



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

# The Integrated Report 2022



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



The integrated report which is include the following:

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

Thursday, 23 February 2023

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

**Reports and financial  
statements for the year ended  
31 December 2022**

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

## **Reports and financial statements for the year ended 31 December 2022**

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**Directors' report  
for the year ended 31 December 2022**

Dear Shareholders, peace be upon you,

It gives us pleasure to present to you the annual report on the company's activities and its audited financial statements for the year ended 31 December 2022, along with the Fatwa & Sharia'a Supervisory Board, independent auditor reports and a detailed corporate governance report complying with the corporate governance code of UAE Securities and Commodities Authority.

**Summary of the company's performance and financial position for the financial year 2022:**

- The total gross contributions reached AED 447.1 million as compared to AED 370.3 million for the last year.
- Net investment income and other income reached AED 32.9 million compared to AED 51.5 million for the last year.
- Shareholders net profit for the year ending 31 December 2022 is AED 18.2 million compared to AED 88 million for the prior year and earnings per share is AED 0.17 compared to AED 0.84 for the last year.
- Total Assets reached AED 1.38 billion compared to AED 1.36 billion at the end of prior year.
- Total cash, bank balances and deposits reached AED 504 million compared to AED 471 million at the end of prior year.
- Shareholder's equity on 31 December 2022 reached AED 491 million compared to AED 516 million end of prior year.

**Valued Shareholders,**

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

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

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

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

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

**Khamis Buharoon**  
Chairman of Board of Directors

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

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Abu Dhabi National Takaful Company P.S.C. (the "Company") which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

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

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

**Key Audit Matters (continued)**

Estimation uncertainty with respect to the measurement of outstanding claims liabilities	
The financial statement risk	How our audit addressed the key audit matter
<p>As described in Note 7 to the financial statements of the Company, outstanding claims liabilities amounted to AED 174.1 million which includes reported claims of AED 125.7 million and claims incurred but not reported (IBNR) of AED 47.6 million. The retakaful share of outstanding claims amounted to AED 90.7 million at the reporting date.</p> <p>The outstanding claims liabilities at the reporting date represent the Company's expectations regarding future payments for known and unknown claims including associated expenses. The Company uses various methods to estimate these obligations.</p> <p>Measurement of these outstanding claims is highly judgmental and requires a number of assumptions to be made that exhibit substantial estimation uncertainty. This is particularly the case for those obligations that are recognised in respect of claims that have been incurred but not reported to the Company (“IBNR”). Certain lines of business also contain greater inherent uncertainty, for example, those where claims emerge more slowly over time, or where there is greater variability in claim settlement amounts. The key assumptions that drive the outstanding claims calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, discount rates for longer tail classes of business.</p>	<p>We established an audit approach which included both testing the design and operating effectiveness of internal controls over the measurement of outstanding claims liabilities and retakaful share of outstanding claims as well as risk-based substantive audit procedures.</p> <p>As part of our procedures over internal controls, we evaluated the selected controls established by the Company for the purpose of selecting actuarial methods, determining assumptions, making estimates for the measurement of certain outstanding claims and consistency of application of accounting policies.</p> <p>The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• We verified, for a sample of outstanding claims, whether the estimated amounts of specific cases were adequately documented and substantiated by, for example, reports from loss adjusters;</li> <li>• We verified reconciliations between claims data recorded in the Company’s systems and data used in the actuarial reserving calculations;</li> <li>• We assessed the competence, capabilities, qualifications and objectivity of the external actuary engaged by the Company for the valuation of technical provisions;</li> </ul>

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

**Key audit matters (continued)**

Estimation uncertainty with respect to the measurement of outstanding claims liabilities (continued)	
The financial statement risk	How our audit addressed the key audit matter
<p>The valuation of outstanding claims liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating outstanding claims liabilities, or for forming judgements over key assumptions, is not complete and accurate, then material impacts on the valuation of such liabilities may arise.</p> <p>In addition, the valuation of the retakaful share of outstanding claims is dependent on, but not directly correlated to, the valuation of the underlying claims outstanding. There is judgement involved in ascertaining the level of reinsurance share of IBNR held, which depends on the specific terms of the reinsurance contracts in place.</p> <p>We considered the measurement of the outstanding claims liabilities as a key audit matter due to the quantitative materiality of these obligations for the assets, liabilities and financial performance of the Company as well as the significant judgements and the associated uncertainties in the estimates made by management in determining the amount of liabilities.</p> <p>For further information on the accounting policies relating to this key audit matter refer to Note 7 as well as Note 4 for disclosures about its key sources of estimation uncertainty.</p>	<ul style="list-style-type: none"> <li>• We reviewed the terms of engagement between the external actuary and the Company to determine if the scope of the work of the external actuary was sufficient for audit purposes;</li> <li>• With the support of our insurance valuation specialists, we compared the respective actuarial methods applied and the material assumptions with generally recognised actuarial practices and industry standards and examined to what extent these are appropriate for the valuation and consistent between reporting periods;</li> <li>• We considered the results of the third-party actuarial valuation of the outstanding claims liabilities to identify and understand any significant differences in the liabilities as compared to management’s estimates and prior period amounts;</li> <li>• We recalculated the amount of the provisions for selected products, in particular products with substantial reserves or increased estimation uncertainties. For these products, we compared the recalculated provisions with the provisions calculated by the Company and evaluated any differences;</li> <li>• We compared claims transactions on a sample basis with supporting documentation to evaluate whether the claims reported during the reporting period were recorded in accordance with the Company's internal policy;</li> <li>• We inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on prevailing terms and conditions; and</li> <li>• We assessed the disclosures included in Note 7 and Note 4 in relation to outstanding claims against the relevant IFRS disclosure requirements.</li> </ul>



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

**Key Audit Matters (continued)**

Valuation of unquoted investments	
The financial statement risk	How our audit addressed the key audit matter
<p>The Company has investments in unquoted equities and funds with a carrying value of AED 195.1 million as at 31 December 2022. These instruments are classified as financial assets at fair value through other comprehensive income.</p> <p>As disclosed in Note 8, the valuation of investments in unquoted equities uses inputs other than observable market data and therefore are inherently subjective. It also requires significant judgement to be applied by management in determining the appropriate valuation methodology and the use of various assumptions, for example future cash flows, discount rates, market risk adjustment etc.</p> <p>Management determines the fair value of these investments by internal valuations or by involving external experts (“management experts”) to provide independent valuations of the investments based on valuation techniques as allowed by IFRS 13 Fair Value Measurement.</p> <p>Given the inherent subjectivity and judgment required in the valuation of unquoted investments, which are classified under level 3 of the fair value hierarchy, we determined this to be a key audit matter.</p>	<p>We established an audit approach which included both testing the design and operating effectiveness of internal controls over investments and substantive audit procedures. Our audit procedures in respect of this matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process adopted by management to determine the fair value of unquoted securities and assessed the design and implementation of controls over the valuation of unquoted securities.</li> <li>• Agreed the valuations performed by management to the amount reported in the financial statements.</li> <li>• Assessed the valuation methodology and estimates used in the valuations by consulting with our internal valuation specialists.</li> <li>• Agreed the inputs into the valuation to supporting documentation on a sample basis, where applicable.</li> <li>• Reperformed the arithmetical accuracy of the valuations.</li> <li>• Assessed the competency, objectivity and capabilities of management’s experts and for a sample of valuations, evaluated the adequacy and appropriateness of their work with the assistance of our valuation experts.</li> <li>• Reviewed the engagement letter with management’s experts to determine if their scope was sufficient for audit purposes.</li> <li>• We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.</li> </ul>



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

**Other Information**

The Board of Directors are responsible for the other information. The other information comprises the Directors' Report of the Company but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



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

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

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

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

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

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- the Company has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Company's books of account;
- Note 8 to the financial statements of the Company discloses purchased or investments in shares during the financial year ended 31 December 2022;
- Note 20 to the financial statements of the Company discloses material related party transactions and the terms under which these were conducted;
- Note 25 to the financial statements of the Company discloses social contributions made during the financial year ended 31 December 2022; and
- 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 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its articles of association which would materially affect its activities or its financial position as at 31 December 2022.

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

Deloitte & Touche (M.E.)



Obada Alkowitz  
Registration No. 1056  
23 February 2023  
Abu Dhabi  
United Arab Emirates

**Statement of financial position  
as at 31 December 2022**


	Notes	2022 AED	2021 AED
<b>ASSETS</b>			
<b>Takaful operations assets</b>			
Financial assets measured at fair value	8	-	13,352,921
Retakaful share of unearned contributions	7	276,904,971	274,002,126
Retakaful share of outstanding claims	7	129,484,313	127,776,349
Prepaid expenses and other assets		35,254,832	20,736,311
Contributions and retakaful balances receivables	6	38,265,290	18,379,044
Term deposits	5	351,382,204	318,095,203
Cash and bank balances	5	22,426,436	59,953,280
		<hr/>	<hr/>
<b>Total takaful operations assets</b>		<b>853,718,046</b>	<b>832,295,234</b>
<b>Shareholders' assets</b>			
Property and equipment	11	22,300,419	22,440,515
Statutory deposit	9	10,000,000	10,000,000
Financial assets measured at fair value	8	317,245,074	362,770,698
Investments properties	10	17,850,000	16,815,000
Deferred policy acquisition costs		17,203,623	7,445,788
Prepaid expenses and other assets		9,629,130	13,034,499
Term deposits	5	109,014,546	60,148,778
Cash and bank balances	5	21,614,101	32,893,283
		<hr/>	<hr/>
<b>Total shareholders' assets</b>		<b>524,856,893</b>	<b>525,548,561</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>1,378,574,939</b>	<b>1,357,843,795</b>
<hr/>			
<b>LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>			
<b>Takaful operations liabilities</b>			
Takaful payables	12	16,150,320	11,300,119
Outstanding claims	7	174,064,907	164,079,350
Unearned contributions	7	368,761,610	353,999,279
Retakaful payables	12	296,257,018	279,732,447
Accrued expenses and other liabilities		8,597,810	5,953,230
Unearned retakaful commission income		9,810,005	6,762,953
		<hr/>	<hr/>
<b>Total takaful operations liabilities</b>		<b>873,641,670</b>	<b>821,827,378</b>
		<hr/>	<hr/>

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

**Statement of financial position  
as at 31 December 2022 (continued)**

	Notes	2022 AED	2021 AED
<b>Shareholders' liabilities</b>			
Accrued expenses and other liabilities		1,836,159	9,377,066
Provision for end of service benefits	13	12,349,183	10,856,237
<b>Total shareholders' liabilities</b>		<b>14,185,342</b>	<b>20,233,303</b>
<b>Total liabilities</b>		<b>887,827,012</b>	<b>842,060,681</b>
<b>Policyholders' fund</b>			
Deficit of family policyholders takaful fund	19	(16,732,317)	(4,322,044)
Deficit of general policyholders takaful fund	19	(32,818,253)	(5,482,687)
Loan from shareholders	19	49,550,570	9,804,731
Investment revaluation reserve	19	-	(234,958)
<b>Total Policyholders' fund</b>		<b>-</b>	<b>(234,958)</b>
<b>Shareholders' equity</b>			
Share capital	14	105,000,000	100,000,000
Legal reserve	15	51,819,922	50,000,000
General reserve	16	42,500,000	42,500,000
Re-takaful default reserve	17	5,387,784	3,848,642
Investment revaluation reserve		(20,866,807)	7,318,068
Retained earnings		306,907,028	312,351,362
<b>Total shareholders' equity</b>		<b>490,747,927</b>	<b>516,018,072</b>
<b>TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY</b>		<b>1,378,574,939</b>	<b>1,357,843,795</b>

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

  
Khamis Buharoon  
Chairman of the Board of Directors

  
Osama Abdeen  
Chief Executive Officer

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



**Statement of profit or loss  
for the year ended 31 December 2022**

	Notes	2022 AED	2021 AED
<b>Attributable to policyholders</b>			
Gross contributions written		342,305,199	310,975,594
Retakaful contributions accepted		104,791,760	59,306,005
Retakaful contributions ceded		(307,828,432)	(267,371,072)
Net written contributions		139,268,527	102,910,527
Net change in unearned contribution provision	7	(11,859,486)	19,513,843
Net earned contributions		127,409,041	122,424,370
Commissions earned		25,714,910	22,077,806
<b>Gross takaful income</b>		<b>153,123,951</b>	<b>144,502,176</b>
Gross claims paid		(234,802,942)	(217,686,117)
Retakaful share of accepted claims paid		(5,275,067)	(12,522,466)
Retakaful share of ceded claims paid		169,656,786	166,290,905
<b>Net paid claims</b>		<b>(70,421,223)</b>	<b>(63,917,678)</b>
Change in outstanding claim		(9,867,738)	24,894,653
Change in retakaful share of outstanding claims		2,702,068	(24,983,625)
Change in incurred but not reported claims reserve		(218,357)	(5,455,324)
Change in retakaful share of incurred but not reported claims reserve		(994,104)	5,721,027
Change in unallocated loss adjustment expense		(3,836,534)	242,956
<b>Net claims incurred</b>		<b>(82,635,888)</b>	<b>(63,497,991)</b>
<b>Takaful income</b>		<b>70,488,063</b>	<b>81,004,185</b>
Other income		1,275,085	3,725,339
<b>Takaful operating profit</b>		<b>71,763,148</b>	<b>84,729,524</b>
Policyholders' investment income, net	22	9,273,592	9,811,903
Mudareb share	23	(3,245,758)	(3,434,167)
Wakalah fees	23	(117,536,822)	(113,910,582)
<b>Deficit of takaful result for the year</b>	<b>19</b>	<b>(39,745,840)</b>	<b>(22,803,322)</b>
<b>Attributable to shareholders</b>			
Shareholders' investment and other income, net	24	23,636,898	41,729,347
Mudareb share from policyholders	23	3,245,758	3,434,167
Wakalah fees from policyholders	23	117,536,822	113,910,582
Takaful expenses	7	(33,748,142)	(24,549,580)
General and administrative expenses	25	(52,726,276)	(42,338,638)
Increase in provision of loan from shareholders	19	(39,745,840)	(4,161,271)
<b>Profit for the year</b>	<b>27</b>	<b>18,199,220</b>	<b>88,024,607</b>
<b>Basic and diluted earnings per share</b>	<b>26</b>	<b>0.17</b>	<b>0.84</b>

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

**Statement of comprehensive income  
for the year ended 31 December 2022**

	<b>2022</b>	2021
	<b>AED</b>	AED
<b>Profit for the year</b>	<b>18,199,220</b>	88,024,607
	<hr/>	<hr/>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of equity investments measured at fair value through other comprehensive income	<b>(13,784,321)</b>	9,203,163
Board of Director's remuneration	<b>(1,637,930)</b>	(5,531,995)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of sukuk investments measured at fair value through other comprehensive income	<b>(3,047,114)</b>	(306,481)
	<hr/>	<hr/>
<b>Total other comprehensive (loss)/income for the year</b>	<b>(18,469,365)</b>	3,364,687
	<hr/>	<hr/>
<b>Total comprehensive (loss)/income for the year</b>	<b>(270,145)</b>	91,389,294
	<hr/> <hr/>	<hr/> <hr/>

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



**Statement of changes in shareholders' equity  
for the year ended 31 December 2022**

	Share capital AED	Legal reserve AED	General reserve AED	Re-takaful default reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2021	100,000,000	50,000,000	42,500,000	2,511,787	15,010,837	229,285,376	439,308,000
Gain on disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	(16,589,451)	16,589,451	-
Profit for the year	-	-	-	-	-	88,024,607	88,024,607
Other comprehensive income	-	-	-	-	8,896,682	(5,531,995)	3,364,687
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,896,682</b>	<b>82,492,612</b>	<b>91,389,294</b>
Transfer to re-takaful default reserve (note 17)	-	-	-	1,336,855	-	(1,336,855)	-
Zakat (note 18)	-	-	-	-	-	5,320,778	5,320,778
Dividends paid to shareholder	-	-	-	-	-	(20,000,000)	(20,000,000)
Balance at 1 January 2022	100,000,000	50,000,000	42,500,000	3,848,642	7,318,068	312,351,362	516,018,072
Gain on disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	(11,353,440)	11,353,440	-
Profit for the year	-	-	-	-	-	18,199,220	18,199,220
Other comprehensive loss	-	-	-	-	(16,831,435)	(1,637,930)	(18,469,365)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,831,435)</b>	<b>16,561,290</b>	<b>(270,145)</b>
Transfer to re-takaful default reserve (note 17)	-	-	-	1,539,142	-	(1,539,142)	-
Bonus shares (note 18)	5,000,000	-	-	-	-	(5,000,000)	-
Transfer to legal reserve	-	1,819,922	-	-	-	(1,819,922)	-
Dividends paid to shareholder (note 21)	-	-	-	-	-	(25,000,000)	(25,000,000)
<b>Balance at 31 December 2022</b>	<b>105,000,000</b>	<b>51,819,922</b>	<b>42,500,000</b>	<b>5,387,784</b>	<b>(20,866,807)</b>	<b>306,907,028</b>	<b>490,747,927</b>

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

**Statement of cash flows  
for the year ended 31 December 2022**

	2022 AED	2021 AED
<b>OPERATING ACTIVITIES</b>		
Profit for the year	18,199,220	88,024,607
<b>Adjustments for:</b>		
Depreciation of property and equipment	1,900,490	1,559,779
Movement of unearned contributions, net	11,859,486	(19,513,843)
Investment and other income, net	(32,909,286)	(51,541,270)
Net movement in provision for end of service benefits	1,492,946	453,619
Movement in provision for doubtful debts	1,214,824	(1,226,000)
Movement in provision of loan from shareholders	39,745,840	4,161,271
Increase in fair value of investment properties	(1,035,000)	(2,412,000)
Surplus of family policy holders takaful fund	-	(18,642,051)
(Gain)/loss on disposal of property and equipment	(1,204)	20
	<hr/>	<hr/>
<b>Profit before movements in working capital:</b>	40,467,316	864,132
(Increase)/decrease in prepaid and other assets	(11,113,152)	2,206,776
Increase in contributions and retakaful balances receivables	(21,101,070)	(5,841,617)
(Increase)/decrease in deferred policy acquisition costs	(9,757,835)	11,424,101
Increase/(decrease) in outstanding claims, net	8,277,593	(266,283)
Increase in provision of loan from shareholders	(39,745,840)	(4,161,271)
Increase/(decrease) in takaful payables	4,850,201	(7,945,043)
Increase/(decrease) in retakaful payables	16,524,571	(20,272,818)
Decrease in accrued expenses and other liabilities	(1,002,262)	(11,254,240)
Increase in unearned retakaful commission income	3,047,052	856,442
Directors' remuneration paid	(5,531,995)	(4,867,668)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(15,085,421)	(39,257,489)
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Net movement in investments	42,282,068	(7,289,229)
Proceeds from sale of property and equipment	1,706	-
Purchase of property and equipment	(1,760,896)	(8,160,673)
Investment and other income received	32,909,286	51,541,271
Net movement in term deposits	(24,451,097)	11,203,546
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	48,981,067	47,294,915
	<hr/>	<hr/>
<b>FINANCING ACTIVITY</b>		
Dividends paid	(25,000,000)	(20,000,000)
	<hr/>	<hr/>
<b>Increase/(decrease) in cash and cash equivalents</b>	8,895,646	(11,962,574)
Cash and cash equivalents at the beginning of the year	100,144,891	112,107,465
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year (note 5)</b>	109,040,537	100,144,891
	<hr/> <hr/>	<hr/> <hr/>

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

## Notes to the financial statements for the year ended 31 December 2022

### 1 Corporate information

Abu Dhabi National Takaful Company P.S.C (the “Company”) is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates (“UAE”) on 16 November 2003. The Company is registered in accordance with the Federal Law No. (2) of 2015.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Company has applied the requirements New Companies Law during the year ended 31 December 2022.

The Company carries out takaful and retakaful activities of all classes in accordance with the provisions of the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

#### Corporate tax

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

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

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

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

#### 2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.1 New and revised IFRSs applied with no material effect on the financial statements  
(continued)**

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.1 New and revised IFRSs applied with no material effect on the financial statements  
(continued)**

Annual  
Improvements to  
IFRS Accounting  
Standards 2018-2020  
Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

*IFRS 1 First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

*IFRS 9 Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. IFRS 16 Leases  
The amendment removes the illustration of the reimbursement of leasehold improvements.

*IAS 41 Agriculture*

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Covid-19-Related  
Rent Concessions  
beyond 30 June 2021  
(Amendment to IFRS  
16)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective**

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning or after</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	
IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach.	
The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.	
In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.	
In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.	
IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.	
For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**New and revised IFRSs**

**Effective for annual  
periods beginning  
or after**

*Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Effective date not yet decided

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

1 January 2023

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**New and revised IFRSs**

**Effective for annual  
periods beginning  
or after**

*Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies*

1 January 2023

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

*Amendments to IAS 8 – Definition of Accounting Estimates*

1 January 2023

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments



**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**New and revised IFRSs**

**Effective for annual  
periods beginning  
or after**

*Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1 January 2023

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*

1 January 2023

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning or after</u>
<i>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</i>	1 January 2024
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	
<i>Non-current Liabilities with Covenants (Amendments to IAS 1)</i>	1 January 2024
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	

Except for IFRS 17, the above stated new standards and amendments are not expected to have any significant impact on financial statement of the Company.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the financial statement of the Company.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRS)  
(continued)****2.2 New and revised IFRS in issue but not yet effective (continued)****IFRS 17, ‘Insurance Contracts’ (Effective for annual periods beginning on or after 1 January 2023)**

In May 2017, the International Accounting Standards Board (IASB) completed its project on insurance contracts with the issuance of IFRS 17 “*Insurance Contracts*”, superseding IFRS 4 “*Insurance Contracts*”, to make insurers’ financial statements more useful and insurance accounting practices consistent across jurisdictions.

IFRS 4 was an interim standard that allowed entities to use a wide variety of accounting practices for insurance contracts. Most stakeholders agreed on the need for a common global insurance accounting standard. Thus, the IFRS 17 project of the IASB started, establishing principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The Company has successfully accomplished its assessment and design phase. We have made significant progress in most pillars of the implementation phase. The Company is working on and refining the remaining scope of its IFRS 17 project such as, but not limited to:

- Complete the dry runs for Financial Year 2022
- Finalise IFRS 17 system testing and integrations
- Finalizing the management’s Key Performance Indicators
- Sign-off of the Company’s external auditors
- Finalise layout and disclosures of the annual IFRS 17 Financial Statements
- Continuous training and engagement of major stakeholders

**Changes in accounting policies, presentation, and disclosures***Definition and classification of insurance and reinsurance contracts*

Products sold by the Company will be classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment will be made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company will consider all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company shall determine whether a contract transfers significant insurance risk, by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance, even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. As a general guideline, the Company will determine whether a contract transfers significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRS)  
(continued)****2.2 New and revised IFRS in issue but not yet effective (continued)****IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)****Changes in accounting policies, presentation, and disclosures (continued)**

In addition to issuing insurance contracts, the Company holds reinsurance contracts to mitigate certain risk exposures. A reinsurance contract is an insurance contract issued by the reinsurer to compensate the Company for claims arising from one or more insurance contracts issued by the Company. For reinsurance contracts held by the Company, even if they do not expose the issuer (the reinsurer) to the possibility of a significant loss they would still be deemed to transfer significant insurance risk if they transfer substantially all of the insurance risk relating to the reinsured portions of the underlying insurance contracts to the reinsurer.

**Separating components from insurance and reinsurance contracts**

The Company will assess its insurance contracts issued and reinsurance contracts held to determine whether they contain distinct components that must be separated and accounted for under another IFRS standard instead of under IFRS 17. Such components include an investment component, an embedded derivative or the provision of some other distinct goods or non-insurance services.

If these non-insurance components are non-distinct, they will be accounted for together with the insurance component as part of the accounting for an insurance contract.

**Level of aggregation**

The Company shall identify portfolios by aggregating insurance contracts that are subject to similar risks and managed together.

Each portfolio will be further subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 would be applied. At initial recognition, the Company will segregate contracts into cohorts based on when they were issued. A cohort will contain contracts that were issued within a period of up to 12 months. Each cohort of a portfolio will then be further disaggregated into three groups of contracts:

- a. contracts that are onerous on initial recognition;
- b. contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- c. any remaining contracts in the portfolio.

The determination of whether a contract or a group of contracts will be onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information will be available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Company expects to apply significant judgement in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Company assesses each contract individually.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRS)  
(continued)****2.2 New and revised IFRS in issue but not yet effective (continued)****IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)****Changes in accounting policies, presentation, and disclosures (continued)****Level of aggregation (continued)**

For the Company's contracts accounted for applying the Premium Allocation Approach ("PAA"), it would determine that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Company will assess the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future. The Company will use its judgement to determine that facts and circumstances that would indicate that a group of contracts is onerous either on initial recognition or subsequent measurement.

All groups would include only contracts issued within a 12-month period. The composition of groups established at initial recognition shall not be subsequently reassessed.

Reinsurance contracts held shall be assessed separately from underlying insurance contracts issued. The Company will divide portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise of a single contract.

**Recognition**

Group of insurance contracts issued will be recognized from the earliest of the following dates:

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

Groups of reinsurance contracts held that provide proportionate coverage will be recognized:

- At the start of the coverage period of that group of reinsurance contracts held
- At the initial recognition of any of the underlying insurance contracts, whichever is later

Groups of reinsurance contracts held that provide non-proportionate coverage will be recognized at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognized.

New contracts will be added to the group in the reporting period which the contracts will meet one of the criteria set out above.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, ‘Insurance Contracts’ (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Changes in accounting policies, presentation, and disclosures (continued)**

**Contract Boundaries**

*Insurance contracts*

All the future cash flows expected to arise within the boundary of each of the contracts in the group shall be included in the measurement of a group of insurance contracts.

In determining which cash flows fall within a contract boundary, the Company will consider its substantive rights and obligations arising from the terms of the contract, and also from applicable laws and regulations. The Company will determine that cash flows are within the boundary of a 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 premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

*Reinsurance contracts*

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the cedant 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 insurance contract services from the reinsurer.

**Measurement of insurance contracts issued**

The liability for remaining coverage (“LFRC”) would represent the Company’s obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the coverage period), comprising (a) fulfilment cash flows relating to future service and (b) the contractual service margin yet to be earned.

The liability for incurred claims (“LIC”) will include the Company’s liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and would include the liability for claims incurred but not yet reported. The current estimate of LIC will comprise the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

The carrying amount of a group of insurance contracts at each reporting date will be the sum of the LFRC and the LIC.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, ‘Insurance Contracts’ (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Changes in accounting policies, presentation, and disclosures (continued)**

**Measurement of initial recognition of contracts not measured under the PAA**

Under the General Measurement Model (“GMM”) the Company shall measure a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

*Fulfilment Cashflows within the boundary*

The fulfilment cashflows (“FCF”) are the current unbiased and probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks would not be included in the estimates of the future cash flows, plus a risk adjustment for non-financial risk.

The Company’s objective in estimating future cash flows would be to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort, that would reflect the timing and uncertainty of those future cash flows.

The Company shall estimate future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario would be probability-weighted and discounted using current assumptions.

The Company shall estimate certain FCF at the portfolio level or higher and then will allocate such estimates to groups of contracts in a systematic and rational way.

When estimating future cash flows, the Company shall include all cash flows that would be within the contract boundary.

The cash flow estimates will include both market variables, which would be consistent with observable market prices, and non-market variables, which would not be contradictory with market information and based on internally and externally derived data.

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

Risk of the Company’s non-performance would not be included in the measurement of groups of insurance contracts issued.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Changes in accounting policies, presentation, and disclosures (continued)**

*Acquisition cash flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company will apply judgment in assessing whether acquisition cash flows are directly attributable to a specific portfolio of insurance contracts and will also consider as attributable cash flows fixed and variable overheads directly attributable to the end of fulfilment of its insurance contracts.

Under IFRS 17, insurance acquisition cash flows arising before the recognition of the related group of contracts will be recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17.

*Time value of money and Financial risks*

The Company will adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks would not be included in the estimates of cash flows. The discount rates that would be applied to the estimates of the future cash flows:

- would reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- would be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- would exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

*Risk Adjustment ("RA") for non-financial risk*

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, would be the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The risk adjustment will also reflect the degree of diversification benefit the Company would include when determining the compensation it requires for bearing that risk; and both favourable and unfavourable outcomes, in a way that would reflect the Company's degree of risk aversion.



**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Changes in accounting policies, presentation, and disclosures (continued)**

*Contractual Service Margin ("CSM")*

The CSM would be a component of the overall carrying amount of a group of insurance contracts representing unearned profit the Company will recognise as it provides insurance contract services over the coverage period.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) would be a net inflow, the CSM will be measured as the equal and opposite amount of the net inflow, which results in no gain no loss, arising on initial recognition.

If the total would be a net outflow, then the group is onerous. In this case, the net outflow will be recognised as a loss in profit or loss. A loss component will be created to depict the amount of the net cash outflow, which will determine the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and would be excluded from insurance revenue.

The Company will determine, at initial recognition, the group's coverage units and will allocate the group's CSM based on the coverage units provided in the period.

**Subsequent measurement of contracts not measured under the PAA**

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

- a) the liability for remaining coverage comprising:
  - (i) the FCF related to future services and;
  - (ii) the CSM of the group at that date;
- b) the liability for incurred claims, comprising the FCF related to past service allocated to the group at that date.

**Onerous contracts**

An insurance contract is onerous at initial recognition if the total of the FCF, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. The Company shall recognise 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 FCF and the CSM of the group being zero.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Onerous contracts (continued)**

On subsequent measurement, if a group of insurance contracts becomes onerous (or more onerous), that excess shall be recognised in profit or loss. Additionally, the CSM cannot increase and no revenue can be recognised, until the onerous amount previously recognised has been reversed in profit or loss as part of a service expense.

**Initial recognition and subsequent measurement of contracts measured under the Premium allocation approach**

The Company will simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group:

- a) the Company reasonably expects that this will be a reasonable approximation of the general model, or
- b) the coverage period of each contract in the group is one year or less.

Where, at the inception of the group, the Company expects significant variances in the FCF during the period before a claim is incurred, such contracts are not eligible to apply the PAA.

Using the PAA, the liability for remaining coverage shall be initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortisation of acquisition cash flows, minus the amount recognised as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

If insurance contracts in the group have a significant financing component, the liability for remaining coverage needs to be discounted, however, this is not required if, at initial recognition, the Company expects that the time between providing each part of the coverage and the due date of the related premium is no more than a year.

In applying PAA, the Company may choose to recognise any insurance acquisition cash flows as an expense when it incurs those costs, provided that the coverage period at initial recognition is no more than a year. The simplifications arising from the PAA do not apply to the measurement of the group's liability for incurred claims, measured under the general model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Measurement of reinsurance contracts held**

The same accounting policies will be applied as for insurance contracts issued to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

*Reinsurance contracts measured under the general model ("GMM")*

The measurement of reinsurance contracts held will follow the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Company will determine the risk adjustment for non-financial risk so that it will represent the amount of risk being transferred to the reinsurer
- The Company shall recognise both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and will release this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition as described below
- Changes in the fulfilment cash flows will be recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows will adjust the CSM.

The Company shall measure the estimates of the present value of future cash flows using assumptions that would be consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts.

On initial recognition, the CSM of a group of reinsurance contracts will represent a net cost or net gain on purchasing reinsurance. It would be measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage would relate to insured events that occurred before the purchase of the group, then the Company will recognise the cost immediately in profit or loss as an expense.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Measurement of reinsurance contracts held (continued)**

The carrying amount of the CSM at each reporting date will be the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that will be added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

For a group of reinsurance contracts covering onerous underlying contracts, the Company shall establish a loss-recovery component of the asset for remaining coverage, shall adjust the CSM and as a result will recognise income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract would be entered into before or at the same time as the onerous underlying contracts would be recognised. The adjustment to the CSM will be determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

The loss-recovery component would be adjusted for changes in FCFs of the group of reinsurance contracts relating to future services that result from changes in FCFs of the onerous underlying contracts. If the reinsurance contract will cover only some of the insurance contracts included in an onerous group of contracts, then the Company will use a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that would relate to underlying contracts covered by the reinsurance contract.

The loss-recovery component shall determine the amounts that would be subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and would be excluded from the allocation of reinsurance premiums paid. It would be adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company will expect to recover from the reinsurance contracts.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, ‘Insurance Contracts’ (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Measurement of reinsurance contracts held (continued)**

*Reinsurance contracts measured under the Premium Allocation Approach (“PAA”)*

The Company shall apply the PAA to measure a group of reinsurance contracts using the same accounting policies to the insurance contracts, as adapted where necessary to reflect the features of reinsurance contracts.

The Company will apply the PAA:

- to groups of reinsurance contracts that it holds which at the inception of the group the effective coverage period of each contract in the group of reinsurance contracts held is one year or less
- to groups of reinsurance contracts that it holds including contracts with a coverage period extending beyond one year when the Company reasonably expects that such simplification would produce a measurement of the asset for remaining coverage for the group that would not differ materially from the one that would be produced applying the requirements of the general measurement model.

Under the PAA, the initial measurement of the asset equals the reinsurance premium paid. The Company will measure the amount relating to remaining service by allocating the amount of expected reinsurance premium payments over the coverage period of receiving services for the group.

On initial recognition of each group of reinsurance contracts held, if the Company expects that the time between receiving each part of the services and the related reinsurance premium due date is no more than a year it may choose not to adjust the asset for remaining coverage to reflect the time value of money and the effect of financial risk.

Where the reinsurance contracts held cover a group of onerous underlying insurance contracts, the Company will adjust the carrying amount of the asset for remaining coverage and will recognise a gain when, in the same period, it will report a loss on initial recognition of an onerous group of underlying insurance contracts or on additional loss from an already onerous group of underlying insurance contracts. The recognition of this gain will result in the accounting for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held. The loss-recovery component will be adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

The assets recoverable for incurred claims (ARIC) will be estimated based on the general measurement model, as the fulfilment cash flows related to incurred claims and shall also include an estimate for the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Insurance contracts – modification and de-recognition**

The Company will derecognise insurance 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:
  - the contract being outside the scope of IFRS 17;
  - a different insurance contract due to separating components from the host contract;
  - a substantially different contract boundary;
  - the contract being included in a different group of contracts;
  - a change in the measurement model of the contract.

If the contract modification meets any of the conditions described above, the Company will perform all assessments applicable at initial recognition, will derecognise the original contract and will recognise the new modified contract as if it was entered for the first time.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group will be adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group will be adjusted for the change in the fulfilment cash flows, except where such changes will be allocated to a loss component; and
- the number of coverage units for the expected remaining services will be adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM will also be adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM will also be adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised will be measured assuming that, at the date of modification, the Company will receive the premium that it would have charged less any additional premium charged for the modification.

If the contract modification does not meet the above conditions the Company will treat the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the PAA the Company will adjust insurance revenue prospectively from the time of the contract modification.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Areas of Policy Choices and Significant Judgements**

The following are accounting policy choices, methodologies, and key management judgements that the Company shall follow when applying the IFRS 17 standards:

<b>Items</b>	<b>Policy Choice</b>
Discount Curve	The Company intends to use the Bottom-Up approach in determining the discount curve. Under this approach, the Company plans to use the EIOPA USD curves as basis for the risk-free yield curve. For the illiquidity premium, the Company plans to use volatility adjustments under a Solvency II methodology, until such time that practices in this area develop further.
Discounting of Liabilities	For groups of contracts measured under GMM and VFA, the Company shall use discounting in the determination of the Liabilities for Remaining Coverage (LFRC). For some PAA portfolios where there is a significant financing component, discounting will also be applied.  The Liability for Incurred Claims (LIC) for all measurement models shall use discounting whenever the historic claim settlements are observed to take longer than one year.
Insurance Acquisition Cashflows	The Company intends to defer directly attributable insurance acquisition cashflows allocated to a group of contracts and recognise them over the coverage period of the contracts in that group.
Computation of Risk Adjustment under PAA	Risk adjustment for the LIC / ARIC under PAA shall be computed as Value-at-Risk at an identified confidence level. The Mack model will be used to determine the parametric probability distributions by fitting a lognormal curve during the reserving process.  In case a group of contracts is onerous, and a Loss Component (LC) is generated, a risk adjustment is required.  Risk Adjustment will not be applicable on the LFRC (ARC) under PAA.
Computation of Risk Adjustment under GMM	For Long-Term risks, adverse scenarios shall be used to compute a Provision for Adverse Deviation (PAD) at an identified confidence level by assuming a Normal Distribution. The Risk Adjustment shall be computed on the LFRC, LIC, ARC, ARIC, and LC (if any).
Insurance Finance Income and Expenses	The Company will disaggregate insurance finance income or expense between the profit or loss and the OCI for all of its insurance portfolios.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**IFRS 17, 'Insurance Contracts' (Effective for annual periods beginning on or after 1 January 2023)  
(continued)**

**Transition**

The Company shall apply the IFRS 17 standards at 01-January-2023 – the date of initial application. The transition date shall be the beginning of the annual reporting period immediately preceding the date of initial application.

The Company shall apply the standard applying the full retrospective approach unless impracticable, in which case the Company has the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Company shall utilise reasonable and supportable information and maximise the use of information that would have been used to apply a full retrospective approach, but need only use information available without undue cost or effort. Under this approach the use of hindsight is permitted, if that is the only practical source of information for the restatement of prior periods.

Under the fair value approach, the Company shall determine the CSM at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cashflows measured at that date. Using this approach, on transition there is no need for annual groups.

The transitional impact assessments on the Company's financial statements and the related necessary restatements are being finalised. Further exercises and runs are being conducted and therefore, currently, the Company cannot reliably quantify the impact on transition.

**Impact on Presentation and Disclosure on Transition to IFRS 17**

The presentation for line items in the statement of financial position related to insurance and reinsurance contracts will change compared to the format presented currently. The deferred acquisition costs, insurance receivables, and insurance payables will no longer be presented separately but will be considered as part of the insurance liabilities, reducing the overall assets, and subsequently offsetting by reduction in total liabilities. Similarly, reinsurance receivables and reinsurance payables will be merged into reinsurance assets, possibly reducing overall liabilities and offsetting with a decrease in total assets. The presentation of amounts for reinsurance contracts held will be separate from that of insurance contracts issued.

The amounts presented in the statement of comprehensive income will be disaggregated into insurance service result (consisting of the insurance revenue and the insurance service expenses) and insurance finance income & expenses.

The Company shall produce additional disclosures and will have to provide detailed qualitative and quantitative information with regard to the IFRS 17 standards.



## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 3 Summary of significant account policies

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable requirements of United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 and Federal Law No. 6 of 2007, concerning the formation of Insurance Authority of UAE, as well as the Insurance Authority Financial Regulations for insurance companies (the “Regulations”).

#### 3.2 Basis of preparation

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

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

#### 3.3 Takaful contracts

##### Definition

Takaful contracts are those contracts when the Company (the operator) has accepted takaful risk on behalf of takaful funds from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

##### Recognition and measurement

Takaful contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

These contracts are casualty and property takaful contracts.

Casualty takaful contracts protect the policyholders against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property takaful contracts mainly compensate the policyholders for damage suffered to their properties or for the value of property lost. Policyholders who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

For all these takaful contracts, contributions are recognised as revenue (earned contributions) proportionally over the period of coverage. The portion of contributions received on in-force contracts that relates to unexpired risks at the end of the reporting period date is reported as the unearned contribution liability.

Claims and loss adjustment expenses are charged to the statement of income (attributable to the policyholders) as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.3 Takaful contracts (continued)

##### Retakaful contract assets

Retakaful contract assets include retakaful share of outstanding claims (including share of claims incurred but not reported – IBNR) and retakaful share of unearned contributions.

Contracts entered into by the Company for retakaful under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements of takaful contracts are classified as retakaful contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Takaful contracts entered into by the Company under which the contract holder is involved in takaful activities are included with takaful contracts. The benefits to which the Company is entitled under its retakaful contracts held are recognised as retakaful contract assets. The Company assesses its retakaful contract assets for impairment on a regular basis. If there is objective evidence that the retakaful contract asset is impaired, the Company reduces the carrying amount of the retakaful contract assets to its recoverable amount and recognises that impairment loss in the statement of income. Amounts recoverable from or due to retakaful holders are measured consistently with the amounts associated with the retakaful contracts and in accordance with the terms of each retakaful contract.

##### Takaful contract liabilities

Takaful contract liabilities include outstanding claims (OSLR), claims incurred but not reported (“IBNR”), unearned contribution reserve (UCR) and the provision for allocated and unallocated loss adjustment expenses (ALAE/ULAE).

Takaful contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the statement of financial position date, in addition for claims incurred but not reported.

The unearned contribution reserve considered in the Takaful contract liabilities comprise the estimated proportion of the gross contributions written which relates to the periods of Takaful subsequent to the reporting period date. Unearned contributions are calculated on a time proportion basis over the effective period of the policy. The proportion attributable to subsequent periods is deferred as unearned contributions reserve. The Company provides unearned contribution reserve based on actual terms of the policy.

The liability relating to IBNR and ALAE/ULAE reserve is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money.

The retakaful portion towards the above outstanding claims, claims incurred but not reported and unearned contributions reserve is classified as retakaful share of outstanding claims and retakaful share of unearned contributions in the financial statements.

##### Salvage and subrogation reimbursements

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurements of the takaful liability for claims.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.3 Takaful contracts (continued)

##### Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the takaful contract liabilities net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the statement of income initially by writing off the deferred policy acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests.

##### Receivables and payables related to takaful contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and takaful contract holders.

If there is objective evidence that the takaful receivable is impaired, the Company reduces the carrying amount of the takaful receivable accordingly and recognises that impairment loss in the statement of income.

#### 3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

##### Gross contribution

Gross general insurance written contribution comprise the total contribution receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Contributions include any adjustments arising in the reporting period for contributions receivable in respect of business written in prior accounting periods. Rebates that form part of the contribution rate, such as no-claim rebates, are deducted from the gross contribution; others are recognised as an expense.

Unearned contributions are those proportions of contributions written in a year that relate to periods of risk after the reporting date. The UCR is calculated as follows:

- For marine cargo line of business, it is assumed that each policy is earned fully in the quarter following the quarter in which it was written. Hence the total UCR at the end of a particular quarter will be equal to the written contribution in that quarter;
- For engineering line of business, it is assumed that the pattern of risk is non-uniform, and accordingly, contributions are allocated and earned on a daily increasing basis over the term of policy period. The UCR is calculated as the sum of earned contributions across all months after the valuation date; and
- For the remaining lines of businesses, the contributions are assumed to be earned evenly over time and the unearned contribution reserve is calculated on a daily pro rata basis.

The proportion attributable to subsequent periods is deferred as a provision for unearned contribution.

##### Dividend income

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.4 Revenue recognition (continued)

##### Rental income

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

##### Other income

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

##### Retakaful income and expenses

Retakaful income is recognised when retakaful is entered into and retakful expenses are recognised when the policies are issued.

#### 3.5 Foreign currencies

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

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

#### 3.6 Property and equipment

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

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

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

The principal annual rates used for this purpose are:

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

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

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.7 Investment properties

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

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

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

#### 3.8 Impairment of tangible assets

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

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

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

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

#### 3.9 Provisions

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

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

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.7 Investment properties (continued)

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

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

#### 3.8 Impairment of tangible assets

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

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

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

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

#### 3.9 Provisions

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

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

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.10 Employee benefits

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

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

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

#### 3.11 Financial assets

##### Classification and measurement

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

##### Cash and cash equivalents

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

##### Contributions and retakaful balances receivables

Takaful and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective rate or return method, less any impairment. Return income is recognised by applying the effective rate of return, except for short term receivables when the recognition of return income would be immaterial.

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

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

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

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.11 Financial assets (continued)

##### Investments at fair value through profit or loss

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

##### Derecognition of financial assets

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

##### Impairment of financial assets

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

##### *a) Overview*

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

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

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

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

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

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



## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.11 Financial assets (continued)

##### Impairment of financial assets (continued)

###### *a) Overview (continued)*

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

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

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

###### *b) The calculation of ECLs*

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

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

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

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

The mechanics of the ECL method are summarised below:

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 3.11 Financial assets (continued)

##### Impairment of financial assets (continued)

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

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

##### *Debt instruments measured at fair value through OCI*

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

##### *c) Forward looking information*

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

- GDP growth
- Unemployment rates
- Central Bank base rates

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

#### 3.12 Financial liabilities and equity instruments

##### Classification as debt or equity

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

##### Equity instruments

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

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

##### Trade payables and accruals

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

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

##### Derecognition of financial liabilities

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

#### 3.13 Deficit in policyholders' fund

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

#### 3.14 Dividends distribution

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

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

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

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

##### Unearned contribution reserve

The provision for unearned contribution represents that portion of contribution received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and contribution are charged and is brought to account as contribution income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### Fair value of investment properties

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

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

#### Fair value of unquoted equity investments

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

#### Impairment of contributions and retakaful balances receivables

An estimate of the collectible amount of takaful and other receivables is made when collection of the full amount is no longer probable. This determination of whether the takaful and other receivables are impaired entails the Company in evaluating the credit and liquidity position of the policyholders and the takaful companies, historical recovery rates including detailed investigations carried out and feedback received from the legal department. Impairment of takaful and other receivables as at 31 December 2022 amounted to AED 4,402,918 (2021: AED 3,188,094).

#### The ultimate liability arising from claims made under takaful contracts

The estimation of ultimate liability arising from the claims made under takaful contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the end of the reporting period. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision. Gross provision for IBNR as at 31 December 2022 amounted to AED 47,636,261 (2021: AED 47,417,904) as detailed in note 7.

#### Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of takaful contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of income.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**5 Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>AED</b>	<b>AED</b>
<b>Takaful operations assets</b>		
Cash and bank balances	<b>22,426,436</b>	59,953,280
Term deposits	<b>351,382,204</b>	318,095,203
	<hr/>	<hr/>
	<b>373,808,640</b>	378,048,483
Less: term deposits with original maturity of more than three months	<b>(301,382,204)</b>	(310,796,875)
	<hr/>	<hr/>
Cash and cash equivalents	<b>72,426,436</b>	67,251,608
	<hr/> <hr/>	<hr/> <hr/>
<b>Shareholders' assets</b>		
Cash and bank balances	<b>21,614,101</b>	32,893,283
Term deposits	<b>109,014,546</b>	60,148,778
	<hr/>	<hr/>
	<b>130,628,647</b>	93,042,061
Less: term deposits with original maturity of more than three months	<b>(94,014,546)</b>	(60,148,778)
	<hr/>	<hr/>
Cash and cash equivalents	<b>36,614,101</b>	32,893,283
	<hr/> <hr/>	<hr/> <hr/>
Takaful operations assets	<b>72,426,436</b>	67,251,608
Shareholders' assets	<b>36,614,101</b>	32,893,283
	<hr/>	<hr/>
	<b>109,040,537</b>	100,144,891
	<hr/> <hr/>	<hr/> <hr/>

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry profit at the expected prevailing market rates ranging from 0.75% to 6% per annum (2021: 0.75% to 4.5%).

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**6 Contributions and retakaful balances receivables**

	<b>2022</b>	2021
	<b>AED</b>	AED
Due from policyholders	<b>9,368,293</b>	6,406,801
Due from brokers	<b>25,088,787</b>	13,264,804
Due from insurance and retakaful companies	<b>8,211,128</b>	1,895,533
	<hr/>	<hr/>
	<b>42,668,208</b>	21,567,138
Less: Provision for doubtful debts	<b>(4,402,918)</b>	(3,188,094)
	<hr/>	<hr/>
	<b>38,265,290</b>	18,379,044
	<hr/> <hr/>	<hr/> <hr/>

Amounts due from policyholders, insurance and retakaful companies' balances consist of many policyholders, insurance and retakaful companies. The Company's terms of business require amounts to be paid in accordance with arrangements reached with the policyholders, insurance and retakaful companies and no interest is charged on the accounts.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. In determining the recoverability of a takaful receivable, the Company considers any change in the credit quality of the takaful receivable from the date credit was initially granted up to the reporting date.

As at 31 December 2022, balances due from policyholders, insurance and retakaful companies at a nominal value of AED 4,402,918 (2021: AED 3,188,094) were impaired and fully provided for.

Movement in provisions for doubtful debts is as follows:

	<b>2022</b>	2021
	<b>AED</b>	AED
At 1 January	<b>3,188,094</b>	4,414,094
Charge for the year	<b>1,214,824</b>	-
Reversal	-	(1,226,000)
	<hr/>	<hr/>
	<b>4,402,918</b>	3,188,094
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December, the ageing of unimpaired takaful receivables is as follows:

	<b>2022</b>	2021
	<b>AED</b>	AED
Not past due	<b>37,476,433</b>	16,052,100
Past due but not impaired		
91-180 days	<b>788,857</b>	1,100,944
181-360 days	-	-
More than 360 days	-	1,226,000
	<hr/>	<hr/>
	<b>38,265,290</b>	18,379,044
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**7 Retakaful contract assets and Takaful contract liabilities**

	<b>2022</b>	2021
	<b>AED</b>	AED
<b>Gross</b>		
Takaful contract liabilities:		
Reported claims	<b>125,726,475</b>	115,858,737
Claims incurred but not reported	<b>47,636,261</b>	47,417,904
Unallocated loss adjustment expense reserve	<b>702,171</b>	802,709
	<hr/>	<hr/>
Outstanding claims	<b>174,064,907</b>	164,079,350
Unearned contributions reserve	<b>368,761,610</b>	353,999,279
	<hr/>	<hr/>
	<b>542,826,517</b>	518,078,629
	<hr/>	<hr/>
<b>Recoverable from retakaful</b>		
Takaful contract assets:		
Reported claims	<b>90,669,693</b>	87,967,625
Claims incurred but not reported	<b>38,814,620</b>	39,808,724
	<hr/>	<hr/>
Retakaful share of outstanding claims	<b>129,484,313</b>	127,776,349
Retakaful share of unearned contributions (refer note below)	<b>276,904,971</b>	274,002,126
	<hr/>	<hr/>
	<b>406,389,284</b>	401,778,475
	<hr/>	<hr/>
<b>Takaful liabilities – net</b>		
Reported claims	<b>35,056,782</b>	27,891,112
Claims incurred but not reported	<b>8,821,641</b>	7,609,180
Unallocated loss adjustment expense reserve	<b>702,171</b>	802,709
	<hr/>	<hr/>
Unearned contributions reserve	<b>44,580,594</b>	36,303,001
	<b>91,856,639</b>	79,997,153
	<hr/>	<hr/>
	<b>136,437,233</b>	116,300,154
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**7 Retakaful contract assets and Takaful contract liabilities (continued)**

The movement in the retakaful contract assets and takaful contract liabilities during the year is as follows:

	2022			2021		
	Gross AED	Retakaful AED	Net AED	Gross AED	Retakaful AED	Net AED
<b>Claims</b>						
Reported claims	115,858,737	87,967,625	27,891,112	140,753,390	112,951,250	27,802,140
Incurred but not reported	47,417,904	39,808,724	7,609,180	41,962,580	34,087,697	7,874,883
Unallocated loss adjustment expense reserve	802,709	-	802,709	892,261	-	892,261
Total at 1 January	164,079,350	127,776,349	36,303,001	183,608,231	147,038,947	36,569,284
Claims settled	(244,015,081)	(169,656,786)	(74,358,295)	(230,055,179)	(166,290,905)	(63,764,274)
Net claims incurred	254,000,638	171,364,750	82,635,888	210,526,298	147,028,307	63,497,991
Total as at 31 December	174,064,907	129,484,313	44,580,594	164,079,350	127,776,349	36,303,001
Reported claims	125,726,475	90,669,693	35,056,782	115,858,737	87,967,625	27,891,112
Incurred but not reported	47,636,261	38,814,620	8,821,641	47,417,904	39,808,724	7,609,180
Unallocated loss adjustment expense reserve	702,171	-	702,171	802,709	-	802,709
Total as at 31 December	174,064,907	129,484,313	44,580,594	164,079,350	127,776,349	36,303,001
<b>Unearned contribution</b>						
Total at 1 January	353,999,279	274,002,126	79,997,153	381,316,825	281,805,829	99,510,996
Increase during the year	368,761,610	276,904,971	91,856,639	353,999,279	274,002,126	79,997,153
Release during the year	(353,999,279)	(274,002,126)	(79,997,153)	(381,316,825)	(281,805,829)	(99,510,996)
Net decrease during the year	14,762,331	2,902,845	11,859,486	(27,317,546)	(7,803,703)	(19,513,843)
Total at 31 December	368,761,610	276,904,971	91,856,639	353,999,279	274,002,126	79,997,153



**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**8 Financial assets measured at fair value**

		<b>2022</b>	2021
		<b>AED</b>	AED
<b>Takaful operations assets</b>			
Financial assets measured at fair value through other comprehensive income	<b>8(b)</b>	-	13,352,921
		=====	=====
<b>Shareholders' assets</b>			
Financial assets measured at fair value through profit or loss	<b>8(a)</b>	-	135,765,710
Financial assets measured at fair value through other comprehensive income	<b>8(b)</b>	<b>317,245,074</b>	227,004,988
		-----	-----
		<b>317,245,074</b>	362,770,698
		=====	=====

**8 (a) Financial assets measured at fair value through profit or loss**

		<b>2022</b>	2021
		<b>AED</b>	AED
<b><u>Shareholders' assets</u></b>			
Unquoted securities			
- Real estate funds		-	135,765,710
		=====	=====
<i>Total securities for shareholders' asset</i>		-	135,765,710
		=====	=====
<b>Total fair value through profit or loss securities</b>		-	135,765,710
		=====	=====

The geographical concentration of investments is as follows:

		<b>2022</b>	2021
		<b>AED</b>	AED
Within UAE		-	-
Outside UAE		-	135,765,710
		-----	-----
		-	135,765,710
		=====	=====

Notes to the financial statements  
for the year ended 31 December 2022 (continued)

8 Financial assets measured at fair value (continued)

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

	2022 AED	2021 AED
<b><u>Takaful operations assets</u></b>		
Quoted securities		
- <i>Sukuks</i>	-	13,352,921
	=====	=====
<b><u>Shareholders' assets</u></b>		
Quoted securities		
- <i>Equity securities</i>	76,754,857	78,976,074
- <i>Sukuks</i>	45,431,120	32,425,158
	=====	=====
<b><i>Total quoted securities for shareholders' assets</i></b>	<b>122,185,977</b>	111,401,232
	=====	=====
Unquoted securities		
- <i>Unlisted equities</i>	195,059,097	115,603,756
	=====	=====
<b><i>Total unquoted securities for shareholders' assets</i></b>	<b>195,059,097</b>	115,603,756
	=====	=====
<b>Total quoted and unquoted securities for shareholders' assets</b>	<b>317,245,074</b>	227,004,988
	=====	=====
	2022 AED	2021 AED
Quoted securities	122,185,977	124,754,153
Unquoted securities	195,059,097	115,603,756
	=====	=====
	<b>317,245,074</b>	240,357,909
	=====	=====

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**8 Financial assets measured at fair value (continued)**

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

The geographical concentration of investments is as follows:

	<b>2022</b>	2021
	<b>AED</b>	AED
Within UAE	<b>95,584,473</b>	69,248,063
Outside UAE	<b>221,660,601</b>	171,109,846
	<hr/>	<hr/>
	<b>317,245,074</b>	240,357,909
	<hr/> <hr/>	<hr/> <hr/>
Total investments	<b>317,245,074</b>	376,123,619
	<hr/> <hr/>	<hr/> <hr/>

Investments held by the Company are sharia compliant as at 31 December 2022 and 2021.

Unquoted equity securities are valued primarily based on net assets of the investees unless recent transactions provide evidence of the current fair value.

**9 Statutory deposit**

In accordance with the requirements of the Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations, the Company maintains a bank deposit of AED 10,000,000 which cannot be utilised without the consent of the UAE Central bank. The statutory deposit is held with a commercial bank in the UAE, a related party (note 20).

**10 Investment properties**

	<b>2022</b>	2021
	<b>AED</b>	AED
At 1 January	<b>16,815,000</b>	14,403,000
Increase in fair value	<b>1,035,000</b>	2,412,000
	<hr/>	<hr/>
	<b>17,850,000</b>	16,815,000
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**10 Investment properties (continued)**

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

	<b>2022</b>	2021
	<b>AED</b>	AED
Rental income from investment properties	<b>932,826</b>	764,173
Operating expenses for properties generating rental income	<b>(208,702)</b>	(268,057)
	<hr/>	<hr/>
Net income arising from investment properties	<b>724,124</b>	496,116
	<hr/> <hr/>	<hr/> <hr/>

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The investment properties were valued as at 31 December 2022 by an independent valuer at AED 17,850,000 (2021: AED 16,815,000) using comparable method of valuation.

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

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

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

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**11 Property and equipment**

	<b>Building AED</b>	<b>Furniture, fixtures and equipment AED</b>	<b>Computer equipment and accessories AED</b>	<b>Motor vehicles AED</b>	<b>Total AED</b>
<b>Cost</b>					
At 1 January 2022	25,196,436	8,998,508	10,290,039	1,065,400	45,550,383
Additions	-	897,244	488,424	375,228	1,760,896
Disposals	-	(224,877)	(1,841,540)	-	(2,066,417)
	<u>25,196,436</u>	<u>9,670,875</u>	<u>8,936,923</u>	<u>1,440,628</u>	<u>45,244,862</u>
At 31 December 2022	<u>25,196,436</u>	<u>9,670,875</u>	<u>8,936,923</u>	<u>1,440,628</u>	<u>45,244,862</u>
<b>Accumulated depreciation</b>					
At 1 January 2022	5,537,019	8,500,326	8,143,748	928,775	23,109,868
Charge for the year	839,344	309,864	635,056	116,226	1,900,490
Disposals	-	(224,730)	(1,841,185)	-	(2,065,915)
	<u>6,376,363</u>	<u>8,585,460</u>	<u>6,937,619</u>	<u>1,045,001</u>	<u>22,944,443</u>
At 31 December 2022	<u>6,376,363</u>	<u>8,585,460</u>	<u>6,937,619</u>	<u>1,045,001</u>	<u>22,944,443</u>
<b>Net carrying amount 31 December 2022</b>	<u>18,820,073</u>	<u>1,085,415</u>	<u>1,999,304</u>	<u>395,627</u>	<u>22,300,419</u>
<b>Cost</b>					
At 1 January 2021	18,982,731	8,623,078	8,394,902	1,402,900	37,403,611
Additions	6,213,705	51,831	1,895,137	-	8,160,673
Disposals	-	(13,901)	-	-	(13,901)
	<u>25,196,436</u>	<u>8,661,008</u>	<u>10,290,039</u>	<u>1,402,900</u>	<u>45,550,383</u>
At 31 December 2021	<u>25,196,436</u>	<u>8,661,008</u>	<u>10,290,039</u>	<u>1,402,900</u>	<u>45,550,383</u>
<b>Accumulated depreciation</b>					
At 1 January 2021	4,748,713	8,255,323	7,740,059	819,875	21,563,970
Charge for the year	788,306	258,884	403,689	108,900	1,559,779
Disposals	-	(13,881)	-	-	(13,881)
	<u>5,537,019</u>	<u>8,500,326</u>	<u>8,143,748</u>	<u>928,775</u>	<u>23,109,868</u>
At 31 December 2021	<u>5,537,019</u>	<u>8,500,326</u>	<u>8,143,748</u>	<u>928,775</u>	<u>23,109,868</u>
<b>Net carrying amount 31 December 2021</b>	<u>19,659,417</u>	<u>498,183</u>	<u>2,146,291</u>	<u>136,624</u>	<u>22,440,515</u>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**12 Takaful payable and amounts held under retakaful treaties**

	<b>2022</b>	2021
	<b>AED</b>	AED
Takaful payables comprise of:		
Due to policyholders	<b>9,077,000</b>	2,348,460
Due to takaful companies	<b>7,073,320</b>	8,951,659
	<hr/>	<hr/>
	<b>16,150,320</b>	11,300,119
	<hr/> <hr/>	<hr/> <hr/>
Amounts held under retakaful treaties comprise of:		
Due to retakaful companies	<b>237,003,464</b>	228,716,681
Retakaful deposit retained	<b>59,253,554</b>	51,015,766
	<hr/>	<hr/>
	<b>296,257,018</b>	279,732,447
	<hr/> <hr/>	<hr/> <hr/>

The average credit period is 60 to 90 days terms. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

**13 Provision for employee's end of service benefits**

	<b>2022</b>	2021
	<b>AED</b>	AED
At 1 January	<b>10,856,237</b>	10,402,618
Charged during the year	<b>1,787,127</b>	1,257,597
Paid during the year	<b>(294,181)</b>	(803,978)
	<hr/>	<hr/>
At 31 December	<b>12,349,183</b>	10,856,237
	<hr/> <hr/>	<hr/> <hr/>

**14 Share capital**

	<b>2022</b>	2021
	<b>AED</b>	AED
<i>Authorised, issued and fully paid</i>		
105,000,000 shares of AED 1 each	<b>105,000,000</b>	100,000,000
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2022, 43,743,000 shares or 41.66% of total share capital (2021: 41,664,219 shares or 41.66% of total share capital) were held by Abu Dhabi Islamic Bank PJSC and 61,257,000 shares or 58.34% of total share capital (2021: 58,335,781 shares or 58.34% of total share capital) were held by UAE nationals and other institutions.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**15 Legal reserve**

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

**16 General reserve**

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

**17 Re-takaful default reserve**

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

**18 Zakat**

During 2021, a resolution No. (50/1) for 2021 of Council of Minister was issued on 24 January 2021 cancelling the Cabinet Resolution No. (15/9) of 2020 which requires the Company to pay Zakat and transfer 20% of total Zakat amount payable to the Zakat Fund in UAE . Therefore, the Company reversed back the previously recognised Zakat of AED 5,320,778 to retained earnings.





**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**20 Related parties**

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

	Shareholders	Directors and their related parties	Key management personnel	Total
<b>Balances as at 31 December 2022</b>				
Statutory deposit (note 9)	10,000,000	-	-	10,000,000
Due from related parties	63,083	43,837	-	106,920
Due to related parties	6,148,792	-	-	6,148,792
<b>Transactions for the year ended 31 December 2022</b>				
Gross contributions written	19,890,443	20,651,684	-	40,542,127
Takaful expenses	1,537,548	-	-	1,537,548
Profit on term deposits	175,938	-	-	175,938
Short-term benefits	-	-	4,643,554	4,643,554
Long-term benefits	-	-	503,670	503,670
	Shareholders	Directors and their related parties	Key management personnel	Total
<b>Balances as at 31 December 2021</b>				
Statutory deposit (note 9)	10,000,000	-	-	10,000,000
Due from related parties	83,005	394,943	-	477,948
Due to related a party	654,630	-	-	654,630
<b>Transactions for the year ended 31 December 2021</b>				
Gross contributions written	81,949,021	18,525,418	-	100,474,439
Takaful expense	4,775,213	-	-	4,775,213
Profit on term deposits	46,465	-	-	46,465
Short-term benefits	-	-	4,327,586	4,327,586
Long-term benefits	-	-	213,832	213,832

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

Directors' remuneration in relation to the year ended 31 December 2022 of AED 1,637,930 (2021: AED 5,531,995) which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, was proposed and reflected in other comprehensive income in the statement of comprehensive income.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**21 Dividends**

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

**22 Policyholders' investment income, net**

	<b>2022</b>	2021
	<b>AED</b>	AED
Return on short-term investment accounts and deposits	<b>9,624,048</b>	10,728,884
Dividend income and profit on investments, net	-	382,830
Gain on disposal of investments, net	-	50,889
(Decrease) / increase in fair value of investments at fair value through profit or loss	-	(30,985)
	<hr/>	<hr/>
Operating expenses	<b>9,624,048</b> <b>(350,456)</b>	11,131,618 (1,319,715)
	<hr/>	<hr/>
	<b>9,273,592</b>	9,811,903
	<hr/> <hr/>	<hr/> <hr/>

**23 Mudareb share and wakalah fees**

The shareholders manage the policyholders' investment fund and charge 35% (2021: 35%) of investment income earned by policyholders' investment fund as mudareb share.

The shareholders manage the takaful operations for the policyholders and charge 23.6% (2021: 30.8%) of gross takaful contributions as wakalah fees.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**24 Shareholder's investment and other income, net**

	2022 AED	2021 AED
Return on short-term investment accounts and deposits	2,943,611	1,305,452
Dividend income and profit on investments, net	20,547,479	37,157,883
Gain on disposal of investments, net	242,384	678,772
Increase in fair value of investments at fair value through profit or loss	-	996,385
Increase in fair value of investment properties (note 10)	1,035,000	2,412,000
Rental income, net	724,124	496,116
Gain/(loss) on disposal of furniture and equipment	1,204	(20)
	<u>25,493,802</u>	<u>43,046,588</u>
Operating expenses	<u>(1,856,904)</u>	<u>(1,317,241)</u>
	<u>23,636,898</u>	<u>41,729,347</u>

**25 General and administrative expenses**

	2022 AED	2021 AED
Staff costs	42,573,217	32,904,680
Rental expenses	633,530	911,668
Depreciation of property and equipment	1,900,490	1,559,779
Other expenses	7,619,039	6,962,511
	<u>52,726,276</u>	<u>42,338,638</u>

Social contribution included in staff costs for the year ended 31 December 2022 amounts to AED 626,939 (2021: AED 596,437).

**26 Basic and diluted earnings per share**

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

	2022	2021
Profit for the year (AED)	<u>18,199,220</u>	<u>88,024,607</u>
Weighted average number of shares outstanding at 1 January	100,000,000	100,000,000
Effect of bonus shares issued in 2022	5,000,000	5,000,000
<b>Total weighted average share at 31 December</b>	<u>105,000,000</u>	<u>105,000,000</u>
<b>Basic and diluted earnings per share (AED)</b>	<u>0.17</u>	<u>0.84</u>

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 26 Basic and diluted earnings per share (continued)

The Company has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.

### 27 Profit for the year

The Company's combined net profit for the year for policyholder and shareholders, before Qard Hasan provision, is AED 18.19 million (2021: AED 69.38 million).

### 28 Segment information

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

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

#### Segment revenue and results

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

	2022			2021		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
<b>Takaful</b>						
Direct revenues	459,324,623	32,910,490	492,235,113	423,402,290	51,541,250	474,943,540
Direct costs	(387,561,475)	-	(387,561,475)	(338,672,766)	-	(338,672,766)
Takaful expenses	(33,748,142)	-	(33,748,142)	(24,549,580)	-	(24,549,580)
<b>Segment results</b>	<b>38,015,005</b>	<b>32,910,490</b>	<b>70,925,496</b>	60,179,944	51,541,250	111,721,194
Unallocated costs			(52,726,276)			(23,696,587)
<b>Profit for the year</b>			<b>18,199,220</b>			88,024,607

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year (2021: AED Nil).

The accounting policies of the reportable segments are the same as the Company's accounting policies used in the annual audited financial statements for the year ended 31 December 2021, except for adoption of new and amended standards as set out in note 2.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**28 Segment information (continued)**

**Segment assets and liabilities**

	2022			2021		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	509,333,971	811,740,765	1,321,074,736	508,292,898	771,182,600	1,279,475,498
Unallocated assets			57,500,203			78,368,297
<b>Total assets</b>			<b>1,378,574,939</b>			<b>1,357,843,795</b>
Segment liabilities	873,641,670	474,460	874,116,130	821,352,657	474,721	821,827,378
Unallocated liabilities			13,710,882			20,233,303
<b>Total liabilities</b>			<b>887,827,012</b>			<b>842,060,681</b>
<b>Capital expenditure</b>		1,760,896	1,760,896		8,160,673	8,160,673

**Gross takaful contributions revenue from underwriting departments**

	2022 AED	2021 AED
General takaful	400,788,469	313,086,070
Family takaful	46,308,490	57,195,529
<b>Total</b>	<b>447,096,959</b>	<b>370,281,599</b>

**29 Takaful risk**

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

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

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 29 Takaful risk (continued)

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

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

#### Frequency and severity of claims

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

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

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

#### Sources of uncertainty in the estimation of future claim payments

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

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)****29 Takaful risk (continued)**Sources of uncertainty in the estimation of future claim payments (continued)

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

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

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

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

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

Process used to decide on assumptions

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

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

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**29 Takaful risk (continued)**

Claims development process

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

	<b>2018 and earlier AED'000</b>	<b>2019 AED'000</b>	<b>2020 AED'000</b>	<b>2021 AED'000</b>	<b>2022 AED'000</b>	<b>Total AED'000</b>
<b>Motor - gross</b>						
<i>Accident year</i>						
At the end of the accident year	23,959	32,880	22,504	18,812	33,795	<b>131,950</b>
One year later	18,036	28,659	22,056	18,447	-	<b>87,198</b>
Two years later	17,313	28,254	22,139	-	-	<b>67,706</b>
Three years later	16,525	27,483	-	-	-	<b>44,008</b>
Four years later	15,700	-	-	-	-	<b>15,700</b>
Current estimate of cumulative claims	<b>15,700</b>	<b>27,483</b>	<b>22,139</b>	<b>18,447</b>	<b>33,795</b>	<b>117,564</b>
Cumulative payments to date	<b>(15,640)</b>	<b>(25,556)</b>	<b>(18,863)</b>	<b>(15,255)</b>	<b>(18,156)</b>	<b>(93,470)</b>
Liability recognised in the statement of financial position	<b>60</b>	<b>1,927</b>	<b>3,276</b>	<b>3,192</b>	<b>15,639</b>	<b>24,094</b>
<b>Non-motor and non-family - gross</b>						
<i>Underwriting year</i>						
At the end of the accident year	58,174	48,087	107,484	94,748	65,450	<b>373,943</b>
One year later	116,037	106,974	160,198	195,635	-	<b>578,844</b>
Two years later	114,346	105,775	113,633	-	-	<b>333,754</b>
Three years later	112,289	115,819	-	-	-	<b>228,108</b>
Four years later	154,885	-	-	-	-	<b>154,885</b>
Current estimate of cumulative claims	<b>154,885</b>	<b>115,819</b>	<b>113,633</b>	<b>195,635</b>	<b>65,450</b>	<b>645,422</b>
Cumulative payments to date	<b>(149,484)</b>	<b>(112,296)</b>	<b>(104,296)</b>	<b>(168,170)</b>	<b>(18,008)</b>	<b>(552,254)</b>
Liability recognised in the statement of financial position	<b>5,401</b>	<b>3,523</b>	<b>9,337</b>	<b>27,465</b>	<b>47,442</b>	<b>93,168</b>

Concentration of takaful risk

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

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

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



**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**30 Financial instruments**

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

**Fair value of financial instruments**

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

An analysis of financial instruments that are measured subsequent to initial recognition at fair value into levels 1 to 3 is provided in note 30.

**Capital risk management**

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

The Company's objectives when managing capital are:

- to comply with the capital requirements required by the UAE Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

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

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

	<b>2022</b>	2021
	<b>AED</b>	AED
Total shareholders' equity	<b>490,747,927</b>	516,084,618
Minimum regulatory capital	<b>100,000,000</b>	100,000,000

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

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**30 Financial instruments (continued)**

**Significant accounting policies**

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

**Categories of financial instruments**

	<b>2022</b>	2021
	<b>AED</b>	AED
<b>Financial assets</b>		
Statutory deposit	<b>10,000,000</b>	10,000,000
Investments	<b>317,245,074</b>	376,123,619
Retakaful contract assets	<b>406,389,284</b>	401,778,475
Takaful receivable	<b>38,265,290</b>	18,379,044
Cash and bank balances (including term deposits)	<b>504,437,287</b>	471,090,544
	<hr/>	<hr/>
Total	<b>1,276,336,935</b>	1,277,371,682
	<hr/> <hr/>	<hr/> <hr/>
<b>Takaful</b>		
Takaful contract liabilities	<b>542,826,517</b>	518,078,629
Takaful and retakaful payables	<b>312,407,338</b>	291,032,566
	<hr/>	<hr/>
Total	<b>855,233,855</b>	809,111,195
	<hr/> <hr/>	<hr/> <hr/>

**Profit return rate risk management**

The Company is not exposed to significant profit return rate risks as its profit return-sensitivity assets are repriced frequently.

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

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

**Foreign currency risk**

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

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)****30 Financial instruments (continued)****Market price risk**

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

**Credit risk management**

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

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

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

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

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

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

Management information reported to the Company includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and Companies of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous Companies of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company. Details on concentration of amounts due from policyholders is disclosed in note 6. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its policy holders.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**30 Financial instruments (continued)**

**Credit risk management (continued)**

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

At 31 December 2022, all of the deposits were placed with 8 banks (2021: 5 banks). Management is confident that this concentration at year end does not result in any credit risk to the Company as these banks are major banks operating in the UAE and are highly regulated by the Central Bank.

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

**Liquidity risk management**

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

The table below summarises the maturity profile of the Company's financial liabilities with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual maturity / repayment date.

The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	<b>Current AED</b>	<b>Non-current AED</b>	<b>Total AED</b>
<b>31 December 2022</b>			
<i>Financial liabilities</i>			
Takaful payable and amounts held under re-takaful treaties	147,742,389	164,664,949	312,407,338
Takaful contract liabilities	404,883,316	147,753,206	552,636,522
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>552,625,705</b>	<b>312,418,155</b>	<b>865,043,860</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>31 December 2021</b>			
<i>Financial liabilities</i>			
Takaful payable and amounts held under re-takaful treaties	103,105,541	187,927,025	291,032,566
Takaful contract liabilities	339,660,353	185,181,229	524,841,582
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>442,765,894</b>	<b>373,108,254</b>	<b>815,874,148</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**30 Financial instruments (continued)**

**Maturity analysis of assets and liabilities**

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

	<b>Current AED</b>	<b>Non-current AED</b>	<b>Total AED</b>
<b>31 December 2022</b>			
<b><u>Assets</u></b>			
Cash and bank balances including bank deposits	442,888,077	61,549,210	504,437,287
Statutory deposits	-	10,000,000	10,000,000
Retakaful share of unearned contributions	148,983,810	127,921,161	276,904,971
Financial assets designated at fair value through other comprehensive income	317,245,074	-	317,245,074
Contributions and Retakaful balance receivables	38,265,290	-	38,265,290
Deferred acquisition costs	17,203,623	-	17,203,623
Retakaful share of outstanding claims	129,484,313	-	129,484,313
Prepaid expenses and other assets	44,883,962	-	44,883,962
Property and equipment	-	22,300,419	22,300,419
Investment property	-	17,850,000	17,850,000
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>1,138,954,149</b>	<b>239,620,790</b>	<b>1,378,574,939</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities</u></b>			
Takaful payables	16,150,320	-	16,150,320
Outstanding claims	174,064,907	-	174,064,907
Retakaful payables	131,592,069	164,664,949	296,257,018
Accrued expenses and other liabilities	10,433,969	-	10,433,969
Unearned retakaful commission income	9,810,005	-	9,810,005
Unearned contributions	221,008,404	147,753,206	368,761,610
Provision for end of service benefits	12,349,183	-	12,349,183
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>575,408,857</b>	<b>312,418,155</b>	<b>887,827,012</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**30 Financial instruments (continued)**

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

	Current AED	Non-current AED	Total AED
31 December 2021			
<u>Assets</u>			
Cash and bank balances including bank deposits	471,090,544	-	471,090,544
Statutory deposits	-	10,000,000	10,000,000
Retakaful share of unearned contributions	112,779,236	161,222,890	274,002,126
Financial assets designated at fair value through other comprehensive income	240,357,909	-	240,357,909
Financial assets designated at fair value through income statement	135,765,710	-	135,765,710
Contributions and Retakaful balance receivables	18,379,044	-	18,379,044
Deferred acquisition costs	7,445,788	-	7,445,788
Retakaful share of outstanding claims	127,776,349	-	127,776,349
Prepaid expenses and other assets	33,770,810	-	33,770,810
Property and equipment	-	22,440,515	22,440,515
Investment property	-	16,815,000	16,815,000
	<hr/>	<hr/>	<hr/>
Total assets	1,147,365,390	210,478,405	1,357,843,795
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>			
Takaful payables	11,300,119	-	11,300,119
Outstanding claims	164,079,350	-	164,079,350
Retakaful payables	91,805,422	187,927,025	279,732,447
Accrued expenses and other liabilities	15,330,296	-	15,330,296
Unearned retakaful commission income	6,762,953	-	6,762,953
Unearned contributions	168,818,050	185,181,229	353,999,279
Provision for end of service benefits	10,856,237	-	10,856,237
	<hr/>	<hr/>	<hr/>
Total liabilities	468,952,427	373,108,254	842,060,681
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**31 Fair value of financial instruments**

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

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

	<b>Level 1 AED</b>	<b>Level 2 AED</b>	<b>Level 3 AED</b>	<b>Total AED</b>
<b><u>31 December 2022</u></b>				
Investment properties	-	-	<b>17,850,000</b>	<b>17,850,000</b>
Financial assets measured at fair value through other comprehensive income	<b>122,185,977</b>	-	<b>195,059,097</b>	<b>317,245,074</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>122,185,977</b>	-	<b>212,909,097</b>	<b>335,095,074</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>31 December 2021</u></b>				
Investment properties	-	-	16,815,000	16,815,000
Financial assets measured at fair value through profit and loss	-	-	135,765,710	135,765,710
Financial assets measured at fair value through other comprehensive income	124,754,153	-	115,603,756	240,357,909
	<hr/>	<hr/>	<hr/>	<hr/>
	124,754,153	-	268,184,466	392,938,619
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**32 Contingent liabilities and commitments**

	<b>2022 AED</b>	2021 AED
Bank guarantees	<b>500,000</b>	529,688
	<hr/> <hr/>	<hr/> <hr/>

Bank guarantees were issued in the normal course of business.

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)****33 Subsequent event**

On 27 October 2022, the Company reached an initial agreement to acquire the individual life takaful portfolio from Dubai Islamic Insurance & Reinsurance Company (AMAN), subject to obtaining regulatory approval of the Central Bank of UAE.

The Company has sent a request to the Central Bank of UAE - Insurance Sector for initial approval and to complete the necessary procedures in order to finalize the transaction between the two companies.

**34 Approval of financial statements**

The financial statements of the Company for the year ended 31 December 2022 has been authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2023.





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Takaful

شركة أبو ظبي الوطنية للتكاful ش.م.ع

Abu Dhabi National Takaful Co. P.S.C

**Abu Dhabi National Takaful Company – PSC - Takaful  
Governance Report for the year 2022**

Paid Up Capital UAE Dhs. 100,000,000/-

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تكافل

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Takaful

Abu Dhabi National Takaful Co. P.S.C

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### **Introduction:**

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

### **1. A statement of the procedures taken to complete the Corporate Governance system during 2022, and how they are applied.**

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

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

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

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

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

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

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

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



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Takaful

Abu Dhabi National Takaful Co. P.S.C

**2. A statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company' securities during 2022 using the table below:**

**1.2 The Company Policy:**

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

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

**2.2 Rules adopted by the Company;**

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

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



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

S/N	Name	Position/Relationship	Shares Held as at 31/12/2022	Total Sale Transactions	Total Purchase Transactions
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Chairman	-	-	-
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Deputy Chairman	-	-	-
3	Mr. Dhafer Faroq Mohammed Luqman	Board Member (Until 28/07/2022)	-	-	-
4	Mr. Khalifa Abdulla Khamis Al Romaiti	Board Member	-	-	-
5	Mr. Khalid Ali Ibrahim Jasem Almansoori	Board Member	-	-	-
6	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Board Member	-	-	-
7	Mr. Abdullatif Abdullah Ahmed Al Mulla	Board Member	-	-	-
8	Mrs. Metha Mohamed Alsharif Yousif Alhashmi	Board Member (From 21/11/2022)	-	-	-

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



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**3. Board of Directors Composition:**

The Board of Directors is considered the representative of the Company's shareholders. It is the body that primarily responsible for the company's business. It is committed to providing general instructions, approving the business strategies, plans, and budgets, following up the operational policy, business process, as well as the internal control system of all types.

The duties of the board members which needs considerable experience with high qualification, in which, the Company interested in carefully.

The current Board of Directors consists of seven members elected on 15/03/2020\* for period of three years ending in 2023. All members have the expertise and qualifications that qualify them to manage the Company, and they have the ability to read and understand the financial statements thoroughly, considering their long experience in the insurance and the business management scope.

\*Mr. Daffer Louqman resignation from the board was approved by the board on 28-07-2022 and Mrs. Meitha Al Hashemi was appointed as a replacement. The approval of the CBUAE was received by 21 November 2022

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

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



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2	Mr. Khalid Abdalla Deemas Alsuwaidi	Deputy - Chairman Non-executive/ Independent	He has considerable expertise in managing business corporations.	MBA	22/03/2008	Board member of Manazil Real Estate Company. Board member of Abu Dhabi Commercial Bank. Board member of Skynews Arabia	The CEO of Das Holding.
3	Mr. Dhafer Faroq Mohammed Luqman	Board Member Non-executive	He worked as a Chief of Business Development for one of a financial institution. He has good experience in banking management and finance as well.	MBA	03/04/2011 To 28/07/2022	Global Head of Liabilities and Wealth Retail Banking Group of Abu Dhabi Islamic Bank	
4	Mr. Khalifa Abdulla Khamis Al Romaihi	Board Member Non-executive Independent	He has considerable expertise in investment as well as in the business management a	Bachelor in Business Management	22/03/2008	Chairman of Emirates Driving Company Board Member of Gulf Energy Maritime Board member of Aldar Properties	Executive Director UAE Real Estate- Mubadala
5	Mr. Khalid Ali Ibrahim Jasem Almansoori	Board Member Non-executive	He has experience in studying and developing the economic activities of companies and developing their resources He has also good experience in managing a number of private projects	Master degree in Innovation and Entrepreneurship	20/03/2010	Board member of Manazil Properties	Owner of Circle Consultants Owner of Creative Robotics Executive Chairman- MPM properties.



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			and developing the resources				
6	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Board Member Non-executive Independent	Experience in banking and operations management	Bachelor in Business Management and Marketing	9/11/2014	Board member of Manazil Real Estate	Chief Operating Officer of Das Holding Advisor Presidential of Court
7	Mr. Abdullatif Abdullah Al Mulla	Board member-non executive Independent	Experience in real estate and information technology	Masters in Economical & Social development and Management, Masters in corporate communication	15/03/2020	Chairman of IMDAD	None
	Mrs. Metha Mohamed alsharif Yousif Alhashmi	Board member-non executive	Experience in banking & insurance	BA in Management, B.SC in Computer Science	21 /11/2022	Group Chief Credit Officer-ADIB	None





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**b. A statement of women's representation in the Board of Directors in 2022 (in case there is no representation, kindly state 'no representation').**

Women representation in the board is 1/7. Mrs. Meitha Al Hashemi is a newly joined board member. She is currently the Group Chief Credit Officer at ADIB. Mrs. Meitha holds Dual Bachelors degree from Webster University, Switzerland. Along with her long list of professional certificates, she is accredited with 'Risk Management in Banking Program' from INSEAD, France and Chief Risk Officer program from GARP – UK.

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

NA

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

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

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

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

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

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

**1. Total remunerations paid to the members of the Board of Directors for the year 2021.**

At the General Assembly of the company held on 28/03/2022, the shareholders approved the remuneration of the Board members which amounted to AED: 5,531,995 as a bonus for the financial year ended 31/12/2021, in accordance with the provisions of the said articles and laws above.



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**2. Total remunerations proposed to be paid to the members of the Board of Directors for the year 2022, which shall be presented in the annual General Assembly for approval.**

At the General Assembly of the company which will be held on 03/04/2023, it is proposed to the General Assembly to approve the remuneration of the members of the Board to be AED 1,637,930 for the year ended 31/12/2022, in accordance with the provisions and laws above-mentioned.

**3. A statement of the details of allowances for attending the sessions of committees derived from the BO, which were paid to the BOD members for the fiscal year 2022 using the table below:**

Each member of the Board of Directors received an amount of 7500 AED for the attendance allowance for each committee meeting during the year 2022, according to the following detail:

S/N	Name	Allowances for attending the BOD Committees		
		Name of Committee	Allowance Amount	Number of Meetings
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Strategy & Investment Committee	22500AED	3
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Strategy & Investment Committee	22500AED	3
		Remuneration & Nomination Committee	15000AED	2
3	Mr. Dhafer Faroq Mohammed Luqman	Audit & Risk Committee	15000 AED	2
		Strategy & Investment Committee	7500 AED	1
		Insider's Trading	00	1



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4	Mr. Khalifa Abdulla Khamis Al Romaithi	Audit & Risk Committee	37500 AED	5
		Strategy & Investment Committee	15000 AED	2
		Insiders' Trading	00	2
5	Mr. Khalid Ali Ibrahim Jasem Almansoori	Remuneration & Nomination Committee	15000AED	2
		Strategy & Investment Committee	22500AED	3
		Audit & Risk Committee	7500 AED	1
		Insider's Trading	00	1
6	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Strategy & Investment Committee	22500AED	3
		Remuneration & Nomination Committee	15000AED	2
7	Mr. Abdullatif Abdullah Ahmed Al Mulla	Audit & Risk Committee	37500 AED	5
		Strategy & Investment	15000 AED	2
		Insider's Trading	00	2

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

N/A



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e. The number and dates of BOD meetings held during the FY 2022 as well as the attendance frequency by all the members; in person and by proxy (the names of the BOD members should match the information set out in item (3a) above). –

#	Date of the meeting	Number of Attendees	Number of attendance by proxy	Names of absent members
1	06/01/2022	7	0	0
2	21/02/2022	7	0	0
3	25/02/2022	7	0	0
4	14/05/2022	6	1	Mr. Khalid Deemas
5	11/08/2022	*5	0	Mr. Naser Al Zaabi
6	10/11/2022	*6	0	0

\*Mr. Daffer Louqman resignation was accepted by the board on 28<sup>th</sup> of July 2022

**f. Number of the Board resolutions passed during the 2022 fiscal year, along with its meeting convention dates.**

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

- On 31/03/2022, the Board of Directors approved by circulation the actuarial report of underwriting and pricing for 2021.
- On 30/09/2022, the Board of Directors approved by circulation the actuarial report of underwriting and pricing for the period ending on 30 June 2022.
- On 28/07/2022, the Board of Directors approved by circulation the resignation of Mr. Daffer Louqman from ADNTC's board.

**g. A statement of the BOD's tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the Management, stating the period and validity of the delegation.**

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

- Managing the company's business and providing instructions to the executive in line with the company's strategic goals and policies prescribed by the Board and the provisions of the law/legislations related to the company's activities.



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- Providing the Board with accurate/periodic reports on the financial position and actions taken in the risk management, in order to enable the Board to review the objectives, plans, and policies, and to question the executive management about their performance.
- Providing the regulatory bodies (Ministry of Economy – Securities and Commodities Authority – Abu Dhabi Securities –CBUAE... etc) with any information, data, and documents which required in accordance with the provisions of the law, regulations issued under any of them.
- Make recommendations regarding any necessary proposals concerning the company's operations.
- Managing the company's investments and funds in accordance with the directions of the Board, signing the respective contracts on behalf of the company and representing it in its relations with others.
- Managing the workflow of the contracts and agreements and the negotiation about them.
- Appointing/dismissing the employees, in accordance with the policy determined by the Nomination and Remuneration Committee emanating from the Board, in a manner that does not conflict with the laws.
- Representing the company before all stages of courts, with the right to delegate lawyers and experts and isolate them.
- Delegating representatives for the company to do some partial tasks which will facilitate the work operations.
- All the powers granted above shall not contradict the laws, and regulations.

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**h. A statement of the details of transactions made with the related parties (stakeholders), indicating the nature of relationship and transaction type.**

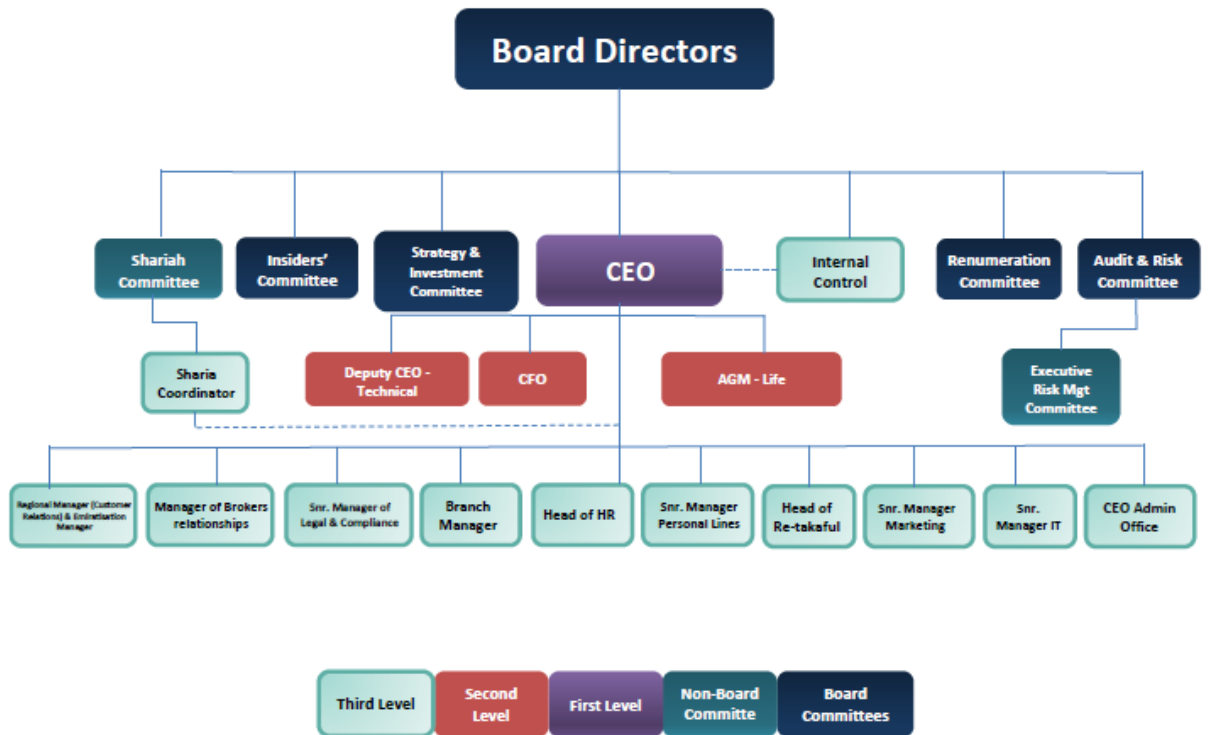
Ser.	Statement of related parties	Clarifying the nature of relationship	Type of transaction	Value of transaction
1	affiliate company and major shareholder	major shareholder	Gross contributions written (insurance premium)	AED 19,890,443
2	affiliate company and major shareholder	major shareholder	Profit from the term deposits	AED 175,937
3	affiliate company and major shareholder	major shareholder	A regular deposit on 31 December	AED 10,000,000

Details of significant transactions with the related party (affiliate company and major shareholder) were within the Company's normal business scope as follows:

The company did not made any transactions equal to or more than 5% of the company's capital during 2022



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





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

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

S/N	Position	Date of Appointment	Total Salaries and Allowances paid in 2022 (AED)	Total Bonuses paid in 2022
1	Chief Executive Officer	14-03-2010	2,449,763	Not defined
2	Deputy Chief Executive Officer – Technical Affairs	30-01-2007	923,442	Not defined
3	Assistant General Manager – Life and Bancassurance	10-07-2005	745,431	Not defined
4	CFO	24/07/2016	473,722	Not defined
5	Head of Internal Control	01-06-2004	482,602	Not defined
6	Sharia Coordinator	29-11-2020	387,750	Not defined
7	Manager of Legal & Compliance	14-08-2007	376,878	Not defined
8	Snr. Manager of Dubai & Northern Emirates Branch	15-02-2016	677,140	Not defined
9	Head of HR	19/01/2022	525,766	Not defined
10	Snr. Manager Motor	20-02-2018	453,750	Not defined
11	Head of Re-takaful	01-03-2009	511,864	Not defined
12	Snr. Manager Marketing	19-12-2010	342,606	Not defined
13	Snr. Manager IT	28-04-2019	459,750	Not defined
14	Regional Manager of Customer Relationship & Emiratization	11-04-2004	670,005	Not defined

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





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**4. External Auditor:****a. A brief about the external auditor of the Company's to the shareholders.**

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

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

Name of the audit office and partner auditor	Deloitte Obada AlKowatly
Number of years he served as the company external auditor	4
Number of years the company served as external auditor	1
Total audit fees for 2022 in (AED)	AED 180,000
Fees and costs of other private services other than auditing the financial statements for 2022 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	AED 352,000
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	Approving financial statistics provided to the supervisory authorities according to the request of these authorities.
Statement of other services that <b>an external auditor</b> other than the company accounts auditor provided during 2022 (if any). In the absence of another external auditor, this matter is explicitly stated.	None

**c. A statement of the qualified opinions made by the company's external auditor in the interim and annual financial statements for 2022. In the absence of any qualified opinions, this shall be stated clearly.**

NONE



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**5. Audit Committee:**

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

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

Following board of directors' election held in company AGM dated 15/03/2020, and based on the discussions held during board's meeting number 5/2021 held 10/11/2021, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide.

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

**"(Abdulatif Abdullah Ahmed Al Mulla), Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness."**

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

S	Name	Position	His Category in the Board	
1	Mr. Abdullatif Abdullah Ahmed Al Mulla	Chairman of the Committee	Board Member/Non-executive/Independent	
2	Mr. Khalifa Abdulla Khamis Al Romaithi	Member	Board Member/ Non-executive / Independent	
3	Mr. Dhafer Farouq Louqman	Member	Board Member/Non-executive	Membership ended on 28/07/2022
	Mr. Khalid Al Mansoori	Member	Board member/ Non-executive	Mr. Khalid was appointed as a replacement to Mr. Daffer



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#### **The duties of Audit & Risk Committee:**

The committee shall convene at least once every three months or whenever the need arises, with a minutes written by the Committee secretary and reviewed by the committees members. Following board of directors' election held in company AGM dated 15/03/2020, and based on the discussions held during board's meeting number 3/2020 held 23/03/2020, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Board Decision number (03 RM) year 2020 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, including the follows:

- a. It shall set up and apply a policy to govern the work of the external auditors in addition to report to the board of directors any critical issue that requires action to be taken along with providing proper suggestions for implementations.
- b. It shall follow up and oversee the independence and objectivity of the external auditor and hold discussions with the external auditor on the nature, scope and efficiency of the audit according to approved audit standards.
- c. It shall oversee the integrity of and review the Company's financial statements and reports (annual, semiannual and quarterly reports) in the course of its operations during the year and shall, in particular, focus on:
  - (1) Any changes to accounting policies and practices;
  - (2) Highlighting matters that are subject to Management's judgment;
  - (3) Material amendments emerging out of the audit;
  - (4) The assumption of the Company's continuity as a going concern;
  - (5) Adherence to the accounting standard set by the Authority; and
  - (6) Adherence to listing and disclosure rules as well as other legal requirements in relation to financial reporting.
- d. It shall coordinate with the Board of Directors, the Management and the financial manager or the manager assuming the same duties in the Company in order to duly fulfill its duties. The audit committee shall hold a meeting with the Company's external auditor at least once per year.
- e. It shall consider any irregular issues that are or have to be reflected in the board and financial reports and pay necessary attention to any issues raised by the financial manager of the Company, the manager assuming the same duties, the Compliance Officer or the external auditor.
- f. It shall review the Company's financial control, internal control and risk management framework.
- g. It shall discuss the internal control framework with Management and make sure that it fulfills its duty to develop an effective internal control system.



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

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

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

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

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

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

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

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

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

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

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

**c. The number and dates of the meetings held by the audit committee during the year 2022 to discuss issues related to the financial statements and any other issues, and a statement of the attendance frequency in person by the committee's members.**

Meeting number and date	First meeting	Second meeting	Third meeting	Forth meeting	Fifth Meeting
	24/02/2022	19/04/2022	12/05/2022	11/08/2022	10/11/2022
Mr. Abdullatif Abdullah Ahmed Al Mulla	✓	✓	✓	✓	✓
Mr. Khalifa Abdulla	✓	✓	✓	✓	✓



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Khamis Al Romaithi					
Mr. Dhaffer Louqman	✓	X	✓	--	--
Mr. Khalid Al Mansoori	Not assigned	Not assigned	Not assigned	Not assigned	✓

#### 6. Nomination and Remuneration Committee:

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

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

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

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

Following board of directors' election held in company AGM dated 15/03/2020, and based on the discussions held during board's meeting number 5/2021 held 10/11/2021, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide, including the follows:

- Ensure the independence of the members.
- Formulating and reviewing on annual basis, the policy for granting bonuses, benefits, incentives and salaries at the company.



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Abu Dhabi National Takaful Co. P.S.C

- Identify the company's needs of competencies at the level of senior executive management and employees and the bases of their selection.
- Prepare the human resources and training policy in the company and observing its application and review it periodically

**c. A statement of the number and dates of the meetings held by the committee during the year 2022, stating the frequency of attendance in person by all the members of the committee.**

Board member	First Meeting 22/02/2022	Second Meeting 05/04/2022
Mr. Khalid Abdalla Deemas Alsuwaidi	✓	✓
Mr. Khalid Ali Ibrahim Jasem Almansoori	✓	✓
Mr. Naser Mohamed Naser Al Mur Al Zaabi	✓	✓

#### 7. Insiders' Trading Follow-Up and Supervision Committee:

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

**"(Abdullatif Abdullah Ahmed Al Mulla) acknowledges his responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.**



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

	Name	The position in the committee	His Board category
1	Mr. Abdullatif Abdullah Ahmed Al Mulla	Chairman of the Committee	Board Member / Non-executive / Independent
2	Mr. Khalifa Abdulla Khamis Al Romaithi	Member	Board Member / Non-executive / Independent
3	Mr. Dhaffer Louqman	Member	Board Member / Non-executive
	Mr. Khalid Al Mansoori	Member	Board Member/ Non-executive

Following board of directors' election held in company AGM dated 15/03/2020, and based on the discussions held during board's meeting number 05/2021 held 10/11/2021, the board of directors decided its committee's structure and authorities as per the listed authorization described in company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide.

**c. A summary of the Committee's activities in 2022. (In case the Committee not formed, state the reasons).**

- The Committee met on 19/04/2022 and confirmed that the company was not notified of any sale or purchase of the company shares by insiders.
- The Committee met on 10/11/2022 and confirmed that the company was not notified of any sale or purchase of the company shares by insiders.

**8. Strategy & Investment Committee.**

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

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



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

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

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

	Name	The position in the committee	His Board category
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Committee chairman	Chairman, Non-executive
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Member	Deputy -Chairman Non-executive/ Independent
3	Mr. Khalifa Abdulla Khamis Al Romaithi	Member	Board Member Non-executive Independent
4	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Member	Board Member Non-executive Independent
5	Mr. Abdullatif Abdullah Ahmed Al Mulla	Member	Board Member Non-executive Independent
6	Mr. Khalid Ali Al Mansoori	Member	Board Member Non-executive
7	Mr. Dhaffer Louqman	Member	Board Member Non-executive





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d. A statement of the number and dates of the meetings held by the committee during the year 2022, stating the frequency of attendance in person by all the members of the committee.

Meeting number and date Board member	First meeting 27/04/2022	Second Meeting 05/07/2022	Third Meeting 22/11/2022
Mr. Khamis Mohamed Khamis Buharoon Alshamsi	✓	✓	✓
Mr. Khalid Abdalla Deemas Alsuwaidi	✓	✓	✓
Mr. Khalifa Abdulla Khamis Al Romaithi	✓	X	✓
Mr. Naser Mohamed Naser Al Mur Al Zaabi	✓	✓	✓
Mr. Khalid Al Mansoori	✓	✓	✓
Mr. Dhaffer Louqman	✓	X	X
Mr. Abdullatif Abdullah Ahmed Al Mulla	✓	X	✓



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## 9. Internal Control System:

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

### Internal Control functions are as follows:

1. Evaluate the Enterprise Risk Management framework applied in the company.
2. Ensure that the company adherence to the Corporate governance requirements.
3. Ensure the commitment of the company and its employees to the provisions of the laws, regulations, and the internal policies and procedures.
4. Evaluate the work of the company's internal committees and their efficiency to reduce the risks facing the company, and make appropriate recommendations to correct their weaknesses.
5. Reviewing the financial statements presented to the Company's senior management, which are used in preparing the financial statements.
6. Comparing and analyzing actual financial results with previous estimates and setting explanations, solutions, and recommendations thereon.
7. Coordinating with the external auditors of the company and other regulatory authorities regarding the exchange of information and responding to their inquiries and observations in cooperation with the concerned departments in the Company, and follow up correction of violations and as well as following up the recommendations contained in their reports.
8. prepare internal audit reports of the internal audit engagement conducted according to the approved audit plan as well as ad hoc assignments, and report them to the board on periodic basis.
9. imposing additional controls on some departments through ensuring:
  - i. Effectiveness and efficiency of the Company's operations.
  - ii. Controls over the financial transactions (payment, exchange, transfer, deduction, etc).
  - iii. the accuracy of the financial statement .
  - iv. The reliability of the Data transmitted and processed throughout the company's operation system
  - v. Matching internal data with the data from external sources.
  - vi. Matching the annual financial results with the financial records and general ledges.
  - vii. Taking the appropriate action to safeguard the company's assets and records.



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

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

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

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

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

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

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

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



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

The Internal Control Department issued six audit reports in 2022.

**10. Details of the violations committed during 2022, explaining their causes, how to address them and avoid their recurrence in the future.**

According to the reports submitted by the Internal Control Department, the Company did not face any significant violations during the fiscal year 2022. The company considers that the absence of these errors is part of the success achieved through the good practices formulated by the Board and Executive Management.

**11. A statement of the cash and in-kind contributions made by the Company during the year 2022 toward the local community development and environmental conservation. (In case there are no contributions, it should be stated that the Company did not make any contributions).**

In par with global wellness initiatives, we have started offering wellness programs to our major medical insurance clients.

Our company participated in social responsibility initiatives, such as

- Blood donation campaigns
- Staff wellness programs
- Provide media exposure to Emirati staff.

**The company also participated in paid contribution towards Zakat Fund AED 12731 and UAE Red Crescent AED 12731**

**12. General Information:**

a. A statement of the Company share price in the Market (closing price, highest price, lowest price) in the end of each month during year 2022.

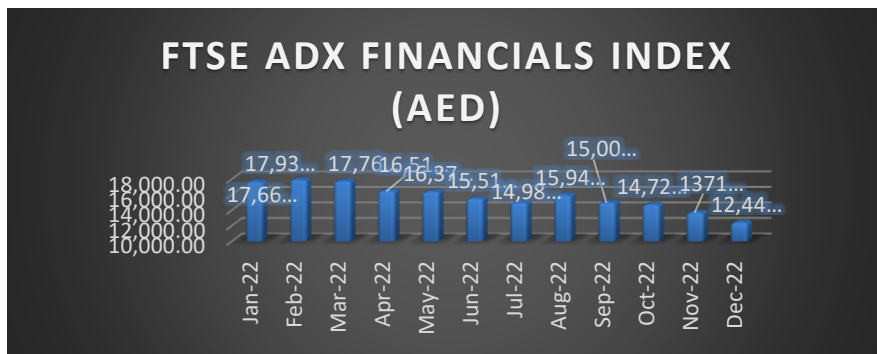
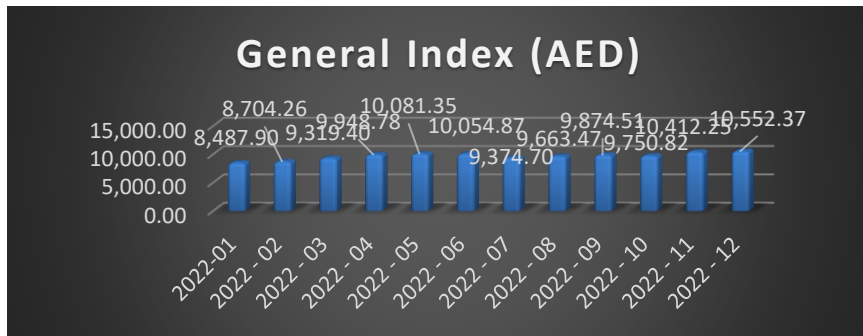
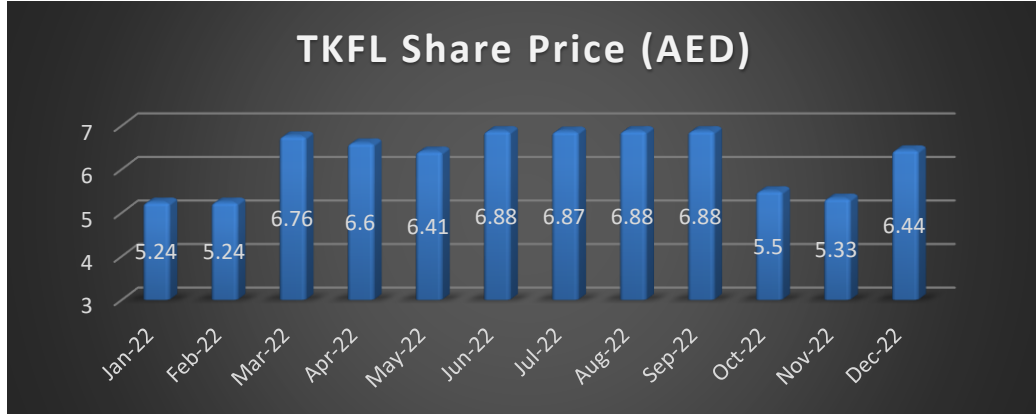
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>The price</b>	5.24	5.24	6.76	6.6	6.41	6.88	6.87	6.88	6.88	5.5	5.33	6.44
<b>lowest price</b>	4.87	4.76	5.52	6.6	4.86	5.21	6.87	6.88	6.2	5.03	4.16	6.16
<b>highest price</b>	5.29	5.24	6.76	6.86	6.41	6.88	6.87	6.88	6.88	5.5	5.53	6.44



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b. A statement of the comparative performance of the company's shares with the market index and the sector index to which the company belongs during year 2022.



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شركة خاضعة لأحكام القانون الاتحادي رقم (٦) لسنة ٢٠٠٧. رقم التقييد (٧١) تاريخه ٢٠٢٢/١١/٢٣  
AL AIN OFFICE  
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Fax: +971 3 7660555



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c. A statement of shareholding distribution as of 31/12/2022 (individuals, companies, governments) classified as follows: local, GCC, Arab, foreign using the table below:

S/N	Shareholder Category	Percentage of Shares Held			
		Individual	Companies	Government	Total
	Local	11%	89%	0	100%
	GCC	0	0	0	
	Arab	0	0	0	
	Foreign	0	0	0	
	Total	11%	89%	0	100%

d. A statement of the shareholders who hold 5% or more of the Company's capital as of 31/12/2022 using the table below:

S/N	Name	Number of Shares Held	% of the Shares Held of the Company's Capital
1	Abu Dhabi Islamic Bank	41,7%	43,747,429
2	Tasameem Real Estate Co. LLC (Tasameem)	27%	28,323,074
3	East & West Group	11,7%	12,312,788
3	Bond Investments Ltd	5%	5,302,427

e. A statement of shareholders distribution by the size of equity as of 31/12/2022 using the table below:

S/N	Share(s) Owned	Number of Shareholders	Number of Share Held	% of the Shares Held of the Capital
1	Less than 50,000	1,454	5,682,303	5%
2	From 50,000 to less than 500,000	41	4,516,456	4%
3	From 500,000 to less than 5,000,000	6	5,115,523	5%
4	More than 5,000,000	4	89,685,718	85%



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Abu Dhabi National Takaful Co. P.S.C

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

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

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

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

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

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

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

024107700- 024107722 – Mob; 00971502898765 Fax. 024107800 – [Evan.Ramadan@takaful.ae](mailto:Evan.Ramadan@takaful.ae)

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

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

**g. A statement of the special resolutions presented to the General Assembly held in 2022 and the procedures taken with respect thereto.**

Company AOA amendments to comply with Commercial Law (32) Year (2021) was approved and published in the official newspaper.

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

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





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

**i. A statement of the significant events that took place in the Company in 2022.**

- In November 2022, Abu Dhabi National Takaful Company (PSC) announced that it has regained the financial strength rating to A- (Excellent), and the long-term credit rating A- from the global rating agency A.M. Best, while the forward-looking for credit ratings is positive, maintaining one of the highest rating given to a Takaful operator in the worldwide, for the seventh consecutive year.

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

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

Note that the company is subject to the Emiratization Strategy (points system) in accordance with the Cabinet Decision No. (267/10/3) of 2015, regarding the Emiratization Strategy in banking and insurance sectors, where the determination of target points was in accordance with the number of written premiums at 51, The company, in turn, supported the national economy and participated in achieving the government vision, achieving a great result with a score of 91.00 points.

**k. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2022.**

ADNTC has strategies to enhance its digital footprint.

Our major accomplishments during our journey in technology and automation:

- Individual Life: Individual Life System (FILOS) with Remote Sales Solution (RSS) empowering distributors and partners to sell 100% digitally.
- Work flow system with audit trail and paperless environment.
- Digitization of internal processes in areas of finance, UW & claims.
- Real time management reporting
- Print Management System
- Online payments system
  
- Individual Medial Plans: NANO Health System with automated quotation management system (QMS) for individual and SME Medical and member Mobile Application.
  
- Automation of WhatsApp.
  
- The following products are available online for customers:
  - 1) Takaful Protection Plan for School Fees
  - 2) Male Care Takaful Plan
  - 3) Female Care Takaful Plan
  - 4) Personal Accident Takaful Plan
  - 5) Motor Takaful Plan

**Signature of the Board  
Chairman**



**Date 23/02/2023**

**Signature of Audit  
Committee Chairman**



SigID: 369baff66c70e73cea114791424da2e45710b0359bebab70


**Date: 23/02/2023**

**Signature of Nomination  
and Remuneration  
Committee Chairman**



**Date: 23/02/2023**

**Signature of Internal  
Control Department  
Director**



**Date: 23/02/2023**





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



2022  
SUSTAINABILITY REPORT

ABU DHABI NATIONAL TAKAFUL COMPANY  
P.S.C



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



تقرير الاستدامة لعام 2022

شركة أبوظبي الوطنية للتكافل



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

Abu Dhabi National Takaful Co. PSC is a public shareholding company with a paid-up capital of AED.100,000,000.00 and was listed on the Abu Dhabi Securities Exchange (ADX) in April 2005; stock symbol TKFL.

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



شركة أبوظبي الوطنية للتكافل أسست في شهر نوفمبر من عام 2003 كواحدة من أوائل مشغلي التأمين التكافلي في أبوظبي بهدف توفير حلول تأمين تتوافق مع الشريعة الإسلامية في دولة الإمارات العربية المتحدة.

شركة أبوظبي الوطنية للتكافل تأسست برأس مال مدفوع قدره 100,000,000 مليون درهم إماراتي وهي مدرجة في سوق أبوظبي للأسواق المالية منذ إبريل 2005 تحت رمز TKFL.

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



# MESSAGE FROM THE CEO

Abu Dhabi National Takaful Co.P.S.C ('Takaful') is a major player as a Takaful insurance solutions' provider in the UAE, with an A- financial strength rating by A.M Best.

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

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

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

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

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



# رسالة الرئيس التنفيذي

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

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

أسامة عابدين  
الرئيس التنفيذي



# ABOUT THIS REPORT

## عن هذا التقرير

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

خلال هذا التقرير نشرح استراتيجيات الشركة المتبعة لإنشاء، مراقبة وتطوير التزامنا بمعييار الاستدامة المتبعة محليا وعالميا ودمجها ضمن استراتيجتنا وإدارة عملياتنا لتحقيق أهداف الاستدامة.



# MISSION VISION

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

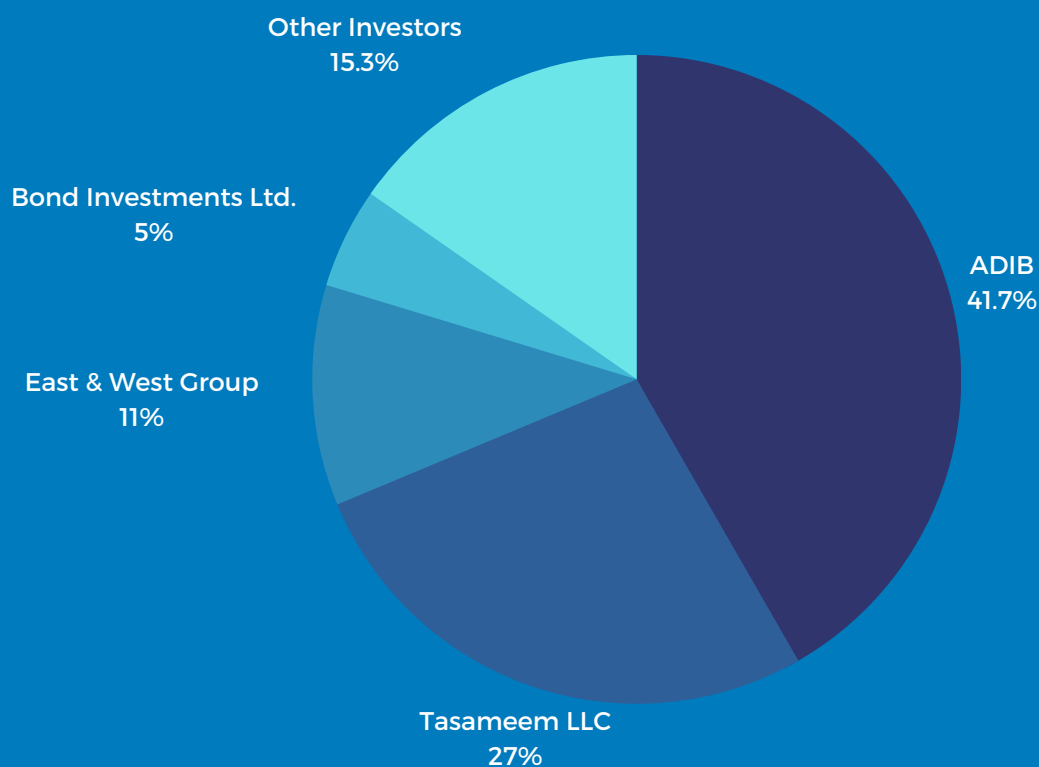
To be the Takaful operator of first choice in the region.

## Takaful Company of First Choice

# ADNTC OWNERSHIP STRUCTURE

هيكل الملكية

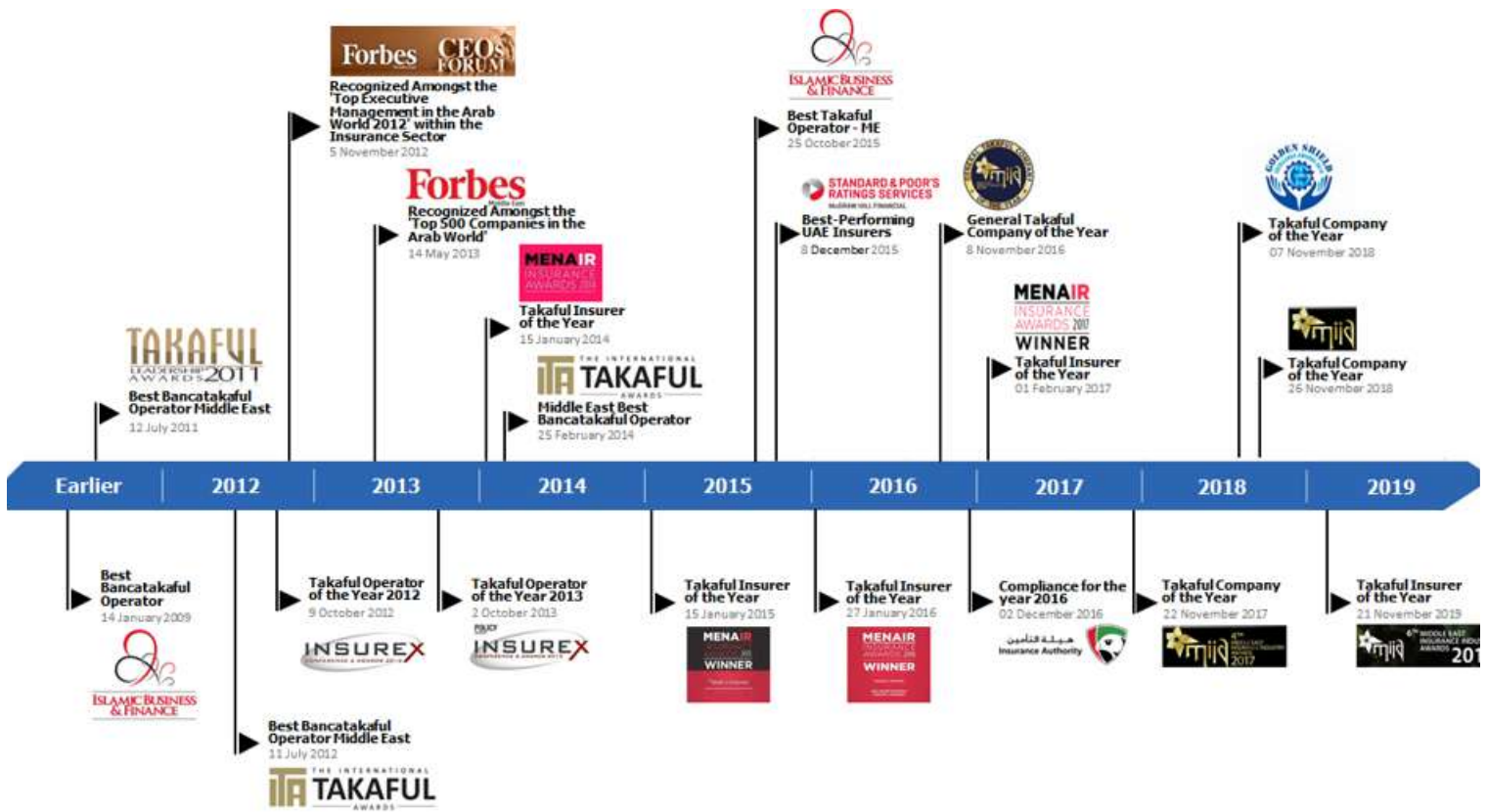
31 Dec 2022



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

# AWARDS AND RECOGNITIONS

## الجوائز والتقدير



# الأداء المالي FINANCIAL PERFORMANCE

## 618 M

The company has an accumulated Shareholders Profit of AED 618M from 2010-2022 (e)

حققت الشركة ربح كلي للمساهمين بقيمة 618 مليون درهم إماراتي من عام 2010 إلى عام 2022

## 494M

The company has achieved self-funded increase in equity from AED 73 M (2009) to AED 494 M (2022).

حققت الشركة ارتفاعا ذاتيا في الحقوق المالية من 73 مليون درهم في عام 2009 إلى 494 مليون درهم في عام 2022

## 310%

Company Assets Increased by 310% from AED 337 M in 2010 to AED 1.38 Bn in 2022.

ارتفعت أصول الشركة بنسبة 310% من 337 مليون درهم عام 2010 لتصل إلى 1.38 بليون درهم في عام 2022



# الأداء المالي FINANCIAL PERFORMANCE

## 18.2 M

---

The company reported shareholder's **profit** of AED 18.2 million for the year 2022 (e).

حققت الشركة ربحا كليا قدره 18.2 مليون درهم إماراتي لعام  
2022



# FINANCIAL RATING



## التصنيف المالي

حصلت الشركة للسنة السابعة على التوالي على تصنيف القوة المالية A- من وكالة التصنيف العالمية إيه إم بست للتصنيف المالي في عام 2022.

**ADNTC's Financial Strength Rating was re-affirmed for the seventh year as A- (Excellent) by AM Best international financial rating agency in 2022.**

**This is one of the highest ratings assigned to a composite Takaful Provider worldwide by AM Best.**

يعد هذا التصنيف واحدا من أعلى التصنيفات المالية لشركة تأمين تكافلي (تأمينات عامة وحياة) على مستوى العالم من وكالة إيه إم بست.

# DEVELOPMENT GOALS

# أهداف التنمية

## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD





# OUR APPROACH

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

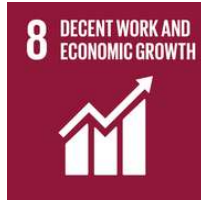
في شركة أبوظبي الوطنية للتكافل نحن نسعى لدمج معيير الاستدامة والتنمية لتكون جزءا من نموذج عملنا بحيث نضمنها في خطة الأعمال السنوية لدعم نهج أعمالنا.



# OUR STRATEGIC PILLARS AND ESG

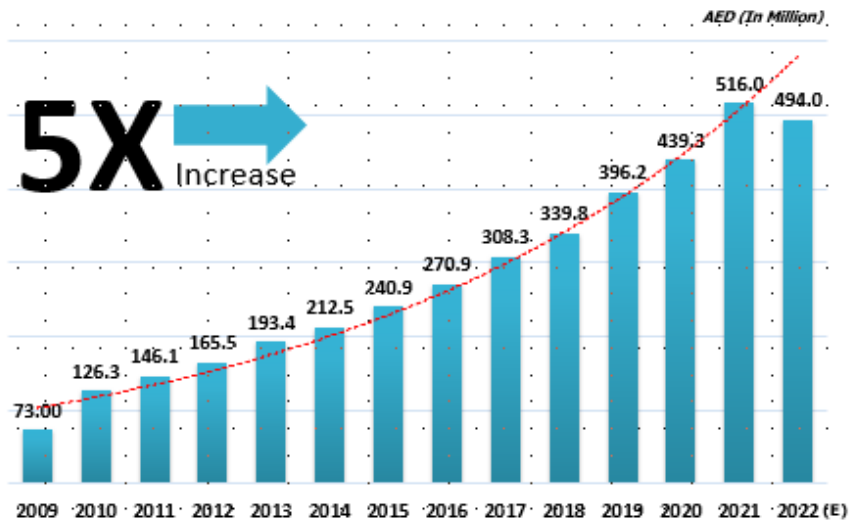
# استراتيجيتنا وأهداف الاستدامة

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



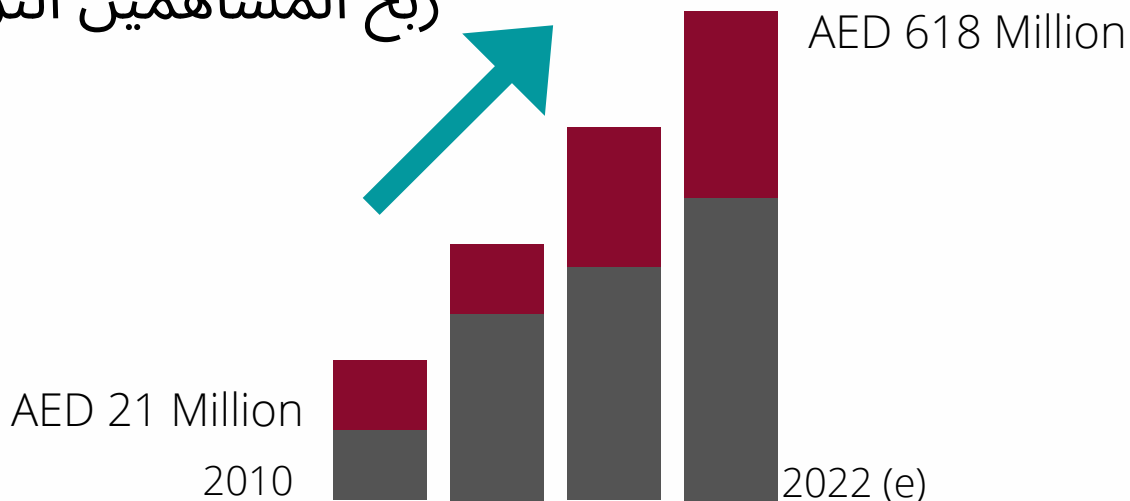
# Shareholders' Equity

## حقوق المساهمين



# Accumulated Shareholders Net Profit

## ربح المساهمين التراكمي



## Our Approach

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

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



# OPERATIONAL EFFICIENCY

## فعالية العمليات



## نهجنا

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

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



## التحول الرقمي

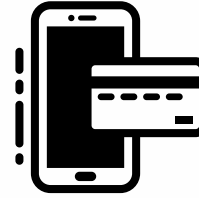
خلال عام 2021 عملنا بجهد لضمان استمرار عملياتنا لجميع الأطراف ذات العلاقة عن طريق عدة منصات رقمية:



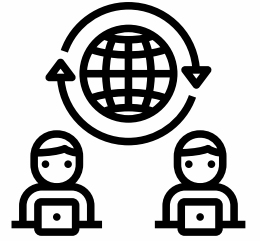
خدمة واتساب 24/7



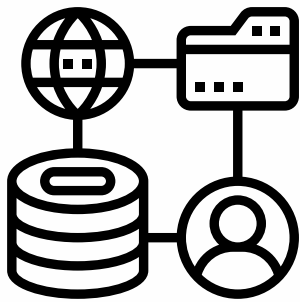
موقع الكتروني لشراء المنتجات  
التأمينية



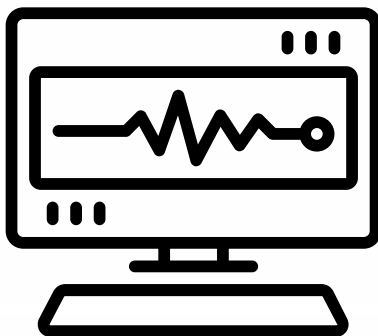
Pay Apple Pay



العمل عن بعد



نظام إدارة الوثائق الالكترونية  
والأرشفة الالكترونية



نظام الكتروني  
لتأمينات الصحة والحياة



بيئة خالية من الورق

## Digital Transformation

During 2021, we made sure that our stakeholders can reach us via multiple digital platforms with end-to end solutions:



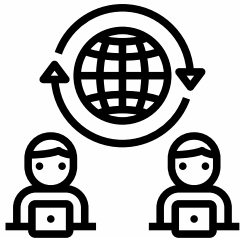
24/7 support



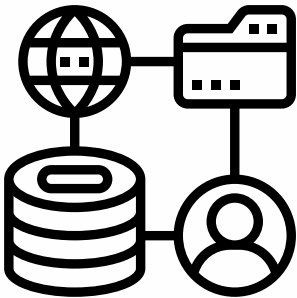
online portal



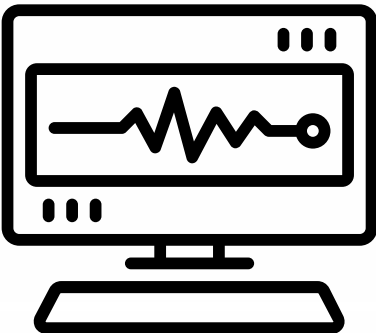
Pay<sup>+</sup> Pay



Remote Working



Work Flow & Document Management System



State of the art Medical & Life Systems



Towards Paperless Environment

# OPERATIONAL EFFICIENCY



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



The average electricity consumption for the year 2022 approx. 200.683 KWH



# فعالية العمليات



طبقت الشركة نظام إدارة الطباعة ضمن خطتها لقيادة عملياتها بلا أوراق



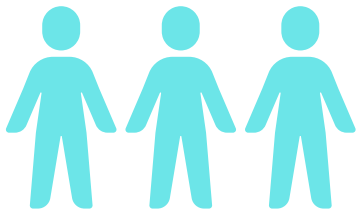
بلغ استهلاك متوسط استهلاك الطاقة الكهربائية للعام 2022 حوالي 200.683 كيلووات ساعة



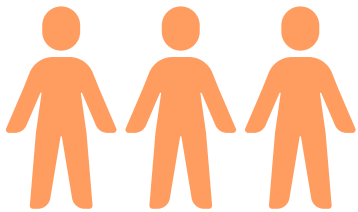
# STAKEHOLDERS' SATISFACTION



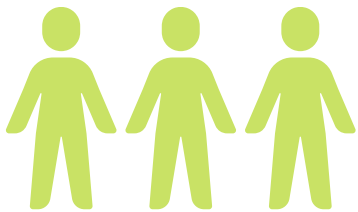
# STAKEHOLDERS' SATISFACTION



Employees



Customers

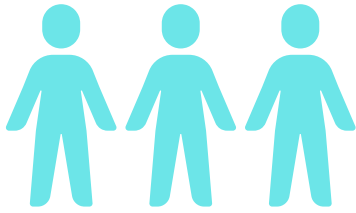


Shareholders

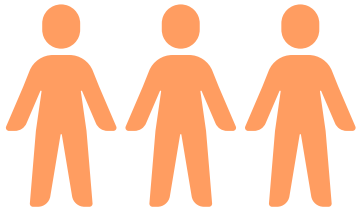
# STAKEHOLDERS' SATISFACTION



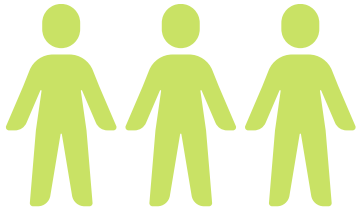
## رضا الأطراف ذات العلاقة



الموظفين



العملاء



المساهمين

# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة



## Health & Safety

### Employees:



Financial Well-being



Working from Home



Health & Safety Policy



Facilitated Vaccine for all employees



Precautionary measures

# STAKEHOLDERS' SATISFACTION

رضا الأطراف  
ذات العلاقة



## الصحة والسلامة

الموظفين: 



الأمان المالي



العمل من المنزل



إجراءات سلامة معتمدة



اللقاح



الإجراءات الوقائية واللقاحات والفحوص الدورية

# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة



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



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



The is keen on updating its Health & Safety Policy ensuring that our workplace is a safe place for employees & clients.



On Premises PCR test: ADNTC initiated an agreement with one of the primary labs in UAE to have employees tested on premises. This is only one of the many precautionary measures that the company implemented in protection of its staff wellbeing.



Facilitated Vaccine for all employees: The company facilitated vaccines for all its staff and their family members for Covid19 & Flu on an annual basis.

# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



4 QUALITY EDUCATION



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



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



تحرص الشركة على تحديث سياسة إجراءات الصحة والسلامة وبروتوكول العمل وضمان أن مقر الشركة هو مكان آمن للموظفين والعملاء.



فحص PCR في الشركة: تعاقدت الشركة مع عدد من المختبرات المعتمدة في الدولة لفحص الموظفين في الشركة كواحد من العديد من الإجراءات الاحترازية لحماية وسلامة الموظفين وعائلاتهم.



سهلت الشركة للموظفين لقاح كوفيد19 لجميع الموظفين وعائلاتهم كما توفر مجانا وبشكل سنوي لقاحات الانفلونزا للموظفين وعائلاتهم.

# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة



## Customers:



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



We strive to offer our customers and clients the best value for their money and during the pandemic we made various promotions to meet customers' needs and ease the financial burden.

## Shareholders:



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



# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



4 QUALITY EDUCATION



## العملاء



اخلال الجائحة تمكنت شركتنا من الاستمرار بخدمة عملائها عبر عدة منصات لضمان سلامتهم وسير الأعمال خلال او بعد أوقات العمل.



قامت الشركة بتقديم أفضل خدمة لعملائنا وقيمة خلال الجائحة من خلال عروض ترويجية مختلفة تتناسب مع احتياجاتهم التأمينية خلال تلك الأوقات الصعبة لمساعدتهم على تجاوزها قدر الإمكان.



## المساهمين



إن صحة وسلامة مساهمينا تقع ضمن أولوياتنا وقد حرصنا على سلامتهم عبر تسهيل الاجتماعات والتوقيعات بشكل الكتروني.

# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة

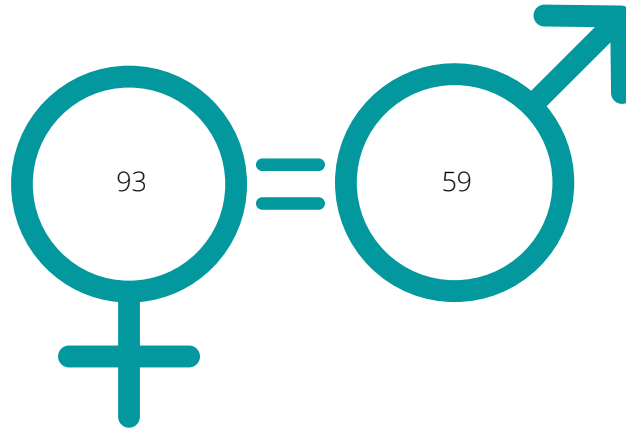


نحن فخورون بسياستنا المتبعة بما يخص المساواة بين الجنسين في نطاق العمل ونفخر بتزايد أعداد الإناث في المناصب الإدارية.



We take pride in our approach towards gender equality at workplace which is evident by the increasing number of women leadership in managerial roles across all functions.

## Headcount by Gender as at 31 Dec 2022



## Ethnic Diversity as at 31 Dec 2022



# STAKEHOLDERS' SATISFACTION

رضا الأطراف ذات العلاقة

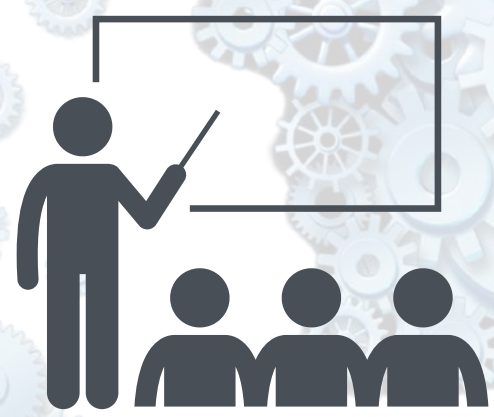


## Training & Development

One of the key drivers to our company's success over the years is our devoted attention to building employees' knowledge. The company spent an average of AED 450,000 during 2022 for Training & Development.



**CBUAE/  
Insurance  
Authority/  
EIBFS**



**Inhouse-  
training**



**Sharing of  
Knowledge**

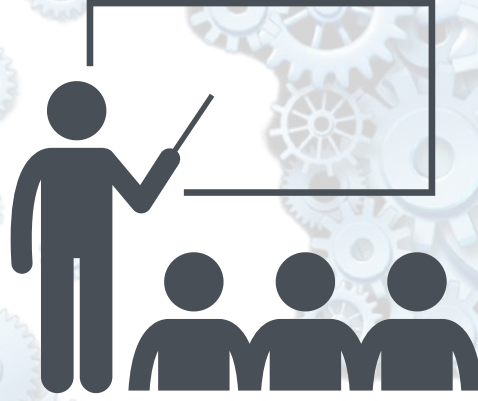
# STAKEHOLDERS' SATISFACTION

رضا الأطراف  
ذات العلاقة



## التدريب والتطوير

إن التدريب والتطوير هو عامل أساسي من عوامل نجاح شركتنا وقد حرصنا عبر السنوات على مساعدة موظفينا في بناء المعرفة وتوسيع آفاقهم. استثمار الشركة في تطوير وتدريب موظفيها هو إحدى أولوياتها وقد بلغ متوسط ما أنفقته الشركة على التدريب والتطوير خلال 450 ألف درهم خلال عام 2022.



التدريب عبر  
المصرف  
المركزي  
ومركز  
الإمارات  
للدراسات  
الصيرفية

التدريب  
الداخلي

برنامج  
مشاركة  
المعرفة

# STAKEHOLDERS' SATISFACTION

رضا الأطراف  
ذات العلاقة



## Emiratization

## التوطين

تفخر الشركة بكونها إحدى الشركات المكرمة سنويا من الجهات المختصة لتميزها في التوطين متجاوزة النسب المطلوبة.

The company takes pride of its achievements in the Emiratization Program exceeding the targeted points on annual basis.



targeted points 51



وزارة الموارد البشرية  
والتوطين  
MINISTRY OF HUMAN RESOURCES  
& EMIRATISATION



# Training & Development

## التدريب والتطوير

I

The company has a special program called " Sharing of Knowledge". Via this program, every employee is encouraged to deliver on monthly basis one training session on any topic to the staff.

تقدم الشركة برنامجا أطلقت عليه ( مشاركة المعرفة) حيث يرشح أحد الموظفين نفسه ليقوم بتدريب زملائه على أحد المواضيع سواء كانت تتعلق بالتأمين أم بتطوير الذات.

II

In-house training is being encouraged for all employees by Head of Department's and senior managers on multiple and diversified topics. In addition, job rotation across departments is part of employees training program.

التدريب : نحن حريصون في شركتنا على تشجيع رؤساء الأقسام لتسجيل موظفيهم في عدة دورات تدريبية في مختلف المجالات. بالإضافة لذلك فإننا نطبق التناوب الوظيفي ليكتسب الموظفون المعرفة من عدة أقسام.

III

Special training programs are being delivered to employees on specific mandatory requirements such as: AML/CFT, Anti Bribery, Cyber Security, Code of Conduct and others.

يتم تزويد موظفينا بشكل دوري بالتدريبات المتعلقة بالمتطلبات الأساسية المتبعة من الهيئات ذات العلاقة مثل الامتثال الوظيفي ومكافحة غسيل الأموال والأمن السيبراني وغيرها.

IV

All employees are scheduled on annual basis to pursue the courses offered by Insurance Authority, Central Bank of UAE and EIBFS to enhance business and insurance knowledge.

تحدد الشركة سنويا جدول تدريبي يشمل كل الموظفين للمواد والمواضيع التي توفرها كل من هيئة التأمين والمصرف المركزي و معهد الإمارات للدراسات المصرفية سواء في مجال التأمين أو إدارة الأعمال.

V

Due to its belief that core insurance knowledge is key to the development of the sector and to the career progression of the employees, the company contracted with RISC institute to provide in house CII courses.

نظرا لإيماننا العميق بأهمية المعرفة التأمينية والتي هي حجر الأساس لتطور القطاع والتقدم الموظفين للعاملين فيه ولذلك تعاقدت مع معهد ريسك لتقديم مواد CII.

**STAKEHOLDERS' SATISFACTION** رضا الأطراف ذات العلاقة



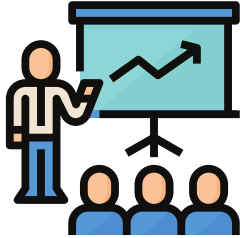
# Training & Development

## التدريب والتطوير



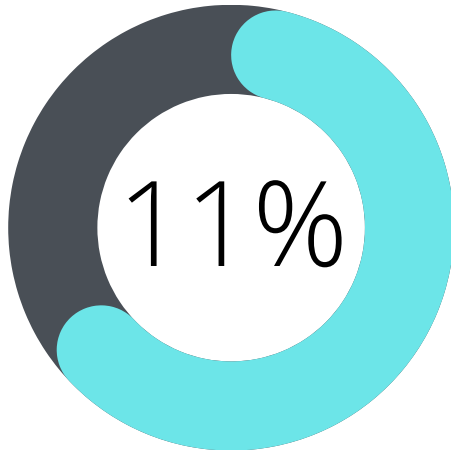
### CII Program

### برنامج CII



Due to its belief that core insurance knowledge is key to the development of the sector and to the career progression of the employees, the company contracted with RISC institute to provide in house CII courses.

نظرا لإيماننا العميق بأهمية المعرفة التأمينية والتي هي حجر الأساس لتطور القطاع والتقدم الموظفين للعاملين فيه ولذلك تعاقدت مع معهد ريسك لتقديم مواد CII.



of our employees progressing with the CII program

من موظفين الشركة التحقوا ببرنامج CII التدريبي

## Our Approach:

At Abu Dhabi National Takaful, we strive to contentiously develop and monitor our corporate governance practices providing utmost transparency and long-term value to our shareholders.





# CORPORATE GOVERNANCE



We have amended our Article of Association (AOA) to meet the latest rules and regulations of ADX & SCA

Abu Dhabi National Takaful company believe that corporate governance is an integral part of our progress and development.



- ✓ Special Procedures for corporate governance
- ✓ Internal Control Department
- ✓ Code of Professional Conduct
- ✓ Insider Trading Policy
- ✓ Board of Directors Declarations
- ✓ Whistle-blowing Policy

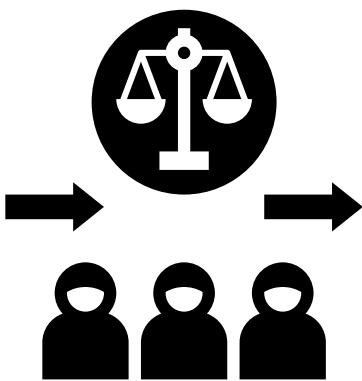


We have an evolving risk management framework that we consider a central part of our operation. Our Board of Directors receives periodical update on our risk position.

Our risk registrar is quarterly updated by the Internal control department in coordination with departmental risk champions.



We are ISO certified since 2019



AT ADNTC, we pay significant attention to good house-keeping with the following in place:

- Code of ethics
- Cyber Security Policy
- Conflict of Interest
- Anti-Money Laundry
- Departmental Policies and Procedures

# Abu Dhabi National Takaful Company P.S.C

## TALK TO US

+971 2 410 7700

[www.takaful.ae](http://www.takaful.ae)

[CEO.Office@takaful.ae](mailto:CEO.Office@takaful.ae)



**Report of Internal Sharia Committee of Abu Dhabi National Takaful Company P.S.C (Takaful) to the General Assembly of the Shareholders of the company for the year ended 31 December 2022**

**To Shareholders of Abu Dhabi National Takaful Company P.S.C (Takaful)**

**May peace be upon you all,**

According to Article (69) of the Company's Articles of association, we hereby provide the following report:

We have reviewed the principles of the company's business, financial results, investments that entered into and samples of Takaful policies (Insurance), which have been concluded or offered by the company during the financial year ended 31 December 2022 and other company's business & activities with purpose of expressing an opinion regarding whether the company is complying with the provisions and principles of Islamic Sharia'a, and the specific resolutions, guidelines that have been issued by us.

The management is responsible for ensuring that the company business activities is in accordance with the provisions and principles of the Islamic Sharia'a and bears the implementation responsibility of the same in accordance with the provisions of the Articles of association which stipulate the full adherence with the provisions and principles of Islamic Sharia'a.

However, our responsibility is limited to expressing an independent opinion based on our review, and preparing a report.

We conducted our review, which involved a review of the financial results of the company, and its financial structure, based on our review of its Financial Position and the income statement, revenues and expenditures.

We have also reviewed the Investments which the company has entered into, the Zaka value to be recommended for company's share, revenues of the charities account as well as disbursement aspects. In addition, we audited samples of Takaful policies that were concluded in different types of takaful and we also have reviewed the progress of the re-insurance (Retakaful) and the entities which the re-insurance agreements have been concluded with. In addition, we have reviewed the status of the facultative & co-insurance with traditional insurance companies.

We have reviewed Sharia'a auditing reports that have been prepared and submitted by the Internal Sharia Controller of the company.

We have obtained directly or through an internal Sharia audit, the information and interpretations which have been considered necessary to provide us with sufficient proofs to give reasonable assurance that the company did not violate the provisions and principles of Islamic Sharia'a within the scope of the its activities reviewed by us.

**In our opinion:**

- The company has complied, in its financial structure, with separating between the Policyholders account and the shareholders' account which represent the basis of the takaful insurance. Moreover, the company prepared its Financial statement for the year ended 31 December 2022 in accordance with the Sharia'a form, which established the basis of preparing the Financial statement. Such form

reflects the reality and nature of the Takaful company activities and its financial structure.

- The Company did not deduct from the policyholders account any amounts except for the Wakala Fees or less than, and its share of investment profits arising of that account in its capacity as an investor (Mudareb).
- The investments which the Company has engaged in are acceptable from Sharia perspective, in light of our findings. However, it has been assured that it is necessary to purify the returns of shares of the companies which the company is investing in (through its investment portfolio) and has got an unpermitted income from as the amounts of the same should be calculated and set aside, regardless of how less they are, and to disburse the same in charities.
- The company had confirmed the conclusion for re-insurance agreements in the treaty re-insurance according to the principles adopted by us. We have instructed to work on raising the percentage of re-insurance with the Takaful reinsurance companies. However, as for the facultative re-insurance has been entered into by company with both traditional & Takaful companies, we have requested to reduce the facultative re-insurance with traditional companies as much as possible along with the necessity to rebuild the treaty and facultative re-insurance with Takaful companies on the basis of the Islamic insurance clearly, and ask them to provide the company with the formal texts that enable us to achieve that.
- The policies used by the company forms of which have been reviewed are acceptable policies, in the light of our findings and reviews. The said policies are the policies approved by us.
- Whereas the management of the company is not authorized to disburse the Zakat “Alms Giving” on behalf of the shareholders, the disbursement of the same remains the shareholders responsibilities in

adherence with the third pillar of Islam. The amount of Zakat per every Company share is around AED(0.0752) for the year ended 31/12/2022

**Best Regards,**

**Issued by us in Abu Dhabi on Tuesday, February 21, 2023,  
corresponding to Shaban 01,1444  
Sharia Committee of Abu Dhabi National Takaful Company PSC (Takaful)**

**His Eminence Sheikh, Essam Muhammad Ishaq, Chairman of the Committee**

**Sheikh Dr. Nizam Yaqoubi, Vice Chairman of the Committee**

**Sheikh Dr. Osaid Al-Kaylani, Executive Committee member ber**

A wide-angle photograph of the Dubai skyline, featuring numerous skyscrapers and modern buildings along the coast. The water in the foreground is a clear turquoise color, with several traditional dhow sailboats visible. The sky is a bright blue with scattered white clouds. The text 'Thank You' is centered over the image in a dark blue, serif font.

**Thank You**