah Provisions within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Company with Islamic Shari'ah Provisions.

The senior management is responsible for compliance of the Company with Islamic Shari'ah Provisions in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah Provisions") in all Company's Activities, and the Board bears the ultimate responsibility in this regard.

## 2. Shari'ah Standards

The ISSC shall comply with the Shari'ah standards issued and approved by the HSA.

**3. Duties Fulfilled by the ISSC During the Financial Year**

The ISSC conducted Shari'ah supervision and Shari'ah audit of the Company's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah control division, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening (Five) meetings during the year.
b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Company's Activities.
c. Reviewing and monitoring compliance of policies, procedures, accounting standards, operating model and product structures, contracts, documentation, business charters, and other documentation submitted by the Company to the ISSC for approval.
d. Reviewing the Takaful Insurance operating model, underlying contracts and supporting materials (e.g. underwriting and claims settlement manual/guidelines etc.).
e. Reviewing and approving the Company's products, services and marketing materials.
f. Reviewing and approving the policy and procedures that govern Takaful Insurance Accounts (e.g. segregation of accounts and transparent financial resources flow between the accounts etc.), surplus distribution, and deficit coverage.
g. Ensuring the compliance of the segregation between Takaful Insurance accounts and shareholders accounts, allocation of costs and expenditures on the accounts, and the underwriting surplus policy with Islamic Shari'ah Provisions.
h. Reviewing the financial statements of the Company to ensure compliance with Islamic Shari'ah provisions.
i. Reviewing the investment policy and approving the Shari'ah screening criteria to ensure the investment activities in both shareholders' accounts and participants' accounts, are comply with the Provisions of Islamic Shari'ah.
j. Reviewing the risk ceding arrangements of the participants' account with other insurance companies (Retakaful insurance, conventional reinsurance, co-insurance with Takaful insurance/conventional insurance companies) and confirming its compliance with Islamic Shari'ah Provisions.
k. Supervision and audit through the internal Shari'ah control division , of the Company's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
l. Providing guidance to relevant parties in the Company – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control division and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
m. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
n. Reviewing the Zakat calculation and specifying the amount of Zakat due on each share of the Company. The amount of Zakat per every Company share is around AED(**0.0825**) for the year ended 31/12/2023
o. Communicating with the Board and its subcommittees, and the senior management of the Company (as needed) concerning the Company's compliance with Islamic Shari'ah Provisions.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Company is compliant with Islamic Shari'ah Provisions.

**4. Independence of the ISSC**

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Company. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

**5. The ISSC's Opinion on the Shari'ah Compliance Status of the Company**

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah Provisions, the ISSC has concluded with a reasonable level of confidence, that the Company's Activities are in compliance with Islamic Shari'ah Provisions, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

**The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.**

Signatures of members of the Internal Shari'ah Supervision Committee of the Company

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| His Eminence Sheikh, Essam Muhammad Ishaq | Chairman of the Committee | |
| Sheikh Dr. Nizam Yaqoubi | Vice Chairman of the Committee | |
| Sheikh Dr. Osaid Al-Kaylani | Executive Committee member | |


Thank You