Integrated Report

Orient Takaful PJSC

Orient Takaful PJSC is delighted to announce its Integrated Report of 2024 which contain the following:

1- **Board of Directors' Report**
2- **Auditor's Report**
3- **Financial Statement of 2024**
4- **Corporate Governance Report**
5- **ESG Report**
6- **Shariah Supervisory Committee Report**

Orient Takaful P.J.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2024

Contents	*Pages*

Paid Up Capital: Dhs. 200,000,000

رأس المال المدفوع: ٢٠٠،٠٠٠،٠٠٠ درهم

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

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

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DEC 2024

MARKET OVERVIEW

The UAE's economic prospects are optimistic, with the Central Bank of the UAE having projected the country's GDP growth at 4.5% in 2025 & 5.5% in 2026. The IMF has projected that the UAE Economy to grow by 5.1% in 2025. This growth is driven by both oil as well as non-oil segments of the country's Gross Domestic Product. The country's economy continued to show its resilience during 2024 with real estate, tourism and transportation sectors playing a key role. The UAE insurance industry has benefited from this positive impact, as reflected in the 21% growth in the Insurance Revenue (based on published preliminary results for 2024). Thus, the outlook for the UAE Insurance Sector for 2025 and beyond remains positive.

OPERATING ENVIRONMENT

The company continues to grow and has achieved Takaful Contract revenue of AED 868 million in 2024 (AED 640 million in 2023), recording a 36% growth rate. The company continues to focus on expanding its strategic partnerships with all leading players in the market. The company is focused on continuing in this growth path, despite the very competitive market conditions by enhancing its partnerships to further improve its market share.

COMPANY'S OPERATIONAL PERFORMANCE

Our company is pleased to report that we have achieved a Net Profit of AED 65.4 million for the year 2024, recording a significant 30% increase from the previous year's net profit of AED 50.1 million. The company has been able to achieve this performance due to its prudent underwriting, careful management of claims and control of expenses. The company will continue to exercise these due diligence measures in order to further the growth. The results for the Policyholders' operations are at a net deficit of AED 168.4 million (Deficit of AED 126.2 million in 2023).

As a result of the above performance, the Shareholder's Equity has grown to AED 349.4 million (AED 284.0 million in 2023) demonstrating the Company's robust growth.

COMPANY RATING

We are also pleased to report that, the Company is continuing to sustain the following prestigious ratings, which are the same as that of our parent company Orient Insurance Co PJSC: --

- Financial Strength Rating of A (Excellent) by AM Best
- Financial Strength Rating of 'A+' by S & P Global ratings

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

Paid Up Capital: Dhs. 200,000,000

رأس المال المدفوع: ٢٠٠،٠٠٠،٠٠٠ درهم

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

REINSURANCE ARRANGEMENTS

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

FINANCIAL HIGHLIGHTS

Particulars	**2024** (AED '000s)	**2023** (AED '000s)	% Increase/ (Decrease) over 2023
Takaful Contract Revenue	867,587	639,820	36%
Takaful Service Expense	836,280	500,410	67%
Takaful Service Result	197,793	116,454	70%
Net Takaful Results	39,645	27,719	43%
Surplus / (Deficit) from Takaful Operations Before Wakala Fee	205,052	119,565	72%
Policyholder Surplus /(Deficit)	(168,414)	(126,239)	33%
Income from Wakala Deposits	32,152	22,402	44%
Net profit / (Loss) after Tax and after Qard Hassan	65,367	50,121	30%
Total Assets	1,573,398	1,073,989	47%
Share Capital	200,000	200,000	-
Shareholders' Equity	349,372	284,004	23%

Company's Outlook

Drawing on our performance during 2024, we are confident that we will be able to reach a larger segment of the clientele and expand our footprints by strategic initiatives and beneficial partnerships.

Acknowledgments

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

Chairman

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P.L. No. 108937

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENT TAKAFUL P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Orient Takaful P.J.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the 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 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENT TAKAFUL P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of takaful contract assets/ liabilities and retakaful contract assets/ liabilities	
The valuation of takaful contract assets and liabilities, as well as retakaful contract assets and liabilities, is considered to be a key audit matter due to its significance to the financial statements as a whole. The Company applies the Premium Allocation Approach (PAA) and this involves significant judgments in assessing the eligibility of the contracts to use PAA, estimating future cash flows, and determining the liability for remaining coverage. Actuarial assumptions and models are essential to these valuations and the presence of estimation uncertainty involved in these assumptions may result in material misstatement. Note 22 to the financial statements describes the elements that make up the takaful assets/ liabilities as well as retakaful contract assets and liabilities.	The work that we performed to address this key audit matter, included the following procedures: • We obtained an understanding and evaluated the Company's process for determining the key actuarial assumptions; • We involved our EY actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the actuarial balances; • We evaluated the data used in the actuarial calculations by substantiating it to source documentation; • We tested on a sample basis, key inputs which includes contribution received, claims paid and commission income by comparing them to appropriate documentation, such as policy documents, reports from loss adjusters, retakaful contracts etc; • We evaluated the calculations, methodology and the underlying assumptions used in loss component assessment and risk adjustment; and • We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS.

Other information

Other information consists of the information included in the Board of Directors' Report and in the Company's 2024 Annual Report, other than the financial statements and our auditor's report thereon. We obtained the Board of Directors' Report prior to the date of our auditor's report, and we expect to obtain the Company's 2024 Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the 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 obtained prior to the date of the 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENT TAKAFUL P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Company's Articles of Association and the UAE 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 Director's 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.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENT TAKAFUL P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2024:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2024, if any, are disclosed in Note 1 to the financial statements;

vi) note 17 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2024; and

viii) note 23.1 reflects the social contributions made during the year, if any.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORIENT TAKAFUL P.J.S.C. (continued)

Report on other legal and regulatory requirements (continued)

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 the audit.

For Ernst & Young

Thodla Harigopal
Registration No.: 689

17 March 2025

Dubai, United Arab Emirates

Orient Takaful P.J.S.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	***31 December 2024 AED***	*31 December 2023 AED*
TAKAFUL OPERATIONS' ASSETS			
Cash and cash equivalents	12	**56,480,996**	45,361,883
Wakala deposits	10	**311,069,575**	199,000,000
Receivable from shareholders	15	**-**	1,802,191
Other receivable and prepayments	9	**249,900**	162,361
Takaful contract assets	22	**2,055,736**	36,474,481
Retakaful contract assets	22	**779,351,605**	465,632,602
Total takaful operations' assets		**1,149,207,812**	748,433,518
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	12	**2,353,160**	2,546,521
Wakala deposits	10	**315,296,453**	297,475,000
Statutory deposit	10	**6,000,000**	6,000,000
Other receivables and prepayments	9	**25,668,711**	16,335,139
Receivable from related party	17	**629,701**	376,431
Property and equipment	13	**6,332,643**	2,236,310
Intangible assets	14	**388,495**	585,957
Receivable from policyholders	15	**67,521,040**	-
Total shareholders' assets		**424,190,203**	325,555,358
TOTAL ASSETS		**1,573,398,015**	1,073,988,876
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
TAKAFUL OPERATIONS' LIABILITIES			
Retakaful contract liabilities	22	**17,485,506**	64,036,344
Takaful contract liabilities	22	**1,064,201,266**	684,397,174
Payable to shareholders	15	**67,521,040**	-
Total takaful operations' liabilities		**1,149,207,812**	748,433,518
TAKAFUL OPERATIONS' DEFICIT			
Deficit in policyholders' fund	16	**(538,089,080)**	(369,675,365)
Provision against Qard Hassan	16	**538,089,080**	369,675,365
Total takaful operations' liabilities and deficit		**-**	-
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Other payables	11	**55,291,778**	28,883,890
Corporate tax payable	24	**6,430,102**	-
Related parties payable	17	**10,445,126**	8,461,910
Employees' end of service benefits	18	**2,651,295**	2,402,931
Payable to policyholders	15	**-**	1,802,191
Total shareholders' liabilities		**74,818,301**	41,550,922

The attached notes 1 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2024

	Notes	***31 December 2024 AED***	*31 December 2023 AED*
SHAREHOLDERS' EQUITY			
Share capital	20	**200,000,000**	200,000,000
Share premium	20	**1,198,390**	1,198,390
Statutory reserve	21	**16,827,022**	10,290,275
Retakaful risk reserve	21	**11,352,842**	7,429,261
Retained earnings		**119,993,648**	65,086,510
Total shareholders' equity		**349,371,902**	284,004,436
Total shareholders' liabilities and equity		**424,190,203**	325,555,358
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY		**1,573,398,015**	1,073,988,876

The financial statements were approved and authorised for issue by Board of Directors on 17 March 2025 and signed on their behalf by

Chairman	Chief Executive Officer	Head-Finance

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	***2024*** ***AED***	*2023* *AED*
Takaful contract revenue	22	**867,587,167**	639,820,327
Takaful service expenses (excluding commission)	22	**(682,963,563)**	(415,659,525)
Net income/ (expense) from retakaful contracts held	22	**13,168,918**	(107,707,173)
Takaful service result		**197,792,522**	116,453,629
Finance expenses from takaful contracts issued	22	**(12,492,496)**	(8,837,216)
Finance income from retakaful contracts held	22	**10,719,505**	7,754,010
Net Takaful finance expenses		**(1,772,991)**	(1,083,206)
Wakala fees	15	**(373,466,096)**	(245,804,687)
Profit from wakala deposits	10	**13,896,154**	6,453,528
Mudarib fee expense		**(4,863,304)**	(2,258,735)
Net Takaful and investment result from Takaful operation		**(168,413,715)**	(126,239,471)
Wakala fees income from policyholders	15	**373,466,096**	245,804,687
Profit from wakala deposits	10	**18,256,157**	15,948,547
Mudarib income from policyholders		**4,863,304**	2,258,735
Other operating expenses		**(2,239,757)**	(2,043,911)
Takaful service expenses	22	**(153,315,950)**	(84,750,907)
Net credit impairment losses on deposits		**(818,567)**	(856,492)
Profit for the year before Qard Hassan		**240,211,283**	176,360,659
Provision against Qard Hassan to policyholders' fund	16	**(168,413,715)**	(126,239,471)
PROFIT FOR THE YEAR BEFORE TAX ATTRIBUTABLE TO SHAREHOLDERS		**71,797,568**	50,121,188
Income tax expense	24	**(6,430,102)**	-
Profit for the year after tax		**65,367,466**	50,121,188
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**65,367,466**	50,121,188
Earnings per share (AED)	25	**32.68**	25.06

The attached notes 1 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital AED	*Share premium AED*	*Statutory reserve AED*	*Retakaful risk reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 31 December 2022	200,000,000	1,198,390	5,278,156	5,003,707	22,402,995	233,883,248
Profit for the year	-	-	-	-	50,121,188	50,121,188
Transfer from retained earnings to retakaful risk reserve and statutory reserve (Note 21)	-	-	5,012,119	2,425,554	(7,437,673)	-
As at 31 December 2023	200,000,000	1,198,390	10,290,275	7,429,261	65,086,510	284,004,436
Profit for the year	-	-	-	-	65,367,466	65,367,466
Transfer from retained earnings to retakaful risk reserve and statutory reserve (Note 21)	-	-	6,536,747	3,923,581	(10,460,328)	-
Balance as at 31 December 2024	**200,000,000**	**1,198,390**	**16,827,022**	**11,352,842**	**119,993,648**	**349,371,902**

The attached notes 1 to 33 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	*2024* *AED*	*2023* *AED*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**71,797,568**	50,121,188
Adjustment for:			
Depreciation of property and equipment	13	**1,562,554**	1,500,233
Amortisation of intangible assets	14	**197,462**	259,242
Provision for employees' end of service benefits	18	**648,110**	654,565
Impairment credit loss		**818,567**	856,492
Finance costs on lease liabilities	19	**211,083**	86,936
Profit from wakala deposits	10	**32,152,311**	22,402,075
Operating cash flows before movements in working capital		**107,387,655**	75,880,731
Change in:			
Retakaful contract assets		**(313,719,003)**	(74,722,219)
Takaful contract assets		**34,418,745**	(12,124,881)
Other receivables and prepayments		**(9,493,911)**	(13,338,450)
Due from related parties (relating to shareholders)		**(253,270)**	689,339
Takaful contract liabilities		**379,804,092**	119,804,278
Retakaful contract liabilities		**(46,550,838)**	13,742,060
Due to related parties (relating to shareholders)		**1,983,216**	3,971,245
Accruals, provisions and other payables		**21,391,120**	19,419,448
Net cash generated from operating activities		**174,967,806**	133,321,551
Employees' end of service benefits paid	18	**(399,746)**	(142,506)
Net cash generated from operations		**174,568,060**	133,179,045
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	13	**(58,853)**	(154,383)
Sale of property and equipment	13	**9,356**	-
Purchase of intangible asset	14	**-**	(643,125)
Profits received from wakala deposit		**(32,079,511)**	(22,278,137)
Deposit with Islamic bank	10	**(629,543,747)**	(499,000,000)
Maturity of deposits with Islamic financial institution	10	**499,000,000**	365,000,000
Net cash used in investing activities		**(162,672,755)**	(157,075,645)
CASH FLOW FROM FINANCING ACTIVITY			
Payment of lease liabilities	19	**(969,553)**	(1,302,095)
Net cash used in financing activity		**(969,553)**	(1,302,095)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,925,752**	(25,198,695)
Cash and cash equivalents at 1 January		**47,908,404**	73,107,099
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2024 (NOTE 12)		**58,834,156**	47,908,404

The attached notes 1 to 33 form part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

Orient Takaful P.J.S.C (the “Company”) is a public joint stock company registered under UAE Federal Law No. (32) of 2021 relating to the incorporation of commercial companies in the UAE. The Company is subject to the regulations of the UAE 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 92.

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

On 2 October 2023, the UAE Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities was issued and came into effect on 30 November 2023 which repealed the UAE Federal Law No. 6 of 2007. The Companies must within a period not exceeding (6) six months from the date of the enforcement of its provisions from 30 November 2023 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. 48 of 2023.

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

The Company has not purchased any shares during the year ended 31 December 2024.

During 2021, Orient Insurance P.J.S.C, a public joint stock company incorporated in Dubai, United Arab Emirates acquired shares of the Company from Abu Dhabi Commercial Bank PJSC and Al Wifaq Finance Company to become the parent company. As a result the Parent Company had increased their shareholding from 34.85% to 83.91% and had taken control over the Company. The Parent Company's ultimate parent company is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

During the year 2022, the Parent Company Orient Insurance P.J.S.C has further acquired shareholdings of Orient Takaful P.J.S.C and has increased their equity interest from 83.91% to 95.78%.

As at reporting date the shareholding patterns are as follows:

	31 December 2024 AED	*31 December 2023 AED*
Orient Insurance P.J.S.C	**95.78%**	95.78%
Others	**4.22%**	4.22%
	100.00%	100.00%

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with applicable requirements of UAE Federal Decree Law No. (32) of 2021 (“Companies Law”), relating to commercial companies and the UAE Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the CBUAE and the UAE Board of Directors’ Decision No. (25) of 2014.

The name of the Company was changed from Orient UNB Takaful P.J.S.C to Orient Takaful P.J.S.C with effect from 31 May 2022, which was approved by the Central Bank of UAE.

The Company’s statement of financial position is not presented using a current / non-current classification. However, the balances which would generally be classified as current includes bank balances and cash and other receivables. The balances which would generally be classified as non-current includes property and equipment, intangible assets, employees’ end of service benefits and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): wakala deposits, prepayments and other receivables, retakaful contract assets, retakaful contract liabilities, takaful contract liabilities and other payables.

2 BASIS OF PREPARATION (continued)

b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for takaful and retakaful contracts which are measured as a sum of the fulfilment cash flows, which represent the risk-adjusted present value of estimates of expected cash flows.

c) Functional and presentation currency

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

d) Use of estimates and judgments

In preparing the financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2023, except as noted in Note 3.1.1 and Note 3.1.2 to the financial statements.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Application of new and revised International Financial Reporting Standards (“IFRS”)
3.1.1 New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised IFRS effective in the year did not have any significant impact.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on 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 — Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

In June 2023, the International Sustainability Standards Board released its first two sustainability disclosure standards, which are effective for annual reporting periods beginning on or after 1 January 2024:
- IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2: Climate-related Disclosures

The Company is still assessing the impact of the IFRS S1 and IFRS S2 on the financial statements.

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

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Takaful Contracts

A takaful contract is a contract under which one party (the issuer) 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.

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 did not occur. Takaful contracts can also transfer financial risk. The Company issues non-life takaful to individuals and businesses.

In the normal course of business, the Company uses retakaful to mitigate its risk exposures. A retakaful contract transfers significant risk if it transfers substantially all of the takaful risk resulting from the insured portion of the underlying takaful contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to takaful contracts in the financial statements apply to takaful contracts issued or acquired and retakaful contracts held unless specifically stated otherwise.

The Company assesses its non-life takaful and retakaful products 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.

Level of Aggregation
IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company manages takaful contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All takaful contracts within a product line 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.

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.

Portfolios of retakaful contracts held are assessed for aggregation separately from portfolios of takaful contracts issued. Applying the grouping requirements to retakaful contracts held, the Company aggregates retakaful 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.

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

a) the beginning of the coverage period;
b) the date when the first payment from the policyholder is due or received, if there is no due date; or
c) 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:

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
3.2 Takaful Contracts (continued)

Separating components from takaful and retakaful contracts
The Company assesses its takaful and retakaful 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 boundaries
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:

a) 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

b) The pricing of the contributions up to the date when the risks are reassessed does not consider 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.

Measurement
IFRS 17 establishes new principles for the measurement of Takaful revenues, assets and liabilities arising from Takaful Contracts. Below are the measurement models under IFRS 17:

1) General Measurement Model - Default Model based on Best estimate of Future Cash Flows and Risk adjustment
2) Variable Fee Approach - a modification to GMM or contracts with direct participation features (DPF)
3) Premium Allocation Approach - a simplified approach as an option for contracts with shorter duration. (<= 12 months)

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

	IFRS 17 options	*Adopted approach*
Takaful acquisition cas flows for Takaful Contract issued	For contracts measured under PAA, 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 amortized over the coverage period of the related group.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	For contracts measured under 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 premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For contracts measured under the PAA, there is no allowance as the contributions are expected to be received within one year of the coverage period.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
3.2 Takaful Contracts (continued)

Measurement (continued)

	IFRS 17 options	*Adopted approach*
Liability for Incurred Claims (“LIC”) adjusted for time value of money	For contracts measured under 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.	For all contracts, the Company discounts the LIC for the time value of money.
Takaful finance income and expenses	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.	The Company includes all takaful finance income or expenses for the year in profit or loss.
Disaggregation of risk adjustment	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 disaggregates changes in the risk adjustment for non- financial risk between takaful service result and takaful finance income or expenses.
Presentation of income / (expense) from retakaful contracts held	IFRS 17 allows an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	The Company has elected to present a single net amount in net expenses from retakaful contracts held.

Takaful Contract measured under PAA – Initial and subsequent measurement
The Company applies the premium allocation approach (PAA) to all the takaful contracts that it issues and retakaful contracts that it holds, as:

a) 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

b) 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:
a) The contributions, if any, received at initial recognition
b) Minus any takaful acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
c) Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
d) 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.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Takaful Contracts (continued)

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

Retakaful 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 retakaful contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of retakaful contracts held are assessed for aggregation separately from portfolios of takaful contracts issued. Applying the grouping requirements to retakaful contracts held, the Company aggregates retakaful 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 retakaful contracts held is recognised as follows:
If the retakaful 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 retakaful contracts. However, if the Company recognises an onerous group of underlying takaful contracts on an earlier date and the related retakaful contract was entered into before that earlier date, then the group of retakaful 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 retakaful assets for a group of retakaful contracts that it holds on the same basis as takaful contracts that it issues. However, they are adapted to reflect the features of retakaful contracts held that differ from takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

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 retakaful 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 retakaful 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 retakaful contracts held where some contracts in the underlying group are not covered by the group of retakaful 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Takaful Contracts (continued)

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. The Company estimates at a portfolio level, takaful acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Discount rates
The Company has elected to use EIOPA (European Insurance and Occupational Pensions Authority) Discount rates in the currency of the takaful contract liabilities.

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 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.

Presentation of Financial Statements
For presentation in the statement of financial position, the Company aggregates portfolios of takaful and retakaful contracts issued and retakaful contracts held and presents separately, the carrying amount of:

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

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

IFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expense
- Income or expenses from retakaful contracts held
- Takaful finance income or expenses
- Retakaful finance income or expenses
- Net takaful finance income or expenses

Takaful revenue
The Takaful revenue for the year is the amount of expected contribution receipts (excluding any investment component) allocated to the year. The company allocates the expected contribution receipts to each period of coverage on the basis of the passage of time, but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred takaful service expenses.

The company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Takaful service expense
Takaful service expense includes expenses such as claims payments, policy acquisition costs, underwriting expenses, and other costs directly related to fulfilling the obligations under takaful contracts.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Takaful Contracts (continued)

Loss components
The company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of takaful contracts is onerous, the company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts, the loss component will be zero.

Takaful and retakaful finance income and expenses
Takaful Finance Income or Expenses comprise the change in the carrying amount of the group of takaful contracts arising from:

- The effect of the time value of money and changes in time value of money; and
- The effect of financial risk and changes in financial risk

The company disaggregates takaful finance income or expenses in the profit or loss. The impact of changes in market profit rates on the value of the takaful assets and liabilities are reflected in the profit or loss.

Income or expenses from retakaful contracts held
The company presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from retakaful operators, and an allocation of retakaful contributions paid. The company treats retakaful cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retakaful contract held.

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.

Significant Judgements and Estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2023. Further details on judgements and estimates are also included in Note 6.

Onerosity determination
IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Company assesses the Onerosity considering the factors such as:

a) the expected ratio of claims to contributions (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its takaful obligations.

Discounting
For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. This is adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the takaful contract. The Company has elected to use EIOPA (European Insurance and Occupational Pensions Authority) discount rates in the currency of the takaful contract liabilities.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Takaful Contracts (continued)

Time value of money
The Company adjusts the carrying amount of the takaful contracts liabilities and retakaful 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, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free curve itself will either be derived by the Company from risk free assets in the market, or the Company may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

Liability for Incurred Claims
The Company will calculate the LFIC as follows:
- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER.
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.
- Adjustment for the time value of money.
- Risk adjustment for non-financial risks.

Measurement of the expected credit loss ("ECL") allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Revenue (other than takaful revenue)

Revenue (other than takaful revenue) comprises the following:

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

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

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

3.4 Property and equipment

i) Recognition and measurement

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

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

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

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

ii) Subsequent costs

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

iii) Depreciation

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

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

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Property and equipment (continued)

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

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

3.5 Intangible assets

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

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

3.6 Taxes

Income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Taxes (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

International Tax Reform - Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules”) designed to address the tax challenges arising from the digitalisation of the global economy.

The Company is not in scope of Pillar Two legislation as it operates in a jurisdiction that has substantively enacted Pillar Two legislation and but its consolidated revenue does not exceed €750 million threshold.

UAE, where the head quarter of the Company is based, published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 24 November 2023, as part of its commitment to the OECD guidelines.

The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. The implementation of these rules in the UAE is still pending additional Cabinet Decisions, and the specific form and manner of implementation are yet to be determined.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Taxes (continued)

International Tax Reform - Pillar Two model rules (continued)

Separately, on 9 December 2024, the UAE Ministry of Finance (MoF) announced further amendments to Federal Decree-Law No. 47 of 2022, including the implementation of a Domestic Minimum Top-up Tax (DMTT) and the introduction of certain tax incentives. According to the MoF, these amendments aim to enhance the UAE's business environment and promote greater compliance with global standards for transparency and fairness. Press reports indicate that the DMTT will impose a minimum effective tax rate of 15% on multinational enterprises (MNEs) with global revenues exceeding €750 million in at least two of the last four financial years, effective from 1 January 2025. The MoF is expected to provide further details on the legislation therefore no top-up tax is applicable for the financial year ended 31 December 2024.

As of 31 December 2024, the Company is in the process of assessing the potential exposure to Pillar Two income taxes in jurisdictions where the legislation will be effective from 1 January 2025. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Company expects to be in a position to report the potential exposure in Q1 2025.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Company has applied this mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

3.7 Foreign currency transactions

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

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

3.8 Employee terminal benefits

Defined benefit plan

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

Defined contribution plan

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.9 Leases

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

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

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

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

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

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

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.10 Earnings per share

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

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

3.11 Provisions

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

3.12 Cash and cash equivalents

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

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

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

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

4 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

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

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

Impairment
Impairment of financial assets carried at amortised cost

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

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

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

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

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

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

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

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

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

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

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

5 RISK MANAGEMENT

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

i) Governance framework

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

ii) Risk management framework

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

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

iii) Capital management framework

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2024.

iv) Regulatory framework

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

5 RISK MANAGEMENT (continued)

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The CBUAE via Board of Directors' Decision No. (25) of 2014 dated 28th December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE. Also UAE Federal Decree Law No. 48 of 2023 was issued regarding the regulation of Insurance activities. The major highlights of the new regulation are summarised in the below table:

Regulation

a) Basis of Investing the Rights of the Policy Holders

b) Solvency Margin and Minimum Guarantee Fund

c) Basis of calculating the technical provisions

d) Determining the Company's assets that meet the accrued takaful liabilities

e) Records which the Company shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority

f) Principles of organising accounting books and records of the Company, agents and brokers and determining data to be maintained in these books and records

g) Accounting policies to be adopted and the necessary forms needed to be prepared and present reports and financial statements"

v) Asset liability management ("ALM")

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

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

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

a) Takaful risks

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

- Liability	- Medical
- Property	- Marine
- Motor	- Engineering
- Property	- Casualty

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

The above risk exposure is mitigated by diversification across a large portfolio of takaful contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements. The Company only issue short term takaful contracts in connection with property, motor, marine, casualty and medical risks.

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

5 RISK MANAGEMENT (continued)
a) Takaful risks(continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

5 RISK MANAGEMENT (continued)
a) Takaful risks (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 RISK MANAGEMENT (continued)
a) Takaful risks (continued)
***Retakaful strategy* (continued)**

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

	31 December 2024		*31 December 2023*	
Type of risk	***Gross Loss ratio***	***Net Loss ratio***	*Gross Loss ratio*	*Net Loss ratio*
Commercial	**83%**	**53%**	65%	58%
Consumer	**63%**	**52%**	50%	64%

The Company has an overall risk retention level of 26% (31 December 2023: 29%) and this is mainly due to overall low retention levels in commercial lines. Despite these low retention levels on commercial lines, due to the unpredictability in events and their extreme volatility, large events stress the performance of the Company despite transferring risks to other parties. For all lines of business, the Company is adequately covered by excess of loss retakaful programs to guard against any major financial impact.

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

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions as well. The Company has evaluated all business interruption policies in force for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company and specific policy exclusions. Furthermore, the Company has been able to retain major customers during the year ended 31 December 2024 and has generally witnessed renewals and new business across major lines of businesses.

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, certain claims are settled over a long period of time.

The estimation of cost of claims 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 and changing situation during the claim evaluation. 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 possible that the final outcome will prove to be different from the original liability established. The amount of takaful claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

Where possible, the 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 projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident

5 RISK MANAGEMENT (continued)

a) Takaful risks (continued)

***Sources of uncertainty in the estimation of future claim payments*(continued)**
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 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 claims inflation.

Process used to decide on assumptions
The risks associated with takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Company uses assumptions based on a mixture of internal and market data to measure its claims liabilities. Internal data is derived mostly from the Company's 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 line of business 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 Company uses several statistical methods and actuarial techniques to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The three methods more commonly used are the Chain Ladder, Expected Loss Ratio and the Bornhuetter-Ferguson methods.

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

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

Expected Loss Ratio method (ELR) is used to determine the projected amount of claims, relative to earned contributions. ELR method is used for line of businesses that lack past data, while the chain ladder method is used for stable businesses. In certain instances, such as new lines of business, the ELR method may be the only possible way to figure out the appropriate level of loss reserves required.

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

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

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

5 RISK MANAGEMENT (continued)

a) Takaful risks (continued)

Claims development table – Gross

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Accident year	*2020 & Prior* *AED*	*2021* *AED*	*2022* *AED*	*2023* *AED*	*2024* *AED*	***Total*** ***AED***
At the end of accident year	133,742,637	150,509,353	218,823,522	429,117,763	764,956,560	**764,956,560**
One year later	92,745,584	122,717,826	205,588,642	355,056,838	-	**355,056,838**
Two years later	86,857,989	107,193,229	226,773,127	-	-	**226,773,127**
Three years later	87,281,241	105,760,511	-	-	-	**105,760,511**
Four years later	83,227,660	-	-	-	-	**83,227,660**
Current estimate of cumulative claims	**83,227,660**	**105,760,511**	**226,773,127**	**355,056,838**	**764,956,560**	**1,535,774,696**
At the end of accident year	(22,795,560)	(24,406,625)	(22,390,946)	(166,551,532)	(277,511,738)	**(513,656,401)**
One year later	(18,272,185)	(20,533,712)	(57,454,559)	(104,342,323)	-	**(200,602,779)**
Two years later	(14,992,641)	(36,562,869)	(28,543,654)	-	-	**(80,099,164)**
Three years later	(7,743,044)	(2,867,198)	-	-	-	**(10,610,242)**
Four years later	(6,332,554)	-	-	-	-	**(6,332,554)**
Cumulative payments to date	**(70,135,984)**	**(84,370,404)**	**(108,389,159)**	**(270,893,855)**	**(277,511,738)**	**(811,301,140)**
Total	**13,091,676**	**21,390,107**	**118,383,968**	**84,162,983**	**487,444,822**	**724,473,556**
Effect of discounting						(42,077,343)
Effect of Risk Adjustment						34,317,627
Others (ULAE + Claims Payable)						56,596,687
Total Gross liabilities for incurred claims (Note 22)						**773,308,423**

5 RISK MANAGEMENT (continued)

a) Takaful risks (continued)

Claim development table – Net

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

Accident year	*2020 & Prior AED*	*2021 AED*	*2022 AED*	*2023 AED*	*2024 AED*	*Total AED*
At the end of accident year	30,245,828	30,361,711	31,013,831	107,205,106	122,962,054	122,962,054
One year later	18,679,842	20,349,849	41,824,918	113,371,448	-	113,371,448
Two years later	21,702,447	19,494,604	39,451,492	-	-	39,451,492
Three years later	22,869,294	21,842,957	-	-	-	21,842,957
Four years later	18,286,867	-	-	-	-	18,286,867
Current estimate of cumulative claims	**18,286,867**	**21,842,957**	**39,451,492**	**113,371,448**	**122,962,054**	**315,914,818**
At the end of accident year	(11,528,016)	(11,642,668)	(10,094,643)	(74,853,442)	(73,794,619)	(181,913,388)
One year later	(3,043,988)	(3,113,068)	(15,611,515)	(25,853,335)	-	(47,621,906)
Two years later	13,082	(335,048)	(2,192,380)	-	-	(2,514,346)
Three years later	(118,808)	(961,686)	-	-	-	(1,080,494)
Four years later	(713,921)	-	-	-	-	(713,921)
Cumulative payments to date	**(15,391,651)**	**(16,052,470)**	**(27,898,538)**	**(100,706,777)**	**(73,794,619)**	**(233,844,055)**
Total	**2,895,216**	**5,790,487**	**11,552,954**	**12,664,671**	**49,167,435**	**82,070,763**
Effect of discounting						(4,623,774)
Effect of Risk Adjustment						4,547,368
Others (ULAE + Claims Payable)						24,639,799
Total Net liabilities for incurred claims (Note 22)						**106,634,156**

5 RISK MANAGEMENT (continued)

b) Financial risk

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

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

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

i) Credit risk

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

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

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

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

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

	31 December 2024 AED	*31 December 2023 AED*
Takaful operations' assets		
Bank balances	**56,480,996**	45,361,883
Wakala deposit	**311,069,575**	199,000,000
Receivable from shareholders	**-**	1,802,191
Other receivable and prepayments	**249,900**	162,361
	367,800,471	246,326,435
Shareholders' assets		
Bank balances	**2,353,160**	2,546,521
Other receivables	**25,668,711**	16,335,139
Wakala deposit	**315,296,453**	297,475,000
Statutory deposit	**6,000,000**	6,000,000
Due from related parties	**629,701**	376,431
Receivable from policyholders	**67,521,040**	-
	417,469,065	322,733,091

5 RISK MANAGEMENT (continued)

b) Financial risk (continued)

i) Credit risk (continued)

The ageing analysis of takaful, retakaful and other receivables and due from related parties relating to takaful operations' is as follows which are included within Takaful /Retakaful Contract Assets and Liabilities in Note 22:

	31 December 2024 AED	*31 December 2023 AED*
0 - 30 days	**94,362,121**	28,570,086
31 - 90 days	**115,268,766**	62,314,903
91 - 180 days	**46,856,146**	33,778,274
181 - 270 days	**22,591,960**	13,420,251
271 - 360 days	**8,625,354**	4,104,556
More than 360 days	**15,232,472**	10,347,244
Less: Allowance for doubtful debts	**(7,930,869)**	(7,930,869)
	295,005,950	144,604,445

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

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

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

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

ii) Liquidity risk

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

Maturity profiles

Maturity analysis (contractual undiscounted cash flow basis)

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual cash flows.

31 December 2024

	Less than 1 year AED	***1 year to 5 years AED***	***More than 5 years AED***	***No stated maturity AED***	***Total AED***
Takaful operations' assets					
Bank balances	56,821,746	-	-	-	56,821,746
Wakala deposit	312,632,739	-	-	-	312,632,739
Total takaful operations' assets	**369,454,485**	**-**	**-**	**-**	**369,454,485**

5 RISK MANAGEMENT (continued)

b) Financial risk (continued)

ii) Liquidity risk (continued)

Maturity profiles (continued)
Maturity analysis (contractual undiscounted cash flow basis) (continued)

31 December 2024

	Less than 1 year AED	***1 year to 5 years AED***	***More than 5 years AED***	***No stated maturity AED***	***Total AED***
Shareholders' assets					
Cash and bank balances	2,366,267	-	-	-	2,366,267
Other receivables and prepayments	25,918,611	-	-	-	25,918,611
Wakala deposit	316,911,008	-	-	-	316,911,008
Statutory deposit	-	-	-	6,000,000	6,000,000
Receivable from Related party	629,701	-	-	-	629,701
Due from policyholders	67,521,040	-	-	-	67,521,040
Total shareholders' assets	**413,346,627**	**-**	**-**	**6,000,000**	**419,346,627**
Shareholders' liabilities					
Due to related parties	10,445,126	-	-	-	10,445,126
Accruals, provisions and other payables	49,311,579	-	-	-	49,311,579
Lease liabilities	1,970,468	4,644,555	-		6,615,023
Corporate tax payable	6,430,102	-	-	-	6,430,102
Total shareholders' liabilities	**68,157,275**	**4,644,555**	**-**	**-**	**72,801,830**

31 December 2023

	Less than 1 year AED	*1 year to 5 years AED*	*More than 5 years AED*	*No stated maturity AED*	*Total AED*
Takaful operations' assets					
Bank balances	45,540,256	-	-	-	45,540,256
Receivable from shareholders	1,802,191	-	-	-	1,802,191
Wakala deposit	200,000,000	-	-	-	200,000,000
Total takaful operations' assets	247,342,447	-	-	-	247,342,447
Shareholders' assets					
Cash and bank balances	2,556,503	-	-	-	2,556,503
Other receivables and prepayments	16,497,500	-	-	-	16,497,500
Wakala deposit	299,000,000	-	-	-	299,000,000
Statutory deposit	-	-	-	6,000,000	6,000,000
Due from related parties	376,431	-	-	-	376,431
Total shareholders' assets	318,430,434	-	-	6,000,000	324,430,434

5 RISK MANAGEMENT (continued)

b) Financial risk (continued)

ii) Liquidity risk (continued)

Maturity profiles (continued)
Maturity analysis (contractual undiscounted cash flow basis) (continued)

31 December 2023

	Less than 1 year AED	*1 year to 5 years AED*	*More than 5 years AED*	*No stated maturity AED*	*Total AED*
Shareholders' liabilities					
Due to related parties	8,461,910	-	-	-	8,461,910
Accruals, provisions and other payables	30,118,541	-	-	-	30,118,541
Lease liabilities	500,000	780,000	-	-	1,280,000
Payable to Policyholder	1,802,191	-	-	-	1,802,191
Total shareholders' liabilities	40,882,642	780,000	-	-	41,662,642

Maturity analysis for takaful and retakaful contract assets and liabilities (present value of future cash flows basis)
The following table summarises the maturity profile of portfolios of takaful contracts and retakaful contracts of the Company based on the estimates of the present value of the future cash flows.

31 December 2024

	Less than 1 year AED	***1 year to 5 years AED***	***More than 5 years AED***	***No stated maturity AED***	***Total AED***
Takaful operations' assets					
Takaful contract assets	2,055,736	-	-	-	2,055,736
Retakaful contract assets	435,113,948	343,629,905	607,752	-	779,351,605
Total takaful operations' assets	**437,169,684**	**343,629,905**	**607,752**	**-**	**781,407,341**
Takaful operations' liabilities					
Retakaful contract liabilities	684,010,268	379,254,130	936,868	-	1,064,201,266
Takaful contract liabilities	17,485,506	-	-	-	17,485,506
Total takaful operations' liabilities	**701,495,774**	**379,254,130**	**936,868**	**-**	**1,081,686,772**

31 December 2023

	Less than 1 year AED	*1 year to 5 years AED*	*More than 5 years AED*	*No stated maturity AED*	*Total AED*
Takaful operations' assets					
Takaful contract assets	36,474,481	-	-	-	36,474,481
Retakaful contract assets	298,892,868	161,667,079	5,072,655	-	465,632,602
Total takaful operations' assets	335,367,349	161,667,079	5,072,655	-	502,107,083
Takaful operations' liabilities					
Retakaful contract liabilities	64,036,344	-	-	-	64,036,344
Takaful contract liabilities	478,763,061	199,757,106	5,877,007	-	684,397,174
Total takaful operations' liabilities	542,799,405	199,757,106	5,877,007	-	748,433,518

5 RISK MANAGEMENT (continued)

b) Financial risk (continued)

iii) Market risk

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

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

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

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

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

iv) Operational risk

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

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

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

v) Capital risk management (Unaudited)

The Company's objectives when managing capital is to comply with the takaful capital requirements required by the UAE Federal Law No. (6) of 2007 (as amended).

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

5 RISK MANAGEMENT (continued)

b) Financial risk (continued)

v) Capital risk management (Unaudited) (continued)

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. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

These numbers are based on eforms and are unaudited and unreviewed.

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Unaudited)*
Solvency Requirement		
Total capital held by the Company	**200,000,000**	200,000,000
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**168,214,416**	97,438,150
Minimum Guarantee Fund (MGF)	**58,577,519**	52,828,079
Own funds		
Basic own funds	**221,747,559**	214,001,909
MCR solvency Margin – surplus	**121,747,559**	114,001,909
SCR solvency Margin – surplus	**53,533,143**	116,563,759
MGF solvency Margin – surplus	**163,170,040**	161,173,830

Based on the CBUAE regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2023: AED 100 million) against which the paid up capital of the Company is AED 200 million (31 December 2023: AED 200 million).

vi) Sensitivity analysis

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross and net liabilities, net profit and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are nonlinear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

5 RISK MANAGEMENT (continued)

b) Financial risk (continued)

vi) Sensitivity analysis (continued)

Sensitivity analysis for contracts measured under PAA

	For the year ended 31 December 2024		*For the year ended 31 December 2023*	
	Net Takaful Contract Liabilities AED'000	***Impact on Net Takaful Contract Liabilities AED'000***	*Net Takaful Contract Liabilities AED'000*	*Impact on Net Takaful Contract Liabilities AED'000*
Takaful contract liabilities	**1,062,146**	**-**	684,397	-
Retakaful contract assets	**(761,866)**	**-**	(465,633)	-
Net takaful contract liabilities	**300,280**	**-**	218,764	-
+0.5% increase – Discount Rate				
Takaful contract liabilities	**1,057,318**	**(4,828)**	686,689	(2,292)
Retakaful contract assets	**(757,567)**	**4,299**	(467,603)	1,970
Net takaful contract liabilities	**299,751**	**(529)**	219,086	(322)
-0.5% decrease – Discount Rate				
Takaful contract liabilities	**1,067,048**	**4,902**	682,105	2,292
Retakaful contract assets	**(766,231)**	**(4,365)**	(463,669)	(1,964)
Net takaful contract liability	**300,817**	**537**	218,436	328
5% increase - Risk Adjustment				
Takaful contract liabilities	**1,062,317**	**172**	683,337	1,060
Retakaful contract assets	**(762,015)**	**(149)**	(464,760)	(873)
Net takaful contract liabilities	**300,302**	**23**	218,577	187
5% decrease - Risk Adjustment				
Takaful contract liabilities	**1,061,974**	**(172)**	(685,457)	(1,060)
Retakaful contract assets	**(761,717)**	**149**	466,506	873
Net takaful contract liabilities	**300,257**	**(23)**	(218,951)	(187)
5% increase - Loss Reserve				
Takaful contract liabilities	**1,100,811**	**38,666**	663,206	21,191
Retakaful contract assets	**(795,200)**	**(33,334)**	(448,185)	(17,448)
Net takaful contract liabilities	**305,611**	**5,332**	215,021	3,743
5% decrease – Loss Reserve				
Takaful contract liabilities	**1,023,480**	**(38,666)**	(705,588)	(21,191)
Retakaful contract assets	**(728,532)**	**33,334**	483,081	17,448
Net takaful contract liabilities	**294,948**	**(5,332)**	(222,507)	(3,743)

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

6.1. Takaful and retakaful contracts

The Company applies the PAA to simplify the measurement of takaful contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

6.1.1. Liability for remaining coverage

Takaful acquisition cash flows

For all lines of business, the company recognizes takaful acquisition cash flows as an expense immediately as incurred. This is because all takaful contracts issued have a coverage period of one year or less. An asset for takaful acquisition cash flows is recognised for acquisition cash flows incurred before the related group of takaful contracts has been recognised.

The effect of electing to recognise takaful acquisition cash flows as an expense when incurred for a group of takaful contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

a

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from retakaful contracts held.

Time value of money

For the all-product lines, the Company adjusts the carrying amount of the liability for remaining coverage 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 takaful contracts at initial recognition.

6.1.2. Liability for incurred claims

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. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. 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, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

6 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

6.1. Takaful and retakaful contracts (continued)

6.1.3. Discount rates

Takaful contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to EIOPA (European Insurance and Occupational Pensions Authority) rates in the currency of the takaful contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Discount Rates Applied for discounting of future cashflows are listed below:

	1 Year		***5 Years***		***10 Years***		***20 Years***		***30 Years***	
	2024	*2023*	***2024***	*2023*	***2024***	*2023*	***2024***	*2023*	***2024***	*2023*
	%	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Takaful contracts Issued	**4.33**	5.44	**4.17**	4.18	**4.22**	4.13	**4.25**	4.14	**3.98**	3.91
Retakaful contracts Issued	**4.33**	5.44	**4.17**	4.18	**4.22**	4.13	**4.25**	4.14	**3.98**	3.91

6.1.4. 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 at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level 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.

At the end of each reporting period, the Company revisits the assumptions made to allocate takaful acquisition cash flows to groups and where necessary revises the amounts of assets for takaful acquisition cash flows accordingly.

6.2. Financial assets

6.2.1. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

7 CLASSES AND CATEGORIES OF FINANCIALS ASSETS AND FINANCIAL LIABILITIES

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

At 31 December 2024

Financial assets	***Amortised cost AED***	***Total AED***
Cash and bank balances	**58,834,156**	**58,834,156**
Other receivables	**25,918,611**	**25,918,611**
Wakala deposit	**626,366,028**	**626,366,028**
Statutory deposit	**6,000,000**	**6,000,000**
Due from related parties	**629,701**	**629,701**
	717,748,496	**717,748,496**

Financial liabilities	***Amortised cost AED***	***Total AED***
Due to related parties	**10,445,126**	**10,445,126**
Accruals, provisions and other payables	**58,392,976**	**58,392,976**
Lease liabilities	**5,980,199**	**5,980,199**
	74,818,301	**74,818,301**

At 31 December 2023

Financial assets	*Amortised cost AED*	*Total AED*
Cash and bank balances	47,908,404	47,908,404
Other receivables	16,497,500	16,497,500
Wakala deposit	496,475,000	496,475,000
Statutory deposit	6,000,000	6,000,000
Due from related parties	376,431	376,431
	567,257,335	567,257,335

Financial liabilities	*Amortised cost AED*	*Total AED*
Due to related parties	8,461,910	8,461,910
Accruals, provisions and other payables	30,118,541	30,118,541
Lease liabilities	1,168,280	1,168,280
	39,748,731	39,748,731

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

9 OTHER RECEIVABLES AND PREPAYMENTS

	31 December 2024		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Accrued profit on wakala deposits	**249,900**	**255,176**	**505,076**
Prepayments Financial institutions	**-**	**2,913,433**	**2,913,433**
Other receivables	**-**	**22,500,102**	**22,500,102**
	249,900	**25,668,711**	**25,918,611**

	31 December 2023 (Reclassified)*		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Accrued profit on wakala deposits	162,361	269,915	432,276
Prepayments Financial institutions	-	620,838	620,838
Other receivables	-	15,444,386	15,444,386
	162,361	16,335,139	16,497,500

Other receivables include VAT input to be recovered by the Company from commissions paid to brokers.

*Refer Note 31 for the reclassification disclosure.

10 WAKALA AND STATUTORY DEPOSIT

Wakala Deposit
This consists of term Wakala deposits with Islamic Banks / Islamic Division of a Commercial Bank in United Arab Emirates, at profit rates from 4.70% to 4.75% per annum (31 December 2023: from 5.80% to 5.95% per annum) amounting to Gross AED 629.54 million which will mature in December 2025. This includes an amount of AED 3.8 million under lien against bank guarantees.

Statutory Deposit
This consists of a Wakala deposit with the Islamic Division of a commercial bank in the United Arab Emirates, under lien in favour of the Insurance Supervision - Central Bank of the UAE, at a profit rate of 4.75% per annum (31 December 2023: from 5.80% per annum) amounting to Gross AED 6 million which matures in December 2025.

	31 December 2024		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Wakala Deposits	**312,632,739**	**316,911,008**	**629,543,747**
Expected credit losses	**(1,563,164)**	**(1,614,555)**	**(3,177,719)**
Total Wakala Deposits	**311,069,575**	**315,296,453**	**626,366,028**
Statutory Deposits	**-**	**6,000,000**	**6,000,000**
Total Deposits	**311,069,575**	**321,296,453**	**632,366,028**

	31 December 2023		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Wakala Deposits	200,000,000	299,000,000	499,000,000
Expected credit losses	(1,000,000)	(1,525,000)	(2,525,000)
Total Wakala Deposits	199,000,000	297,475,000	496,475,000
Statutory Deposits	-	6,000,000	6,000,000
Total Deposits	199,000,000	303,475,000	502,475,000

Profit from these wakala deposits are included in the statement of comprehensive income as follows:

	31 December 2024 AED	*31 December 2023 AED*
Profit from wakala deposit (takaful operations)	**13,896,154**	6,453,528
Profit from wakala deposit (shareholders' operations)	**18,256,157**	15,948,547
	32,152,311	22,402,075

11 OTHER PAYABLES (RELATING TO SHAREHOLDERS)

	31 December 2024 AED	*31 December 2023 AED*
Accrual and provision	**49,311,579**	27,715,610
Lease liability (Note 19)	**5,980,199**	1,168,280
	55,291,778	28,883,890

12 CASH AND CASH EQUIVALENTS

	31 December 2024		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Cash in hand	**-**	**5,621**	**5,621**
Current accounts with banks and Islamic financial institutions	**56,480,996**	**2,347,539**	**58,828,535**
	56,480,996	**2,353,160**	**58,834,156**

	31 December 2023		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Cash in hand	-	8,000	8,000
Current accounts with banks and Islamic financial institutions	45,361,883	2,538,521	47,900,404
	45,361,883	2,546,521	47,908,404

As at 31 December 2024, the Company has determined that the ECL related to cash and cash equivalents is not material. Therefore, detailed disclosures regarding ECL calculations and assumptions have not been provided in these financial statements.

The Company maintains its cash and cash equivalents with reputable financial institutions and continuously monitors the credit risk associated with these balances. Management believes that the risk of default is low, and as such, only an immaterial amount of ECL has been recognized.

13 PROPERTY AND EQUIPMENT

	Right of use assets AED	*Motor vehicles AED*	*Furniture and fixtures AED*	*Office equipment AED*	*Total AED*
Cost					
At 1 January 2023	5,125,524	293,284	1,657,823	492,267	7,568,898
Additions during the year	1,064,695	59,905	5,475	89,003	1,219,078
At 31 December 2023	6,190,219	353,189	1,663,298	581,270	8,787,976
At 1 January 2024	6,190,219	353,189	1,663,298	581,270	8,787,976
Additions during the year	6,445,977	58,853	-	-	6,504,830
Disposals during the year	(5,030,348)	-	-	(9,356)	(5,039,704)
At 31 December 2024	**7,605,848**	**412,042**	**1,663,298**	**571,914**	**10,253,102**
Accumulated depreciation					
At 1 January 2023	(3,555,746)	(85,900)	(1,012,478)	(397,309)	(5,051,433)
Charge for the year	(1,137,491)	(56,614)	(236,724)	(69,404)	(1,500,233)
At 31 December 2023	(4,693,237)	(142,514)	(1,249,202)	(466,713)	(6,551,666)
At 1 January 2024	(4,693,237)	(142,514)	(1,249,202)	(466,713)	(6,551,666)
Charge for the year	(1,261,500)	(65,311)	(176,079)	(59,664)	(1,562,554)
Disposal during the year	4,154,760	-	-	39,001	4,193,761
At 31 December 2024	**(1,799,977)**	**(207,825)**	**(1,425,281)**	**(487,376)**	**(3,920,459)**
Net carrying amount					
At 31 December 2023	1,496,982	210,675	414,096	114,557	2,236,310
At 31 December 2024	**5,805,871**	**204,217**	**238,017**	**84,538**	**6,332,643**

14 INTANGIBLE ASSETS – SOFTWARE

	31 December 2024 AED	*31 December 2023 AED*
Cost		
At 1 January	**1,547,161**	904,036
Additions during the year	**-**	643,125
At 31 December	**1,547,161**	1,547,161
Accumulated amortisation		
At 1 January	**(961,204)**	(701,962)
Charge for the year	**(197,462)**	(259,242)
At 31 December	**(1,158,666)**	(961,204)
Net carrying amount		
At 31 December	**388,495**	585,957

15 RECEIVABLES FROM / (PAYABLE TO) SHAREHOLDERS AND (RECEIVABLE FROM) / PAYABLE TO POLICYHOLDERS - TAKAFUL OPERATIONS

		31 December 2024 AED	*31 December 2023 AED (Reclassified*)*
As at 1 January		**1,802,191**	31,413,339
Wakala fees for the year	15.1	**(373,466,096)**	(245,804,687)
Other movement in account during the year		**304,142,865**	216,193,539
		(67,521,040)	1,802,191

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

*Refer Note 31 for the reclassification disclosure.

16 QARD HASSAN

	31 December 2024 AED	*31 December 2023 AED*
Deficit in Policyholders' fund		
As at 1 January	**(369,675,365)**	(243,435,894)
Deficit during the year	**(168,413,715)**	(126,239,471)
	(538,089,080)	(369,675,365)
Provision against Qard Hassan		
As at 1 January	**369,675,365**	243,435,894
Provision during the year	**168,413,715**	126,239,471
	538,089,080	369,675,365

17 RELATED PARTY TRANSACTIONS

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

Significant transactions with related parties included in the statement of comprehensive income are as follows:

	31 December 2024		
	Shareholders AED	***Associated companies of the shareholders AED***	***Total AED***
Gross written contribution	**51,698,164**	**122,438,921**	**174,137,085**
Retakaful contribution	**105,027,827**	**33,030**	**105,060,857**
Commission	**5,561,098**	**26,448,826**	**32,009,924**
Retakaful Commission	**20,452,871**	**8,853**	**20,461,724**
General and administrative expenses	**603,781**	**2,838,194**	**3,441,975**
Rent	**-**	**369,365**	**369,365**
Claims reported	**24,561,887**	**52,996,077**	**77,557,964**
Retakaful Claims	**56,565,195**	**-**	**56,565,195**

	31 December 2023		
	Shareholders AED	*Associated companies of the shareholders AED*	*Total AED*
Gross written contribution	36,807,949	97,498,909	134,306,858
Retakaful contribution	87,666,716	606,518	88,273,234
Commission	3,665,879	20,301,800	23,967,679
Retakaful Commission	17,167,354	-	17,167,354
General and administrative expenses	-	2,353,527	2,353,527
Rent	-	1,057,095	1,057,095
Claims reported	11,061,896	26,720,948	37,782,844
Retakaful Claims	16,531,399	-	16,531,399

Compensation of key management personnel

	31 December 2024 AED	*31 December 2023 AED*
Short term benefits	**2,738,086**	2,749,148
End of service benefits	**108,750**	143,520
	2,846,836	2,892,668

17 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the statement of financial position are as follows:

	31 December 2024 AED	*31 December 2023 AED*
Due from related parties (relating to takaful operations)		
Al Futtaim Motors	**20,245,409**	12,118,244
Trading Enterprises	**5,244,302**	1,140,020
Al Futtaim Willis Co. LLC	**5,205,001**	5,057,350
Other related parties	**20,940,024**	8,630,581
Included within Note 22 Takaful contract assets and liabilities	**51,634,736**	26,946,195

	31 December 2024 AED	*31 December 2023 AED*
Due to related parties (relating to takaful operations)		
Orient Insurance P.J.S.C	**57,468,361**	37,665,418
Al Futtaim Motors	**7,879,528**	604,518
Trading Enterprises	**3,242,478**	-
Others	**11,034,691**	-
Included within Note 22 Takaful contract assets and liabilities	**79,625,058**	38,269,936
Due from related parties (relating to shareholders)		
Al Futtaim Electric Vehicle Co. LLC	**629,701**	-
Al Futtaim Motors	**-**	158,761
Other related parties	**-**	217,670
	629,701	376,431
Due to related parties (relating to shareholders)		
Al Futtaim Motor Auto Centre	**9,501,956**	6,197,218
Al Futtaim Trading Enterprises	**465,534**	393,606
Other related parties	**477,636**	1,871,086
	10,445,126	8,461,910

18 EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2024 AED	*31 December 2023 AED*
At 1 January	**2,402,931**	1,890,872
Charge for the year	**648,110**	654,565
Paid during the year	**(399,746)**	(142,506)
At 31 December	**2,651,295**	2,402,931

19 LEASES

Leases as lessee (IFRS 16)

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

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

i. Right-of-use assets

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

	31 December 2024 AED	*31 December 2023 AED*
Office premises		
At 1 January	**1,496,982**	1,569,778
Additions during the year (Note 13)	**6,445,977**	1,064,695
Disposals during the year (Note 13)	**(875,588)**	-
Depreciation charge for the year (Note 13)	**(1,261,500)**	(1,137,491)
As at 31st December	**5,805,871**	1,496,982

ii. Lease liabilities

	31 December 2024 AED	*31 December 2023 AED*
Lease liabilities		
At 1 January	**1,168,280**	1,318,744
Lease payments during the year	**(969,553)**	(1,302,095)
Finance cost accretion during the year	**211,083**	86,936
Additions	**5,570,389**	1,064,695
	5,980,199	1,168,280

	31 December 2024 AED	*31 December 2023 AED*
Less than one year	**1,720,008**	446,704
Between one and five years	**4,260,191**	721,576
	5,980,199	1,168,280

iii. Amounts recognised in statement of comprehensive income

	31 December 2024 AED	*31 December 2023 AED*
Depreciation expense	**1,261,500**	1,137,491
Finance cost on lease liabilities	**211,083**	86,936

iv. Amounts recognised in statement of cash flows

	31 December 2024 AED	*31 December 2023 AED*
Total cash outflow for leases	**969,553**	1,302,095

v. Extension options

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

20 SHARE CAPITAL AND SHARE PREMIUM

	31 December 2024 AED	*31 December 2023 AED*
Issued and paid up capital		
Issued and fully paid 2,000,000 shares of AED 100 each	**200,000,000**	200,000,000
Share premium reserve	**1,198,390**	1,198,390
	201,198,390	201,198,390

21 RESERVES

Statutory reserve
In accordance with the UAE Commercial Companies Law no. (32) of 2021 (“the Law”) and the Company’s Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law.

Retakaful risk reserve
In accordance with Article 34 of the Central Bank of the United Arab Emirate’s Decision No. (23) of 2019, the Company has transferred AED 3.92 million to the Retakaful risk reserve for the year ended 31 December 2024 (31 December 2023: AED 2.42 million), being 0.5% of the total retakaful contribution ceded by the Company in all classes of business. The Company shall accumulate such provision year on year and not dispose of the provision without the written approval of the Central Bank of the United Arab Emirates.

22 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES

22.1 Reconciliation of the Liability for Remaining Coverage & Liability for Incurred claims for Takaful Contracts

31 December 2024	*Liabilities for remaining coverage*		*Liability for incurred claims - PAA*		
	Excluding loss component AED	*Loss component AED*	*Estimates of the present value of future cash flow AED*	*Risk Adjustment for non-financial risk AED*	*Total AED*
Opening Takaful Contract Liabilities	220,584,699	1,225,859	441,391,769	21,194,847	684,397,174
Opening Takaful Contract Assets	(36,474,481)	-	-	-	(36,474,481)
Net opening position of Takaful Contracts as at 1 January 2024	**184,110,218**	**1,225,859**	**441,391,769**	**21,194,847**	**647,922,693**
Takaful Revenue	**(867,587,167)**	**-**	**-**	**-**	**(867,587,167)**
Takaful Service Expenses					
Incurred Claims and Expenses	-	-	781,677,957	23,053,900	804,731,857
Amortization of Acquisition Cashflows	109,969,116	-	-	-	109,969,116
Changes in Incurred Claims (Release)	-	-	(68,775,127)	(9,892,301)	(78,667,428)
Changes in Onerous Liability	-	245,968	-	-	245,968
Takaful Service Expenses	**109,969,116**	**245,968**	**712,902,830**	**13,161,599**	**836,279,513**
Takaful Service Result	**(757,618,051)**	**245,968**	**712,902,830**	**13,161,599**	**(31,307,654)**
Takaful Finance expense/ (income) - through profit or loss	-	-	12,531,315	(38,819)	12,492,496
Total changes to statement of comprehensive income	**(757,618,051)**	**245,968**	**725,434,145**	**13,122,780**	**(18,815,158)**
Cash flows					
Contribution Received	983,325,456	-	-	-	983,325,456
Claims and Other directly attributable Expenses Paid	-	-	(427,835,118)	-	(427,835,118)
Acquisition Cost paid	(122,452,343)	-	-	-	(122,452,343)
Total Cash Flows	**860,873,113**	**-**	**(427,835,118)**	**-**	**433,037,995**
Net Balance as at 31 December 2024	**287,365,280**	**1,471,827**	**738,990,796**	**34,317,627**	**1,062,145,530**
Closing Takaful Contract Liabilities	**289,421,016**	**1,471,827**	**738,990,796**	**34,317,627**	**1,064,201,266**
Closing Takaful Contract Assets	**(2,055,736)**	**-**	**-**	**-**	**(2,055,736)**
Net Balance as at 31 December 2024	**287,365,280**	**1,471,827**	**738,990,796**	**34,317,627**	**1,062,145,530**

Takaful service expense of AED 836,279,513 consists of AED 682,963,563 pertaining to Policyholders' operations and AED 153,315,950 relating to Shareholders' operations.

22 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

22.1 Reconciliation of the Liability for Remaining Coverage & Liability for Incurred claims for Takaful Contracts (continued)

31 December 2023	*Liabilities for remaining coverage*		*Liability for incurred claims - PAA*		
	Excluding loss component AED	*Loss component AED*	*Estimates of the present value of future cash flow AED*	*Risk Adjustment for non-financial risk AED*	*Total AED*
Opening Takaful Contract Liabilities	182,080,094	-	367,078,269	15,434,533	564,592,896
Opening Takaful Contract Assets	(24,349,600)	-	-	-	(24,349,600)
Net opening position of Takaful Contracts as at 1 January 2023	157,730,494	-	367,078,269	15,434,533	540,243,296
Takaful Revenue	(639,820,327)	-	-	-	(639,820,327)
Takaful Service Expenses Incurred Claim and Expenses	-		427,366,539	12,449,078	439,815,617
Amortization of Acquisition CFs	78,875,486	-	-	-	78,875,486
Changes in Incurred Claims (Release)	-	-	(12,812,724)	(6,693,806)	(19,506,530)
Changes in Onerous Liability	-	1,225,859	-	-	1,225,859
Takaful Service Expenses	78,875,486	1,225,859	414,553,815	5,755,272	500,410,432
Takaful Service Result	(560,944,841)	1,225,859	414,553,815	5,755,272	(139,409,895)
Takaful Finance expense/ (income) through profit or loss	-	-	8,832,174	5,042	8,837,216
Total changes to SOPL and OCI	(560,944,841)	1,225,859	423,385,989	5,760,314	(130,572,679)
Cash flows					
Contribution Received	643,893,525	-	-	-	643,893,525
Claims and Other directly attributable Expenses Paid	-	-	(349,072,489)	-	(349,072,489)
Acquisition Cost paid	(56,568,960)	-	-	-	(56,568,960)
Total Cash Flows	587,324,565	-	(349,072,489)	-	238,252,076
Net Balance as at 31 December 2023	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693
Closing Takaful Contract Liabilities	220,584,699	1,225,859	441,391,769	21,194,847	684,397,174
Closing Takaful Contract Assets	(36,474,481)	-	-	-	(36,474,481)
Net Balance as at 31 December 2023	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693

Takaful service expense of AED 500,410,432 consists of AED 415,659,525 pertaining to Policyholders’ operations and AED 84,750,907 relating to Shareholders’ operations.

22 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

22.2 Reconciliation of Assets for Remaining Coverage & Asset for Incurred claims for Retakaful Contracts

31 December 2024	*Assets for Remaining coverage*		*Amounts recoverable on incurred claims*		
	Excluding loss recovery component AED	*Loss component AED*	*Estimates of the present value of future cash flow AED*	*Risk Adjustment for non-financial risk AED*	*Total AED*
Opening Balance of Retakaful Contract Assets	66,131,127	652,157	381,394,344	17,454,974	465,632,602
Opening Balance Retakaful Contract Liabilities	(64,036,344)	-	-	-	(64,036,344)
Net position of Retakaful Contracts as on 1 January 2024	**2,094,783**	**652,157**	**381,394,344**	**17,454,974**	**401,596,258**
Allocation of Retakaful Contribution	(640,690,694)	(652,157)	-	-	(641,342,851)
Recovery of Incurred claims and Expenses	-	-	609,044,964	20,279,290	629,324,254
Amortisation of acquisition cash flows	88,968,476	-	-	-	88,968,476
Changes in Incurred Claims contract held (Release)	-	-	(56,764,201)	(7,929,293)	(64,693,494)
Claims Recovered (Loss Recovery)	-	912,533	-	-	912,533
Net (expense)/ income from retakaful contracts held	**(551,722,218)**	**260,376**	**552,280,763**	**12,349,997**	**13,168,918**
Retakaful finance income through profit or loss	**-**	**-**	**10,754,217**	**(34,712)**	**10,719,505**
Total changes to SOPL	**(551,722,218)**	**260,376**	**563,034,980**	**12,315,285**	**23,888,423**
Cash flows					
Contribution Paid	762,729,220	-	-	-	762,729,220
Claims Received	-	-	(307,525,316)	-	(307,525,316)
Acquisition Cost Received (Ceding Commission)	(118,822,486)	-	-	-	(118,822,486)
Total Cash Flows	**643,906,734**	**-**	**(307,525,316)**	**-**	**336,381,418**
Net balance as at 31 December 2024	**94,279,299**	**912,533**	**636,904,008**	**29,770,259**	**761,866,099**
Closing Retakaful Contract Assets	111,764,805	912,533	636,904,008	29,770,259	779,351,605
Closing Retakaful Contract Liabilities	(17,485,506)	-	-	-	(17,485,506)
Net balance as at 31 December 2024	**94,279,299**	**912,533**	**636,904,008**	**29,770,259**	**761,866,099**

22 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

22.2 Reconciliation of Assets for Remaining Coverage & Asset for Incurred claims for Retakaful Contracts (continued)

31 December 2023	*Assets for Remaining coverage*		*Amounts recoverable on incurred claims*		
	Excluding loss recovery *AED*	*Loss component* *AED*	*Estimates of the present value of future component* *AED*	*Risk Adjustment for non- financial risk* *AED*	*Total* *AED*
Opening Balance of Retakaful Contract Assets	78,831,414	-	299,180,686	12,898,283	390,910,383
Opening Balance Retakaful Contract Liabilities	(50,294,284)	-	-	-	(50,294,284)
Net position of Retakaful contracts as at 1 January 2023	28,537,130	-	299,180,686	12,898,283	340,616,099
Retakaful Contributions	(442,491,586)	-	-	-	(442,491,586)
Recovery of Incurred claims and Expenses	-	-	309,541,311	10,502,206	320,043,517
Amortisation of acquisition cash flows	68,775,925	-	-	-	68,775,925
Changes in Incurred Claims contract held (Release)	-	-	(48,736,369)	(5,950,817)	(54,687,186)
Claims Recovered (Loss Recovery)	-	652,157	-	-	652,157
Net (expense)/ income from retakaful contracts held	(373,715,661)	652,157	260,804,942	4,551,389	(107,707,173)
Retakaful finance income through profit or loss	-	-	7,748,708	5,302	7,754,010
Total changes to SOPL	(373,715,661)	652,157	268,553,650	4,556,691	(99,953,163)
Cash flows					
Contribution Paid	407,963,749	-	-	-	407,963,749
Claims Received	-	-	(186,339,992)	-	(186,339,992)
Acquisition Cost Received (Ceding Commission)	(60,690,435)	-	-	-	(60,690,435)
Total Cash Flows	347,273,314	-	(186,339,992)	-	160,933,322
Net balance as at 31 December 2023	2,094,783	652,157	381,394,344	17,454,974	401,596,258
Closing Retakaful Contract Assets	66,131,127	652,157	381,394,344	17,454,974	465,632,602
Closing Retakaful Contract Liabilities	(64,036,344)	-	-	-	(64,036,344)
Net balance as at 31 December 2023	2,094,783	652,157	381,394,344	17,454,974	401,596,258

23 GENERAL AND ADMINISTRATIVE EXPENSES

The following amounts related to administrative costs are included in Takaful service expenses attributable to shareholders, excluding commissions and other policy-related issuance costs.

	31 December 2024 AED	*31 December 2023 AED*
Staff costs	**23,417,902**	19,359,666
Depreciation and amortisation	**1,760,016**	1,759,475
Others	**4,738,740**	9,420,913
	29,916,658	30,540,054

23.1 During the year, the Company has made social contributions amounting to nil (2023: nil).

24 CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute ‘substantive enactment’ of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since the Company is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the financial statements for the year beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law is considered ‘enacted’ as at 31 December 2024 for the purposes of IAS 12, the Company considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the year ended 31 December 2024.

Amount recognised in the statement of comprehensive income:

The major components of corporate tax expense for the year ended 31 December 2024:

	31 December 2024 AED
Current income tax:	
Current income tax charge	**6,430,102**
Deferred tax:	
Deferred tax charge	**-**
Income tax expense reported in the statement of comprehensive income	**6,430,102**

24 CORPORATE TAX (continued)

Following is the reconciliation of current income tax expense and accounting profit:

	31 December 2024 AED
Accounting profit before tax	**71,797,568**
At UAE's statutory income tax rate of 9%	**6,461,781**
Add/Less Tax effect of:	
Adjustments in respect of standard deduction as per the Law	**(33,750)**
Non-deductible expenses	**2,071**
Income tax expense reported in the statement of comprehensive income	**6,430,102**
Effective tax rate	**9%**

25 EARNINGS PER SHARE

	31 December 2024 AED	*31 December 2023 AED (Restated)*
Profit for the year attributable to shareholders after tax (AED)	**65,367,466**	50,121,188
Weighted average number of shares outstanding during the year	**2,000,000**	2,000,000
Earnings per share (AED)	**32.68**	25.06

There is no dilution impact on basic earnings per share.

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

26 CONTINGENCIES AND COMMITMENTS

Contingent liabilities
At 31 December 2024, the guarantees, other than those relating to claims for which provisions are held, amounting to AED 6.24 million (31 December 2023: AED 1.38 million) had been issued on behalf of the Company by its banker in the ordinary course of business.

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

27 GROSS TAKAFUL CONTRIBUTION

As per the CBUAE's reporting requirements, the following disclosures are provided which are not prepared under IFRS 17.

31 December 2024	***Family Takaful AED***	***Fund Accumulation AED***	***Medical Takaful AED***	***Property & Liability AED***	***Total AED***
Direct Written Contributions	-	-	205,403,172	639,332,786	844,735,958
Assumed Business					
Foreign	-	-	-	72,898,921	72,898,921
Local	-	-	46,635,469	102,775,640	149,411,109
Total Assumed Business	-	-	46,635,469	175,674,561	222,310,030
Gross Written Contributions	**-**	**-**	**252,038,641**	**815,007,347**	**1,067,045,988**

31 December 2023	*Family Takaful AED*	*Fund Accumulation AED*	*Medical Takaful AED*	*Property & Liability AED*	*Total AED*
Direct Written Contributions	-	-	142,537,923	390,924,984	533,462,907
Assumed Business					
Foreign	-	-	259,296	46,138,151	46,397,447
Local	-	-	27,468,005	94,970,747	122,438,752
Total Assumed Business	-	-	27,727,301	141,108,898	168,836,199
Gross Written Contributions	-	-	170,265,224	532,033,882	702,299,106

28 INTERNAL SHARIA SUPERVISORY COMMITTEE

The Company's business activities are subject to the supervision of its Internal Sharia Supervision Committee (ISSC) consisting of three members appointed by the shareholders. ISSC performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia rules and principles.

According to the Internal Sharia Supervision Committee, the Company is required to identify any income deemed to be derived from transactions not acceptable under Islamic Sharia rules and principles, as interpreted by Internal Sharia Supervision Committee, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities

29 Zakat

The Company does not pay Zakat on behalf of its shareholders. The Zakat obligation as approved by the Internal Shariah Supervision Committee is AED 3.54 per share (2023: AED 0.91 per share).

30 AUDIT FEES

	31 December 2024 AED	*31 December 2023 AED*
Audit of the Company	**157,500**	85,000
Fees on related assurance services	**157,500**	176,950
	315,000	261,950

31 RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2023 have been reclassified for consistency with the current year presentation. This reclassification had no effect on the reported results of the Company.

To achieve presentation in line with the takaful regulations, the Company's management reclassified accrued profit on wakala deposits from shareholders' operations to takaful operations on the statement of financial position and in the corresponding note to the financial statements for the comparative year. This has also led to change in total assets and total liabilities and equity for the comparative figures for the year ended 31 December 2023.

31 December 2023	*As previously reported AED*	*Reclassification AED*	*As reclassified AED*
Other receivables and prepayments (shareholders' assets)*	16,497,500	(162,361)	16,335,139
Other receivables and prepayments (takaful operations' assets)*	-	162,361	162,361
Receivable from shareholders (takaful operations' assets)**	1,964,552	(162,361)	1,802,191
Payable to policyholders (shareholders' liabilities)**	(1,964,552)	162,361	(1,802,191)
	16,497,500	-	16,497,500

*Refer Note 9 for the disclosure on other receivables and prepayments
**Refer Note 15 for the disclosure on Receivable from shareholders and payable to policyholders

32 SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2025.

2024

Corporate Governance Report - 2024

DECISION NO. (7 R.M) OF 2016

ORIENT TAKAFUL – AN ASSOCIATE OF ORIENT INSURANCE & | Al Futtaim Building, Rigga Road, Dubai

ORIENT TAKAFUL (PJSC)

Corporate Governance Report

2024

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The Company has formed a Risk Committee during the year 2024, following the re-constitution of the Board

1- A statement of procedures taken to complete the Corporate Governance System during 2024 and how they are applied

Orient Takaful Company (Public Shareholding) has committed to applying all the rules and procedures of corporate governance since the implementation of those rules, and has also committed on an ongoing basis to follow up all necessary steps to develop and update governance procedures in line with legislative changes in the relevant laws and the latest decisions issued by the regulatory authorities, as well as in compliance with the best local and international practices about the legislative amendments

Federal Decree-Law No. 32 of 2021 on Commercial Companies
Federal Decree-Law No. 25 of 2020 Amending Certain Provisions of Federal Decree-Law No. (14) of 2018 Regarding the Central Bank and Regulating Financial Establishments and Systems
Federal Decree-Law No. (48) of 2023 Regarding the Regulation of Insurance Business
The Securities and Commodities Authority Board of Directors Resolution No. (2/Chairman) of 2024 Amending Resolution No. (03/Chairman) of 2020 Regarding the Adoption of the Governance Manual for Public Shareholding Companies.
Corporate Governance System and Standards for Insurance Companies issued by the Central Bank of the United Arab Emirates under Circular No. 24 of 2022

During the year 2024, the company took the following steps:
1- In the context of adhering to the corporate governance system issued by the Central Bank of the UAE, the company has continued to follow the comprehensive plan that was approved by the Board of Directors that includes the timetable for the implementation of the compliance process for the decision, which was reviewed and approved by the Central Bank, and the plan includes

I- Develop a general framework for corporate governance for the purpose of improving corporate governance policies, to be completed within the deadline specified in the governance system.
II - Re-constituted the Board of Directors with the number, conditions and mechanism contained in the governance system, and the Articles of Association were amended and the formation of the Board of Directors was completed at the annual assembly meeting of the company during the month of April 2024

III- Re-constituted the committees of the Board in accordance with the conditions and status of membership contained in the governance system, during the first meeting of the Board after the restructuring and election of new members.
IV- Formulated new policies and presented them to the Board at the first meeting after the General Assembly.

V- Work on the formulation, approval and updating of a comprehensive risk policy, risk management strategies and a comprehensive remuneration policy in accordance with the controls contained in the corporate governance system, while adhering to the implementation schedule, and disclosing this in subsequent governance reports

2- The company continued to commit to activating the internal control systems by matching the data issued by it with the external audit data and providing the opportunity for the members of the control committee to follow up their supervisory role easily and effectively. The company's executive authorities met with members of the internal control and the investment committee, and the committees emanating from the board of directors were followed up to discuss the risk management policy adopted by the company, and to verify the effectiveness of that policy due to the high technical profits of the company and the increase in shareholders' equity by implementing a cautious underwriting policy, strong claims management, a balanced level of expenses and an emphasis on continuity in the same approach.

3- In 2024, the company continued to conduct internal training courses for its employees to explain the provisions and controls of corporate governance and administrative decisions regulating them

4- The company maintained female representation on the board of directors, thus achieving compliance with the provisions of the governance decision, and the company's articles of association were amended to include a minimum female member in the composition of the board.

5- Throughout 2024, the Board of Directors of the Company followed up on the Nomination and Remuneration Committees and the Audit Committee in accordance with the provisions and controls of governance.

6- The Board of Directors, represented by the Chairman of the Board of Directors, received the reports of the Internal Control Department throughout the year in line with the requirements, objectives and controls that govern the work of the Internal Control Department in accordance with the decision issued by the Board of Directors of the Securities and Commodities Authority No. (03/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments

7- The company has followed up on the performance of the investor relations officer to perform his duties in accordance with the law.

8- The Board of Directors followed up the supervision committee’s review of the insiders' transactions in performing its duties and receiving the reports issued by it, in accordance with the rules for the dealings of members of the board of directors, employees and other persons in securities issued by the company, the parent company, subsidiaries or sister companies

9- The company was keen to conduct its business with the required transparency with regard to the dates and methods of disclosure of financial statements while adhering to all provisions and decisions of the Securities and Commodities Authority, as well as the Dubai Financial Market

10- Commitment to prepare the corporate governance report to include all items contained in the annual governance report form issued by the Securities and Commodities Authority, as well as all disclosure requirements contained in the corporate governance system to include all key information about the company, organizational structures, governance, policies and transactions with related parties, the composition of the board of directors and its committees, the number of times attended, attendance records and compensation, while ensuring the completion of the governance report as well as the annual report and all financial statements and presenting them to the members of the General Assembly before convening it for a sufficient period to enable the General Assembly to review it and take its decisions.

11- The Compliance Committee, consisting of the Chief Executive Officer, Director of Internal Control, Chief Financial Officer, Director of Money Laundering and Compliance Department and Compliance Officer, continued to develop the Company's compliance procedures, as well as follow up the performance of the Compliance Officer and the Money Laundering Compliance Officer.

2- A statement of ownership and transaction of the members of Board Directors and spouse and children thereof in the company's securities during 2024

No	Name	Title / Relationship	Own shares as on 31/12/2024	Total Sale	Total Purchase
1	Mr. Ismail Hassan Ali El Khatib	Chairman	None	None	None
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Vice Chairman	None	None	None
3	Mr. Hussain Murad Mohamed Ali Al-Blooshi	Director	None	None	None
4	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Director	None	None	None
5	Mr. Marwan Ali Mohamed Abdulla AlNabouda	Director	None	None	None
6	Ms. Manal Sultan Saif Sultan Albadi	Director	None	None	None

**Since the members of the Board of Orient Takaful (public shareholding) and their spouses and children do not own any of the shares of the company, there is no trading transactions on the company's shares from the members of the Board of Directors during the year 2024, whether from the members of the Board of Directors, their relatives or others.

3- Composition of the board

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

No	Name	Category	Experience/Qualifications	
1	Mr. Ismail Hassan Ali El Khatib	Non-Executive/ Independent	Director- Investments, Al Futtaim Dubai	Bachelor of Science in Business Administration
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Non-Executive/ Independent	Director of Govt Consumer Relations & HSSE Al Futtaim Motors	

3	Mr. Hussain Murad Mohamed Ali Al-Blooshi	Non-Executive/ Independent	Director of the Department of Security, Health and Safety At Al-Futtaim Group	Diploma of Leadership in Humanitarian and Development Work
4	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Non-Executive/ Independent	Marketing Manager, Al Futtaim Engineering Company	Bachelor of Public Relations
5	Mr. Marwan Ali Mohamed Abdulla AlNabouda	Non-Executive/ Independent	Senior Manager New Business Models & Acceleration, Al Futtaim, Dubai with past experience as Finance Manager in Automotive Industry, Credit Risk Advisor & Financial Analyst in an MNC in the Oil & Gas Industry	Bachelor of Science, Accounting And Finance, MBA in Strategic Management & Leadership
6	Ms. Manal Sultan Saif Sultan Albadi	Non-Executive/ Independent	HR Business Partner & Emiratization Lead (Al Futtaim Real Estate)	Bachelor degree in Business Sciences

No	Name	Period served as BOD member of the company since his first election	Membership of other joint-stock companies	Positions in important control, governmental or trade positions	Remarks
1	Mr. Ismail Hassan Ali El Khatib	11 months	None	None	
2	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	7 Years	None	None	
3	Mr. Hussain Murad Mohamed Ali Al-Blooshi	3 Year and 9 months	None	None	
4	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	3 Year and 9 months	None	None	
5	Mr. Marwan Ali Mohamed Abdulla AlNabouda	8 months	None	None	
6	Ms. Manal Sultan Saif Sultan Albadi	8 months	None	None	

New Appointments

1- Mr. Ismail El Khatib--newly appointed on 07.02.2024 - following the resignation of the previous Chairman Mr. Yousuf Al Falasi

2- Mr. Marwan Ali Mohamed Abdulla AlNabouda, newly appointed in line with reconstitution of the Board during AGM on 29.04.2024

3- Ms. Manal Sultan Saif Sultan Albadi, newly appointed in line with reconstitution of the Board during AGM on 29.04.2024

4-Ms. Reem Alnajjar newly appointed in line with reconstitution of the Board during AGM on 29.04.2024

Resignations / Departures

Mr. Syed Muhmmad Asim resigned from Board membership on 14.03.2024, so that he can continue with his role as CEO of the Company. He attended, before his resignation, three Board meetings on 02-01-2024, 14-02-2024 and 08-03-2024.

Ms. Reem Al Najjar resigned from the Board on 04.07.2024

2) **A statement of women's representation in the board in 2024**

The representation of female membership of the board in 2024 is 33%.

3) **Directors' remunerations and sitting fees**

- **The remunerations paid to the members of Board of Directors in 2024**

Concerning the year 2023, all directors dispensed with their remunerations and no remunerations were released.

- **Total remunerations proposed to be paid to the members of the Board of Directors for the year 2024, which shall be presented in the Annual General Assembly for approval:**

Concerning the year 2024, all Directors dispensed with their remunerations for 2024, so there are no recommendations regarding the distribution of remunerations that can be presented in the Annual General Assembly Meeting.

- **A Statement of the details of attendance allowances for attending the sessions of Board and committees constituted by the BoD, which were paid to the BoD members for the fiscal year 2024**

All directors, including the members of Board and Constituted committees, dispensed with all allowances of attendance of Board meetings and Board Sub-committees' meetings, and no allowances were released to them.

Evaluation of the Board of Directors, its Committees, and Executive Management:

The Company adheres to the Central Bank's regulations in evaluating the Board, its Committees, and the Executive Management. The necessary policies and forms for the evaluation process have been developed and these forms have been completed for the year 2024

Sl No.	Name of Board Member	Audit Committee	Inv Committee	Nom Rem Committee	Insiders trdg Supervision Committee
1	Mr. Yousuf Ali Shahdad Rahma Al Raeesi	No Allowances	Not a member	Not a member	No Allowances
2	Ms. Ayesha Abdulsalam Ibrahim Mohammed Albastaki	No Allowances	Not a member	No Allowances	No Allowances
3	Mr. Marwan Ali Mohamed Abdulla AlNabouda	Not a member	No Allowances	Not a member	No Allowances
4	Ms. Manal Sultan Saif Sultan Albadi	Not a member	No Allowances	No Allowances	Not a member
5	Mr. Hussain Murad Mohammad Ali Albalooshi	No Allowances	No Allowances	No Allowances	Not a member

** There are no additional allowances, salaries, or fees that members of the Board of Directors' charge, including those attending committees.

A Statement of Attendance of Board Members to Board Committees:

Name	Audit Committee	Nomination & remuneration	Investment Committee	Committee for Supervision of Insiders' Trading
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	4 Meetings	Not a member	Not a member	1 Meetings
Mr. Hussain Murad Mohamed Ali Al-Blooshi	1 Meetings	1 Meeting	1 Meeting	Not a member
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	4 Meetings	1 Meeting	Not a member	1 Meeting
Marwan Ali Mohamed Abdulla AlNabouda	Not a member	Not a member	Absent	Absent
Manal Sultan Saif Sultan Albadi	Not a member	1 Meeting	1 Meeting	Not a member

4) **The numbers and dates of BOD meeting held during the FY 2024 as well as the attendance frequency by all the members, in person and by proxy**

Board of Orient Takaful (PJSC) held (9) meetings during the year 2024 according to the following details:

Meeting	Date of Meeting	No. of Attendees	No. of Attendees by Proxy	No. of Absent Members
First Meeting	2024/01/02	3	NIL	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky
Second Meeting	2024/02/14	4	NIL	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky
Third Meeting	2024/03/08	5	NIL	NIL
Fourth Meeting	2024/04/02	4	NIL	NIL
Fifth Meeting	2024/04/26	4	NIL	NIL
Sixth Meeting	2024/05/13	7	NIL	NIL
Seventh Meeting	2024/08/02	6	NIL	NIL
Eighth Meeting	2024/10/14	5	NIL	Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky
Ninth Meeting	2024/11/01	5	NIL	Mr. Marwan Al Nabouda

A Statement of Attendance of Board Members to Board Meetings:

Name	Meeting/Meeting Date					
	First Meeting 02/01/2024	Second Meeting 14/02/2024	Third meeting 08/03/2024	Fourth Meeting 02/04/2024	Fifth Meeting 26/04/2024	Sixth Meeting 13/05/2024
Mr. Ismail Hassan Ali El Khatib	Not a Member	Attended	Attended	Attended	Attended	Attended
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	Attended	Attended	Attended	Attended	Attended
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Absent	Absent	Attended	Attended	Attended	Attended
Mr. Marwan Ali Mohamed Abdulla AlNabouda	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Attended
Ms. Manal Sultan Saif Sultan Albadi	Not a Member	Not a Member	Not a Member	Not a Member	Not a Member	Attended

Name	Meeting/Meeting Date		
	Seventh Meeting 02/08/2024	Eights Meeting 14/10/2024	Ninths Meeting 01/11/2024
Mr. Ismail Hassan Ali El Khatib	Attended	Attended	Attended
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	Attended	Attended
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	Attended	Attended
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	Absent	Attended
Mr. Marwan Ali Mohamed Abdulla AlNabouda	Attended	Attended	Absent
Ms. Manal Sultan Saif Sultan Albadi	Attended	Attended	Attended

Number of times of personal attendance of board members:

Mr. Ismail Hassan Ali El Khatib	8 times
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	9 times
Mr. Hussain Murad Mohamed Ali Al-Blooshi	9 times
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	6 times
Mr. Marwan Ali Mohamed Abdulla AlNabouda	3 times
Ms. Manal Sultan Saif Sultan Albadi	4 times

The numbers and dates of BOD decisions by circulation during the FY 2024

- 1 meeting on 26/09/2024

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

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

Name of authorized person	Delegation authority	Duration of Delegation
Syed Muhammad Asim Chief Executive Officer “Managing Director”	All the necessary powers to carry out the administrative and technical requirements of the company, including for example: -Daily management of the company. -Annual budget arrangement. -Put the necessary insurance for the company. -Appointing and isolating employees, consultants and contractors and determining their duties and rewards inside and outside the country. -Representing the company in all natural and legal entities, ministries, committees, committees, boards, references, civil departments, companies and private entities. Signing all contracts, transactions, correspondence and documents related to the company's business. -Follow up the establishment, processing and operation of new branches and premises and take the procedures of its establishment. In general, the Company is represented in all the activities required for the conduct of its business and activities or related to and related to its practice within the United Arab Emirates and other countries.	The executive management of the company shall carry out the functions and responsibilities entrusted to it under a delegated authority from the Board of Directors, subject to continuous review by the Board. These powers shall remain in force unless they are canceled or undermined by the Board of Directors.

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

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

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

Gross written contribution	174,137,085
Retakaful contribution	105,060,857
Commission	32,009,924
Retakaful Commission	20,461,724
General and administrative expenses	3,441,975
Rent	369,365
Claims reported	77,557,964
Retakaful Claims	56,565,195
Due from related parties	52,264,437
Due to related parties	90,070,184

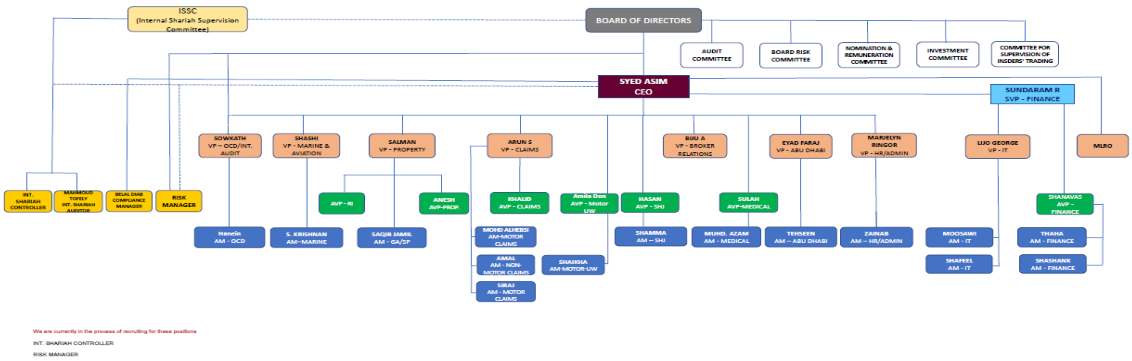
Compensation of Key Management Personnel

Short term benefits	2,738,086
End of service	108,750

Related Parties	Nature of Relationship	Type of Transactions	Value of the Transactions
Due From related parties			
Al Futtaim Motors	Part of same group as Orient Insurance PJSC	Insurance	20,245,409
Trading Enterprises	Part of same group as Orient Insurance PJSC	Insurance	5,244,302
Al Futtaim Willis Co	Part of same group as Orient Insurance PJSC	Insurance & Reinsurance	5,205,001
Other Related Parties	Part of same group as Orient Insurance PJSC	Insurance	20,940,024
Al Futtaim Electric Vehicle Co	Part of same group as Orient Insurance PJSC	Automotive	629,701
TOTAL Due from Related Parties			**52,264,437**

Due To related parties			
Orient Insurance PJSC	Shareholder	Inter Company Transactions	57,468,361
Al Futtaim Motors			7,879,528
Al Futtaim Auto Centre	Part of same group as Orient Insurance PJSC	Repair Charges for Motor Claims	9,501,956
Al Futtaim Trading Enterprises	Part of same group as Orient Insurance PJSC	Repair Charges for Motor Claims	3,708,012
Other Related Parties		Inter Company Transactions	11,512,327
TOTAL Due to Related Parties			**90,070,184**

7) **The company`s organizational structure:**



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

No	Name	Title	Date of appointment	Total salaries and allowances paid in 2024 (AED)	Total bonuses paid for 2024 (AED)
1	Syed Muhammad Asim	Chief Executive officer	01/04/2017	1,621,745	Not paid yet
2	Meenachi Sundaram	Senior Vice president Finance	09/04/2017	686,621	Not paid yet
4	Salman Saleem	Vice president Technical	17/11/2023	429,720	Not paid yet

5	Biju Anthappen	Vice President Abu Dhabi Branch	28/04/2020	433,075	Not paid yet
6	Eyad Amer Khalil Faraj	Vice President Sharjah Branch	08/11/2020	406,036	Not paid yet
Total				3,577,197	

**No Bonuses were paid for 2024, and the expected time of release of the Bonuses is 30/04/2025.

4- External auditor

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

Ernst & Young assumes the external auditing works of the company. It is one of the international auditing companies that has branches in most countries of the world and is trusted by many leading international companies. It is auditing company approved in the state and assumes auditing of the company's account since 2023. According to the follow up of auditing works of the company during those years, the external auditor performed his works honestly, independently, and neutrally, and appointment was made in accordance with the company's general meeting dated 29/04/2024.

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

During the year 2024, the Company paid AED 315,000 as fees to the external auditors. This amount was paid against the quarterly audit of the Company's accounts, the final annual review and the verification of the financial statements of the Company and whether there is a violation of the provisions of the Articles of Association of the Company and/or the Corporate Law, During the financial year ended 2024, as part of the fees, the auditor shall attend the Annual General Meeting of the Company, as well as express his opinion on the budget during that meeting and verify the procedures followed for the announcing/holding of this meeting.

Name of Auditing Company and Partners' Name	Ernst & Young **Partner Name**: Rakesh Kanabar
Number of years spent as external auditor of the company	2
Number of years Partner auditor spent auditing the company's accounts	2
Total auditing fees of financial statements for 2024 (AED)	157,500
The fees and costs of special services other than auditing of financial statement in 2024	157,500
Details and nature of other services provided	Supervision Authority Requirements
Statement of the other special services submitted by another external auditor than the company's auditor during 2024	None

C. **Indication of the company's auditor reservations included in the interim and annual financial statements for the year 2024**

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

5- Audit Committee

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

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

The audit committee consist of the following board members:

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

Functions and duties of audit committee:

a- To set and implement the policy of entering into contract with the external auditor and refer the board report that defines the matters it finds necessary to take measure in their respect and to present recommendations of the steps to be taken.

b- To follow up and control the independence and objectivity of external auditor, and to discuss him about the nature, scope and effectiveness of auditing in accordance with the approved auditing standards.

c- To control the safety of the company's (Annual, semi-annual and quarterly) financial statements and reports and to audit them as part of its normal work during the year, after closure of accounts in any quarter, and shall focus on the following:
- Any changes to the accounting policies and practices.
- Highlighting the sides which are subject to the management's assessment
- Material amendments that result from auditing.
- Assuming continuity of the company's work.
- Compliance with the accounting standards to be decided by the Authority.
- Comply with the rules of listing, disclosure and other legal requirements related to preparation of financial reports.

d- Coordinating with the company's board, executive department, financial manager or manager in charge of the same duties in the company for performance of its duties. The committee shall meet with the company's auditors at least once per year.

e- Consider any important and extraordinary items that are contained or may be contained in those reports and accounts and draw the due attention to any matters to be raised by the company's financial manager or the manager who assumes the same duties, compliance officer or auditors.
f- Review the financial control and internal control systems and risk management of the company.
g- Discuss the internal control system with management and assure its performance of the duty of creating effective internal control system.

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

B. <u>The numbers and dates of the meetings held by the audit committee during the year 2024 to discuss issue related to financial statements and any other issues, and a statement of the attendance frequency in person by the committee`s members</u>

Meeting	Date of Meeting	Agenda
First Meeting	2024/03/08	Review the company's annual financial results for the year ended 31/12/2023
Second Meeting	2024/05/13	Review the Company's financial results for the first quarter ended 31/03/2024 and review and evaluate the internal control and risk management system
Third Meeting	2024/08/02	Review the Company's financial results for the first quarter ended 30/06/2024 and review and evaluate the internal control and risk management system

Fourth Meeting	2024/11/01	Review the Company's financial results for the first quarter ended 30/09/2024 and review and evaluate the internal control and risk management system

Name	Meeting/Meeting Date				No. of Times Attended
	First Meeting 08/03/2024	Second Meeting 13/05/2024	Third meeting 02/08/2024	Fourth Meeting 01/11/2024	
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	Attended	Attended	Attended	4 Out of 4
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	Not a member	Not a member	Not a member	1 Out of 4
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	Attended	Attended	Attended	4 Out of 4

6- Nominations and Remunerations committee

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

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

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

Ms. Manal Sultan Saif Sultan Albadi	Head of Committee	Independent / Non-Executive
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Member	Independent / Non-Executive
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Member	Independent / Non-Executive

Functions and duties of nominations and remunerations committee:

1- To assure independence of the independent directors on continuous basis. If the committee found that a director missed the conditions of independence, the company shall refer the matter to the company's board.
2- Prepare the policy of remunerations, benefits, incentives and salaries of the company's board and annually reviewing it. The committee shall assure that the remunerations and benefits granted to the senior executive department of the company is reasonable and suitable to the company's performance.
3- Define the company's needs of competences on the level of senior executive department and employees and basis of choice of them.
4- Prepare the human resources and training policy of the company and control application and review of it on annual basis.
5- Organize and follow up the procedures of nomination to the board membership in accordance with the applicable laws and regulations and the

provisions of the Securities and Commodities Authority Board Resolution No 7/R.M of 2016.

B. The numbers and dates of the meetings held by Nominations and remunerations committee during the year 2024, stating the frequency of attendance in person by the all the members of the committee

Meeting	Date of Meeting	Agenda
First Meeting	2024/11/01	• Review the functions of the Committee in accordance with Article 47 of the decision of the Board of Directors of the Securities and Commodities Authority No. 7/R.M of 2016 on the standards of corporate discipline and corporate governance • To verify the status of the independent members of the Board and the extent to which the members are independent. • Review the policy of candidacy for membership of the Board of Directors, as outlined in the previous corporate governance guide. • Annual review of the policy of granting bonuses and benefits to the Board members and employees of the company. • Annual review of the company's needs for the competencies of executive management and staff and the basis of their selection • Annual review of HR policy and training. • Annual review of the Board structure

Name	Meeting/Meeting Date	No. of Times Attended
	First Meeting 01/11/2024	
Ms. Manal Sultan Saif Sultan Albadi	Attended	1 Out of 1
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	1 Out of 1
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	1 Out of 1

7- Insiders' Trading Follow up and supervision Committee

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

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

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

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

B. A summary of the Committee's activities in 2024

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

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

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

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

C. The numbers and dates of the meetings held by Insiders` Trading committee during the year 2024, stating the frequency of attendance in person by the all the members of the committee

Meeting	Date of Meeting	Agenda
First Meeting	2024/11/01	The committee reviewed the list of Trades on the Company's stock, during the year and noted that there have not been any transactions done on the trade of the company's stocks, and that the stock share is stable on the price of 100 AED. Accordingly, the Committee submitted its report that there were no transactions made by any of the related parties.

Name	Meeting/Meeting Date	No. of Times Attended
	First Meeting 01/11/2024	
Ms. Aysha Abd-Elsalam Ebrahim Mohamed Al-bastaky	Attended	1 Out of 1
Mr. Yousuf Ali Shahdad Rahma Al Raeesi	Attended	1 Out of 1
Mr. Marwan Ali Mohamed Andulla Alnabouda	Absent	None Out of 1

8- (i) Investment committee

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

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

The Investment committee consists of the following board members:

Mr. Hussain Murad Mohamed Ali Al-Blooshi	Head of Committee	Independent / Non-Executive
Ms. Manal Sultan Saif Sultan Albadi	Member	Independent / Non-Executive
Mr. Marwan Ali Mohamed Andulla Alnabouda	Member	Independent / Non-Executive

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

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

C- The numbers and dates of the meetings held by the Investment Committee during the year 2024

Meeting	Date of Meeting	Agenda
First Meeting	01/11/2024	Review of the company's investment portfolio

Name	Meeting/Meeting Date	No. of Times Attended
	First Meeting 01/11/2024	
Mr. Hussain Murad Mohamed Ali Al-Blooshi	Attended	1 Out of 1
Ms. Manal Sultan Saif Sultan Albadi	Attended	1 Out of 1
Mr. Marwan Ali Mohamed Andulla Alnabouda	Absent	None Out of 1

(ii) Risk Management

The Company formed a Risk Committee during the year 2024, following the re-constitution of the Board.

Functions and Duties of the Risk Committee

- Develop and implement a corporate risk management governance model framework, to provide visibility into all material risks to which they are or may be exposed and the extent to which those risks are interrelated, at the company and group level, as appropriate. This includes strategies, policies, processes, procedures and controls needed to identify, assess, measure, control, control and report on risks and reduce sources of material risk in a timely manner. Taking into account when defining and assessing material risks the subject of risk acceptance, its risk profile, the nature, size, degree of complexity and structure of its work
- Align the company's strategic objectives with the company's risk tolerance.
- Verify the distribution and allocation of risk management responsibilities.
- Oversee risks related to the Company's business and operations, including at a minimum, reserves, asset and liability management, investments, liquidity, reinsurance, risk concentration, operational risks, risk mitigation mechanisms and business conduct. It should also cover the risks to be included when calculating capital adequacy requirements in accordance with the financial instructions of insurance companies,
- Reduce the effects of these risks by diversifying its sources of capital, monitoring risks and policies applied to mitigate risk exposure.
- Develop risk management tools and monitor the effectiveness of these roles;
- Develop and implement risk management strategies and limits, and determine the level of risk that the company may wish to take Follow up on the company's Risk and Solvency
- Self-Assessment (ORSA) process
- Ensure that the company implements a forward-looking stress testing program, as part of its overall risk management methodology. The stress testing program should include negative and extreme scenarios but reasonable and possible occurrence, for a set of material risks, and be proportionate to the size of the company's exposure to the risks. The results of the stress testing program should be reflected on an ongoing basis in the company's risk management, to enable the company to maintain its awareness of the impact of stress on its financial position, including contingency planning, and the company's internal assessment of capital and liquidity
- Ensuring the dissemination of a culture of risk within the company through the rules, values, views and behaviors of the company that determine the way in which its activities related to risk awareness, risk taking, management, and controls are conducted.
- Comply with regulatory requirements related to risk management.
- General disclosure of matters related to risk management.
- Supervise the performance and ensure the independence and effectiveness of the Risk Management Department

No meetings were conducted in 2024 as the Company is in the process of recruiting a Chief Risk Officer and the Risk Committee Meetings will take place once this appointment is approved by the authorities. The following are the Members of the Risk Committee: --

Name	Position
Mr. Marwan Ali Mohamed Abdulla AlNabouda	Chairman
Ms. Manal Sultan Saif Sultan Albadi	Member

Internal Sharia'h Supervision Committee (ISSC)

a. ISSC Chairman Acknowledgement of his responsibility for the Committee system, review of its work mechanism and effectiveness:

The chairman of the Internal Sharia Supervision Committee within Orient Takaful PJSC herby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. Names of the ISSC Members, and its Competencies and Duties

ISSC Members	Position
Dr. Salim Ali Salim Ali Al Ali	Chairman
Mr. Abdulnaser Ahmed Ebrahim A Altamimi	Deputy Chairman
Dr. Mohammad Omar Sheikh Alnajjarin	Member

The ISSC is governed by the ISSC Charter. The ISSC Charter outlines the purpose, authority, roles and responsibilities of the ISSC.

c. ISSC Committee Purposes

The ISSC undertakes Sharia Supervision of all businesses, activities, products, services, investments, contracts, documents and code of conduct of the company. The ISSC issues resolutions and Sharia Fatwas that are binding upon the company. The members of the ISSC are accountable for the resolutions and Fatwas they issue to the company, and their compliance with the standards and resolutions issued by the Higher Sharia Authority in UAE Central Bank.

d. ISSC Committee Responsibilities

The broader areas of ISSC responsibilities are:
• Reviewing the Takaful Insurance operating model, underlying contracts and supporting materials (e.g., underwriting and claims settlement manual/guidelines etc.)
• 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.
• Reviewing and approving the Company's products, services, and marketing materials.
• Reviewing and approving the investment policy and the Sharia screening criteria to ensure the compliance, of the investment activities in both shareholders' accounts and participants' accounts, with the Islamic Sharia Provisions.
• Reviewing and approving the Reinsurance/ Retakaful agreements concluded by the Company to ensure their compliance with the Islamic Sharia Provisions.
• Reviewing the Zakat calculation and specifying the amount of Zakat due on each share of the Company.

• Reviewing the financial statements of the Company to ensure compliance with Islamic Sharia Provisions.
• Preparing an Annual Sharia report.

e. ISSC Committee Meetings during 2024

The formation of ISSC, with the necessary approvals from CBUAE, was completed during last quarter of 2024. Hence no Meetings of ISSC were held during 2024.

9- Internal control system

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

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

Work mechanism of the company's internal control department

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

- Reasonableness and consistency of information and data.
- Compliance of the policies plans and procedures with the regulations, laws and instructions.
- Protection of the company's assets.
- Compliance of activities, operations and programs with the specific strategic objectives and purposes, and assurance of the supervisory authority's compliance with the plans and objectives.
- Assurance of preventive control to prevent occurrence of any undesired occurrences and correct the improper acts and adoption of desired practices and encourage repetition of performance of them.
- Assure the safety and efficiency of internal control items represented in:
  1- Control authority
  2- Assessment of risks
  3- Internal control activities
  4- Information and communications
  5- Control and inspection

- Represented by the head of internal control department, the internal control department assumes the following:

- Preparation of annual audit plan in coordination with the Audit committee and heads of appropriate departments and heads of other departments of the company.
- Implementation of the internal control plan which is set and approved in addition to implementation of any other duties or projects required by the board.

- The internal control manager shall refer detailed reports to the board on evaluation of the internal control system and shall highlight the notes and raise suggestions to bridge any gap that may arise in the internal control system on regular periodic basis when necessary and at any time he decides in accordance with the requirements of the control best practices.

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

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

Academic Qualifications:

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

Work Experience:

More Than 29 years' experience in auditing insurance companies within the UAE.

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

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

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

The Company has, during 2024, identified a Compliance Officer whose application was under process as at end of 2024.

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

The internal control department works for a specific mechanism, which is the direct responsibility of the board of directors. In the event of a major problem, the company will be referred to the chairman to take the necessary steps to prevent the problem from escalating. During 2024, the company did not encounter any problems because the company deals in accordance with the generally acceptable principles and practices in accordance with the provisions of law.

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

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

- Four Internal Audit reports-one for every quarter.
- Two MLRO Reports on AML & CFT during the year 2024.
- Suspicious Activity Report submitted on 26/06/2024

10- Details of the violations committed during the year 2024, and a statement of reasons thereof, and how they addressed and how they will avoid in the future

Through the data that was submitted and continuous follow up by the board committees and internal control department, and the external auditor, it was found that there are no financial or administrative violations of 2024.

11- A statement of the cash and in-kind contributions made by the company during the year 2024 towards the local community development and environmental conservation

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

As for the company's contribution during the year 2024, due to the recent establishment, the company has not disbursed any amounts.

12- General Information

A. A statement of the Company share price in the market by the end of each month during the year 2024

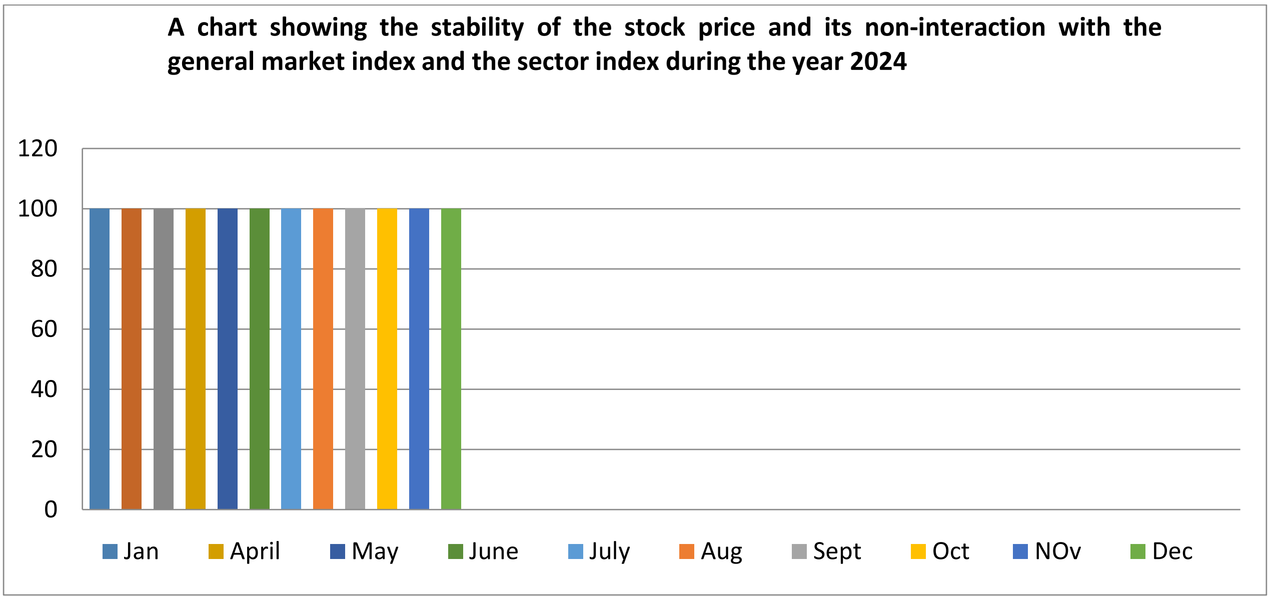
Table that indicates the stock price during the fiscal year 2024 indicates the maximum and minimum price by the end of each month:

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

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

B. A statement of comparative performance of the company's share with the market index and sector index to which the company belongs during year 2024

During the year 2024 there have not been any transactions done on the trade of the company’s stocks. The stock share is stable on the price of 100 AED during the year. Therefore, the share price remained constant without any interaction with the general market index or with sector index.

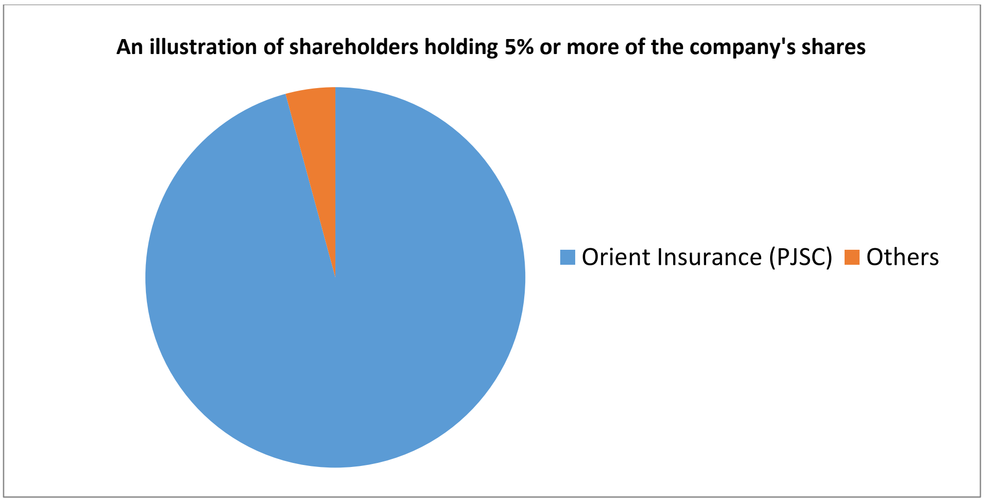


C. A statement of shareholding distribution as of 31/12/2024

No	Shareholder's classification	Percentage of own shares			
		Individuals	Companies	Government	Total
	Local	4.2244%	95.7757%	None	100.00%
	Arab	None	None	None	None
	Foreign	None	None	None	None
	Total	4.2244%	95.7757%	None	100.00%

D. A statement of shareholders who hold 5% or more of the company's capital as of 31/12/2024

No	Name	Number of own shares	Percentage of own capital shares
1	Orient Insurance (PJSC)	1,915,514	95.7757%



E. A statement of shareholder’s distribution by the size of equity as of 31/12/2024

No	Shareholding (share)	Number of shareholders	Number of shares owned	Percentage of capital shares owned
1	Less than 50,000	6	84,486	4.2244%
2	50,000 to less than 500,000	None	None	None
3	500,000 to less than 5,000,000	1	1,915,514	95.7757%
4	Over 5,000,000	None	None	None
TOTAL		**7**	**2,000,000**	**100%**

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

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

The name and contact information of Investors' Relations Manager

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

Phone:	+971 4 6017585	Mobile	+971582162212
Fax	+971 4 6017555	E-mail	**Sundaram.rajaraman@orienttakaful.ae**

Link of the investor's relations webpage on the website of the company**:** www.orienttakaful.ae

G. Special Resolution during the General Assembly in 2024

The General Assembly approved the amendments to the company's articles of association to comply with the legislative amendments, subject to the approval of the regulatory authorities, and authorized the company's executive management to complete the procedures for registering and publishing the amendments. The company completed all the regulatory requirements in this connection by liaising with the various authorities.

H. Name and date of appointment for Board Secretary

Board Secretary Mr. Mohamed Habashi
Date of Appointment: 26/04/2024
Qualifications: Faculty of commerce
Experience: Assistant Accounts

Statement of Board Secretary duties:

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

I. During the year 2024, there were no significant events to report

J. A statement of the Emiratization percentage in the company as of 2024

- The Emiratization rate at the end of **2022** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.
- The Emiratization rate at the end of **2023** was 12%. The company has achieved the required points according to the points system approved by the Insurance Authority.

- The Emiratization rate at the end of **2024** **was 24%.** The company has achieved the required points according to the points system approved by the Insurance Authority.

K. **A statement of innovative projects and initiatives implemented by the company, or which were under development during 2024**

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

Kamal Batcha Sowkath Ali
Internal Control Department Head
Date:

Yousef Al Raeesi
Chairman of the Audit Committee
Date:

Manal Al Badi
Chairman of the Nomination & Remuneration Committee
Date:

Ismail Hassan Ali El Khatib
Chairman of the Board
Date:

Date: 27/03/2025

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

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

In witnesses hereof, the board issued this declaration.

Ismail Hassan Ali El Khatib
Chairman of the Board

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Environment Social & Governance Report

CONTENTS OF THE REPORT

The 17 Sustainable Development Goals

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

Message from Leader

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

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

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

- Overall supervision is provided by a 7 -member Board, supported by the Chief Executive Officer and top management team. Shariah compliance is overseen by a 3-member Shariah Board.

- Orient Takaful began its operations in 2017 with a paid-up capital of AED 200 million. Within this short span of time, Orient Takaful has attained a Takaful market share of 21%, achieving a Insurance Revenue of AED 868 million in 2024 and net profit of over AED 65 million. This growth is a testament to the company’s sound practices and reputation in the Takaful industry.

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

Scope and Methodology

This report for Orient takaful covers the activities of the company for the year 2024 and is based on the review of key policies through discussions with key personnel.

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

ESG Approach

A rapidly growing Islamic finance company, Orient Takaful is well-positioned to make ESG a core driver of growth. The company plans to develop a multi-dimensional ESG strategy that will be guided by common Islamic and socially responsible principles of being good for society and the environment, transparency and fairness.

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

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

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

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

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

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

ORIENT TAKAFUL ESG APPROACH 2024

Environmental: Energy, Water, Waste

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

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

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

Several steps are taken to optimise paper usage:

- Motor Claims files, which are over 45% of total claims, are scanned and physically stored with an outside agency Infofort. Finance files are also being scanned.
- A link is sent to clients for payment of premium online.
- The Core Insurance System provides necessary features so that the documents can be scanned and stored at each policy level, so that when a claim is registered, the claims team can access all these documents through the application, rather than obtaining physical copies from the underwriting teams.
- Reducing printouts and re-using printed paper as rough writing pads etc. where possible.

SOCIAL

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

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

HUMAN CAPITAL

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

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

EMPLOYEE TRAINING AND DEVELOPMENT

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

HEALTH AND SAFETY

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

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

WORLD MENTAL HEALTH DAY

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

DEMOGRAPHICS-NATIONALITY

Distribution	Male	Female
United Arab Emirates	5	16
Syria	1	-
Algeria	-	1
Egypt	2	-
India	53	14
Jordan	3	-
Pakistan	32	5
Palestine	1	-
Philippines	5	5
Sri Lanka	8	-
Sudan	-	1
Tunisia	1	-
	111	**42**

Ensuring Board diversity, two of the directors on the Board
of Orient Takaful are ~~a~~ lady members. 30% of the employees are women.

FEEDBACK AND GRIEVANCE MECHANISM

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

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

FINANCIAL PRODUCT SAFETY

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

The HR department annually conducts online employee engagement surveys that measures various work-related factors such as Alignment, Loyalty, Organisational environment, Customer focus, Performance & Recognition, Empowerment, and Growth & Development. Time bound impact plans are formulated by every department on the basis of the Engagement Survey results. The most recent survey had response rate of 84%.

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

SUSTAINABLE INSURANCE

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

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

PRODUCT MANAGEMENT

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

Specific aspects are:

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

FINANCIAL PRODUCT SAFETY, REMEDY AND GRIEVANCE MECHANISM FOR CLIENTS

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

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

AREA	ACTIVITY / PROJECT
Privacy and Data Security	As part of the Al Futtaim Group, Orient Takaful follows the Group policy to govern and protect the confidentiality, integrity and availability of information. In addition, Orient Takaful is working with Al Futtaim IT team to ensure compliance with ADHICS and NESA guidelines issued by the regulator relating to Data Privacy and Data Security.
Responsible Investment	Orient Takaful 's key investments are in Wakala deposits held with Islamic Financial Institutions in accordance with requirements for a Takaful company.

Partnerships

The Company has a process for approving partners which involves assessing their credit rating, market presence, independent strength of the organization and market feedback.
Orient Takaful 's key partnerships include :

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

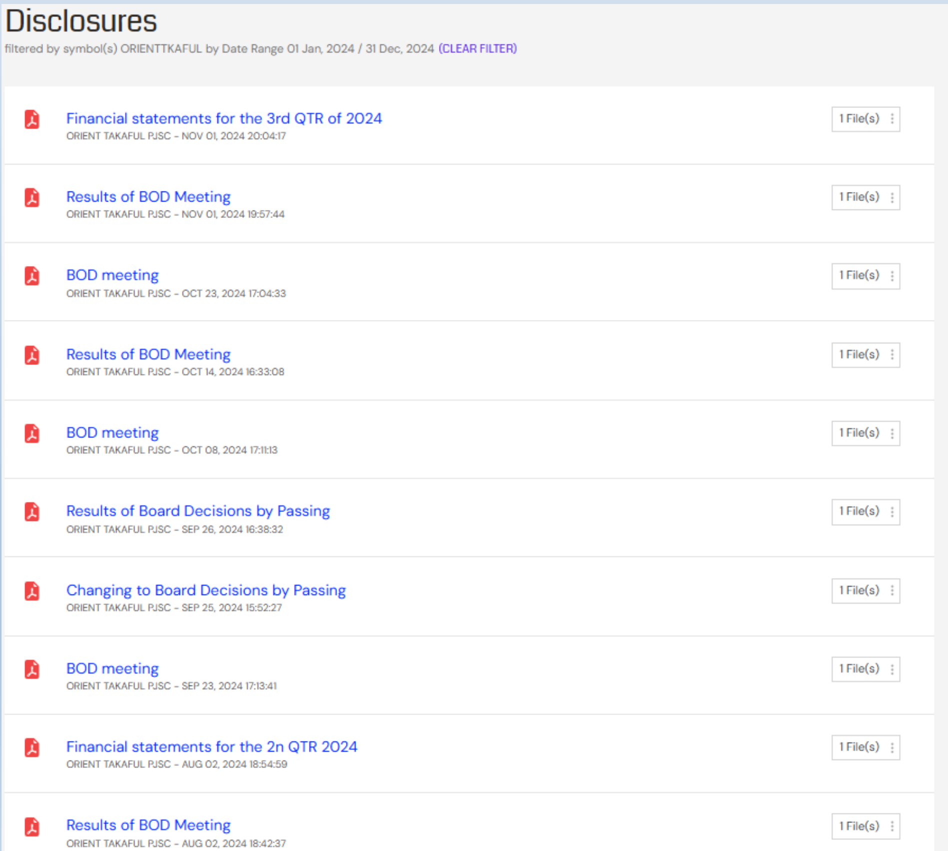
There are about 115 regulated brokers who are managed through a dedicated Broker Management Team which constantly interacts with them.

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

Governance

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

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



Disclosures

filtered by symbol(s) ORIENTTKAFUL by Date Range 01 Jan, 2024 / 31 Dec, 2024 (CLEAR FILTER)

Financial statements for the 3rd QTR of 2024 ORIENT TAKAFUL PJSC - NOV 01, 2024 20:04:17	1 File(s)
Results of BOD Meeting ORIENT TAKAFUL PJSC - NOV 01, 2024 19:57:44	1 File(s)
BOD meeting ORIENT TAKAFUL PJSC - OCT 23, 2024 17:04:33	1 File(s)
Results of BOD Meeting ORIENT TAKAFUL PJSC - OCT 14, 2024 16:33:08	1 File(s)
BOD meeting ORIENT TAKAFUL PJSC - OCT 08, 2024 17:11:13	1 File(s)
Results of Board Decisions by Passing ORIENT TAKAFUL PJSC - SEP 26, 2024 16:38:32	1 File(s)
Changing to Board Decisions by Passing ORIENT TAKAFUL PJSC - SEP 25, 2024 15:52:27	1 File(s)
BOD meeting ORIENT TAKAFUL PJSC - SEP 23, 2024 17:13:41	1 File(s)
Financial statements for the 2n QTR 2024 ORIENT TAKAFUL PJSC - AUG 02, 2024 18:54:59	1 File(s)
Results of BOD Meeting ORIENT TAKAFUL PJSC - AUG 02, 2024 18:42:37	1 File(s)

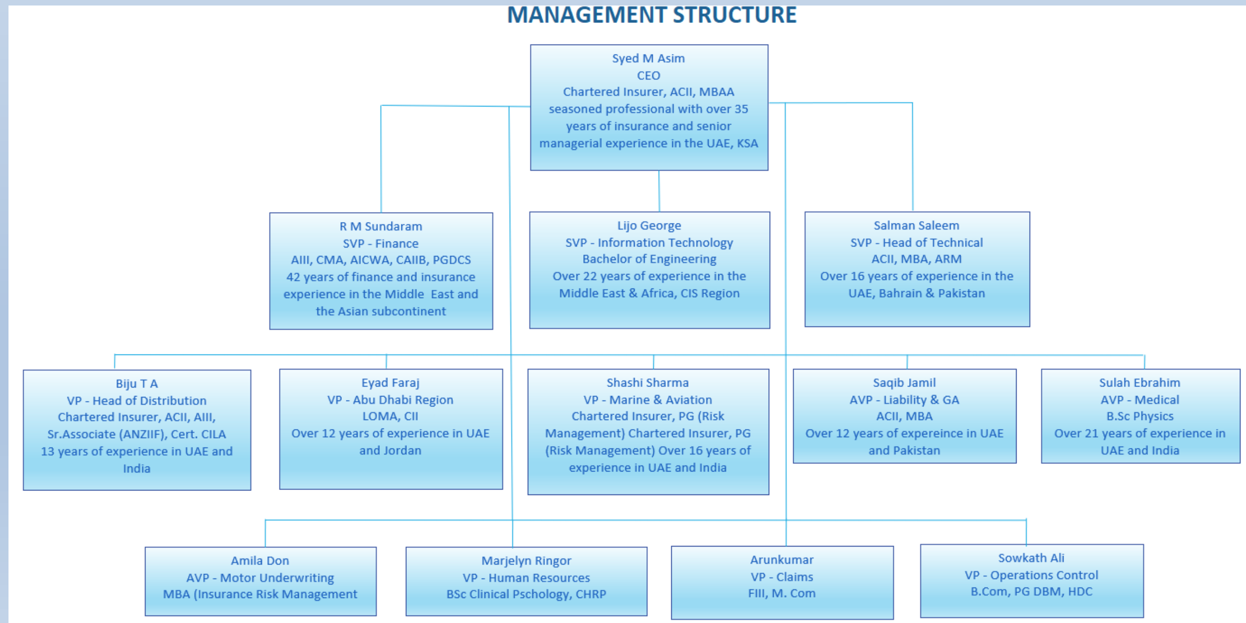
BOARD AND COMMITTEES

The company is a subsidiary of Orient Insurance PJSC and follows all practices related to governance, internal control and audit. There is a 7-member Board which oversees all activities with the help of a management team to which authorities have been delegated. The organisation chart of the senior team is displayed below.

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

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

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



INTERNAL CONTROLS AND AUDITS

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

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

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

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

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

EXECUTIVE COMPENSATION

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

BUSINESS ETHICS AND ANTI-CORRUPTION

Al Futtaim Group has clearly laid down policies with regard to Ethics and Whistle blowing. Every employee is required to undergo the Corporate Ethics Training at the time of their joining. During 2024, several workshops were held for employees to understand the rules of Corporate Governance.

TAX TRANSPARENCY

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

Focus on Sustainability

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

NO POVERTY

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

ZERO HUNGER

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

GOOD HEALTH AND WELL BEING

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

Orient Takaful supports its employees as follows:-

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

4 QUALITY EDUCATION

QUALITY EDUCATION

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

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

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

5 GENDER EQUALITY

GENDER EQUALITY

Contributing to gender and cultural diversity, Orient Takaful has 30% of women in the workforce. Women are represented at various levels in the organization.

2 of the Members of the Board of Directors are women.

6 CLEAN WATER AND SANITATION

CLEAN WATER AND SANITATION

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

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

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

7 AFFORDABLE AND CLEAN ENERGY

AFFORDABLE AND CLEAN ENERGY

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

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

8 DECENT WORK AND ECONOMIC GROWTH

DECENT WORK AND ECONOMIC GROWTH

Orient Takaful contributes to this goal by
- Creating social and economic value for shareholders, clients, employees, through various products.
- Promoting a safe and healthy, diverse and inclusive working environment free from discrimination.
- Promoting training and professional and personal development of employees.
- Protecting labour rights with effective monitoring and control systems.

Orient Takaful has a multicultural team of more than 100 staff, There are more than 10 nationalities across the company.
Further, the company builds a safety net which supports economic growth as well as benefits the entire workforce within the community.

INDUSTRY, INNOVATION & INFRASTRUCTURE

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

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

REDUCED INEQUALITIES

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

SUSTAINABLE CITIES AND COMMUNITIES

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

RESPONSIBLE CONSUMPTION AND PRODUCTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

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

CLIMATE ACTION

13 CLIMATE ACTION

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

LIFE BELOW WATER

14 LIFE BELOW WATER

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

15 LIFE ON LAND

LIFE ON LAND

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

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

PEACE, JUSTICE AND STRONG INSTITUTION

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

Orient Takaful ensures all operations and activity are within the Company's ethics, values and principles. In order to promote these behavior among stakeholders, especially employees, providers and clients, Orient has in place a

Code of Conduct and Ethics policy as well as a Whistle-blower policy

Orient Takaful has adequate systems in place for monitoring and

controlling compliance with laws, agreements, commitments and goals of the Company and with due diligence mechanisms for human rights. This is done through the Internal Audit function at the Company and at Group level.

17 PARTNERSHIPS FOR THE GOALS

PATNERSHIP FOR THE GOALS

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

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Thank You

Annual Report of the Internal Shari'ah Supervision Committee of Orient Takaful

Issued on: 10 March 2025

To: Shareholders of Orient Takaful ("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 2024 ("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

Due to the appointment of the ISSC after the end of the Financial Year, it has conducted Shari'ah supervision of the Company's partial activities by reviewing those activities, and monitoring them through the internal Shari'ah audit 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. Reviewing the financial statements of the Company to ensure compliance with Islamic Shari'ah provisions.
b. Supervision through the internal Shari'ah audit division of the Company's partial activities including supervision of executed transactions and adopted procedures on the basis of sample selected from executed transactions, and reviewing observations submitted in this regard.
c. Providing guidance to relevant parties in the Company to rectify (where possible) incidents submitted by internal Shari'ah audit division.
d. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
e. Reviewing the Zakat calculation and specifying the amount of Zakat due on each share of the Company.
f. Communicating with the senior management of the Company (as needed) concerning the Company's compliance with Islamic Shari'ah Provisions.
g. Request to appoint external Shari'ah auditor to conduct a comprehensive Shari'ah audit on the Company.

The ISSC sought to obtain some of the 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 mentioned above 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 recent appointment of the ISSC and 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, that the Company's Activities that have been subject to review are in compliance with Islamic Shari'ah Provisions, except for the incidents of non-compliance observed. The ISSC also provided directions to take appropriate measures in this regard. The ISSC has found that the Company is on the process of appointing external Shari'ah auditor to ensure the compliance of the Company with Shari'ah in all of its operations and activities.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Dr. Salim Ali Al Ali	ISSC Chairman
Mr. Abdulnaser Al Mannaee	ISSC Deputy Chairman
Dr. Mohammad Omar	ISSC Member