دار التكافل

Dar Al Takaful

Premium Islamic Insurance التأمين الإسلامي الأمثل

ANNUAL REPORT 2021

Dar Al Takaful PJSC

Consolidated financial statements
For the year ended 31 December 2021

Directors' report

The directors submit their report on the audited consolidated financial statements for the year ended 31 December 2021.

Incorporation and registered offices

Dar Al Takaful PJSC (the Company) was incorporated as a public joint stock company. The Company carries out general takaful, retakaful and investments in accordance with the teachings of Islamic Shari'a and within the provisions of U.A.E. Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company is P.O. Box 235353, Dubai, United Arab Emirates.

Principal activities

The Company with its subsidiaries is collectively referred to as the "Group". The Group mainly issues long term and short term takaful contracts in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Group also invests its funds in investment securities.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2021 are set out in the accompanying consolidated financial statements.

Directors

The following were the Directors of the Group for the year ended 31 December 2021:

Mr. Matar Hamdan Sultan Hamad Al Ameri	Chairman
Mr. Shahab Ahmed Lutfi Ali Harmoozi	Vice Chairman
Mr. Khalaf Sultan Rashed Saeed AlDhaheri	Members
Ms. Metha Mohamed Al Sharif Yousif Al Hashmi	Members
Mr. Salah Ibrahim Sayed Mohammad Sharaf	Members
Mr. Mahomed Akoob	Members
Mr. Abdallah Malek Osseiran	Members

Auditors

The consolidated financial statements for the year ended 31 December 2021 have been audited by Grant Thornton UAE and, being eligible, offer themselves for reappointment.

By order of the Board of Directors on 16 March 2022.

Director

Director

Grant Thornton Audit and Accounting Limited (Dubai Branch)

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Independent Auditor's Report

To the Shareholders of Dar Al Takaful PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Dar Al Takaful PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

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 consolidated financial statements section of our report. We are independent of the Group 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 Group's consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities requirements in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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 Dar Al Takaful PJSC

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

i) Valuation of takaful contract liabilities and retakaful contract assets

The estimation of liabilities arising from takaful contracts such as outstanding claims, incurred but not reported claims, unallocated loss adjustment expenses and unearned premium reserve, as disclosed in note 7 to the consolidated financial statements, involves a significant degree of judgement. These liabilities are based on the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and the pattern of risk distribution over the coverage period. Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

We assessed management's calculations of the takaful contract liabilities and retakaful contract assets by performing the following procedures:

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

ii) Valuation of investment properties

Group holds investment properties under the fair value model as at 31 December 2021 amounting to AED 39.68 million (2020: AED 36.07 million), as detailed in note 11. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Group has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the consolidated financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of these investment properties was significant to our audit.

Our audit procedures, among others, included:

- Discussion with the independent valuer to understand the basis of valuation for each property and other judgements used in performing the valuation;
- Assessing the competence, capabilities, and objectivity of external valuers; and
- Assessing the appropriateness of the key assumptions and methodologies used.

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

iii) Impairment losses on takaful receivables including third party recoveries

The Group has takaful receivables that are overdue and not impaired (as disclosed in note 8 to these consolidated financial statements). The key associated risk is the recoverability of receivables. Management's related provision is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

The work that we performed to address this key audit matter included the following procedures:

- We compared the historical provision for bad debts to the actual amounts written off, to determine whether management's estimation techniques were reasonable;
- We considered the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on time past due, the existence of any disputes over the balance outstanding, the history of settlement of receivables and the existence of any liabilities with the same counterparties which reduce the net exposure; and
- We discussed with management and reviewed correspondence, where relevant, to identify any disputes and assessed whether appropriately considered in the bad debt provision.

Other information

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Report on the audit of the consolidated financial statements (continued)

Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Dar Al Takaful PJSC

Report on the audit of the consolidated financial statements (continued)

Auditor's Responsibilities for the audit of the Consolidated Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015 (as amended), we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- the Group has maintained proper books of account;
- the financial information included in the report of the Directors is consistent with the books of accounts of the Group;
- as disclosed in note 5 to the consolidated financial statements, the Group has investment in shares during the financial year ended 31 December 2021;
- Note 33 to the consolidated financial statements reflects material related party transactions, and the terms under which they were conducted;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015 (as amended), the UAE Federal Law No. (6) of 2007 concerning the Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates (formerly, the UAE Insurance Authority) and Organisation of its operation or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021; and
- Note 42 to the consolidated financial statements reflects the social contributions made during the year.

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

Grant Thornton

Grant Thornton Public Accountants P.O. Box: 1620 DUBAI-U.A.E.

GRANT THORNTON

Farouk Mohamed
Registered Auditor Number 86
Dubai, 16 March 2022

Dar Al Takaful PJSC
Consolidated statement of financial position
As at 31 December 2021

	Notes	2021 AED	2020 AED
ASSETS			
Takaful operations' assets			
Available-for-sale investments	5	-	1,000,000
Investments at fair value through profit or loss	5	**450,903,939**	429,885,226
Held to maturity investments	5	**7,463,927**	13,390,076
Due from shareholders	6	**22,177,660**	25,786,539
Retakaful contract assets:			
Unearned contribution	7	**93,538,098**	51,250,635
Claims reported unsettled	7	**132,720,696**	141,143,771
Claims incurred but not reported	7	**16,730,904**	16,827,982
Contribution deficiency reserve	7	-	200,430
Mathematical reserve	7	**9,677,780**	8,802,820
Takaful and other receivables	8	**274,984,447**	242,797,948
Prepayments and other receivables	9	**3,961,933**	3,744,919
Wakala deposits	10	**188,699,947**	127,731,667
Investment properties	11	-	15,768,081
Cash and cash equivalents	12	**15,772,579**	79,928,738
Total takaful operations' assets		**1,216,631,910**	1,158,258,832
Shareholders' assets			
Property and equipment	13	**15,929,248**	21,807,987
Intangible assets	14	**89,137,673**	93,115,327
Investment properties	11	**39,681,950**	20,299,776
Deferred policy cost	16	**22,145,067**	12,994,006
Available-for-sale investments	5	**6,943,000**	5,943,000
Investments at fair value through profit or loss	5	**50,932,661**	-
Held to maturity investments	5	**14,550,835**	8,722,890
Restricted deposit	15	**16,000,000**	16,000,000
Wakala deposits	10	**81,609,404**	259,336,170
Prepayments and other receivables	9	**11,422,822**	13,674,652
Cash and cash equivalents	12	**18,065,918**	52,374,868
Total shareholders' assets		**366,418,578**	504,268,676
Total assets		**1,583,050,488**	1,662,527,508

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Dar Al Takaful PJSC
Consolidated statement of financial position (continued)
As at 31 December 2021

	Notes	2021 AED	2020 AED
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
Takaful operations' liabilities			
Deferred discount		**7,532,033**	4,093,442
Takaful contract liabilities:			
Unearned contribution	7	**229,240,775**	214,512,341
Claims reported unsettled	7	**226,225,519**	263,416,413
Claims incurred but not reported	7	**31,356,752**	34,679,368
Unallocated loss adjustment expenses	7	**5,583,010**	5,730,083
Contribution deficiency reserve	7	**-**	1,831,156
Unexpired risk reserve	7	**1,506,941**	1,915,187
Mathematical reserve	7	**12,719,254**	10,916,125
Takaful and retakaful payables	17	**250,250,306**	197,302,099
Takaful and investment contracts liabilities	18	**450,903,939**	429,885,226
Total takaful operations' liabilities		**1,215,318,529**	1,164,281,440
Takaful operations' deficit			
Qard Hassan against deficit in policyholders' fund	19	**(229,137,864)**	(213,740,895)
Less: Provision against Qard Hassan to policyholders' fund	19	**229,137,864**	213,740,895
Total deficit from takaful operations		**-**	-
Total takaful operations' liabilities and deficit		**1,215,318,529**	1,164,281,440
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Other liabilities	20	**79,479,502**	106,905,102
Bonus reserves, net		**4,589,623**	5,263,519
Due to policyholders	6	**22,177,660**	25,786,539
Murabaha payable	21	**109,250,000**	214,855,660
Total shareholders' liabilities		**215,496,785**	352,810,820
Shareholders' equity			
Share capital	22	**150,000,000**	150,000,000
Statutory reserve	23	**7,640,367**	5,482,374
Retakaful reserves	23	**2,073,033**	642,503
Accumulated losses		**(7,478,226)**	(10,689,629)
Total shareholders' equity		**152,235,174**	145,435,248
Total shareholders' liabilities and equity		**367,731,959**	498,246,068
Total liabilities, policyholders' fund and equity		**1,583,050,488**	1,662,527,508

These consolidated financial statements were approved by the Board of Directors on 16 March 2022 and were signed on their behalf by:

Director | **Director**

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Dar Al Takaful PJSC
Consolidated statement of income
For the year ended 31 December 2021

	Notes	2021 AED	2020 AED
Attributable to policyholders			
Takaful income			
Gross contribution written	24	**705,985,570**	433,046,890
Accepted business	24	**144,172**	5,539,833
Retakaful share of ceded business	24	**(286,105,994)**	(128,500,605)
Net takaful contribution		**420,023,748**	310,086,118
Net transfer to unearned contributions reserve		**26,834,782**	99,242,048
Net takaful contributions earned	24	**446,858,530**	409,328,166
Discount earned		**23,021,901**	9,138,268
Policy fee		**-**	23,684
Total takaful income		**469,880,431**	418,490,118
Takaful expenses			
Gross claims paid	25	**(421,928,408)**	(342,411,913)
Retakaful share of ceded business paid	25	**137,206,868**	129,453,552
Net takaful claims paid		**(284,721,540)**	(212,958,361)
Change in provision for outstanding claims	25	**37,190,893**	(51,863,608)
Change in retakaful share of outstanding claims	25	**(8,423,078)**	1,479,673
Change in net incurred but not reported claims		**3,225,540**	1,572,286
Change in unallocated loss adjustment expenses reserve	25	**147,072**	(1,442,356)
Changes in contribution deficiency reserve	25	**2,038,970**	(950,485)
Change in investment contracts and mathematical reserves	25	**(112,734,050)**	(66,804,255)
Net gain on assets held at fair value through profit or loss	25	**68,918,419**	40,741,508
Net claims incurred	25	**(294,357,774)**	(290,225,598)
Excess of loss of takaful contribution		**(11,631,919)**	(3,056,369)
Other takaful expenses	26	**(4,832,077)**	(8,324,782)
Total takaful income		**159,058,661**	116,883,369
Wakala fees	27	**(176,080,714)**	(123,754,852)
Mudarib's fee	27	**(468,637)**	(1,271,443)
Investment and other income	29	**2,093,721**	811,187
Net loss from takaful operation for the year		**(15,396,969)**	(7,331,739)

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Dar Al Takaful PJSC
Consolidated statement of income (continued)
For the year ended 31 December 2021

	Notes	2021 AED	2020 AED
Attributable to shareholders			
Income			
Wakala fees from policyholders	27	**176,080,714**	123,754,852
Mudarib's fee	27	**468,637**	1,271,443
Investment and other income	29	**27,465,180**	179,657
		204,014,531	125,205,952
Expense			
General and administrative expenses	28	**(73,189,850)**	(69,806,859)
Policy acquisition cost	16	**(83,013,406)**	(56,915,886)
Acquisition cost of subsidiaries	30	**-**	(15,645,474)
Finance cost		**(5,156,174)**	(1,696,178)
Changes in bonus reserve		**(2,281,532)**	624,771
Other underwriting expenses		**(3,396,674)**	(1,977,333)
Gain on bargain purchase	30	**-**	50,186,596
		(167,037,636)	(95,230,363)
Profit for the period before Qard Hassan		**36,976,895**	29,975,589
Provision against Qard Hassan to policyholders	19	**(15,396,969)**	(7,331,739)
Net profit for the year attributable to shareholders		**21,579,926**	22,643,850
Earnings per share	31	**0.144**	0.151

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Dar Al Takaful PJSC
Consolidated statement of comprehensive income
For the year ended 31 December 2021

	2021 AED	2020 AED
Attributable to policyholders		
Net loss from takaful operation for the year	**(15,396,969)**	(7,331,739)
Other comprehensive loss		
Items that maybe reclassified subsequently to profit or loss		
Reclassification adjustments relating to available-for-sale financial assets disposed off during the year	-	98,257
Other comprehensive income for the year	-	98,257
Total comprehensive loss for the year attributable to policyholders	**(15,396,969)**	(7,233,482)
Attributable to shareholders		
Net profit for the year	**21,579,926**	22,643,850
Total comprehensive income for the year attributable to shareholders	**21,579,926**	22,643,850

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Dar Al Takaful PJSC
Consolidated statement of changes in equity
For the year ended 31 December 2021

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Retakaful reserve AED	Total AED
Balance at 1 January 2020	150,000,000	3,217,989	(25,521,591)	-	127,696,398
Net profit for the year	-	-	22,643,850	-	22,643,850
Other comprehensive loss for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	22,643,850	-	22,643,850
Dividend paid during the year (note 22)	-	-	(4,905,000)	-	(4,905,000)
Transfer to statutory reserve (note 23)	-	2,264,385	(2,264,385)	-	-
Transfer to retakaful reserve (note 23)	-	-	(642,503)	642,503	-
Balance at 31 December 2020	150,000,000	5,482,374	(10,689,629)	642,503	145,435,248
Net profit for the year	**-**	**-**	**21,579,926**	**-**	**21,579,926**
Other comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**21,579,926**	**-**	**21,579,926**
Dividend paid during the year (note 22)	**-**	**-**	**(13,800,000)**	**-**	**(13,800,000)**
Board renumeration fees	**-**	**-**	**(980,000)**	**-**	**(980,000)**
Transfer to statutory reserve (note 23)	**-**	**2,157,993**	**(2,157,993)**	**-**	**-**
Transfer to retakaful reserve (note 23)	**-**	**-**	**(1,430,530)**	**1,430,530**	**-**
Balance at 31 December 2021	**150,000,000**	**7,640,367**	**(7,478,226)**	**2,073,033**	**152,235,174**

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

Dar Al Takaful PJSC
Consolidated statement of cash flows
For the year ended 31 December 2021

	Notes	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		**21,579,926**	22,643,850
Adjustments for:			
Depreciation of property and equipment	13	**4,601,733**	3,081,471
Amortisation of intangible assets	14	**8,563,039**	7,192,975
(Reversal)/provision for doubtful receivables		**(1,430,071)**	6,592,758
Write-off of assets	13	**181,913**	-
Impairment of property and equipment	13	**-**	4,007,282
Change in fair value of investment properties	11	**(3,614,093)**	10,374,643
Realised gain on sale of financial assets at FVTPL		**(2,082,341)**	-
Unrealised gain on sale of financial assets at FVTPL		**(1,164,363)**	-
Impairment loss on financial assets at AFS	29	**-**	1,575,870
Realised loss on sale of financial assets at AFS	29	**-**	208,245
Income from wakala deposits	29	**(2,479,730)**	(6,026,931)
Income from debt securities	29	**(1,265,986)**	(1,089,542)
Dividend income on securities	29	**(225,394)**	(304,286)
Rental income	29	**(1,002,933)**	(1,129,891)
Finance cost		**5,156,174**	1,696,178
Amortisation of murabaha facility		**-**	(144,340)
Gain on bargain purchase of subsidiaries	30	**-**	(50,186,596)
Provision for employees' end of service benefits	20	**1,552,533**	430,799
		28,370,407	(1,077,515)
Operating cash flows before changes in operating assets and liabilities			
Change in takaful and other receivables		**(30,756,428)**	72,461,614
Change in prepayments and other receivables		**2,424,759**	(9,260,666)
Change in deferred policy costs		**(9,151,061)**	6,543,180
Change in retakaful assets		**(34,441,840)**	26,782,919
Change in deferred discount received		**3,438,591**	1,841,545
Change in bonus reserve		**(673,896)**	5,263,519
Change in takaful contract liabilities		**(28,171,551)**	(154,877,523)
Change in gross mathematical reserves		**1,803,129**	10,916,125
Change in takaful payables		**52,948,207**	23,154,906
Change in other liabilities		**(24,422,969)**	30,875,435
Cash (used in) /generated from operations		**(38,632,652)**	12,623,539
End of service benefits paid	20	**(1,198,570)**	(1,415,685)
Net cash (used in) /generated from operating activities		**(39,831,222)**	11,207,854
Cash flows from investing activities			
Purchase of property and equipment	13	**(3,447,741)**	(3,558,856)
Acquisition of intangible assets	14	**(42,551)**	(272,851)
Purchase of investment securities		**(90,560,442)**	(11,388,778)
Proceeds from sale of investment securities		**42,874,485**	2,350,308
Income received on Wakala deposits		**2,205,894**	6,026,931
Net cash outflow on acquisition of subsidiaries	30	**-**	(110,106,600)
Amortisation of HTM discount		**98,204**	-
Income received from debt securities		**1,149,879**	1,089,542
Dividend income received		**225,394**	304,286
Wakala deposits made during the year - net		**116,758,486**	11,081,972
Rental income		**1,002,932**	1,129,891
Finance cost paid		**(5,156,174)**	(1,696,178)
Investment restricted deposits during the year- net		**-**	(10,000,000)
Net cash generated from / (used in) investing activities		**65,108,366**	(115,040,333)

The accompanying notes 1 to 44 form an integral part of these consolidated financial statements.

	Notes	2021 AED	2020 AED
Cash flows from financing activities			
Payment of lease liabilities		**(3,356,593)**	(1,336,971)
Dividend paid		**(13,800,000)**	(4,905,000)
BOD remuneration fees paid		**(980,000)**	-
(Payment)/ proceeds from murabaha facility obtained		**(105,605,660)**	215,000,000
Net cash (used in) / generated from financing activities		**(123,742,253)**	208,758,029
Net change in cash and cash equivalents		**(98,465,109)**	104,925,550
Cash and cash equivalents			
- At the beginning of year		**132,303,606**	27,378,056
- Included in the subsidiary classified as held for sale		**-**	-
Cash and cash equivalents at the end of the year	12	**33,838,497**	132,303,606

1. Legal status and activities

Dar Al Takaful PJSC (the "Company") was incorporated as a public joint stock company and obtained its commercial license on 23 July 2008 while commenced operations on 1 September 2008. The Company carries out general takaful, retakaful and investments in accordance with the teachings of Islamic Shari'a and within the provisions of U.A.E. Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The address of the Company's registered office is P.O. Box. 235353, Dubai, United Arab Emirates.

Although the Company holds valid license to issue short term takaful contracts in connection with non-life takaful (motor, marine, fire, engineering, medical and general accident risks), the Company ceased to issue new takaful contracts from 27 July 2020. The Company now plans to engage in investment activities while continuing to complete the term of already issued contracts and managing its related risks. The Company also invests its funds in investment securities.

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

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

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

The Company with its subsidiaries is collectively referred to as the "Group" in these consolidated financial statements. At 31 December 2021, the Company had the following subsidiaries:

Name of subsidiary	Proportion of ownership interest 2021	2020	Principal activities
Noor Takaful Family PJSC (note 30)	**100%**	100%	Family takaful and retakaful activities
Noor Takaful General PJSC (note 30)	**100%**	100%	General takaful and retakaful activities

2. Statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of UAE Federal Law No. (2) of 2015 (as amended) relating to commercial companies, and of UAE Federal Law No. 6 of 2007 on establishment of Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates (formerly, the UAE Insurance Authority) and Organisation of the Insurance Operations, concerning takaful companies and agents. These consolidated financial statements are prepared in UAE Dirhams ("AED").

2. Statement of compliance with IFRS (continued)

Standards, interpretations, and amendments to existing standards

a) Standards, interpretations, and amendments to existing standards that are effective in 2021

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

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

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

b) Standards and interpretations effective but not yet adopted by the Group

Applying IFRS 9 Financials Instrument with IFRS 4 Insurance Contracts

The Group qualifies for temporary exemption from applying IFRS 9 on the grounds that it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance with the carrying amounts of its liabilities within the scope of IFRS 4 being greater than 90 percent of the total carrying amount of all its liabilities at 1 January 2019 with no subsequent change in its activities.

The fair value of the Group's directly held financial assets at 31 December 2021 that will give rise to solely payments of principal and interest ("SPPI") criterion on implementation of IFRS 9, excluding any financial assets that meets the definition of held for trading, are shown in the table below:

	Financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading		All other financial assets	
Assets	Fair value at 31 December 2021 AED	Movement in fair value during the year AED	Fair value at 31 December 2021 AED	Movement in fair value during the year AED
Takaful and other receivables	274,984,447	-	-	-
Available-for-sale investments	1,000,000	-	5,943,000	746,428
Financial assets at fair value through profit or loss	50,932,661	3,246,704	450,903,939	68,918,419
Held to maturity	22,014,762	-	-	-
Other receivables	3,473,825	-	-	-
Restricted deposit	16,000,000	-	-	-
Wakala deposits	270,309,351	-	-	-
Cash and cash equivalents	33,691,897	-	-	-
	672,406,943	3,246,704	456,846,939	69,664,847

2. Statement of compliance with IFRS (continued)

Standards, interpretations and amendments to existing standards (continued)

b) Standards and interpretations effective but not yet adopted by the Group (continued)

Applying IFRS 9 Financials Instrument with IFRS 4 Insurance Contracts (continued)

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

Assets	AAA AED	AA+ to AA- AED	A+ to A- AED	BBB+ to BBB- AED	Below BBB- or not rated AED	Total AED
Available-for-sale investments	-	-	-	-	1,000,000	1,000,000
FVTPL	-	-	8,074,839	9,695,400	33,162,422	50,932,661
Held to maturity	-	-	-	8,839,676	13,175,086	22,014,762
Restricted deposit	-	-	16,000,000	-	-	16,000,000
Wakala deposits	-	-	152,316,200	117,993,151	-	270,309,351
Cash and cash equivalents	-	-	28,234,279	1,882,030	3,575,588	33,691,897
	-	-	204,625,318	138,410,257	50,913,096	393,948,671

c) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group

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

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

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

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

The key principles in IFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;

3. Summary of significant accounting policies (continued)

c) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group (continued)

- recognises and measures groups of insurance contracts at:
  i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);

b) recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;

- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as of 31 December 2021. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Changes in the group ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

Business combinations and goodwill

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

3. Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

For common control transactions in which all the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognises the difference between purchase consideration and carrying amount of net assets of acquired entities or businesses as an adjustment to equity. This accounting treatment is also applied to later acquisition of some or all shares of the non-controlling interests in a subsidiary.

Product classification

Takaful contracts are those contracts where a group of policyholders (the policyholders) mutually guarantee one another against prescribed uncertain future events of loss or damage, where the Group acts as a Wakil (agent) on their behalf in managing the Islamic Takaful operations in consideration for a Wakala fee. The Takaful amounts (contributions) paid net of the Wakala fee are considered as funds available for Mudarba, where the Group acts as Mudarib, investing some of these funds in consideration of a pre-agreed share of the realised profit or loss, (Mudarib fee) if any. The policyholders further donate their contribution to those other policyholders who suffer a prescribed event of loss or damage, payable per the policies of the Group, in its capacity as an agent. In case of deficit in policyholders' operation, such deficit is funded by the shareholders as a Qard Hasan (profit free loan).

Deferred policy cost

Short term takaful contracts

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are treated as Deferred policy cost ("DPC"). All other costs are recognised as expenses when incurred. DPC is subsequently amortised in the statement of comprehensive income over the life of the contracts as the related contribution is earned. DPC is tested for recoverability as at each reporting date.

Long term takaful contracts

The costs of acquiring long term takaful contracts, such as commission expenses and other directly attributable costs related to securing new contracts, are capitalised as DPC. All other costs are recognised as an expense when incurred. The DPC is subsequently amortised in line with the earning patterns of the Wakala income for such long term takaful contracts over the effective term of the policy. DPC is tested for recoverability as at each reporting date.

Bonus reserve

The Reserve for the up-front Bonus for applicable savings plans is based on two different vesting periods. A four-year vesting period applies on policies issued before October 2016. A maturity vesting period applies on policies issued after October 2016

Mathematical reserves

Mathematical reserves are provisions created for long term takaful contracts to cover future claims expected to arise in respect of those contracts that existed at the period end. The reserve calculation is based on factors such as expected mortality, an actuarially determined estimate of costs and the discount rate.

Surplus/deficit in policyholders' fund

If the surplus in the policyholders' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between policyholders that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Group's Fatwa and Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the policyholders' fund.

3. Summary of significant accounting policies (continued)

Surplus/deficit in policyholders' fund (continued)

A deficiency in policyholders' fund is made good by a profit free loan (Qard Hasan) from the shareholders' fund. This Qard Hasan is to be repaid from future surpluses arising from takaful operations on a priority basis. This Qard Hasan is tested for impairment annually and the portion of the Qard Hasan that is considered impaired is charged to the statement of income.

On liquidation of the fund, the accumulated surplus in the policyholders' fund, if any, after meeting all obligations (including repayment of the outstanding amount of Qard Hasan), will be dealt with after consulting with the Group's Fatwa and Shari'a Supervisory Board. In case of an accumulated deficit, any Qard Hasan outstanding at the time of liquidation will not be repayable by the policyholders' fund and the shareholders' fund will forego such outstanding amount.

Any deficit in the policyholders' fund, except for deficits arising from a decline in the fair value of securities, is financed by the shareholders through a Qard Hasan (loan without any profit). The Group maintains a full provision against the Qard Hasan.

Property and equipment

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Capital work-in-progress (CWIP) is not depreciated.

Depreciation is provided on a straight-line basis over the useful lives of the following classes of assets:

Building	40 years
Leasehold improvement	5-10 years
Furniture and fixtures	4-5 years
Office equipment	3-5 years
Vehicles	5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate at each financial year end.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

Leases

The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus as initial direct costs incurred. The right-to-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use or the end of the lease term. The estimated useful life of the right-to-use asset is determined on the same basis as those of property and equipment. In addition, the right-to-use is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

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

3. Summary of significant accounting policies (continued)

Leases (continued)

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

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

The Group presents right-to-use assets that do not meet the definition of investment property in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income. The following estimated useful lives are applied:

• Life takaful contracts	25 years
• Non-life takaful contracts	5 months
• Customer relationships	3.5 months
• Software	3 years

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. 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 statement of income in the period 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.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.Fair value is determined by open market values based on valuations performed by independent surveyors

3 Summary of significant accounting policies (continued)

Revenue recognition

Gross takaful contributions

Gross takaful contributions comprise the total contributions receivable for the whole period of cover provided by Takaful contracts entered into during the accounting period and are recognised on the date on which the Takaful policy incepts. Contributions include any adjustments arising in the accounting period for contributions receivable in respect of Takaful contracts executed in prior accounting periods. Contributions collected by intermediaries but not yet received, are assessed based on estimates from Takaful operations or past experience and are included in Takaful contributions.

Unearned contributions are those proportions of contributions written in a year that relate to period of risk after the reporting date. Unearned contribution is calculated as the higher of the amount determined on a daily prorate basis or "1/365" method. The proportion attributable to subsequent year is deferred as a provision for unearned contributions.

Discounts earned

Discounts earned are recognised at the time policies are written. Discount earned on outwards retakaful contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

Wakala fees

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

Investment income

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

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

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

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amount and are recorded on occurrence of the sale transaction.

Retakaful contribution

Gross retakaful contribution written comprise the total contribution payable for the whole cover provided by contracts entered into during the period and are recognised on the inception date of the policy. Contributions include any adjustments arising in the accounting period in respect of retakaful contracts incepting in prior accounting periods. Unearned retakaful contributions are those proportions of contribution written in a year that relate to periods of risk after the reporting date.

Unearned retakaful contributions are deferred over the term of the underlying direct Takaful policies for risks-attaching contracts and over the term of the retakaful contract for losses occurring contracts.

Gross retakaful contribution on life are recognised as an expense on the earlier of the date when contribution are payable or when the policy becomes effective.

The Group cedes Takaful risk in the normal course of business for all of its businesses. Retakaful assets represent balances due from retakaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the retakaful can be measured reliably. The impairment loss is recorded in the statement of income.

3. Summary of significant accounting policies (continued)

Retakaful contribution (continued)

Ceded retakaful arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes retakaful risk in the normal course of business for takaful contracts where applicable. Contributions and claims on assumed retakaful are recognised as income and expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the reinsured business. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the associated retakaful contract. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Claims

Claims consist of amounts paid and payable to Takaful contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to income as incurred. Provision for incurred but not reported claims is included within the additional reserve and reflected in the consolidated statement of income.

The Group generally estimates its claims based on previous experience. Independent loss adjusters normally estimate claims. Any difference between the provisions at the end of each reporting date and settlements in the following period is included in the underwriting account for that year. The reinsurers' portion towards the above outstanding claims is classified as retakaful contract assets and shown as current assets in the statement of financial position.

Retakaful share of claims incurred

Retakaful share of claims are recognised when the related gross claim is recognised according to the terms of the relevant contract.

Policy acquisition costs

Fees and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are amortised over the terms of the policies as Takaful contribution is earned.

Provision for IBNR

Provision for Incurred But Not Reported ("IBNR") claims is made at the statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority).

Provision for ULAE

Provision for Unallocated Loss Adjustment Expenses (ULAE) which cannot be allocated to specific claims, is made at the statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority).

Liability adequacy test

All recognised takaful contract liabilities including provision for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the income statement by establishing a provision for losses arising from liability adequacy test.

3. Summary of significant accounting policies (continued)

Claims reported unsettled

Contract liabilities are recognised when contracts are entered into and contributions are charged. These liabilities are known as the claims reported unsettled provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, after reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of claims cannot be known with certainty at the reporting date. The liability is not discounted for the time value of money. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract expires, is discharged or is cancelled.

Unearned premium reserve

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of retakaful, which relates to the period of takaful subsequent to the statement of financial position date and is mainly computed on linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for takaful companies issued by the Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority).

Retakaful assets

Amounts recoverable under retakaful contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'other financial assets'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition

Financial assets

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

'Other financial assets' comprise of cash and cash equivalents, takaful and other receivables.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or profit earned on the financial asset and is included in the statement of comprehensive income.

Available-for-sale (AFS) financial assets

The Group has investments that are not traded in an active market and are classified as AFS financial assets and stated at fair value because management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair values with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair values is reclassified to profit or loss. The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Held-to-maturity (HTM)

Held-to-maturity (HTM) investments carried at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturities, where the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost using the effective profit method less any impairment.

Other financial assets

Other financial assets are measured at amortised costs using the effective profit method, less any impairment. Profit income is recognised by applying the effective profit rate, except for short-term receivables when the recognition of profit would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in profit or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial assets, such as takaful receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of takaful receivables, where the carrying amount is reduced through the use of an allowance account. When a takaful receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in consolidated statement of income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to consolidated statement of income in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

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 Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide an Islamic financing at below market profit rate are measured in accordance with the specific accounting policies set out below.

Takaful, retakaful and other payables

Takaful, retakaful and other payables and due to shareholders are initially measured at fair value, plus transaction costs and are subsequently measured at amortised cost using the effective profit method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective profit method. Profit expense that is not capitalised as part of costs of an asset is included in the consolidated income statement.

The effective profit method is a method of calculating the amortised cost of a financial liability and of allocating profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement.

Receivables and payables related to takaful contracts

Receivables and payables are recognised when due. These include amounts due to and from takaful brokers, re-insurers and takaful contract holders. If there is objective evidence that the takaful receivables are impaired, the Group reduces the carrying amount of the takaful receivables accordingly and realises the impairment loss in the income statement.

3. Summary of significant accounting policies (continued)

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Short term operating leases

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

3. Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Group for segment reporting under IFRS 8 are the same as those used in its financial statements.

4. Critical accounting estimates and judgements in applying accounting policies

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Outstanding claims, IBNR, ULAE and UPR

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims and UPR made under takaful contracts is the Group's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Classification of investment properties and related fair value judgement

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

4. Critical accounting estimates and judgements in applying accounting policies (continued)

Classification of investment properties and related fair value judgement (continued)

Fair value of investment property is estimated by an independent professional valuer for disclosure purposes only, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

Provision for doubtful debts

The Group reviews its takaful receivables on a regular basis to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

In addition to specific provisions against individually significant takaful receivables, the Group also makes a collective impairment provision against takaful receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for takaful receivables within each grade and is adjusted to reflect current economic changes.

Long term takaful contracts

Estimates for takaful risk under long term takaful contracts are made with reference to external actuarial calculations and are based on standard industry and national mortality tables.

Fair value of financial assets at fair value through profit or loss

The fair value of unquoted financial assets carried at fair value through profit or loss is based on the periodic valuations by fund managers and represents the net asset value of the funds at the date of valuation and the fair value of quoted financial assets securities carried at fair value through profit or loss is based on quoted prices in active markets.

5. Investment in securities

Available-for-sale investments

Available-for-sale investments comprise the following:

	2021 AED	2020 AED
Unquoted equity securities in U.A.E.	**5,943,000**	5,943,000
Unquoted debt securities in U.A.E.	**1,000,000**	1,000,000
	6,943,000	6,943,000
Attributable to:		
Policyholders	**-**	1,000,000
Shareholders	**6,943,000**	5,943,000
	6,943,000	6,943,000

Investments at fair value through profit or loss

Investments at fair value through profit or loss comprises the following:

	2021 AED	2020 AED
Investment in mutual funds	**450,903,939**	429,885,226
Investment in equity securities	**50,932,661**	-
	501,836,600	429,885,226
Quoted securities inside U.A.E.	**50,932,661**	-
Unquoted securities inside U.A.E.	**28,421,912**	31,343,481
Unquoted securities outside U.A.E.	**422,482,027**	398,541,745
	501,836,600	429,885,226
Attributable to:		
Policyholders	**450,903,939**	429,885,226
Shareholders	**50,932,661**	-
	501,836,600	429,885,226

Held to maturity investments

Held to maturity investments comprises the following:

	2021 AED	2020 AED
Quoted debt securities inside U.A.E.	**3,801,648**	3,831,605
Unquoted debt securities inside U.A.E.	**5,626,638**	5,646,375
Quoted debt securities outside U.A.E.	**8,909,086**	8,954,986
Unquoted debt securities outside U.A.E.	**3,677,390**	3,680,000
	22,014,762	22,112,966
Policyholders	**7,463,927**	13,390,076
Shareholders	**14,550,835**	8,722,890
	22,014,762	22,112,966

The fair value of the investments held to maturity amounted to AED 23.01 million as of 31 December 2021 (2020: AED 23.3 million). Held to maturity investments amounting to AED 15 million are hypothecated against Murabaha facility (note 21).

5. Investment in securities (continued)

The movement in securities are as follows:

2021	Available-for-sale investments AED	Investments at fair value through profit and loss AED	Held to maturity investments AED	Total AED
At 1 January	**6,943,000**	**429,885,226**	**22,112,966**	**458,941,192**
Addition during the year	**-**	**133,631,055**	**-**	**133,631,055**
Disposal during the year	**-**	**(133,844,804)**	**-**	**(133,844,804)**
Amortisation of premiums	**-**	**-**	**(98,204)**	**(98,204)**
Fair value gain recorded in the consolidated statement of income	**-**	**72,165,123**	**-**	**72,165,123**
At 31 December	**6,943,000**	**501,836,600**	**22,014,762**	**530,794,362**
2020				
At 1 January	10,869,178	-	10,724,187	21,593,365
Acquired through acquisition of subsidiary	-	396,587,000	-	396,587,000
Addition during the year	-	25,705,148	11,388,779	37,093,927
Disposal during the year	(2,142,063)	(33,148,430)	-	(35,290,493)
Fair value (loss)/gain recorded in the consolidated statement of income	(1,784,115)	40,741,508	-	38,957,393
At 31 December	6,943,000	429,885,226	22,112,966	458,941,192

6. Due from shareholders and due to policyholders

The balance consists of the net of Wakala fees and Qard Hassan balances that is due from the shareholders to the policyholders amounting to AED 22,177,660 (2020: AED 25,786,539).

7. Takaful contract liabilities and retakaful assets

	2021 AED	2020 AED
Gross		
Takaful contract liabilities:		
Unearned contribution	**229,240,775**	214,512,341
Claims reported unsettled	**226,225,519**	263,416,413
Claims incurred but not reported	**31,356,752**	34,679,368
Unallocated loss adjustment expense	**5,583,010**	5,730,083
Contribution deficiency reserve	**-**	1,831,156
Unexpired risk reserve	**1,506,941**	1,915,187
Mathematical reserve	**12,719,254**	10,916,125
Total takaful contract liabilities, gross	**506,632,251**	533,000,673
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	**93,538,098**	51,250,635
Claims reported unsettled	**132,720,696**	141,143,771
Claims incurred but not reported	**16,730,904**	16,827,982
Contribution deficiency reserve	**-**	200,430
Mathematical reserve	**9,677,780**	8,802,820
Total retakaful share of takaful contract liabilities	**252,667,478**	218,225,638

7. Takaful contract liabilities and retakaful assets

	2021 AED	2020 AED
Net		
Unearned contribution	**135,702,677**	163,261,706
Claims reported unsettled	**93,504,823**	122,272,642
Claims incurred but not reported	**14,625,848**	17,851,386
Unallocated loss adjustments expense	**5,583,010**	5,730,083
Contribution deficiency reserve	**-**	1,630,726
Unexpired risk reserve	**1,506,941**	1,915,187
Mathematical reserve	**3,041,474**	2,113,305
	253,964,773	314,775,035

The business class wise movement in takaful contract liabilities and retakaful contract assets is given below:

	Motor AED	Medical AED	General takaful AED	Life AED	Total AED
2021					
Unearned contribution	**35,634,517**	**86,613,205**	**13,454,955**	**-**	**135,702,677**
Claims reported unsettled	**38,931,835**	**38,990,633**	**14,700,024**	**882,331**	**93,504,823**
Claims incurred but not reported	**7,797,744**	**4,742,306**	**2,085,798**	**-**	**14,625,848**
Unallocated loss adjustment expenses	**3,225,077**	**1,324,700**	**1,033,233**	**-**	**5,583,010**
Contribution deficiency reserve	**-**	**-**	**-**	**-**	**-**
Unexpired risk reserve	**-**	**1,506,941**	**-**	**-**	**1,506,941**
Mathematical reserve	**-**	**-**	**-**	**3,041,474**	**3,041,474**
Total	**85,589,173**	**133,177,785**	**31,274,010**	**3,923,805**	**253,964,773**
2020					
Unearned contribution	55,368,497	100,539,072	7,354,137	-	163,261,706
Claims reported unsettled	40,460,867	67,631,869	13,744,415	435,491	122,272,642
Claims incurred but not reported	10,095,329	5,809,434	1,946,623	-	17,851,386
Unallocated loss adjustment expenses	1,718,981	2,292,688	1,718,414	-	5,730,083
Contribution deficiency reserve	-	1,557,949	72,777	-	1,630,726
Unexpired risk reserve	-	1,915,187	-	-	1,915,187
Mathematical reserve	-	-	-	2,113,305	2,113,305
Total	107,643,674	179,746,199	24,836,366	2,548,796	314,775,035

8. Takaful and other receivables

	2021 AED	2020 AED
Contribution receivable	**212,854,547**	198,564,770
Receivable from retakaful and other takaful companies	**77,048,267**	58,943,200
Other receivables	**3,784,289**	3,798,110
	293,687,103	261,306,080
Less: Provisions for doubtful receivables	**(18,702,656)**	(18,508,132)
	274,984,447	242,797,948

8. Takaful and other receivables (continued)

Movements in provision for doubtful receivables is given below:

	2021 AED	2020 AED
As at 1 January	**18,508,132**	11,915,374
Charge for the year, net of write-off	**194,524**	6,592,758
	18,702,656	18,508,132
Takaful and other receivables - Inside UAE		
Contribution receivables	**212,854,547**	198,564,770
Less: Provision for doubtful receivables	**(13,187,621)**	(12,905,378)
	199,666,926	185,659,392
Receivables from retakaful and other takaful companies	**65,465,892**	47,551,719
Other receivables	**3,784,289**	3,798,110
Less: Provision for doubtful receivables	**(4,943,817)**	(5,239,923)
	64,306,364	46,109,906
Takaful and other receivables - Outside UAE		
Receivable from retakaful and other takaful companies	**11,582,375**	11,391,481
Less: Provision for doubtful receivables	**(571,218)**	(362,831)
	11,011,157	11,028,650
Total takaful and other receivables	**274,984,447**	242,797,948

The amounts due from retakaful are settled on a quarterly basis.

Ageing of takaful and other receivables is given below:

2021	Contribution receivables AED	Receivable from retakaful and other takaful companies AED	Other receivables AED	Total AED
Takaful and other receivables - inside UAE				
Current	99,384,050	15,764,788	-	115,148,838
30 - 90 days	20,251,015	22,535,791	-	42,786,806
91 - 180 days	33,444,329	4,198,438	-	37,642,767
181 - 360 days	22,074,639	8,042,614	-	30,117,253
More than 360 days	37,700,514	14,924,261	3,784,289	56,409,064
Less: Provision for doubtful receivables	(13,187,621)	(1,159,528)	(3,784,289)	(18,131,438)
	199,666,926	64,306,364	-	263,973,290
Takaful and other receivables - outside UAE				
Current	-	8,396,894	-	8,396,894
30 - 90 days	-	484,912	-	484,912
91 - 180 days	-	696,798	-	696,798
181 - 360 days	-	693,831	-	693,831
More than 360 days	-	1,309,940	-	1,309,940
Less: Provision for doubtful receivables	-	(571,218)	-	(571,218)
	-	11,011,157	-	11,011,157
Total takaful and other receivables	199,666,926	75,317,521	-	274,984,447

8. Takaful and other receivables (continued)

2020	Contribution receivables AED	Receivable from retakaful and other takaful companies AED	Other receivables AED	Total AED
Takaful and other receivables - inside UAE				
Current	55,079,201	8,289,683	-	63,368,884
30 - 90 days	29,271,274	11,962,148	-	41,233,422
91 - 180 days	29,466,010	7,166,763	-	36,632,773
181 - 360 days	31,228,464	13,376,239	-	44,604,703
More than 360 days	53,519,821	6,756,886	3,798,110	64,074,817
Less: Provision for doubtful receivables	(12,905,378)	(1,441,813)	(3,798,110)	(18,145,301)
	185,659,392	46,109,906	-	231,769,298
Takaful and other receivables – outside UAE				
Current	-	1,631,582	-	1,631,582
30 - 90 days	-	2,506,174	-	2,506,174
91 - 180 days	-	5,344,297	-	5,344,297
181 - 360 days	-	1,445,450	-	1,445,450
More than 360 days	-	463,978	-	463,978
Less: Provision for doubtful receivables	-	(362,831)	-	(362,831)
	-	11,028,650	-	11,028,650
Total takaful and other receivables	185,659,392	57,138,556	-	242,797,948

9. Prepayments and other receivables

	2021 AED	2020 AED
Prepaid expenses	**8,375,324**	7,322,943
Deposits	**651,119**	1,042,180
Advance	**307,292**	570,417
Other receivables	**6,051,020**	8,484,031
	15,384,755	17,419,571
Attributable to:		
Policyholders	**3,961,933**	3,744,919
Shareholders	**11,422,822**	13,674,652
	15,384,755	17,419,571

10. Wakala deposits

Wakala deposits yield a profit rate of 0.1% p.a. to 1.75% p.a. (2020: 0.2% p.a. to 5.0% p.a.). Wakala deposits worth AED 40 million are hypothecated against Murabaha facility (note 21).

11. Investment properties

	2021 AED	2020 AED
Balance at 1 January	**36,067,857**	46,442,500
Gain / (loss) in fair value during the year (note 29)	**3,614,093**	(10,374,643)
Balance at 31 December	**39,681,950**	36,067,857
Attributable to:		
Policyholders	**-**	15,768,081
Shareholders	**39,681,950**	20,299,776
	39,681,950	36,067,857

The investment properties represent the fair value of the properties located in U.A.E.

The fair value of the Group's investment properties as at 31 December 2021 and 2020 has been arrived at on the basis of valuations carried on the respective dates by two independent valuers who are not related to the Group and have appropriate qualification and recent market experience in the valuation of properties in the United Arab Emirates. The fair value is mainly based on unobservable inputs (i.e. Level 3).

The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

The property rental income earned by the Group from its investment properties which are leased under operating leases and the direct operating expenses arising in the management of investment properties were as follows:

	2021 AED	2020 AED
Rental income	**1,939,766**	2,244,853
Direct operating expenses	**(936,833)**	(1,114,962)
Income from investment property (note 29)	**1,002,933**	1,129,891

12. Cash and cash equivalents

	2021 AED	2020 AED
Cash in hand	**146,600**	106,382
Bank balances		
Current accounts	**32,625,222**	131,390,207
Call accounts	**1,066,675**	807,017
	33,838,497	132,303,606
Attributable to:		
Policyholders	**15,772,579**	79,928,738
Shareholders	**18,065,918**	52,374,868
	33,838,497	132,303,606

13. Property and equipment

2021	Building AED	Leasehold improvements AED	Furniture and fixtures AED	Office equipment AED	Vehicles AED	Capital work in progress AED	Right to use assets AED	Total AED
Cost								
At 1 January	10,226,500	1,794,767	8,533,719	5,714,146	1,155,101	4,234,998	14,661,715	46,320,946
Additions	-	-	6,260	257,103	-	3,184,378	-	3,447,741
Write-off	-	-	-	-	-	(181,913)	-	(181,913)
Transfer	-	-	-	430,715	-	(430,715)	-	-
Transfer to intangible assets (note 14)	-	-	-	-	-	(4,542,834)	-	(4,542,834)
At 31 December	10,226,500	1,794,767	8,539,979	6,401,964	1,155,101	2,263,914	14,661,715	45,043,940
Accumulated depreciation								
At 1 January	7,056,771	1,087,107	7,946,795	4,890,596	1,035,124	26,341	2,470,225	24,512,959
Charge for the year	255,660	183,940	254,273	609,366	47,429	-	3,251,065	4,601,733
At 31 December	7,312,431	1,271,047	8,201,068	5,499,962	1,082,553	26,341	5,721,290	29,114,692
Carrying amount								
At 31 December 2021	2,914,069	523,720	338,911	902,002	72,548	2,237,573	8,940,425	15,929,248

13. Property and equipment (continued)

2020	Building AED	Leasehold improvements AED	Furniture and fixtures AED	Office equipment AED	Vehicles AED	Capital work in progress AED	Right to use assets AED	Total AED
Cost								
At 1 January	10,226,500	1,010,815	8,381,951	4,894,446	1,012,815	285,931	1,115,905	26,928,363
Acquisition through business combination	-	786,952	5,608	651,575	142,286	3,410,529	13,545,810	18,542,760
Additions	-	27,569	146,160	168,125	-	3,217,002	-	3,558,856
Transfer to intangible assets (note 14)	-	(30,569)	-	-	-	(2,678,464)	-	(2,709,033)
At 31 December	10,226,500	1,794,767	8,533,719	5,714,146	1,155,101	4,234,998	14,661,715	46,320,946
Accumulated depreciation and impairment								
At 1 January	2,793,818	1,010,815	7,657,563	4,365,744	1,011,973	26,341	557,952	17,424,206
Impairment loss during the year	4,007,282	-	-	-	-	-	-	4,007,282
Charge for the year	255,671	76,292	289,232	524,852	23,151	-	1,912,273	3,081,471
At 31 December	7,056,771	1,087,107	7,946,795	4,890,596	1,035,124	26,341	2,470,225	24,512,959
Carrying amount								
At 31 December 2020	3,169,729	707,660	586,924	823,550	119,977	4,208,657	12,191,490	21,807,987

14. Intangible assets

2021	Trade name AED	Life takaful contracts AED	Non-life takaful contracts AED	Customer relationship AED	Software AED	Total AED
Cost						
At 1 January	**6,728,000**	**70,034,000**	**3,339,000**	**11,962,000**	**11,792,681**	**103,855,681**
Additions during the year	**-**	**-**	**-**	**-**	**42,551**	**42,551**
Transfer from property and equipment (note 13)	**-**	**-**	**-**	**-**	**4,542,834**	**4,542,834**
31 December	**6,728,000**	**70,034,000**	**3,339,000**	**11,962,000**	**16,378,066**	**108,441,066**
Accumulated amortisation						
At 1 January	**-**	**729,521**	**3,339,000**	**1,107,592**	**5,564,241**	**10,740,354**
Charge for the year	**-**	**2,658,222**	**-**	**1,750,850**	**4,153,967**	**8,563,039**
31 December	**-**	**3,387,743**	**3,339,000**	**2,858,442**	**9,718,208**	**19,303,393**
Carrying amount						
31 December 2021	**6,728,000**	**66,646,257**	**-**	**9,103,558**	**6,659,858**	**89,137,673**
2020						
Cost						
At 1 January	-	-	-	-	4,786,557	4,786,557
Acquisition through business combination (note 30)	6,728,000	70,034,000	3,339,000	11,962,000	4,024,240	96,087,240
Additions during the year	-	-	-	-	272,851	272,851
Transfer from property and equipment (note 13)	-	-	-	-	2,709,033	2,709,033
31 December	6,728,000	70,034,000	3,339,000	11,962,000	11,792,681	103,855,681
Accumulated amortisation						
At 1 January	-	-	-	-	3,547,379	3,547,379
Charge for the year	-	729,521	3,339,000	1,107,592	2,016,862	7,192,975
31 December	-	729,521	3,339,000	1,107,592	5,564,241	10,740,354
Carrying amount						
31 December 2020	6,728,000	69,304,479	-	10,854,408	6,228,440	93,115,327

15. Restricted deposit

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority) and are not available to finance the day-to-day operations of the Group.

These deposits have a fixed maturity of one year from the date of deposit and yield a profit rate of 0.2% p.a. to 1.1% p.a. (2020: 0.4% to 0.6% p.a).

16. Deferred policy cost

	2021 AED	2020 AED
At 1 January	**12,994,006**	19,537,186
Booked during the year	**92,164,467**	50,372,706
Charged for the year	**(83,013,406)**	(56,915,886)
At 31 December	**22,145,067**	12,994,006

17. Takaful and retakaful payables

	2021 AED	2020 AED
Due to takaful companies, garages and other third parties	**84,440,363**	71,361,215
Due to retakaful companies	**140,227,499**	106,345,655
Other payables	**25,582,444**	19,595,229
	250,250,306	197,302,099
Inside UAE	**139,421,022**	136,734,286
Outside UAE	**110,829,284**	60,567,813
	250,250,306	197,302,099

	2021 AED	2020 AED
Takaful payables - Inside UAE		
Due to takaful companies, garages and other third parties	**84,440,363**	71,361,215
Due to retakaful companies	**34,570,845**	50,705,005
Other payables	**20,409,814**	14,668,066
	139,421,022	136,734,286
Takaful payables - Outside UAE		
Due to retakaful companies	**105,656,654**	55,640,650
Other payables	**5,172,630**	4,927,163
	110,829,284	60,567,813

18. Takaful and investment contracts liabilities

	2021 AED	2020 AED
Investment contract liabilities with takaful risk	**450,903,939**	429,885,226

Movement in investment liabilities with takaful risk is given below:

Transfer through acquisition	**429,885,226**	396,586,913
Add: investment contracts received	**50,482,047**	31,866,689
Less: investment contracts repaid	**(90,970,319)**	(33,148,430)
Gain on fair value	**68,918,419**	40,741,508
Wakala fees and other charges	**(7,411,434)**	(6,161,454)
	450,903,939	429,885,226

19. Qard Hassan

	2021 AED	2020 AED
(i) Qard Hassan		
As at 1 January	**(213,740,895)**	(68,356,006)
Amount transferred on acquisition of subsidiaries	**-**	(138,053,150)
Deficit during the year	**(15,396,969)**	(7,331,739)
As at 31 December	**(229,137,864)**	(213,740,895)
(ii) Provision against Qard Hassan		
As at 1 January	**213,740,895**	68,356,006
Amount transferred on acquisition of subsidiaries	**-**	138,053,150
Provision during the year	**15,396,969**	7,331,739
As at 31 December	**229,137,864**	213,740,895

20. Other liabilities

	2021 AED	2020 AED
Accrued expenses and other payables	**19,851,931**	30,072,282
Acquisition cost payable	**35,363,763**	48,226,600
Employees' end of service benefits*	**6,368,235**	6,014,272
Lease liabilities	**9,101,161**	12,457,753
Accrued leave salary	**736,063**	1,224,129
Other payable	**8,058,349**	8,910,066
	79,479,502	106,905,102

* Movements in the provision for employees' end of service benefits during the year were as follows:

	2021 AED	2020 AED
As at 1 January	**6,014,272**	2,541,158
Amount transferred on acquisition of subsidiaries	**-**	4,458,000
Charged during the year	**1,552,533**	430,799
Paid during the year	**(1,198,570)**	(1,415,685)
As at 31 December	**6,368,235**	6,014,272

21. Murabaha payable

The Group got engaged in Murabaha facility of AED 215 million with bank on 27 February 2020 held at amortised cost. The facility was obtained for the purpose of acquiring Noor Takaful Family PJSC ("NTF") and Noor Takaful General PJSC ("NTG"). The facility includes two tranches as given below:

Tranche A consist of AED 100 million carrying flexible profit rate of 3 months EIBOR plus 2.25% having a maturity period of 12 months from the date of acquisition of NTF and NTG. Full amount of Tranch A is repaid during the year ended 31 December 2021.

Tranche B consist of AED 115 million carrying flexible profit rate of 3 months EIBOR plus 2.9% having a maturity period of 5 years ending 30 June 2025.

Other Murabaha arrangements are as follows:

Pledged collateral

- Registered mortgage over investment properties and other real estate properties valued up to AED 45 million;
- Pledge over wakala deposits worth at least AED 40 million;
- Pledge over the shares of target entities i.e. NTF and NTG;
- Marketable securities (equities and sukuk) worth AED 15 million;
- A profit service reserve account will be maintained by the Company with bank that holds 6 months of profit service for Tranche B at all the times;
- All proceeds from the operating target entities shall be deposited into a dividend account that the Group maintains with the bank; and
- Pledge over profit service reserve account and dividend account maintained with the bank.

Financial covenants

- A minimum capital requirement of AED 300 million so long as the 3 licenses are outstanding and AED 200 million post cancellation of Company's license;
- A minimum solvency coverage ratio of 100%;
- A minimum consolidated Liquid Assets Cover (cash plus marketable securities) of 100%; and
- Compliance with minimum guaranteed fund and net admissible assets requirements.

Other covenants

- Company to complete re-organisation within 12 months from the completion of acquisition;
- Operating accounts of the Company and the targets (NTF and NTG) to move to the bank within 6 months from the completion of acquisition; and
- Company to shift 100% wakala deposits of the Company to specified bank within 6 months from the completion of acquisition.

22. Share capital

	2021	2020
	AED	AED
Issued and fully paid:		
150,000,000 ordinary shares of AED 1 each		
(31 December 2020: 150,000,000 ordinary shares)	**150,000,000**	150,000,000

Dividend of AED (fils) 0.092 per share amounting to AED 13,800,000 was declared and paid during the year ended 31 December 2021 (2020: AED 4,905,000).

23. Reserves

Statutory reserve

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of profit for the year is required to be transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the statutory reserve is equal to 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law. For the year ended 31 December 2021, balance amounting to AED 2,157,993 was transferred to statutory reserves (2020: AED 2,264,385).

Retakaful reserve

In accordance with Central Bank of the United Arab Emirates's (formerly, the UAE Insurance Authority) Board of Directors' Decision No. 23, Article 34, an amount of AED 1,430,530 (2020: AED 642,503) was transferred from retained earnings to retakaful reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the United Arab Emirates (formerly, the UAE Insurance Authority).

24. Net contributions

	Motor AED	Medical AED	General takaful AED	Life AED	Total AED
2021					
Takaful contracts:					
Gross contribution written	**90,665,481**	**325,957,089**	**226,343,708**	**63,163,464**	**706,129,742**
Movement in unearned contributions	**22,567,493**	**(5,014,201)**	**(32,281,728)**	**-**	**(14,728,436)**
Takaful contribution revenues	**113,232,974**	**320,942,888**	**194,061,980**	**63,163,464**	**691,401,306**
Retakaful share of contribution	**(7,617,369)**	**(89,369,267)**	**(185,163,737)**	**(3,955,621)**	**(286,105,994)**
Movement in unearned contributions	**(3,005,809)**	**18,782,231**	**25,786,796**	**-**	**41,563,218**
Retakaful contribution revenues	**(10,623,178)**	**(70,587,036)**	**(159,376,941)**	**(3,955,621)**	**(244,542,776)**
Total contribution revenues	**102,609,796**	**250,355,852**	**34,685,039**	**59,207,843**	**446,858,530**
2020					
Takaful contracts:					
Gross contribution written	81,603,008	231,214,261	88,748,917	37,020,537	438,586,723
Movement in unearned contributions	18,613,900	99,731,316	4,398,268	-	122,743,484
Takaful contribution revenues	100,216,908	330,945,577	93,147,185	37,020,537	561,330,207
Retakaful share of contribution	(4,995,399)	(47,552,786)	(74,165,453)	(1,786,967)	(128,500,605)
Movement in unearned contributions	(5,540,679)	(15,290,098)	(2,670,659)	-	(23,501,436)
Retakaful contribution revenues	(10,536,078)	(62,842,884)	(76,836,112)	(1,786,967)	(152,002,041)
Total contribution revenues	89,680,830	268,102,693	16,311,073	35,233,570	409,328,166

25. Claims incurred

2021	Motor AED	Medical AED	General takaful AED	Life AED	Total AED
Gross					
Takaful claims paid	**66,198,387**	**289,267,416**	**66,157,051**	**305,554**	**421,928,408**
Movement in provision for claims reported unsettled	**(2,722,274)**	**(26,791,075)**	**(8,827,544)**	**1,150,000**	**(37,190,893)**
Movement in provision for incurred but not reported	**(5,321,171)**	**241,223**	**1,757,328**	**-**	**(3,322,620)**
Movement in provision for ULAE	**1,506,097**	**(967,988)**	**(685,181)**	**-**	**(147,072)**
Movement in provision for URR/CDR	**-**	**(1,966,193)**	**(72,777)**	**-**	**(2,038,970)**
Change in investment contracts and mathematical reserves	**-**	**-**	**-**	**112,734,050**	**112,734,050**
Net gain on assets held at fair value through profit or loss	**-**	**-**	**-**	**(68,918,419)**	**(68,918,419)**
Total	**59,661,039**	**259,783,383**	**58,328,877**	**45,271,185**	**423,044,484**
Retakaful					
Retakaful share of claims paid	**(8,628,094)**	**(66,999,838)**	**(61,468,208)**	**(110,728)**	**(137,206,868)**
Movement in provision for claims reported unsettled	**1,193,242**	**(1,850,160)**	**9,783,156**	**(703,160)**	**8,423,078**
Movement in provision for incurred but not reported	**3,023,586**	**(1,308,351)**	**(1,618,155)**	**-**	**97,080**
Total	**(4,411,266)**	**(70,158,349)**	**(53,303,207)**	**(813,888)**	**(128,686,710)**
Claims recorded in the consolidated statement of income	**55,249,773**	**189,625,034**	**5,025,670**	**44,457,297**	**294,357,774**
2020					
Gross					
Takaful claims paid	40,417,066	242,248,076	59,753,091	(6,320)	342,411,913
Movement in provision for claims reported unsettled	13,977,454	33,741,934	3,994,220	150,000	51,863,608
Movement in provision for incurred but not reported	885,829	(5,007,803)	(2,883,124)		(7,005,098)
Movement in provision for ULAE	(409,771)	1,985,298	(133,171)		1,442,356
Movement in provision for CDR	(167,056)	1,544,519	(426,978)	-	950,485
Change in investment contracts and mathematical reserves	-	-	-	66,804,255	66,804,255
Net gain on assets held at fair value through profit or loss	-	-	-	(40,741,508)	(40,741,508)
Total	54,703,522	274,512,024	60,304,038	26,206,427	415,726,011
Retakaful					
Retakaful share of claims paid	(6,157,788)	(68,619,345)	(54,676,419)	-	(129,453,552)
Movement in provision for claims reported unsettled	(3,650,328)	6,467,660	(4,225,165)	(71,840)	(1,479,673)
Movement in provision for incurred but not reported	(169,515)	3,169,325	2,433,002	-	5,432,812
Total	(9,977,631)	(58,982,360)	(56,468,582)	(71,840)	(125,500,413)
Claims recorded in the consolidated statement of income	44,725,891	215,529,664	3,835,456	26,134,587	290,225,598

26. Other Takaful expenses

	2021 AED	2020 AED
Provision for doubtful debts (note 8)	**194,524**	6,592,758
Other expenses	**4,637,553**	1,732,024
	4,832,077	8,324,782

27. Wakala fees and Mudarib's fee

Wakala fees

Wakala fee for the year ended 31 December 2021 amounted to AED 176,080,714 (2020: AED 123,754,852). The fee is calculated at maximum of 25% (2020: 29%) without any deduction of policy acquisition cost. Wakala fee is charged to the consolidated statement of income when incurred.

Mudarib's fee

The shareholders also manage the policyholders' investment funds and charge Mudarib's fee. Mudarib fee is charged at 35% (2020: 35%) of realised investment income. During the year, Mudarib's fee amounted to AED 468,637 (2020: AED 1,271,443).

28. General and administrative expenses

	2021 AED	2020 AED
Staff cost	**34,898,853**	38,144,308
Administrative expenses	**24,362,517**	9,948,423
Depreciation and amortisation	**13,164,772**	10,274,446
Marketing expenses	**763,708**	1,229,616
Other expenses	**-**	10,210,066
	73,189,850	69,806,859

29. Investment and other income

2021	Policyholders AED	Shareholders AED	Total AED
Fair value gain			
Fair value gain on investment properties (note 11)	**-**	**3,614,093**	**3,614,093**
Fair value gain on financial assets at FVTPL	**-**	**3,246,704**	**3,246,704**
Realised gain			
Other investment income			
Income from available-for-sale investments	**-**	**746,428**	**746,428**
Income from wakala deposits	**1,390,533**	**1,089,197**	**2,479,730**
Dividend income	**-**	**225,394**	**225,394**
Income from debt securities	**551,015**	**714,971**	**1,265,986**
Fund management income	**-**	**4,928,372**	**4,928,372**
Surrender income	**-**	**10,369,237**	**10,369,237**
Rebates	**-**	**1,590,604**	**1,590,604**
Rental income from investments properties - net (note 11)	**151,297**	**851,636**	**1,002,933**
Other income	**876**	**88,544**	**89,420**
	2,093,721	**27,465,180**	**29,558,901**

29. Investment and other income (continued)

	Policyholders AED	Shareholders AED	Total AED
2020			
Fair value losses			
Fair value loss on investment properties (note 11)	(3,762,954)	(6,611,689)	(10,374,643)
Impairment in value of property and equipment (note 13)	-	(4,007,282)	(4,007,282)
Impairment in fair value of available-for-sale investments	-	(1,575,870)	(1,575,870)
Realised loss			
Loss on sale of available-for-sale investments	(208,245)	-	(208,245)
Other investment income			
Income from wakala deposits	2,629,121	3,397,810	6,026,931
Dividend income	-	304,286	304,286
Income from debt securities	555,266	534,276	1,089,542
Fund management income	-	1,789,856	1,789,856
Surrender income	-	3,901,094	3,901,094
Rebates	-	1,038,416	1,038,416
Rental income from investments properties - net (note 11)	635,769	494,122	1,129,891
Other income	962,230	914,638	1,876,868
	811,187	179,657	990,844

Investment income has been allocated to the shareholders and policyholders on the basis of investments held by each fund.

30. Acquisition of subsidiaries

Acquisition of Noor Takaful Family PJSC

On 26 July 2020, the Group acquired 100% of the equity instruments of Noor Takaful Family PJSC (NTF), a UAE based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the takaful business. NTF is a significant business, with life assurance portfolio, in UAE which is the Group's targeted market.

NTF's contribution to the Group results

NTF incurred a net profit of AED 2.7 million for the period from 26 July 2020 to 31 December 2020. Gross contributions for the five months from 26 July 2020 were AED 146 million. If NTF had been acquired on 1 January 2020, revenue of the Group for 2020 would have been AED 634.6 million, and profit for the period 31 December 2020 would have increased to AED 26.6 million.

Acquisition of Noor Takaful General PJSC

On 26 July 2020, the Group acquired 100% of the equity instruments of Noor Takaful General PJSC (NTG), a UAE based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the takaful business. NTG is a significant business, with general takaful portfolio, in UAE which is the Group's targeted market.

NTG's contribution to the Group results

NTG incurred a net profit of AED 5.9 million for the period from 26 July 2020 to the reporting date. Revenue for the five months from 26 July 2020 was AED 66.8 million. If NTG had been acquired on 1 January 2020, revenue of the Group for 2020 would have been AED 511.7 million, and profit for the period 31 December 2020 would have increased to AED 26.3 million.

30. Acquisition of subsidiaries (continued)

The details of net assets acquired in business combination at fair values are as follows:

Recognised amounts of identifiable net assets	Noor Takaful Family PJSC AED	Noor Takaful General PJSC AED	Total AED
Assets			
Cash and cash equivalents	88,943,000	15,950,400	104,893,400
Wakala deposits	119,500,000	116,499,600	235,999,600
Investments at fair value through profit and loss	396,587,000	-	396,587,000
Contribution receivables	62,270,596	39,979,000	102,249,596
Retakaful receivables	78,396,000	86,714,000	165,110,000
Property and equipment	2,158,827	16,383,933	18,542,760
Software	1,738,173	2,286,067	4,024,240
Other current assets including related party balances	11,779,000	44,917,000	56,696,000
Tradename	4,440,000	2,288,000	6,728,000
Life takaful contracts	70,034,000	-	70,034,000
Existing contracts	2,310,000	1,029,000	3,339,000
Customer relationships	7,468,000	4,494,000	11,962,000
Total assets	**845,624,596**	**330,541,000**	**1,176,165,596**
Liabilities			
Takaful and related payables	227,296,000	156,610,000	383,906,000
Takaful and investment contract liabilities	396,586,913	-	396,586,913
Mathematical reserve	10,963,087	-	10,963,087
Retakaful payables	24,340,000	26,233,000	50,573,000
Accruals and other payables	46,185,000	18,307,000	64,492,000
Employees' end of service benefits	2,737,000	1,721,000	4,458,000
Total liabilities	**708,108,000**	**202,871,000**	**910,979,000**
Fair value of consideration transferred			
Amount settled in cash	(105,327,000)	(109,673,000)	(215,000,000)
Identifiable net assets	137,516,596	127,670,000	265,186,596
Gain on bargain purchase	**32,189,596**	**17,997,000**	**50,186,596**
Consideration transferred - settled in cash	(105,327,000)	(109,673,000)	(215,000,000)
Cash and cash equivalents acquired	88,943,000	15,950,400	104,893,400
Net cash outflow on acquisition	**(16,384,000)**	**(93,722,600)**	**(110,106,600)**
Acquisition costs charged to expenses *	**7,822,737**	**7,822,737**	**15,645,474**

* Acquisition-related costs amounting to AED 15,645,474 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, shown as a separate line item in consolidated statement of income.

31. Earnings per share

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2021	2020
Profit for the year attributable to shareholders (in AED)	**21,579,926**	22,643,850
Weighted average number of shares outstanding at 31 December	**150,000,000**	150,000,000
Basic and diluted earnings per share (in AED)	**0.144**	0.151

Diluted earnings per share as of 31 December 2021 and 2020 are equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

32. Available-for-sale investments reserve

This reserve records gains and losses arising from changes in fair value of available-for-sale investments (AFS).

33. Related party transactions

Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

Related parties represent the major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties

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

	2021 AED	2020 AED
Takaful and other receivables		
Other related parties	**(58,093)**	58,602

Transactions with related parties

Transactions with related parties included in the consolidated financial statements are as follows:

	2021 AED	2020 AED
Contributions earned		
Other related parties	**-**	1,736,966
		1,736,966

Compensation of key management personnel

	2021 AED	2020 AED
Short-term benefits	**8,158,572**	4,029,717
Employees' end of service benefits	**310,645**	114,593
	8,469,217	4,144,310

Outstanding balances at the year-end arise in the normal course of business. For the years ended 31 December 2021 and 31 December 2020, the Group has not recorded any impairment of amounts owed by related parties.

34. Fatwa and Sharia'a supervisory board

The Group's business activities are subject to the supervision of a Fatwa and Shari'a Supervisory Board (FSSB) consisting of three members appointed by the shareholders. FSSB performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Shari'a rules and principles.

According to the Group's FSSB, the Group is required to identify any income deemed to be derived from transactions not acceptable under Islamic Shari'a rules and principles, as interpreted by FSSB, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.

35. Zakat

Zakat as approved by the Group's Sharia'a Supervisory Board amounted to 0.01630 per share (2020: AED 0.00446 per share).

The Management has opted to communicate the amount of Zakat payable to each shareholder, requiring them to pay their share of Zakat directly.

36. Segmental information

For management purposes the Group is organised into two business segments; general takaful management and investment. The general takaful segment comprises the takaful business undertaken by the Group on behalf of Policyholders. Investment comprises investment and cash management for the Group's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the consolidated financial statements.

Except for Wakala fees, Mudarib's fees and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown following.

2021	General takaful AED	Group life (employee benefits) AED	Life AED	Investment AED	Total AED
Attributable to policyholders					
Takaful income					
Gross contribution written	534,139,341	108,682,765	63,163,464	-	705,985,570
Accepted business	144,172	-	-	-	144,172
Retakaful share of ceded Business	(185,630,798)	(96,519,576)	(3,955,620)	-	(286,105,994)
Net takaful contributions	348,652,715	12,163,189	59,207,844	-	420,023,748
Net transfer to unearned contributions reserve	28,631,522	(1,796,740)	-	-	26,834,782
Net takaful contributions Earned	377,284,237	10,366,449	59,207,844	-	446,858,530
Discount earned	19,279,925	3,741,976	-	-	23,021,901
Total takaful income	396,564,162	14,108,425	59,207,844	-	469,880,431
Takaful expenses					
Takaful claims paid/(recovered)	(367,686,919)	(53,935,935)	(305,554)	-	(421,928,408)
Retakaful share of ceded business paid	86,496,620	50,599,520	110,728	-	137,206,868
Net takaful claims paid	(281,190,299)	(3,336,415)	(194,826)	-	(284,721,540)

36. Segmental information (continued)

2021	General takaful AED	Group life (employee benefits) AED	Life AED	Investments AED	Total AED
Provision for outstanding claims	31,300,762	7,040,131	(1,150,000)	-	37,190,893
Retakaful share of outstanding claims	(1,485,683)	(7,640,555)	703,160	-	(8,423,078)
Change in incurred but not reported claims	3,150,228	75,312	-	-	3,225,540
Change in unallocated loss adjustment expenses reserve	(190,811)	337,883	-	-	147,072
Changes in contribution deficiency reserve	1,966,193	72,777	-	-	2,038,970
Change in investment contracts and mathematical reserves	-	-	(112,734,050)	-	(112,734,050)
Net gain on assets held at fair value through profit or loss	-	-	68,918,419	-	68,918,419
Net claims incurred	(246,449,610)	(3,450,867)	(44,457,297)	-	(294,357,774)
Excess of loss of takaful contribution	(11,631,919)	-	-	-	(11,631,919)
Other takaful (expenses)/ recoveries	(1,859,858)	1,423,702	(4,395,921)	-	(4,832,077)
Total takaful income	136,622,775	12,081,260	10,354,626	-	159,058,661
Wakala (fee)/income	(143,660,821)	(22,127,196)	(10,292,697)	176,080,714	-
Mudarib's (fee)/income	(459,099)	(2,762)	(6,776)	468,637	-
Policy acquisition cost	-	-	-	(83,013,406)	(83,013,406)
Other underwriting expenses	-	-	-	(3,396,674)	(3,396,674)
General and administrative expenses	-	-	-	(73,189,850)	(73,189,850)
Finance cost	-	-	-	(5,156,174)	(5,156,174)
Investment and other income	1,897,790	128,170	67,761	27,465,180	29,558,901
Bonus reserve	-	-	-	(2,281,532)	(2,281,532)
(Loss)/profit for the year	(5,599,355)	(9,920,528)	122,914	36,976,895	21,579,926

36. Segmental information (continued)

2020	General takaful AED	Group life (employee benefits) AED	Life AED	Investments AED	Total AED
Attributable to policyholders					
Takaful income					
Gross contribution written	358,610,502	37,415,851	37,020,537	-	433,046,890
Accepted business	5,539,833	-	-	-	5,539,833
Retakaful share of ceded business	(93,761,872)	(32,951,766)	(1,786,967)	-	(128,500,605)
Net takaful contributions	270,388,463	4,464,085	35,233,570	-	310,086,118
Net transfer to unearned contributions reserve	99,053,394	188,654	-	-	99,242,048
Net takaful contributions earned	369,441,857	4,652,739	35,233,570	-	409,328,166
Discount earned	8,853,020	285,248	-	-	9,138,268
Policy fee	23,684	-	-	-	23,684
Total takaful income	378,318,561	4,937,987	35,233,570	-	418,490,118
Takaful expenses					
Takaful claims paid/(recovered)	(295,780,834)	(46,637,399)	6,320	-	(342,411,913)
Retakaful share of ceded business paid	85,456,641	43,996,911	-	-	129,453,552
Net takaful claims paid	(210,324,193)	(2,640,488)	6,320	-	(212,958,361)
Provision for outstanding claims	(67,317,262)	15,603,654	(150,000)	-	(51,863,608)
Retakaful share of outstanding claims	16,848,807	(15,440,974)	71,840	-	1,479,673
Change in incurred but not reported claims	1,080,511	491,775	-	-	1,572,286
Change in unallocated loss adjustment expenses reserve	(1,966,835)	524,479	-	-	(1,442,356)
Changes in contribution deficiency reserve	(1,208,090)	257,605	-	-	(950,485)
Change in investment contracts and mathematical reserves	-	-	(66,804,255)	-	(66,804,255)
Net gain on assets held at fair value through profit or loss	-	-	40,741,508	-	40,741,508
Net claims incurred	(262,887,062)	(1,203,949)	(26,134,587)	-	(290,225,598)

36. Segmental information (continued)

2020	General takaful AED	Group life (employee benefits) AED	Life AED	Investments AED	Total AED
Excess of loss of takaful contribution	(3,056,369)	-	-	-	(3,056,369)
Other takaful (expenses)/ recoveries	(11,863,926)	3,539,144	-	-	(8,324,782)
Total takaful income	100,511,204	7,273,182	9,098,983	-	116,883,369
Wakala (fee)/income	(78,640,640)	(37,596,628)	(7,517,584)	123,754,852	-
Mudarib's (fee)/income	(1,247,100)	(24,123)	-	1,271,223	-
Policy acquisition cost	-	-	-	(56,915,886)	(56,915,886)
Other underwriting expenses	-	-	-	(1,977,333)	(1,977,333)
General and administrative expenses	-	-	-	(69,806,859)	(69,806,859)
Acquisition cost of subsidiaries	-	-	-	(15,645,474)	(15,645,474)
Finance cost	-	-	-	(1,696,178)	(1,696,178)
Investment and other income	756,115	55,072	-	179,657	990,844
Bonus reserve	-	-	-	624,771	624,771
Gain on bargain purchase of subsidiaries	-	-	-	50,186,596	50,186,596
Profit/(loss)/ for the year	21,379,579	(30,292,497)	1,581,399	29,975,369	22,643,850

The following tables demonstrate other information related to each business segments:

2021	**Takaful AED**	**Investment AED**	**Total AED**
Total assets	**1,216,631,910**	**366,418,578**	**1,583,050,488**
Total liabilities	**1,215,318,529**	**215,496,785**	**1,430,815,314**
2020			
Total assets	1,158,258,832	504,268,676	1,662,527,508
Total liabilities	1,164,281,440	352,810,820	1,517,092,260

37. Capital management

Governance framework

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

The Group's risk management function is carried out by the Board of Directors, with its associated committees. This is supplemented with a clear organisational structure with delegated authorities and responsibilities from the Board of Directors to the Managing Director.

37. Capital management (continued)

Governance framework (continued)

The Board of Directors meets regularly to approve any commercial, regulatory and organisational decisions. The Management under the authority delegated from the Board of Directors defines the Group's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

Capital management framework

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group has fully complied with the externally imposed capital requirements and no changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

Regulatory framework

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

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as these arise.

38. Financial instruments

Significant accounting policies

Details of the significant accounting 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 consolidated financial statements.

Categories of financial instruments

	2021 AED	2020 AED
Financial assets		
At amortised cost	**624,156,488**	812,180,942
At fair value	**508,779,600**	436,828,226
	1,132,936,088	1,249,009,168
Financial liabilities		
At amortised cost	**879,989,606**	941,855,631

39. Risk management

Asset liability management (ALM) framework

Financial risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages these positions to achieve long-term investment returns in excess of its obligations under Takaful contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from Takaful contracts by reference to the type of benefits payable to contract holders.

39. Risk management (continued)

Asset liability management (ALM) framework (continued)

The Managing Director actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from Takaful contracts.

The Managing Director regularly monitors the financial risks associated with the Group's other financial assets and liabilities not directly associated with Takaful liabilities.

The risks faced by the Group and the way these risks are mitigated by management are summarised as follows:

Takaful risk

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

The variability of risks is improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

i) Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly property, motor, marine, fire and medical risks. These are regarded as short-term Takaful contracts, as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate Takaful risk.

Motor

Motor takaful is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising through accidents. Contract holders could also receive compensation for the fire or theft of their vehicles.

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles.

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

Property

Property takaful is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the actual loss caused by the inability to use the insured properties.

For property takaful contracts the main risks are fire and business interruption. The Group's policies aim careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Liability

For miscellaneous accident classes of takaful such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indemnity are underwritten.

Medical

Medical takaful is designed to compensate the contract holders for medical costs. Personal accident takaful entitles the contract holders or their beneficiaries to specified amounts in case of death or permanent or partial disability.

39. Risk management (continued)

Takaful risk (continued)

i) Frequency and amounts of claims (continued)

Medical (continued)

For medical takaful, the main risks are illness and related healthcare costs. The Group generally does not offer medical takaful to walk-in customers and is mainly offered to corporate customers with large population to be covered under the policy. The Group has retakaful to limit losses for any individual claim to 75%-80% of the claim amount.

Marine

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

For marine takaful the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Fire

Fire takaful is designed to compensate contract holders for damage and liability arising through loss or damage to the insured assets.

The Group's policies aim careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

Long term takaful contracts (life)

For unit-linked contracts, the capital risk element of the takaful liabilities can be matched against the investment for policyholders and therefore any change in the variables used to calculate these liabilities does not have any impact on the net asset or profit of the Group. In respect of unit-linked contracts, there is no uncertainty as to the amount to be paid by the Group on mortality or disability, as these are normally the coverage amounts under the policy. Reserves for mortality risk under unit-linked contracts include the reasonable possibility of significant loss due to the uncertainty of deaths among policyholders and rates of disability among policyholders.

ii) Concentration of risks

The Takaful risk arising from Takaful contracts is concentrated mainly in the United Arab Emirates. The geographical concentration of risks is similar to prior year.

The table below sets out the concentration of contract liabilities by type of contract:

	Gross liabilities AED	Retakaful share of liabilities AED	Net liabilities AED
2021			
Medical	**49,032,198**	**(10,041,565)**	**38,990,633**
Motor	**54,057,192**	**(15,125,357)**	**38,931,835**
Marine	**11,867,331**	**(11,011,028)**	**856,303**
Engineering	**6,691,268**	**(5,813,780)**	**877,488**
Fire	**44,060,295**	**(41,702,317)**	**2,357,978**
Liability	**3,245,273**	**(1,643,610)**	**1,601,663**
General Accident	**14,979,195**	**(14,188,479)**	**790,716**
Group Family	**40,070,167**	**(31,854,291)**	**8,215,876**
Individual Family	**2,222,600**	**(1,340,269)**	**882,331**
Total	**226,225,519**	**(132,720,696)**	**93,504,823**

39. Risk management (continued)

Takaful risk (continued)

ii) Concentration of risks (continued)

	Gross liabilities AED	Retakaful share of liabilities AED	Net liabilities AED
2020			
Medical	75,823,273	(8,191,405)	67,631,868
Motor	56,779,466	(16,318,599)	40,460,867
Marine	10,896,588	(10,288,097)	608,491
Engineering	6,355,987	(5,676,708)	679,279
Fire	48,472,820	(45,656,878)	2,815,942
Liability	2,957,790	(1,294,394)	1,663,396
General Accident	22,467,786	(21,510,018)	957,768
Group Family	38,590,103	(31,570,563)	7,019,540
Individual Family	1,072,600	(637,109)	435,491
Total	263,416,413	(141,143,771)	122,272,642

iii) Retakaful risk

As general industry practice and in order to minimise financial exposure arising from large Takaful claims, the Group, in the normal course of business, enters into arrangements with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is effected under treaty, facultative and excess of loss retakaful contracts.

To minimise its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its retakaful and ensure diversification of retakaful providers. The Group deals with retakaful approved by the Board of Directors.

Financial risk

The Group's principal financial instruments are investment securities, wakala deposits, takaful receivables, other receivables and cash and cash equivalents.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, profit risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group does not enter into any derivative transactions.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum exposure to credit risk to the Group is the carrying value as disclosed in the consolidated statement of financial position.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- The Group only enters into Takaful and retakaful contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from Takaful and retakaful contracts are monitored on an ongoing basis in order to reduce the Group's exposure against defaults.
- The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

39. Risk management (continued)

Financial risk (continued)

i) Credit risk (continued)

- The Group's investments are managed by the Managing Director in accordance with the guidance of the investment committee and the supervision of the Board of Directors.
- The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

ii) Impaired financial assets

At 31 December 2021, there are impaired contribution receivables and retakaful receivable of AED 18,702,656 (2020: AED 18,508,132). The Group records impairment allowances in a separate impairment allowance account.

iii) Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Collateral is mainly obtained in the form of postdated cheques and guarantees.

Financial instruments - investments

Investments in financial assets represent investments in quoted and unquoted equity and debt instruments of companies incorporated in the United Arab Emirates, and outside United Arab Emirates (note 5).

Cash and cash equivalents

Cash and cash equivalents of the Group are with Banks and other financial institutions registered and operate in the United Arab Emirates.

iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with its financial liabilities when they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given below:

	Less than one year AED	More than one year AED	No term AED	Total AED
2021				
Assets				
Investment securities	501,836,600	22,014,762	6,943,000	530,794,362
Restricted deposits	16,000,000	-	-	16,000,000
Wakala deposits	270,309,351	-	-	270,309,351
Takaful receivables	235,968,097	39,016,350	-	274,984,447
Other assets	7,009,429	-	-	7,009,429
Cash and cash equivalents	33,691,897	-	-	33,691,897
	1,064,815,374	61,031,112	6,943,000	1,132,789,486

39. Risk management (continued)

Financial risk (continued)

iv) Liquidity risk (continued)

	Less than one year AED	More than one year AED	No term AED	Total AED
2021				
Liabilities				
Takaful and retakaful payables	**250,250,306**	**-**	**-**	**250,250,306**
Other liabilities	**79,479,502**	**-**	**-**	**79,479,502**
Murabaha payable	**13,800,000**	**95,450,000**	**-**	**109,250,000**
Takaful and investment contracts liabilities	**450,903,939**	**-**	**-**	**450,903,939**
	794,433,747	**95,450,000**	**-**	**889,883,747**
2020				
Assets				
Investment securities	429,885,226	22,112,966	6,943,000	458,941,192
Restricted deposits	16,000,000	-	-	16,000,000
Wakala deposits	387,067,837	-	-	387,067,837
Takaful receivables	196,767,285	46,030,663	-	242,797,948
Other assets	11,752,638	-	-	11,752,638
Cash and cash equivalents	132,202,225	-	-	132,202,225
	1,173,675,211	68,143,629	6,943,000	1,248,761,840
Liabilities				
Takaful and retakaful payables	197,302,099	-	-	197,302,099
Other liabilities	106,905,102	-	-	106,905,102
Murabaha payable	100,000,000	114,855,660	-	214,855,660
Takaful and investment contracts liabilities	429,885,226	-	-	429,885,226
	834,092,427	114,855,660	-	948,948,087

v) Market risk

Market risk arises from fluctuations in foreign exchange rates, profit rates and equity prices. The value of risk that may be accepted by the Group is monitored on a regular basis by management.

vi) Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Floating rate instruments expose the Group to cash flow risk.

The Group is exposed to profit rate risk on certain of its investments and bank balances and cash. The Group limits its risk by monitoring changes in such rates.

The sensitivity analysis below has been determined based on the exposure to profit rates for profit-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year:

	Increase in basis points	Effect on profit for the year AED
2021		
Profit bearing assets	**+100**	**3,561,998**
2020		
Profit bearing assets	+100	4,261,808

39. Risk management (continued)

Financial risk (continued)

vi) Profit rate risk (continued)

Any movement in profit rates in the opposite direction will produce exactly opposite results.

The impact of changes in profit rate risk is not expected to be significant for the Group, as all financial assets and financial liabilities bears fixed profit rates.

vii) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group has no significant concentration of price risk. The price risk is managed by outsourcing the trading of securities held by the Group to professional brokers. However, the activities of brokers are also monitored and supervised by the management.

The following table shows the sensitivity of fair values to 20% increase or decrease as at 31 December:

	Reflected in profit or loss		Reflected in other comprehensive income	
	Favourable change AED	Unfavourable change AED	Favourable change AED	Unfavourable change AED
2021				
Equity securities	**100,367,320**	**(100,367,320)**	**1,188,600**	**(1,188,600)**
2020				
Equity securities	85,977,045	(85,977,045)	1,188,600	(1,188,600)

viii) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

40. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market policyholders at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

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

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2020.

40. Fair value measurements (continued)

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period.

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

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 31 December 2021 AED	31 December 2020 AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Available for sale						
Unquoted equity securities	**5,943,000**	5,943,000	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Unquoted debt securities	**1,000,000**	1,000,000	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value
Financial assets at fair value through profit						
Quoted equity securities	**50,932,661**	-	Level 1	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value
Mutual funds units	**450,903,939**	429,885,226	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value

The management considers that the carrying amounts of financial assets held to maturity in the consolidated financial statements approximate their fair values. The fair value is mainly based on unobservable inputs (i.e. Level 3).

There were no changes during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

41. Contingencies and commitments

Commitments

The Group has capital commitments amounting to AED 4.01 million as at year end (2020: AED 2.40 million).

Guarantees

As at 31 December 2021, the Group has bank guarantees against labour and third-party commitments for AED 267,000 (2020: AED 299,940).

Legal claims

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

42. Social contribution

The social contribution (including donations and charities) made during the year 2021 amounted to AED 190,000 (2020: AED 150,820).

43. Comparatives

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

44. Post reporting date events

On 3 March 2022, the Board of Directors of the Company and National Takaful Company (Watania) PJSC have reached an agreement in relation to a potential merger between both companies. Completion of the proposed transaction is expected to take place during the third quarter of 2022 and is subject to shareholders and regulatory approvals.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the financial statements of the Group for the year ended 31 December 2021. Management will assess the implications of this Federal Corporate Tax in due course. Except for the events noted above, there are no adjusting or significant non-adjusting events which have occurred between the reporting date and the date of authorisation of these consolidated financial statements.

دار التكافل

Dar Al Takaful

Premium Islamic Insurance التأمين الإسلامي الأمثل

INTERNAL SHARI'AH SUPERVISION COMMITTEE REPORT 2021

بسم الله الرّحمن الرّحيم

Internal Shari'ah Supervision Committee Report for the Financial Year Ended 31/12/2021

To the Shareholders of Dar Al Takaful

All praise be to Allah, Lord of the worlds, and Prayer and Peace be upon the Prophet Muhammad, his family, and the companions.

Assalam Alaikum W R W B

In compliance with article 72 of the Articles of Association of the Company, we are submitting the following report:

We have reviewed the principles which the Company's activities are based upon, the financial results of the Company, its investments and other activities that are related to the Company's activities in order to form an opinion as to whether or not Dar Al Takaful PJSC has complied with Shari'ah Rules and Principles in light of the specific Fatawa, rulings and guidelines issued by us during the period ended 31st December 2021.

The responsibility of ensuring that the Company conducts its business in accordance with Shari'ah Rules and Principles lies with Dar Al Takaful PJSC's management. Hence, the management is responsible for the activities and business of the Company and responsible for ensuring its implementation is in accordance with the principles of the Company which is to fully comply with the rules and principles of Shari'ah, whereas our responsibilities are only to form an independent opinion based on our review of the operations of Dar Al Takaful PJSC, and to report to you.

We have conducted our review through examining the financial results of the Company, and our review of the Company's balance sheet and income statement. We also reviewed deposits of the Company in financial institutions as well as the investments of the Company, and they were found to be all in Islamic banks and Shari'ah Compliant investments and portfolios. We have also reviewed the transactions of the Company within the period ending 31st December 2021 and resolved that transactions which were not in line with Shari'ah, be amended and rectified as necessary.

We have requested the information and explanations which we considered necessary in order to provide us with sufficient evidence to be able to give reasonable assurance that Dar Al Takaful PJSC in its various activities and businesses has overall not violated Shari'ah Rules and Principles.

In our opinion, we would like to highlight the following points:

The Company in its various activities, investments, deposits and businesses during the period ending 31st December 2021 has complied with Shari'ah Rules and Principles. There are certain operational Shari'ah issues that we have found in the operations of the Company and we have instructed them to be rectified, and the Company has undertaken to rectify them.

The Shari'ah Committee emphasizes the necessity of holding joint meetings between ISSC and The Company's management represented by the Board of Directors, heads and managers of departments and employees. Such meetings are important in order to enhance communication between the responsible authorities in the Company and updating each party of the most important business results and developments and discussing business issues and challenges facing the Company and Takaful Sector.

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- Since the obligation to pay Zakat is the responsibility of the shareholders, the Committee hereby announces that the amount of Zakat due for each share is AED 0.01630. The Committee also urges the shareholders to fulfil the responsibility of paying Zakat in order to fulfil the third pillar of Islam.
- The Committee asserts that the use of any document, agreement, contract or engagement in any investment or activities must first be approved by the Committee in order to ensure that it is in compliance with Shari'ah, and this is as mentioned in the Memorandum and Articles of Association of the Company.
- The Committee hereby issues this report and praises the Company's noble effort in complying with the rules and principles of Islamic Shari'ah in order to attain the blessings from Allah, and the Committee prays to Allah that this effort will lead to attaining His blessings in wealth and deeds.

We pray to Allah, the Almighty that the company will be a success and wish its management all the best for the sake of its business interests. Finally, our last prayer be that praise be to Allah, the Almighty.

وصلّى الله تعالى على سيّدنا محمّد وعلى آله وصحبه أجمعين، وآخر دعوانا أن الحمد لله ربّ العالمين.

Members of the Internal Shari'ah Supervision Committee – Dar Al Takaful (PJSC)

Sheikh Dr Mohammad Abdul Rahim Sultan Al Olama (Chairman)	Sheikh Esam Mohammad Ishaq (Voice Chairman)	Sheikh Dr Ibrahim Ali Almansoori (Member)

دار التكافل
Dar Al Takaful
Premium Islamic Insurance التأمين الإسلامي الأمثل

CORPORATE GOVERNANCE REPORT 2021

Index:

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1.Introduction:

Dar Al Takaful PJSC was established in 2008 with a paid-up capital of AED 150 million, as a national Islamic Insurance company based in the emirate of Dubai and providing insurance services in accordance with the provisions of Islamic law.
Dar Al Takaful PJSC is committed to perform its work in accordance with the best practices followed in business safety and integrity and maintaining the highest standards of corporate governance. Efficient corporate governance is an important part of our identity at Dar Al Takaful PJSC. The principles of corporate governance at Dar Al Takaful PJSC have been established to support sustainable growth and protect the interests of our shareholders, as well as to create value for shareholders and stakeholders. We are proud to adhere to the highest standards and best practices in accordance with the UAE governance regulation and the companies' law. The company adopts international best practices and is committed to the UAE SCA;s chairman's decision no. (03) of 2020 and its amendments pertaining to the standards of corporate discipline and governance of Joint Stock companies.

Dar Al Takaful corporate governance is one of the key factors to enhance the company's image internally and externally by adhering to a culture based on motivating Board of Directors, Executive Managers, Head of Departments, Employees, and In-Charge Personnel to improve all activities and operations therein the company and adhere to best conduct, as well as secure lucrative returns on investment and long-term productivity growth.

Governance was not only considered a requirement to be fulfilled but was considered an integral part of the legal structure of the company and presents its own legislation aimed at strengthening other regulations applicable in the United Arab Emirates in order to dedicate transparency and credibility that everyone has examined in all company's transactions.

The Board of Directors and Executive Management believe that governance is a key element to enhance shareholder confidence by increasing the level of transparency of ownership and control and creating an effective system to monitor the management of business strategies. Based on this belief, the company aligned all efforts to be committed to the highest standards of transparency, accountability and best management practices. This includes adopting and monitoring appropriate corporate strategies, objectives and procedures that are consistent with the company's legal and ethical responsibilities. Strict application of the Good Governance code of conduct ensures the performance of business activities therein the various departments of the company.

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2. **Procedures taken to complete the corporate governance system during 2021:**

The Board of Directors of Dar Al Takaful (PJSC) demonstrates due diligence to implement the adequate principles of the corporate governance as stipulated in the Authority Chairman's Decision No. (03R/M) for the year, 2020 and its amendments pertaining to standards of institutional discipline and governance of the public joint stock companies. The company implemented the best practices and guidelines to ensure transparency and integrity in transactions as well as to ensure effectiveness of the company's internal audit system to improve business transactions. Therefore, procedures taken in 2021 could be summarized as follows:

1. The company has demonstrated adherence to activate the internal audit systems, by matching data/ reports presented by the company with data verified by the external auditor; thus, providing reinforcement to the role of the audit Committee members to practice their supervisory role in more efficiently.
2. The company has affirmed commitment to spreading awareness amongst Board and senior executive management members on developments in the corporate governance system by providing training.
3. The company has exhibited adherence to updating all policies pertaining to the company's governance in accordance with the developments stipulated in the Governance System No. (3 R/M) for 2020 and its amendments.
4. The company has confirmed commitment to practice its business in accordance with the stipulated transparency regarding compliance with the dates and disclosure methods of the financial statements, in conformity with all provisions and decisions of the Securities and Commodities Authority and Dubai Financial Market.
5. The Board of the company has persistently followed up the committees emanating from it, such as the Nomination and Remuneration Committee, the Audit Committee, the Risk Management Committee, and the Investment Committee in accordance with the provisions and stipulations of the corporate governance regulation.
6. The investment committee therein the company has shown commitment to the application of the investment policy, which is pursuant to the approved international standards. Moreover, the committee has reviewed the company's investments and has taken the necessary decisions to diversify investments and improve its returns.
7. The company has adhered to publish the corporate governance report and the annual financial statements report before a sufficient period of the convening date of the general assembly meeting enabling shareholders to review and approve it.

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3. **Ownership and transactions of Board members and their spouses, their children in the company securities during 2021.**

Statement of Board members ownership in the company's securities during 2021:

No.	Name	Position	Total Sale	Total Purchase	Owned Shares as of 31/21/2021
1	Matar Hamdan Sultan Hamad Al Ameri	Chairman	-	-	2,000,000
2	Shahab Ahmad Lutfi	Vice -Chairman	-	-	180,258
3	Abdallah Malek Osseiran	Director	-	-	-
4	Salah Ibrahim Sharaf	Director	-	-	1,400
5	Meitha Mohamed Al-Sharif Al-Hashemi	Director	-	-	-
6	Mr. Khalaf Sultan Rashed Saeed AlDhaheri	Director	-	-	-
7	Mahomed Akoob	Director	-	-	-
8	Hind Habib Mohammed Sharif Al-Mulla	Vice Chairman wife	-	-	258

4. **Board Formation:**

The Board consists of seven independent and non-executive members, who were elected at the General Assembly meeting held on 22/04/2021 by a cumulative secret balloting. The term of the membership is for three fiscal years. The current Board members enjoy high competencies, capabilities and long-standing expertise in the monetary and financial business that enable them to analyze, digest and understand the financial statements accurately. These qualities have proven their qualifications and competency to develop the strategy of the company effectively. Board members are provided with the required information and periodic reports to be discussed during the Board meetings regarding the company's financial position, the main topics related to the company's activity, and any other important matters.

The members have effectively and dynamically contributed to the formation of a cohesive and highly efficient Board to meet the challenges of the changing economic environment in order to create better value for shareholders, enhance the confidence of stakeholders and maintain business sustainability. We list herein below the names of the members of the Board, their educational qualifications, and their work expertise, detailing the positions they occupied in other joint stock companies.

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Experience and Qualifications:

Mr. Al Ameri holds a bachelor’s degree in Accounting and Information Systems from the United Arab Emirates University, and the Certified Public Accountant license (CPA) from the United States of America. He has held senior executive positions in public and private institutions, and he has over 30-years of experience in finance and investment roles. Previously, he held the position of Director of Finance and Control at Abu Dhabi National Oil Company (ADNOC) and is currently the Director of Finance and Investment Department at ADNOC, which includes ADNOC headquarters and several subsidiaries of the ADNOC Group.

Other Positions:

- Second Deputy Chairman of Islamic Finance Company (PCS) Aafaq.

Mr. Matar Hamdan Sultan Al Ameri
Chairman
Election Date: 2020
Term of Membership: 1 Year and 4 Months
Category: Independent
Non-Executive Director

Experience and Qualifications:

Mr. Lutfi holds a bachelor's degree in Business Administration from Boston University, USA, and an MBA from City University Cass Business School University, the UK. He has completed executive learning courses at Harvard and Stanford. He has held key management positions in the banking and real estate sectors, and project and facility management for several years, in addition to his family history in the business sector, The International Property Awards presented him with the "Best Building and Design of a New Hotel" award in 2018-2019. As part of Lutfi's responsibilities, Bright Star plans to continue expanding its portfolio of investments, particularly in luxury hospitality, high-end residential, and retail sectors.

He is also the founder of H&H Development, a Dubai-based real estate development company that provides turn-key and comprehensive real estate development, design, procurement, and property management solutions. He served as a Director at Dubai Properties where he headed the $10 billion master planning project for Business Bay. His experience in real estate development, his insight and hard work have ensured the successful marketing and development of many projects within the Business Bay area with over 10 million square feet of construction.

Other Positions

- CEO of Bright Star Company (LLC).
- CEO of DXB-LAB Architecture.
- Founding member and CEO of H&H.

Mr. Shahab Ahmad Lutfi
Vice Chairman
Election Date: 2015
Term of Membership: 7 Years
Category: Independent
Non-Executive Director

Salah Ibrahim Sharaf
Election Date: 2011
Term of Membership: 11 Years
Category: Independent Non-Executive Director

Experience and Qualifications:

Mr. Sharaf obtained a bachelor's degree in science in 1998 from Boston University, USA. He started his career in Sharaf Group after graduation. He has diversified his areas of expertise by taking on different roles and responsibilities in the shipping industries across Germany and Hong Kong. He has the qualities of an entrepreneur with excellent management skills and acute business acumen. He also has extensive knowledge in the field of shipping and maintenance, and he is actively participating in planning organizational strategy and day-today operations.

Other Positions:

- Head of Shipping, Logistics and Transportation Department at Sharaf Group.
- Member of the Board of Directors and Vice Chairman at Sharaf Group.
- Chairman of the Board of Emirates Logistics.
- Vice-president of Star Feeders.
- Chairman of the Board of Sharaf Tours and Travels Company.
- Chairman of the Board of Directors of Sharaf Shipping Company.
- Member of the Board of Directors of the United Arab Emirates Shipping Association.
- Member of the UAE International Investors Council.
- Member of the Board of Directors of (Sovcomflot) SCF.
- Member of the Board of Directors of WaterFront.

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Experience and Qualifications:

Meitha is an ardent banker with over 21 years of experience in the financial industry. She is a skilled strategist who transforms strategic plans into workable solutions and benchmarks performance against key target & goals.

Her current position is Group Chief Credit Officer at Abu Dhabi Islamic bank (ADIB) where she is responsible for taking Key strategic lending decisions for ADIB Group. Prior to ADIB, Meitha worked for Emirates NBD Group where she has held several leadership roles viz. Chief Risk Officer – Emirates Islamic and Chief Credit Officer, Group Credit at ENBD.

She was also involved in strategic and critical projects viz. Emirates Bank International and National Bank of Dubai merger and acquisition of BNP Paribas Egypt business by Emirates NBD. She is also a permanent member of several senior management committees spanning all critical areas of the bank where her wisdom is looked upon for good governance. Meitha's core focus has always been on minimizing the overall impact to the business in terms of Financial, Regulatory and Reputational.

Her professional qualifications include a Dual Bachelor's degree in Business management and Computer Science from Switzerland.

Other Positions:

- Group Chief Credit Officer at Abu Dhabi Islamic bank (ADIB).

Meitha Mohamed Al-Sharif Al-Hashemi
Election Date: 2018
Term of Membership: 4 Years
Category: Independent Non-Executive Director

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Khalaf Sultan Rashed Saeed Al Dhaheri
Election Date: 2020
Term of Membership: 1 Year and 4 Months
Category: Independent Non-Executive Director

Experience and Qualifications:

Mr. Dhaheri holds an MBA from Zayed University – Dubai, and a Certified Public Accountant license – CPA from the California Board of Accountancy and the American Institute of Certified Public Accountants in USA, and he has an accredited certification from Ashridge – Hertfordshire, UK in advanced management programs.

Other Positions:

- Vice-Chairman of the Board of Directors of H.E. Sultan bin Rashed Al Dhaheri.
- Member of the Audit Committee of Abu Dhabi National Oil Company (ADNOC).
- Member of the Board of Directors of Abu Dhabi National Hotels (ADNH).
- Member of the Board of Directors of Arab Bank for Investment and Foreign Trade (Al Masraf).

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Abdallah Malek Osseiran
Election Date: 2020
Term of Membership: 1 Year and 4 Months
Category: Independent Non-Executive Director

Experience and Qualifications:

Mr. Osseiran holds a bachelor's degree in Business Administration from the Lebanese American University, and a Diploma in Banking from Saint Joseph's University.

He started his career at the Arab Bank, one of the leading banking institutions in the Arab world, where he spent 16 years during which he developed solid foundations in the financial and administrative fields. He has held numerous positions and has managed to excel in a several disciplines ranging from corporate finance, corporate banking, private equity, strategic planning, and business development. In late 2001, he moved to the United Arab Emirates as a financial advisor to a member of the ruling family. He devoted his four-year career to overseeing a large investment portfolio and he successfully negotiated strategic investments in various sectors such as real estate, fixed income, and private equity, as well as providing sound financial advice and secured strategic business partnerships.

Since January 2006, Abdullah Osseiran has been the General Manager of Magna Investments in Abu Dhabi which controls several entities in key sectors with investments including education, hospitality, takaful, financial services, real estate, private equity, and venture capital.

Other Positions:

- General Manager of Magna Investment.
- Member of the Board of Directors of Abu Dhabi Holding University.
- Member of the Board of Directors of Abu Dhabi University.
- Member of the Board of Directors of Khawarizmi Holding Company.
- Member of the Board of Directors of Khawarizmi International College.
- Member of the Board of Directors of Liwa Education.
- Member of the Board of Directors of the National Takaful Company – Watania (Formerly).

Experience and Qualifications:
Qualification: Associate of the Insurance Institute of South Africa (AIISA). Mr. Akoob has international experience in general management, strategy, economics, technical insurance, reinsurance underwriting, takaful, re-takaful, risk management and financial management affairs. He is also a member of the Boards of Directors of international insurance and reinsurance companies and others. He is a speaker in various seminars and conferences around the world.

Other Positions:
- Chairman of Credit Guarantee Insurance Company Limited in South Africa.
- Member of Green Vision in United Kingdom
- Member of the Board of Directors of Chedid Capital Holding – Lebanon.

Mahomed Akoob
Election Date: 2020
Term of Membership: 1 Year and 4 Months
Category: Independent Non-Executive Director

Dar Al Takaful (PJSC) board members acknowledge that the above information contained therein clauses 2 and 3 is valid.

5. **Statement of the percentage of female representation in the Board for 2021:**
The company has exhibited commitment to female representation in the Board with a ratio of one member out of a total of 7 members, in accordance with the decision of the Chairman of the authority No. (03 R/M) of 2020, and its amendments regarding standards of institutional discipline and governance of Joint Stock companies.

6. **The total remunerations paid to the Board members for 2020.**
The General Assembly meeting held on 22/04/2021 approved the remuneration to the members of the Board in total of AED. 980,000.

7. **The total remunerations to the Board members, which are proposed for 2021, and will be presented in the annual general assembly meeting for approval.**
The Board members' remuneration for the year of 2021 will be discussed at the next General Assembly Meeting, provided that the concerned authorities should be notified of any developments in due time.

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8. A statement detailing the allowances for attending the meeting of the committees emanating from the Board of Directors for the fiscal year 2021

Names of members	Investment committee	The Audit committee	The Risk committee	Nomination and remunerations Committee	Number of attended meetings	Amount paid in AED
Matar Hamdan Sultan Al Ameri	3	-	-	-	3	30,000
Shahab Ahmad Lutfi	1	-	-	1	2	20,000
Khalaf Sultan Rashed AlDhaheri	3	-	-	1	4	40,000
Meitha Mohamed Al-Sharif Al-Hashemi	-	4	4	-	8	80,000
Abdallah Malek Osseiran	3	-	-	1	3	40,000
Mahomed Akoob	-	4	4	-	8	80,000
Salah Ibrahim Sharaf	-	4	4	-	8	80,000

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

During the year, 2021, no allowances, salaries or additional fees were paid to any Board member except to what is disclosed in this report.

b. Number of Board Meetings:

No	Meeting date	Number of attendees	Number of attendees by proxy	Names of absent members
1	10/03/2021	7	None	None
2	25/03/2021	7	None	None
3	13/06/2021	7	None	None
4	12/07/2021	7	None	None
5	11/08/2021	6	None	Shehab Ahmad Lutfi
6	14/11/2021	5	1	Khalaf Sultan Rashid Al Dhaheri

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

No decision was passed by the Board of Directors during 2021.

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d. A statement of the duties and responsibilities of the Board members or the executive management during 2021, in accordance with Board authorization, indicating the duration and validity of the authorization as follows:

Name and Position	Delegated Authority	Delegation period
Mr. Rajesh Sethi CEO of Dar Al Takaful and General Manager of Noor Takaful Family	Mr. Rajesh Sethi started his duties in managing the daily and operational business of the company on 26/07/2020, and his authorities consist of the following: **1.** Signing all transactions and correspondences of the company pertaining to its activities within the United Arab Emirates. **2.** Representing the company Board before any of the departments belonging to the local governments in any of the emirates of the state, such as the economic department, municipality, health department, police, courts, arbitration courts, notary public and others. **3.** Practicing any business or activity and performing anything related to the company's activity permitted by Islamic Sharia within the limits of the laws and regulations in force, provided that it is related, affiliated, or complementary to any of the company's purposes, funds, assets and properties. **4.** Signing all legal transactions and procedures that may be required from him before those authorities. **5.** Delegating lawyers and non-lawyers in all or some of what was entrusted in him, and dismissal, withdrawal, cancellation, increase or decrease of the powers of what have been entrusted in him in any of the powers stated herein above. **6.** Appointing and dismissing employees and consultants and determining their duties and remunerations. **7.** Arranging the annual budget.	The executive management of the company undertakes the duties and powers entrusted in it by virtue of attested authorization by the Board, which shall be subject to continuous review by the Board. These powers shall remain in force unless otherwise, canceled or abolished by the Board.

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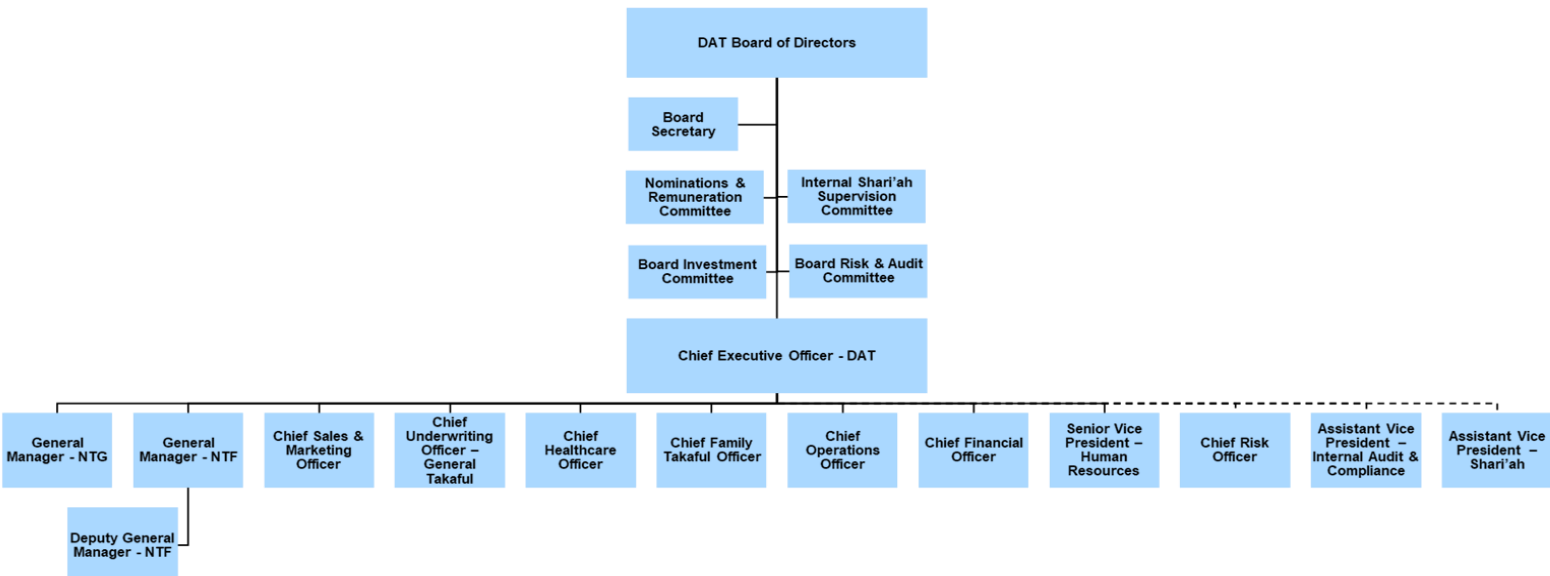
e. A statement of the details of transactions made with the related parties:

Transactions made with the related parties are those in which any party to the company has the capability to control or exercise any material influence over the other party in making financial and operating decisions. Transactions made with the related parties create potential or actual conflicts in the company and can give the impression that business decisions are based on considerations that are in conflict with the interests of the company and shareholders. Sometimes, transactions made with the related parties are found to be in the interest of the company and its shareholders. Accordingly, transactions made with the related parties shall be subject to the Board approval. Moreover, the company's management shall specify the terms and conditions of these transactions. Related parties represent the major shareholders, the Board members and the key management personnel of the group and companies that exercise significant influence over the company.

f. Details of transactions made with the related parties:

There are no transactions made with the related parties during 2021.

g. The organizational structure of the company:



h. **Detailed statement of the senior executives in the first and second grade, according to the company organizational structure:**

Sr.	Position	Date of Appointment	Total salaries and allowances paid in 2021	Total Bonuses paid in 2021	Any other Cash/In-Kind Reward for 2021 or payable in the future
1	Chief Executive Officer - Dar Al Takaful	26/07/2020	1,680,000	500,000	
2	Chief Sales & Marketing Officer	26/07/2020	853,200	70,300	
3	Chief Financial Officer	26/07/2020	995,520	165,000	
4	Chief Risk Officer	26/07/2020	851,000	145,000	
5	General Manager – Noor Takaful General	23/01/2011	705,120	-	
6	Chief Underwriting Officer – General Takaful	26/07/2020	759,600	130,000	
7	Chief Family Takaful Officer	10/09/2019	660,000	55,000	
8	Senior Vice President – Human Resources	26/07/2020	540,000	90,000	
9	Deputy General Manager – Noor Takaful Family	20/11/2011	600,000	72,424	30,000
10	Chief Healthcare Officer (Resigned)	26/07/2020	845,032	75,000	
11	Head of Digital Transformation & OD (Resigned)	01/08/2018	210,000	-	

9. The External Auditor of the Company:

a. Overview of the company auditor.

The Board has submitted its recommendations for the external auditor selection, and they were reviewed at the General Assembly to express opinion and ratify it. The General Assembly, in its meeting held on 22/04/2021, decided to approve the appointment of Grant Thornton Company, which is the sixth largest professional services network in the world and is one of the independent companies recognized by financial markets, regulators and one of the international standards-setting bodies. Grant Thornton has a long legacy of more than 50 years of continuous support for the economic advancement of companies in various fields. The local team in the UAE has on board more than 200 professionals supported by a large-scale of regional team in more than 12 branches around the world.

b. Statement of fees and costs for the audit or the services provided by the external auditor:

Name of the Audit Office and Name of the Partner Auditor	Grant Thornton - Mr. Mohamed Farouk Reg. No. 86
No. of years that he served as an external auditor for the Company.	2
Total audit fees for the financial statements for 2020 (AED).	AED 195,000
Fees and costs of other private services other than auditing the financial statements for 2021 (AED), if any, and in case of absence of any other fees, this should be expressly stated.	No other services
Details and nature of other services (if any). If there are no other services, this matter shall be stated expressly.	No other services
Statement of other services that an external auditor other than the company accounts auditor provided during 2021 (if any). In the absence of another external auditor, this matter is explicitly stated.	No other services

c. Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2021.

In the opinion of Grant Thornton, the consolidated financial statements present the consolidated financial position of the Group as on December 31, 2021, in a fairly manner in all material respects. In addition, the consolidated financial performance and its cash flows for the year ended on the same date are made in accordance with International Financial Reporting Standards.

10. Audit committee:

The Audit Committee demonstrates it's persistent on following up with the external auditors, maintaining a professional relationship with them, and reviewing the financial reports. The committee is also committed to supervise the management of Internal Control Departments as it plays an active role in ensuring the company adherence to the implementation of the law and the regulatory requirements as well as ensuring the efficiency of its accounting practice.

a. Names of the Audit Committee members:

The Audit Committee consists of the following Board members:

1. Meitha Mohamed Al-Sharif Al-Hashemi (Chairperson of the Committee).
2. Salah Ibrahim Sharaf (Member).
3. Mahomed Akoob (Member).

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b. Duties of the audit committee:

1. Review the company financial and accounting policies and procedures.
2. Monitor the integrity of the company financial statements; its (annual, semi-annual, and quarterly) reports, its control systems, and reviewing them as part of its normal work during the year, with particular attention being provided to the following:
   - Any changes in the accounting policies and practices.
   - Highlighting aspects which are subject to management discretion.
   - Ensure that the company updates its policies, procedures, and control systems annually.
   - Substantive amendments resulting from the audit
   - Ensure the continuity of the company's business.
   - Assumption of business continuity.
   - Compliance with accounting standards established by the competent Authorities.
   - Compliance with listing and disclosure regulations and the relevant legal requirements related to financial reporting.
3. Coordinate with the company Board, the senior executive management and the financial manager or the manager delegated with the same tasks in the company in order to perform its assigned duties.
4. Consider any significant and unusual terms contained or to be contained in such reports and accounts and shall give due consideration to any matters raised by the Company Chief Financial Officer, the manger delegated with the same duties, the compliance officer or the auditor.
5. Raise recommendations to the Board regarding the selection, resignation, or dismissal of the auditor. In case the Board does not approve the Audit Committee recommendations in this regard, the Board shall attach to the governance report a statement explaining the Audit Committee recommendations and the reasons why the Board has not followed them.
6. Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.
7. Ensure that the auditor meets the conditions stated in the applicable laws, regulations, and decisions and in the company articles of association, along with following up and monitoring its independence.
8. Meet the auditor of the company without presence of any senior executive management personnel or its representatives and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.
9. Approve any additional works made by an external auditor for the company and the fees received in consideration for that works.
10. Examine all matters related to the auditor's work, his work plan, correspondence with the company, his observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems,

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in addition to following up the response of the company management and provision of the necessary facilities to do his work.

11. Ensure that the Board responds in a timely manner to the clarifications and substantive issues raised in the auditor's letter.
12. Review and evaluate the company internal audit and risk management systems.
13. Discuss the internal audit system with the Board and ensure that it performs its duty with regard to establishing an effective internal audit system.
14. Consider the results of the main investigations regarding the internal auditing matters mandated to it by the Board or at the initiative of the Committee and the approval of the Board.
15. Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.
16. Ensure of the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.
17. Examine the internal auditing reports and follow up on the implementation of corrective actions for the observations contained therein.
18. Establish controls to enable company employees to report confidentially on any potential violations in financial reporting, internal audit or other matters and steps to ensure that such violations are independently and fairly investigated.
19. Monitor the compliance of the company with the rules of the code of conduct.
20. Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.
21. Ensure the implementation of the business rules of its functions and powers entrusted in it by the Board.
22. Submit reports and recommendations to the Board on the above matters mentioned in this Article.

c. Mandate of the Audit Committee:

The audit committee is mandated to review any activity falling within its scope by the Board. It has unfettered access to external auditors and can seek professional advice on any matter relating to the company's accounts. The committee shall have powers to request any information it requires from any employee or Board member. The Board members and staff are directed to cooperate with any request made by the committee.

The Chairperson of the committee shall submit periodic reports to the Board on matters that the committee evaluates and makes recommendations. The Chairperson of the committee shall attend the annual meeting of the General Assembly and answer any queries submitted by shareholders about the activities of the company and ensure the implementation of the governance.

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d. Statement of the number of meetings held by the Audit Committee during 2021:

The Audit Committee	Date of Committee meeting			
Member's name	**24/03/2021**	**16/06/2021**	**10/08/2021**	**11/11/2021**
Meitha Mohamed Al-Sharif Al-Hashemi	✓	✓	✓	✓
Salah Ibrahim Sharaf	✓	✓	✓	✓
Mahomed Akoob	✓	✓	✓	✓

The committee held four meetings during 2021 as follows:

Number of personal attendances for all audit committee members:

#	Member's Name	umber of personal attendances
1	Meitha Mohamed Al-Sharif Al-Hashemi	4/4
2	Salah Ibrahim Sharaf	4/4
3	Mahomed Akoob	4/4

The audit committee Chairperson's acknowledgement of her responsibility for the committee mandates, in the Company and review of its mechanism and ensuring its effectiveness:

The Chairperson of the Audit Committee acknowledges her responsibility for the implementation of the committee mandates in the Company and the regular periodic review of the function of the committee mechanisms and its effectiveness, in accordance with the decision of the Board of the Securities and Commodities Authority No. (3/ R).M) for 2020 and its amendments on the Implementation of the standards of governance, institutional discipline and governance of public joint stock companies.

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11. The Nomination and Remuneration Committee:

As part of its responsibilities, the nominations and remuneration committee develop and reviews the remuneration policy of the Board, the executive management, and determines the total compensation that complies with the approved salary and remuneration systems. Furthermore, the committee prepares and review the human resources policy to comply with legislation and laws and follows up the procedures for nomination to the membership of the Board.

a. Names of the Nomination and Remuneration Committee Members:

The Nomination and Remuneration Committee consists of the following Board members:

1. Shahab Ahmad Lutfi (Committee Chairman)
2. Abdallah Malek Osseiran (Member).
3. Khalaf Sultan Rashed AlDhaheri (Member)

b. The Main Duties of the Nomination and Remuneration Committee are:

1. Develop a policy to nominate for membership of the Board and executive management. aiming at considering gender diversity within the formation and encouraging females through benefits, incentive, training programs, and provides the authority with a copy of this policy and any amendments thereto.
2. Organize and pursue the procedures for nomination for membership of the Board in accordance with the decision of the Board of the Securities and Commodities Authority No. (3/ R).M) for 2020 and its amendments.
3. Ensure the continuity of the membership conditions on the Board.
4. Prepare the policy for granting remunerations, benefits, incentives, and salaries of the members of the Board, the executive management, and employees, and review it annually. The committee shall verify that the remunerations and benefits granted to the senior executive management are reasonable and commensurate with the performance of the company.
5. Annually, review the required skills needed for the membership of the Board and prepare a description of the capabilities and qualifications required for Board membership, including determining the time required to be devoted by the member to the work of the Board.
6. Identify the company needs of competencies at the level of senior executive management, employees, and the basis of their selection.
7. Prepare the human resources, training policy for the company, monitor its implementation, and review it annually.
8. Any other matters determined by the Board.

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c. Statement of the number of meetings held by the Committee during 2021:

Nomination and Remuneration Committee	**Date of the Committee meeting**
Member's name	**23/02/2021**
Shahab Ahmad Lutfi	✓
Abdallah Malek Osseiran	✓
Khalaf Sultan Rashed Saeed AlDhaheri	✓

- **Number of personal attendance of times for all nomination and remuneration members:**

#	**Member's name**	**Number of personal attendances**
1	Shahab Ahmad Lutfi	1/1
2	Abdallah Malek Osseiran	1/1
3	Khalaf Sultan Rashed Saeed AlDhaheri	1/1

The nomination and remuneration Committee Chairman acknowledgement of his responsibility for the committee, review of its work mechanism and ensuring its effectiveness:

The nomination and remuneration Committee Chairman acknowledges his responsibility for the implementation of the committee mandates in the Company and the regular periodic review of the function of the committee mechanisms and its effectiveness, in accordance with the decision of the Board of the Securities and Commodities Authority No. (3/ R).M) for 2020 and its amendments on the implementation of the standards of governance, institutional discipline and governance of public joint stock companies.

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12. The Risk committee:

a. Names of Risk Committee Members:

1. Meitha Mohamed Al-Sharif Al-Hashemi (Chairperson)
2. Salah Ibrahim Sharaf (Member)
3. Mahomed Akoob (Joined in September 2020)

b. The Mandate and Duties of the Risk Management Committee are Summarized as Follows:

1. Develop a comprehensive risk management strategy and policies that are consistent with the nature and scale of the company activities, monitor its implementation, review and update based on the changing internal and external factors of the company.
2. Identify and maintain an acceptable level of risk that the company may face and ensure that the company does not exceed this level.
3. Supervise the company risk management framework and evaluate the effectiveness of the framework and mechanisms to identify and control the risks that threaten the company.
4. Provide guidance to management, as needed, to assist them in improving their risk management practices and/or mitigating certain risks, including the presence of qualified staff at the management personnel to carry out risk management activities effectively.
5. Obtain assurance from the executive management and the internal audit that processes and systems are operating effectively with appropriate controls in addition to compliance with the approved policies.
6. Prepare detailed reports on the level of exposure to risks, recommended actions to manage these risks, and submit them to the Board.
7. Make recommendations to the Board on matters relating to risk management.
8. Ensure the availability of adequate resources and systems for risk management.
9. Report regularly to the Board on the Company risk profile and promptly inform the Board of any significant changes in the volume of the risk.
10. Verify the independence of risk management personnel apart from the activities that may expose the Company to risks.
11. Review any matter raised by the Audit Committee that may affect the Company risk management.
12. Review the appointment, performance and replacement of the chief risk officer and monitor the overall effectiveness of the risk management unit in general.

c. A statement of the number of meetings held by the committee during the year, 2021:

Risk Committee	Date of Committee meeting			
Member's Name	**24/03/2021**	**16/06/2021**	**16/08/2021**	**11/11/2021**
Meitha Mohamed Al-Sharif Al-Hashemi	✓	✓	✓	✓
Salah Ibrahim Sharaf	✓	✓	✓	✓
Mahomed Akoob	✓	✓	✓	✓

The Number of personal attendance times for Committee Members:

#	Member's name	Number of personal attendances
1	Meitha Mohamed Al-Sharif Al-Hashemi	4/4
2	Salah Ibrahim Sharaf	4/4
3	Mahomed Akoob	4/4

The Risk committee chairperson acknowledgement of her responsibility for the committee, review of its work mechanism and ensuring its effectiveness:

The Chairperson of the Audit Committee acknowledges her responsibility for the implementation of the committee mandates in the Company and the regular periodic review of the function of the committee mechanisms and its effectiveness, in accordance with the decision of the Board of the Securities and Commodities Authority No. (3/ R).M) for 2020 and its amendments on the Implementation of the standards of governance, institutional discipline and governance of public joint stock companies.

13. The investment committee:

a. Names of the members of the investment management committee:

1. Matar Hamdan Sultan Al Ameri (Committee Chairman)
2. Shahab Ahmad Lutfi (Member)
3. Abdallah Malek Osseiran (Member)
4. Khalaf Sultan Rashed Saeed AlDhaheri (Member)

b. Statement of terms of reference for the investment committee:

1. Prepare and review investment plans and policies including risk limits and exposures in the company's investment activities periodically to ensure their suitability for the current market conditions.
2. Consider all proposed strategic investment matters requiring Board approval, before referring them to the Board and reporting recommendations to the Board in connection therewith.
3. Review and present proposals submitted to the committee, in accordance with the delegated powers granted to the committee and ensure that clear and specific processes are in place to provide guidance and support with respect to approved transactions / contracts, including monitoring progress, as appropriate.
4. Consider and deal with any other matters referred to or vested in it by the Board as stipulated therein the authorities register.
5. Monitor the performance of the investment portfolio.

c. A statement of the number of meetings held by the Committee during 2021:

Investment management committee	**Committee meeting date**		
Member’s name	**23/02/2021**	**11/08/2021**	**13/10/2021**
Matar Hamdan Sultan Al Ameri	✓	✓	✓
Shahab Ahmad Lutfi	✓	x	x
Abdallah Malek Osseiran	✓	✓	✓
Khalaf Sultan Rashed AlDhaheri	✓	✓	✓

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Number of personal attendance of times for all investment committee members:

#	Name of member	Number of personal attendances
1	Matar Hamdan Sultan Al Ameri	3/3
2	Shahab Ahmad Lutfi	1/3
3	Abdallah Malek Osseiran	3/3
4	Khalaf Sultan Rashed AlDhaheri	3/3

The investment committee Chairman acknowledgement of his responsibility for the committee system, review of the mechanism, and ensure its effectiveness:

The Chairman of the investment committee acknowledges his responsibility for the implementation of the committee's mandates and regular review of the function of the committee mechanisms and its effectiveness, in accordance with the decision of the Board of the Securities and Commodities Authority No. (3/ R).M) for 2020 and its amendments on the Implementation of the standards of governance, institutional discipline and governance of public joint stock companies.

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14. Insider Trading Supervision Committee:

The company has put in place procedures aimed at preventing insiders in the company from exploiting confidential inside information to achieve material or moral gains.

The transactions made by the insiders and their ownership are supervised, their records are kept, and periodic statements and reports are submitted to the market in compliance with the decision of the chairman of the board of the securities and commodities Authority No. (3/ R.M) for the year 2020 regarding standards of institutional discipline and governance of joint stock companies.

The company has also demonstrated commitment to update the company disclosure, transparency policy, and following up its implementation in accordance with the requirements of the regulatory authorities and applicable regulations, which included the obligations to disclose periodic reports, material information, and the ownership of insiders and their first-degree relatives. The company has also complied to provide information to shareholders and investors on the website of the company and the Dubai Financial Market in an accurate, clear, non-misleading and on a timely manner, enabling them to make their decisions to enhance disclosure and transparency.

In addition to updating policies related to transactions made by the insider, disclosure and transparency, the company has been performed the following actions through year 2022.

1. Prepared a private and comprehensive record of all insiders, including those who may be considered temporarily insiders and their disclosures.
2. The authority and the market have been notified of an updated list of insiders at the beginning of each fiscal year and any amendments made during the fiscal year.
3. Data and copies of the insider's register were submitted to the authority upon request.

The Insider Trading Supervision Chairman acknowledge his responsibility on the transactions made by the insiders for his responsibility for the committee system, review the mechanism, and ensure its effectiveness.

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15. The internal control:

In 2021, the company updated a set of internal policies and procedures related to risk and internal control in accordance with the applicable regulations regarding internal controls. The updated policies are as follows:

- Compliance management and anti-money laundering framework.
- Whistleblowing policy.
- Conflict of interest policy.
- Stock Trading Policy.
- Anti-money laundering policies and procedures.

a. Name of the Head of the Department, his qualifications and date of appointment.

On December 05, 2021, Ms. Sumaya Haj Al Balushi took charge of the compliance department. She holds a bachelor's degree in Management Information System and a diploma in anti-money laundering and compliance. She previously worked for Noor Bank for 8 years in the compliance department. She is successor of Hessa Saeed, who resigned in September 2021.

In July 2020, following the completion of Dar Takaful (PJSC) acquisition of Noor General Takaful and Noor family takaful, Mr. Raheel Rizvi took over the duties of internal control, internal audit and Compliance department. He holds a chartered accountant qualification from the Institute of Chartered Accountants of Pakistan. Mr. Raheel joined Noor group of companies in March 2014, as an internal audit manager.

b. How the Internal Control Department deals with major issues in the company:

The procedures implemented related to Internal Control Department are designed to study major issues noted in the company thoroughly across all company departments. Depending on the nature of the issue, recommendations are reported to the executive management and the audit committee. The implementation of these recommendations is followed up periodically and reported to the audit committee and Executive Management Committee.

C. Number of reports issued by the Internal control Department to the Board.

The Internal Control Department reports periodically to risk management committee and audit committee to discuss work related to internal control and compliance.

<u>The Board acknowledges responsibility for the company's internal control system, review its work mechanism, and ensure its efficiency.</u>

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16. Details of violations committed during 2021, explaining their causes, how to address them and avoid their recurrence in the future:

The company committed to its adherence to all the requirements of the regulatory authorities and updates the internal control procedures continuously to prevent any violation of the applicable regulations. However, during 2021, three violations were detected therein the company. The details of the violations, their reasons, and the corrective action plan are detailed herein below:

Department of Health – Abu Dhabi:

a) Department of Health in Abu Dhabi imposed two fines amounting AED. 120,000 for not submitting required documents.
Correction plan: Dar Al Takaful (PJSC) has updated and developed the medical Takaful procedures and internal monitoring mechanism has also been developed to ensure that all required procedures and compliance with the provisions of the medical insurance regulations are met by the company.

b) Department of Health in Abu Dhabi imposed a fine amounting AED. 15,000. The Ministry of Health had suspended United insurance broker (UIB). One policy was issued by the company with United Insurance broker (UIB).

Correction plan: The company has established procedures to refer to the updated list of the licensed active brokers on the Ministry of Health Website and compare it with the active list adopted therein its system.

17. Statement of the cash and in-kind contributions made by the Company during 2021 in developing the local community Environmental Conservation.

Contribution	Contribution Cost
100 million meals, organized by Mohammed Bin Rashid Al Maktoum Global Initiatives, headquartered in the United Arab Emirates.	AED 5,000
Eid joy which is an initiative organized by Rawafed Center.	AED 2,000
Breast cancer awareness program.	AED 6,000

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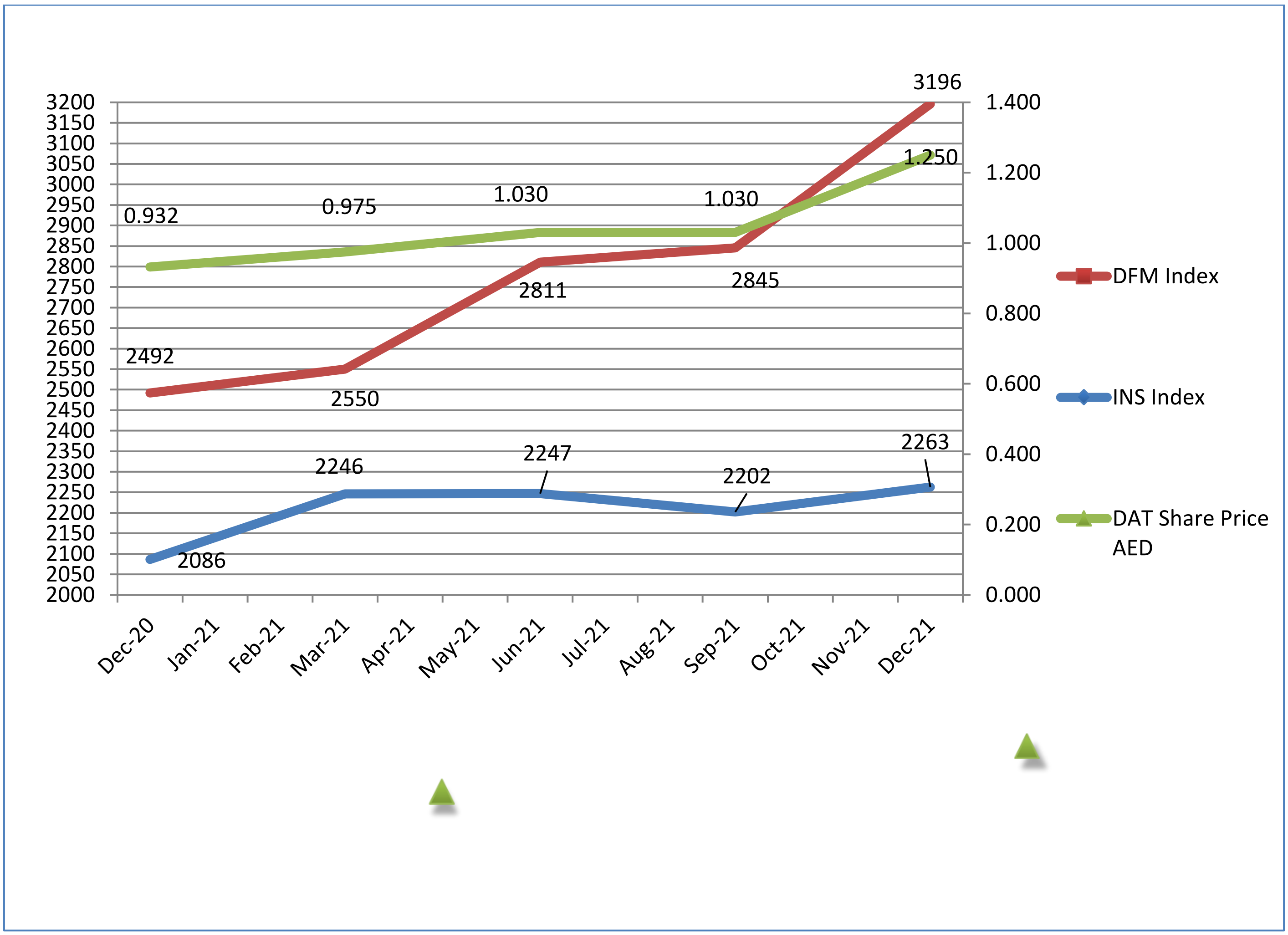
18. General information:

a. Statement of the company share price in the market (closing price; highest price, and lowest price) at the end of each month during the financial year, 2021.

Month	High (AED)	Low (AED)	Closing (AED)
Jan-21	0.920	0.915	0.920
Feb-21	0.945	0.904	0.945
Mar-21	0.980	0.954	0.975
Apr-21	1.030	1.010	1.030
May-21	1.030	1.030	1.030
Jun-21	1.060	1.000	1.030
Jul-21	0.995	0.995	0.995
Aug-21	1.070	1.070	1.070
Sep-21	1.030	1.030	1.030
Oct-21	1.030	1.020	1.030
Nov-21	1.240	1.080	1.240
Dec-21	1.290	1.080	1.250

b. **A statement of the comparative performance of the company's shares with the general market index and sector index to which the company belongs during the 2021.**

Year	DFM Index	INS Index	DAT Share Price AED
Dec-20	2492	2086	0.932
Mar-21	2550	2246	0.975
Jun-21	2811	2247	1.030
Sep-21	2845	2202	1.030
Dec-21	3196	2263	1.250



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c. **Statement of shareholders' ownership distribution as on 31/12/2021 (individuals, companies, governments) classified as follows: Local, Gulf, Arab, and Foreign.**

Shareholder's classification	Percentage of owned shares			
	Individuals	Companies	Government	Total
Local	57.9464%	28.5345%	-	86.4809%
Gulf	4.1476 %	0.6978%	-	4.8454%
Arab	7.4608 %	0.1478%		7.6086%
Foreign	1.0652 %	-	-	1.0652%
Total	70.6200 %	29.3801%	-	100.0001%

d. **Statement of shareholders owning 5% or more of the company's capital as on 31/12/2021:**

Name	No. of Shares	Percentage of Shareholding
Mohammed Sultan Mohammed Hashel Al Khyeli	29,717,123	19.8114%
Magna Investment LLC	14,990,000	9.9933%
Mohammed Qusai Mohammed Al Ghusssein	14,900,657	9.9338%

e. **Statement of shareholders distribution according to the size of the ownership as on 31/12/2021 as detailed herein below:**

Share (s) ownership	Number of Shareholders	Number of owned Shares	Percentage of owned shares of the Capital
Less than 50,000	1,451	3,510,118	2.340%
From 50,000 to less than 500,000	93	12,419,056	8.278%
From 500,000 to less than 5,000,000	22	35,292,046	23.528%
More than 5,000,000	9	98,778,780	65.853%

19. Statement of the measures taken regarding the controls of investor relationships, and an indication of the following:

Dar Al Takaful (PJSC) has updated and developed its investor relations website in order to be compliant with the requirements and controls of the Securities and Commodities Authority's investor relations department. Shareholder, investor, as well as the public, can access the Company website at: www.dat.ae.

a. Contact details for the investor relationship manager:

- **Investor Relationship Manager contact Details:**
  - Mrs. Nawal Maally, Investor Relationship Manager.
  - Email address: ir@dat.ae
  - Contact No. **800-TAKAFUL (8252385)**
  - Link for the investor relations page on the Company's website https://www.dat.ae/investor-relation

b. Statement of special decisions presented in the general assembly held during 2021 and the procedures taken in their regard.

No special decision was taken during the General Assembly held on 04/22/2021.

c. Board Secretary:

- **Name of the Board Secretary and his appointment date:**
  - Hamad Sharaf was appointed on 10/30/2018.

- **Qualifications:**
  - Certificate of the Secretary of the Board of Directors accredited by Hawkamah Institute (2019).
  - Bachelor of Business Administration (Finance) from American University in Dubai (2006-2010).
  - Secretary of the Board of Directors - (November 2018 - until now).

- **Experience:**
  - Head of Department - Key Accounts, Bancatakaful & Travel (2014 - Present).
  - Deputy General Manager - NTF

- **Statement of his duties during the year:**
  - Coordinate the dates of Board meetings with all members.
  - Prepare the agenda for the board of directors' meetings in coordination with the executive management.

- Prepare the minutes of the Board meetings and sending them to all members for review and approval.

- Follow up the implementation of the Board resolutions with the executive management.
- Ensure effective management within the company.
- Ensure compliance and integrity of the organizational structure with legal requirements of governance.
- Providing Dubai Financial Market and the Securities and Commodities Authority with the necessary disclosures.

d. Detailed statement of major events and important disclosures that the company encountered during 2021.

None

e. Statement of Emiratization percentage in the company at the end of 2021.

- The percentage of Emiratization reached:

Year	Total targeted points	Total scored points
2021	110	112
2020	102	109
2019	83	103

f. Statement of the innovative projects and initiatives carried out by the company or being developed during 2021.

None

Matar Hamdan Sultan Al Ameri
Chairman of the Board of Directors

Shahab Ahmad Lufti
Vice Chairman
Chairman of Nomination and Remuneration Committee

Meitha Mohamed Al-Sharif Al-Hashemi
Chairperson
Audit & Risk Committees

Raheel Rizvi
Assistant Vice President - Internal Audit & Compliance

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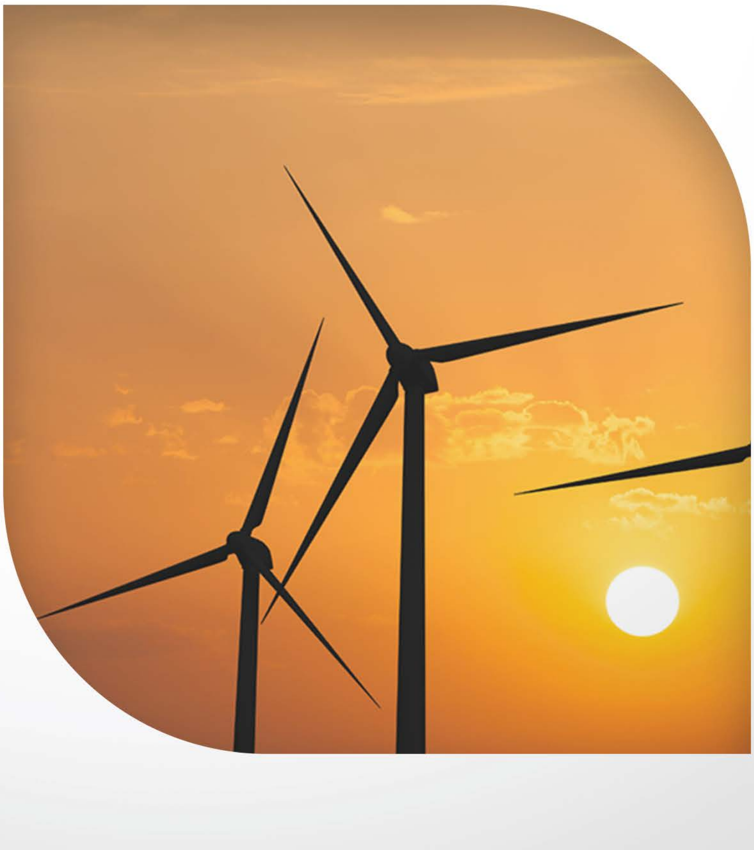
Dar Al Takaful
Premium Islamic Insurance التأمين الإسلامي الأمثل

SUSTAINABILITY REPORT 2021

DAR AL TAKAFUL



OUR **SUSTAINABILITY JOURNEY**

ABOUT THIS REPORT

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56, G8, G9, G10)

REPORTING SCOPE

This is the 2021 Sustainability Report for Dar Al Takaful, which covers the period between the 1st of January to the 31st of December 2021, unless stated otherwise.

Dar Al Takaful PJSC was incorporated as a public joint stock company established in July 2008. The Company carries out general takaful, retakaful and investments in accordance with the teachings of Islamic Shari'a and within the provisions of UAE Federal Law no. 6 of 2007 relating to takaful companies and takaful agents and the Memorandum and Articles of Association of the Company. The Company's headquarters is currently at the Offices 1 at Once Central, Level 4, Dubai World Trade Centre, P.O. Box 48883, Dubai – UAE.

At 31st of December 2021, the Company had the following subsidiaries that it fully owned:

Noor Takaful Family PJSC	*Family takaful and retakaful activities*
Noor Takaful General PJSC	*General takaful and retakaful activities*
Auto Crew Workshop LLC	*Auto mechanical repairing workshop*

Dar Al Takaful has been listed on the Dubai Financial Market since August 2008 and has an authorized capital of AED 150 million. The Company operates through its headquarters in Dubai, along with three branches in Dubai, Sharjah and Abu Dhabi. All the branches fall within the scope of this report.

The Company has acquired in July 2020 Noor Takaful General and Noor Takaful Family (listed above as subsidiaries). Both subsidiaries also fall within the scope of this report. As for the third subsidiary, Auto Crew Workshop LLC, although effectively legally owned by the Company, it does not fall within the scope of this report as it has no operational activities.

We take operational control as the boundary for reporting, unless stated otherwise.

BASIS OF PREPARATION

This report has been prepared in accordance with the GRI Standards (GRI): Core Option, as well as with the Dubai Financial Market's (DFM) ESG metrics. In addition, the report outlines Dar Al Takaful's alignment with the UAE Vision 2021, as well as the United Nations Sustainable Development Goals.

This inaugural report is issued in Jan 2021. It is expected that all subsequent reports will be issued within 90 days of the end of our fiscal year (which would fall on the 31st of March) or before our Annual General Meeting, whichever comes first.

Head Office: 0 -14 Tower - Business bay | Tel: +97143041500 | Fax: +97145530389 | P.O.BOX: 235353, Dubai, UAE info@dat.ae |
www.dat.ae | 800-Takaful (8252385)

EXTERNAL ASSURANCE

The content of this report has been reviewed and validated by Dar Al Takaful's internal audit function.

All financial figures extracted from our financial statements have been independently audited by internationally recognized audit firms. Our annual audited financial statements can be found on our website.

FORWARD-LOOKING STATEMENTS

It is important to note that forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the Company is operating.

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

COMMUNICATION & FEEDBACK

References to the GRI Standards and DFM ESG disclosures are found on the top part of each corresponding section. The GRI content index, which forms an integral part of Sustainability Reports is prepared in accordance with the GRI Standards and included on page 44. The index is also inclusive of DFM's ESG disclosures.

For any feedback about this report, please contact:

Name: Nawal Ma'ally
Email: nmaally@dat.ae
Phone: 04-3041603

TABLE OF CONTENT

Head Office: 0 -14 Tower - Business bay | Tel: +97143041500 | Fax: +97145530389 | P.O.BOX: 235353, Dubai, UAE info@dat.ae | www.dat.ae | 800-Takaful (8252385)

OUR PURPOSE

(GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, G5)

OUR VISION

Protection and **peace of mind**

OUR MISSION

To offer the most innovative **ethical insurance** solutions and build a **culture of excellence**

VALUES

Our core values were derived through the mutual consensus of our employees, our board and our practices

Ethics I **Passion** I **Quality** I **Agility** I **Empathy**

About Dar Takaful

Dar Al Takaful was established in 2008 and over the past 13 years has developed to become one of the premier Takaful insurance companies in the region.

In 2021, the Company's total assets have decreased slightly from AED 1,662 million in 2020 to AED 1,583 million in 2021 while its total equity increased **5%** to reach AED 152.2 million

Shari'ah compliance and ethics are at the heart of our business model. As such the company is focused on a mission to provide protection and deliver peace of mind. Our long-term strategy is to deliver growth and enhance stakeholder value by means of instilling a culture of innovation and excellence.

We offer a broad range of Takaful general and customized Islamic insurance products and services to individuals, families, and companies in the UAE.

Our main business segments include general, family life, and medical insurance which formed around 30%, 24%, and 46% of our total contributions in 2021, respectively.

Dar al Takaful is a member of the Emirates Insurance Association.

Key 2021 event

Despite the challenging operational and economic circumstances brought on by COVID-19, we successfully completed the acquisition of Noor Takaful Family & Noor Takaful General ('Noor Takaful'), two leading takaful sister companies, established in 2009. Noor Takaful offers a comprehensive range of general,

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medical, and family takaful solutions. The company was the third largest takaful operator in the UAE with a gross written contribution of AED554 million in 2019.

The strategic acquisition of Noor Takaful General and Noor Takaful Family in July 2020 has brought us a step closer to becoming a leading Takaful provider in the region. As a result, this has diversified the range of products and solutions that we offer to our clients and scaled up our market share.

The acquisition brought about changes in most of our Board of Directors which gave the company a new vision and strategic direction, thereby further strengthening our business model and ambition to become the leading Takaful providers in the region.

Dar Al Takaful is supported by 'A' rated retakaful partners.

Our Products & Solutions

PERSONAL SEGMENT	CORPORATE SEGMENT	SME SEGMENT
• Medical • Car • Home • Travel • Board • Family (life)	• Engineering • Property • Marine • General Accident • Liability • Family • Medical • Fleet	• SME General Takaful • SME Medical • SME Fleet • SME Family

SME segment
Small and mid-size enterprises (SMEs) are the heart of the economy, they breathe life into the sectors in which they exist and combined are the largest employer. Simultaneously, such companies are founded and led by entrepreneurs, and risk taking is an integral part of their journey. Without insurance, it would be difficult for them to reach their aspirations and create the successful stories that ignite hope in everyone's heart and mind.
We are proud to serve this segment of the market, but more importantly to serve them with ethics. We are keen on providing them with a customized service and be a positive catalyst to their aspirations and growth.
We offer a comprehensive set of Takaful solutions to SMEs to ensure that they enjoy better protection while receiving value for money.

Growth Through Digital Innovation
Innovation forms an integral part of our culture and growth plan. It is by means of operational efficiency and providing full-service accessibility to our clients at their own comfort and preferred timing that we will be able to lead and contribute towards the growth of the Takaful sector in the region.

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Dar Al Takaful's Financial Rating

Our Company has a Financial Strength Rating of B (fair), with a Stable outlook and a long-term issuer credit rating of "bb" with a positive outlook, from *AM BEST*.

ISO 9001:2015 Standard Certified

Noor Takaful is ISO 9001:2015 Standard Certified. Such compliance refers to a quality management system used by an organization to demonstrate they provide high quality services and/or products that consistently meet client and regulatory requirements.

2021 Awards & Recognition Program

- `**Best Company to Work for 2021**' *at the International Business Excellence Awards(Gold Category).*

- `**Insurance Brand of the Year**' award *by Global Banking and Finance Review 2021*
- **'Most Innovative Takaful Company'** award *by Global Banking and Finance Review 2021*
- **'Best Takaful Company'** award *by* International Business Magazine
- **'Best Insurance Brand Award'** award *by* Global Brands Awards
- **'Digital Transformation Project'** award *by* Tahawultech
- `**Best Takaful Provider** award *by* MEA Finance
- `**Best Takaful Company**' *at the World Business Outlook2021*

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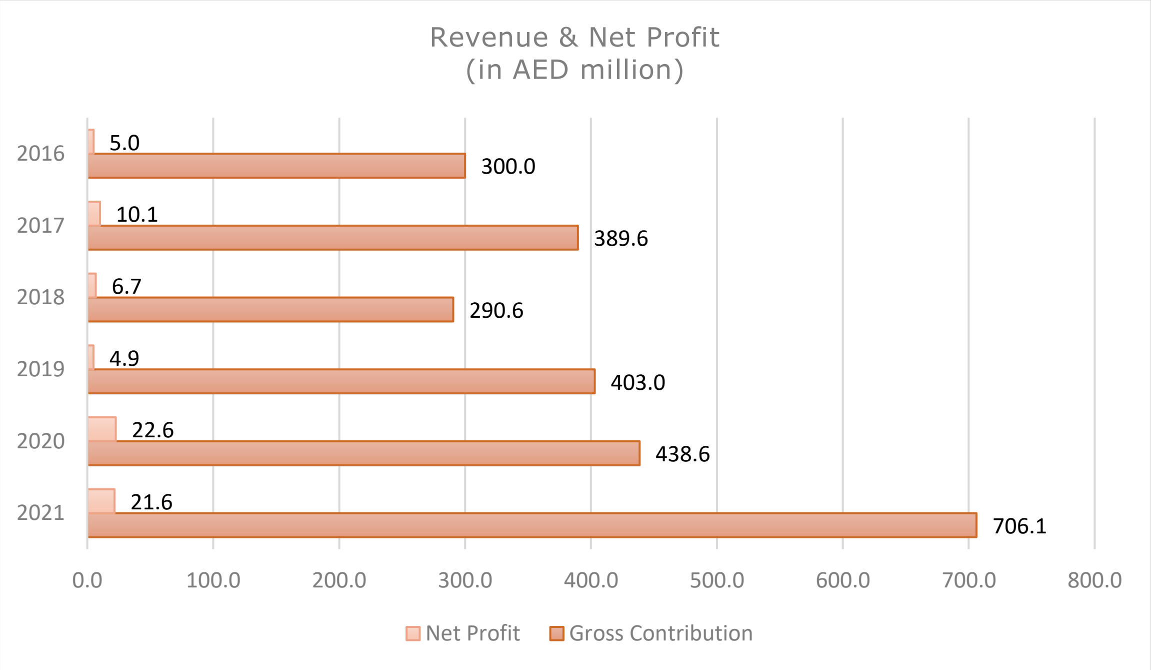
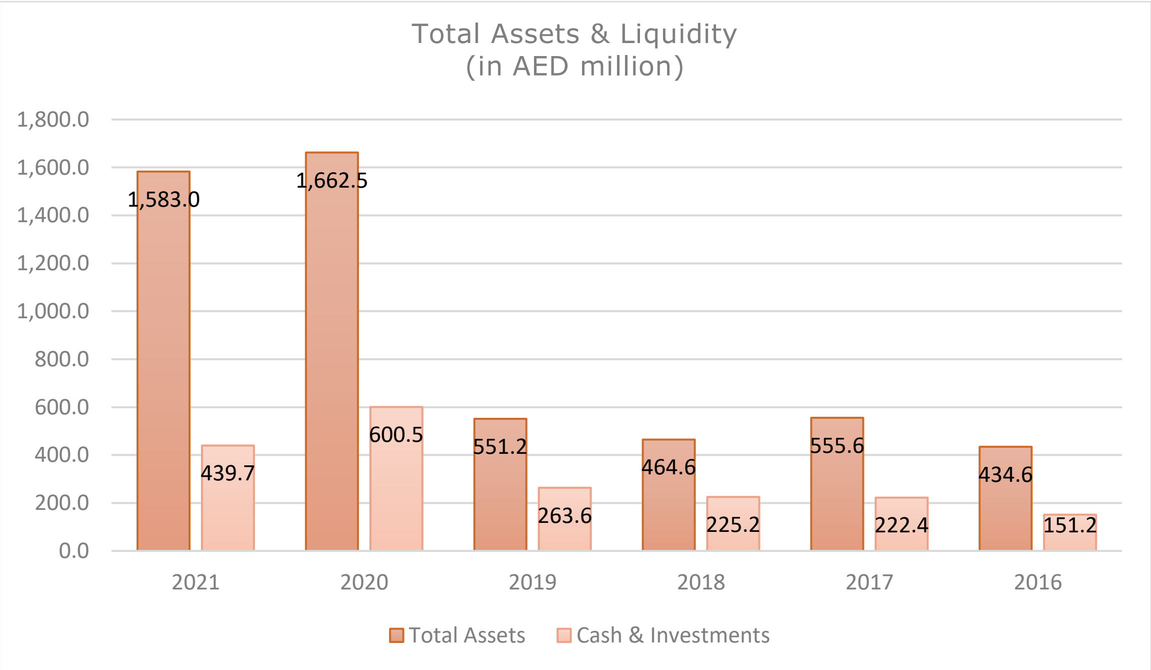
Key Financial Highlights





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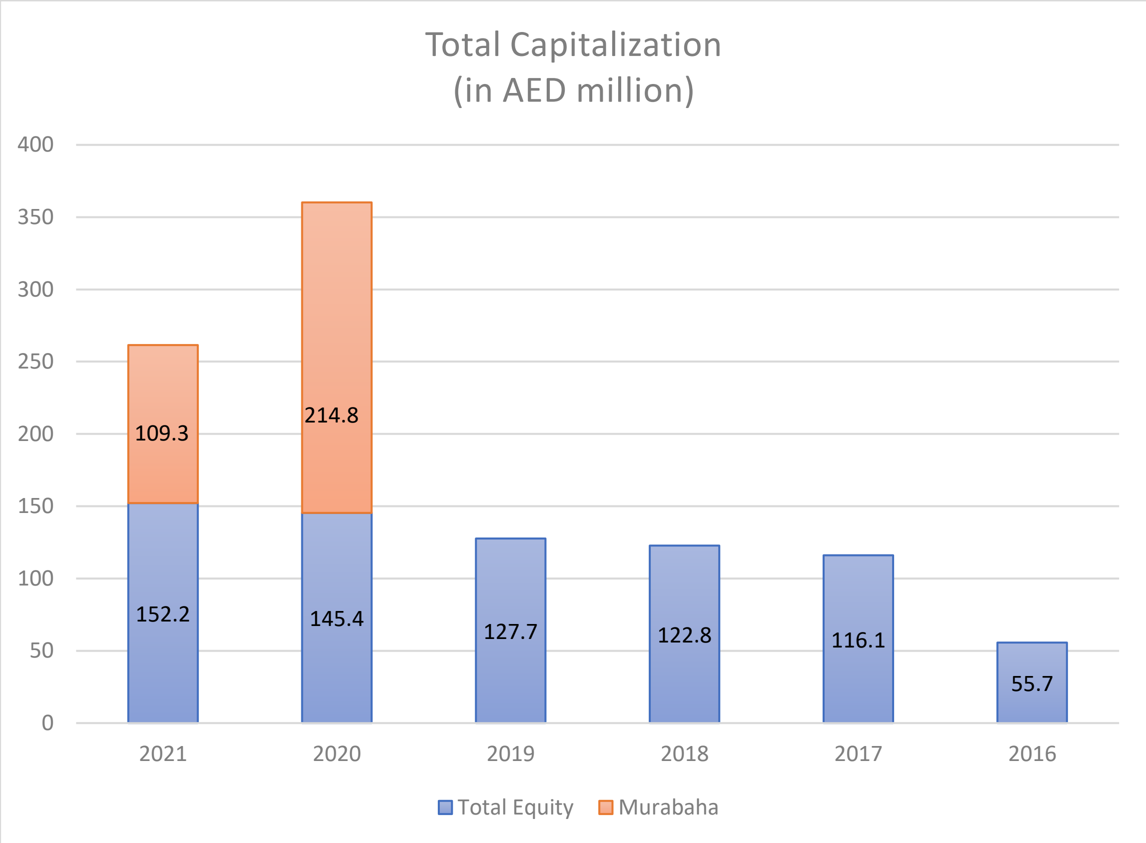

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OUR SUSTAINABILITY MANAGEMENT

(GRI 102-20, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47, E8, E9)

OUR APPROACH TO SUSTAINABILITY

The Takaful & ESG Overlap
Takaful is strictly based on strong ethics and applies the values of fairness and transparency. Moreover, Takaful promotes stakeholder value creation as well as environmental stewardship, both of which form the very essence of Sustainable Development.

Takaful insurance is a participatory form of insurance whereby clients are insured but also act as insurers as they contribute to a risk pool. Such risk pool is managed by the operator whose ultimate objective is to create value to all stakeholders.

From an investor's perspective, Takaful operators link deposits and investments to real underlying assets, which enhances the investment portfolio's risk profile, and decreases potential volatility. As a further layer of safety, Takaful operators invest according to Shari'ah principles which promotes social well-being.

The above resonates and overlaps perfectly well with sustainability and ESG, as a result, creating a clear path for Takaful operators to swiftly progress along their sustainability journey.

With that in mind, our approach to sustainability is that of relevance and comprehensiveness. We look to apply sustainability and ESG as it specifically pertains to the insurance sector while ensuring that we cover all facets of our operation. This will result in Dar Takaful maximizing its impact on and contribution to a more sustainable UAE Economy.

Sustainability Oversight
As part of our NTDAT Hive initiative, **the Noor Care House**, formed in 2020 and consisting of representatives from different departments, is responsible for creating and monitoring sustainability-related initiatives in the Company. Such team has allowed us to further organize ourselves, engage our senior staff on sustainability-related matters, and most importantly to combine internal efforts to progress along our sustainability journey.
So far, such initiatives are discussed and decided upon at committee and managerial level, while keeping our Board of Directors abreast of the main performed actions.
Going forward, we will look to further enhance our sustainability efforts, by introducing a sustainability and ESG firm-wide framework that will clearly guide our actions in that regard. Such framework will be initiated and discussed at the Board level and will be implemented at the committee level.

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Sustainable Workplace

Companies must lead by example, which is a trait implanted in Dar Al Takaful's values. Hence our starting point must include ensuring that our own workplace is sustainable. This would include the following:

- Decarbonize our operation by means of shifting to a circular workplace
- Continuously work to improve the society's well-being including those of our employees, clients, and the community
- Put in place a robust ESG governance system that establishes responsibilities, transparency, and accountability

We have already made important strides in that regard which is discussed throughout the report.

Shari'ah Investing with an ESG lens

As an institutional investor, we must consider ESG factors when analysing and making investment decisions. Environmental, Social, and Governance factors are bringing about new risks as well as opportunities that are reshaping the investment world. Investing through an ESG lens is not only a must to protect the value of our investments but also to contribute to greening the financial system and as a result financing the shift to sustainable development.

The above calls for Dar Al Takaful's investment operation to have an ESG framework that will enhance its investment decision making.

Sustainable Insurance

Providing sustainable insurance is a necessity to remain competitive to retain and grow our client base and become the leading Takaful operation in the region. More specifically, consumers are becoming more environmentally aware and conscious which is increasingly becoming apparent in their actions and needs. This requires that forward-looking insurance companies remain close to their clients and create the necessary products and solutions not only to keep up with their needs but also help them shape these needs towards a more sustainable world.

OUR COMMITMENT TO THE UAE VISION 2021 AND THE SUSTAINABLE DEVELOPMENT GOALS

The UAE Vision 2021

The UAE Vision 2021 was launched, in 2010, by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai. The Vision aims to make the UAE among the best countries in the world by the Golden Jubilee of the Union.

To put the Vision into action, six National Priorities were created, representing the key focus sectors of the government up to 2021.

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The **six National Priorities** include:

- World-Class Healthcare
- Competitive Knowledge Economy
- Safe Public and Fair Judiciary
- Cohesive Society and Preserved identity
- Sustainable Environment and Infrastructure
- First-Rate Education System

The Sustainable Development Goals

In 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development which provides a shared blueprint for peace and prosperity for people and the planet. The key element of the 2030 Agenda lies in its 17 Sustainable Development Goals.

The 17 Sustainable Development Goals (SDGs or Global Goals) are an urgent call for action around a common set of objectives that define global sustainable development priorities. The aim of the Global Goals is to create a life of dignity and opportunity for all and can only be accomplished through a global partnership inclusive of governments, corporations, civil society, academia, and others.

Mapping the Vision 2021 with the SDGs:

The below map illustrates the alignment between the UAE Vision's six National Priorities and the UN Sustainable Development Goals, this alignment was performed by the Committee on SDGs, a UAE government entity established in 2017 tasked with ensuring the UAE's development agenda is aligned with the SDGs and directly contributes to them.

Dar Al Takaful's Approach

Our approach towards the UAE Vision 2021 and the SDGs is that of relevance. We have applied a focused approach to our alignment to ensure that we make the greatest impact. When selecting and referring to those SDGs that are relevant to the insurance industry (along with their key messages), we have relied on a study conducted by GIZ (*Deutsche Gesellschaft fur Internationale Zusammenarbeit),* a German development agency which published a special report aligning the insurance industry with the SDGs ("Inclusive insurance and the Sustainable Development Goals – How insurance contributes to the 2030 Agenda for Sustainable Development").

Below is a representation of our alignment with both initiatives in order of priority:

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MAJOR FOCUS

These are the Priorities and Goals to which Dar Al Takaful directly impacts, and therefore to which the Company most contributes, they relate to our business model and the services we offer:

UAE Vision 2021	Alignment	Global Goals
Priority 1: World-Class Healthcare: The UAE aims to become among the best countries in the world in terms of quality of healthcare	• Insurance and social protection can play complementary roles to cover a range of household health care costs • Insurance improves healthcare seeking behaviour	**SDG3 │ Good Health and Well-Being:** Ensure healthy lives and promote well-being for all, at all ages
Priority 2: Competitive Knowledge Economy: The UAE aims for a knowledge-based and highly productive economy. One that is sustainable, diversified and harnesses full potential of human capital	• Insurance protects assets, thereby unlocking loans and other funds for investments (including for micro-, and small-to-medium size enterprises) • Insurance frees companies' private funds for productive investment • Insurance supports the development of companies by protecting them from losses due to risks related to business, natural disasters, or other catastrophes	**SDG8 │ Decent Work and Economic Growth:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

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COMMITMENT

These are increasingly becoming a major focus and represent key opportunities and impacts:

UAE Vision 2021	Alignment	Global Goals
Priority 2: Cohesive Society and Preserved Identity: The UAE Vision 2021 National Agenda strives to preserve a cohesive society proud of its identity and sense of belonging **Priority 3: Sustainable Environment and Infrastructure:** The UAE Government wants to ensure sustainable development while preserving the environment, and to achieve a perfect balance between economic and social development	• Insurance provides a safety net for those using it, preventing families from falling (back) into poverty after experiencing a shock • Insurance provides an economic protection mechanism for all • Insurance sustains other development efforts • There are gender differences in risks faced by women and men • Insurance protects women from the financial impact of losing family members, helping women to retain their homes, sustain their businesses, continue education of their children, and generally maintain the financial stability of their household • Insurance mitigates the effects of extreme weather events, thereby strengthening climate change resilience • Insurance complements and strengthens other climate change coping efforts • Catastrophe insurance protects a variety of stakeholders, from companies and infrastructure to the most vulnerable	**SDG1 │ No Poverty:** End poverty in all its forms everywhere **SDG5 │ Decent Work and Economic Growth:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all **SDG 13 │ Climate Action** Take urgent action to combat climate change and its impact

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UNDERLYING

The underlying Priorities & SDGs are by default linked to our efforts in contributing to sustainable development:

UAE Vision 2021	Alignment	Global Goals
Priority 5: First-Rate Education System: Education is a fundamental element for the development of a nation and the best investment in its youth **Priority 6: Safe Public and Fair Judiciary** The UAE Vision 2021 National Agenda aims for the UAE to be the safest place in the world	It is only by means of partnerships and through business ethics that we will be able to create value to all stakeholders and contribute to sustainable development.	**SDG16** │ Peace, Justice and Strong Institutions: Promote peaceful an inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels **SDG17** │ Partnerships for the Goals: Strengthen the means of implementation and revitalize the global partnership for sustainable development

As part of the continuous progress we seek to demonstrate in our next sustainable reports, we will gradually look to include specific KPIs to validate and monitor our impact on the mentioned relevant SDGs, with a focus on those we impact directly. We will also work to align our CSR activities accordingly.

OUR STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder Engagement

Engaging with our stakeholders lies at the core of our corporate strategy and is a fundamental contributor to our long-term success. More specifically, such engagement is important to understanding the priorities and expectations of our stakeholders which serve as a key input to an ESG framework that is impactful.

Our sustainability report is based on our company's existing engagement methods. The analysis of available material enables us to understand the interests of our key stakeholder groups and prioritize them according to the assessment conducted.

We have used the AA100 Stakeholder Engagement Standards Framework to select and prioritize our list of stakeholders. The following criteria were applied:

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

Our engagement strategy will be continuously reviewed and improved allowing us to update our material sustainability or ESG-related topics whenever relevant.

Our key stakeholder groups are listed below. Please refer to the Appendices for the details related to our existing engagement methods:

CUSTOMERS	MANAGEMENT & EMPLOYEES	SHAREHOLDERS	GOVERNMENT*	BUSINESS PARTNERS	RATING AGENCIES	COMMUNITY

**Includes: Securities & Commodities Authority, Central Bank, Dubai Financial Market, Dubai Health Authority, Abu Dhabi Health Authority, Ministry of Finance, Ministry of Economy*

Materiality Assessment

In order to assess the economic, environmental, social and governance matters that are key to our long-term success, we have considered both internal and external factors and conducted a materiality assessment that captures the importance of various sustainability topics based on our business impact and our stakeholders' inputs.

Business Impact:

To build an understanding about our sustainability impact, we have conducted a comprehensive peer analysis and studied global trends affecting the industry. The final list of topics was then prioritized based on the expertise of our business leaders and in alignment with our company's strategic focus, operational processes, and impact.

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Stakeholder Inputs:
Based on our existing methods of stakeholder engagement, we have assessed those topics that would be of most interest to our stakeholders and ranked them accordingly.

The below table lists the material topics that came out as a result of the above outlined stakeholder engagement and materiality assessment exercise. The table also includes the alignment of each material topic with its corresponding GRI disclosures and Dubai Financial Market ESG metrics. We have illustrated through a materiality matrix where our material topics would fall within the spectrum of priorities for both the company and our stakeholders. The matrix can be found in the Appendices.

In subsequent reports, we will look to engage with our key stakeholders on sustainability and ESG specific topics. We will plot such input into our materiality matrix and update our list of material topics where applicable.

ITEM	KEY MATERIAL TOPIC	CORRESPONDING GRI DISCLOSURE	CORRESPONDING DFM DISCLOSURE
1	Financial Performance	GRI 201 – Economic Performance	N/A
2	Customer Trust	GRI 418 – Customer Privacy	G7: Data Privacy
3	Ethical Business	GRI 417- Marketing & Labelling	N/A
4	Innovation & Digitalization	N/A	N/A
5	Happy Workplace	GRI 401 – Employment	S3: Employee Turnover

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6	Equal Opportunity	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity
7	Learning & Development	GRI 404 – Training and Education	N/A
8	Sustainability Practices	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
9	Emiratization	N/A	S11: Nationalization
10	Community	N/A	S12: Community Investment

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FOSTERING A GREAT WORKPLACE

(GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 404-1, GRI 404-3, GRI 405-1, GRI 405-2, GRI 418-1, S2, S3, S4, S5, S6, S11, S12)

EMPLOYEE WELFARE & ENGAGEMENT

Valuable Employment

As a knowledge-based company, our success is based on our employees' performance, which reflects their qualifications, their skills and experience.

It is our duty as an employer to hire the right talents for the right positions, and to ensure our employees are working in an environment that fosters engagement, learning, and achievement.

Most important of all, we believe in 'Happiness at Work'; happiness at work is directly linked to success at work. Our aim is to have happy employees with a positive outlook and brilliant at formulating innovative solutions.

To achieve the above, we have in place a clear strategy to improve employee happiness, based on two primary objectives the first being **(1)** to promote a fun and positive work environment for our employees, and the second **(2)** to empower them by increasing their motivation and doing the necessary to boost their happiness.

Our strategy is based on the below listed six pillars:

1. Make our employees feel **valued**	**2.** Be **attentive** and **listening** to our employees' needs	**3.** Create the right **work life balance**
4. Encourage and help our employees to **learn and grow** in their specialties	**5.** **Appreciate** our employees and the work they do	**6.** Encourage a **team spirit**

The first step begins with our ability to attract and retain top talent. To that end, we have in place a structured and effective **Talent Acquisition Strategy** in line with our business goals. Our strategy is supported by our Talent Acquisition Policy and certifies that the right approach and hiring methods are followed to ensure long-term success. The strategy spans the complete process of talent acquisition and management and includes procedures in relation to recruitment (internal, external and international), internships, job posting, job offer, probations amongst others.

Moreover, we have put in place several measures and processes including a comprehensive induction program to ensure our new joiners are warmly welcomed, swiftly feel they belong to the Dar Al Takaful family, and are able to be productive from the get-go.

In 2021 we have awarded the "Best Company To Work For" by International Business Excellence Award

Other engagement initiatives are thoroughly designed and include team building activities, monthly staff meetings, and giving the possibility for employees to join diverse club houses within the company to promote work-life balance, health awareness, and engaged & motivated employees. More specifically, our **NTDAT Hive Club**, comprised of four different Houses, offers our employees the opportunity to interact and be involved in various activities:

SPORTS HOUSE	CARE HOUSE
Responsible for sports activities, encouraging fitness and health amongst the employees as well as outside-office interactions. *Mission:* To build a culture of engagement, socializing and teamwork at the field with our diverse team. *Vision:* To gather teams of same sports interest and build activities which connect us.	Responsible for the company's corporate social responsibility, taking care of the employees and serving the society. *Mission:* Serve the society and bring people together to build hope, trust and lasting changes in other's lives. *Vision:* To leave a sustainable and compassionate world for our next generations

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EVENTS HOUSE	HEALTH HOUSE
Responsible for all national and international events, employee fun activities, and virtual games. *Mission:* To design and carry out innovative events that meet our employees' needs and desires. *Vision:* To create inspiring events and entertainment experiences for all employees.	Responsible for the wellbeing of the employees as well as health and wellness awareness in the Company. *Mission:* To inspire hope and contribute to health and well-being. Wellness for all: Spiritual, emotional, intellectual, physical, social, environmental, financial health. *Vision:* To provide an unparalleled experience as the most trusted partner for health care.

In order to receive feedback and understand our own progress as a company in fostering a valuable employment, we have also designed **an online employee happiness survey** to which employees respond anonymously.

Finally, to show appreciation to all the hard work and achievements that our employees are continuously demonstrating, we have in place a **Reward and Recognition policy and programme** that recognizes on a monthly, quarterly, and yearly basis our high performing employees. Some of these awards would include:

- **Spotlight**: a monthly award provided by line managers for those employees that report to them for extra work done,
- **High Five**: a monthly award provided from one department to another to recognize cross-departmental support,
- **Health Ambassador of the Year**: awarded to the employee with the lowest sick-leave record.
- **Long-Service Awards:** designed to recognize and value the contribution of employees who have worked in the company for a long time period
- **Scholar of the Year:** a quarterly award designed to encourage and award employees with a progressive attitude, and for actively engaging in Learning and Development activities via LinkedIn Learning
- **Brand Ambassador:** a monthly award designed to encourage and recognize the efforts of our employees for promoting the Company's brand via their personal social media accounts

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- **Hall of Fame:** an annual award provided to exemplary employees with outstanding achievements and consistent performance in line with the Company's values throughout the year

Below we list various employment related KPIs. We must indicate that the year 2021 was special given the transaction that took place with Dar Al Takaful acquiring Noor Takaful. Such large transaction by nature causes significant employment-related activity which may lead to slightly more volatile numbers than normal, especially for what regards the turnover rate, which was 35% in 2021.

Employment KPIs

NEW HIRES

BY GENDER				
Year	Male	% of Total Hires	Female	% of Total Hires
2021	43	53%	39	47%
2020	41	72%	16	28%
2019	41	54%	35	46%

BY AGE GROUP						
Year	Below 30 y.o.	% of Total Hires	30 to 50 y.o.	% of Total Hires	Over 50 y.o.	% of Total Hires
2021	19	23%	60	73%	3	4%
2020	12	21%	42	74%	3	5%
2019	22	29%	51	67%	3	4%

EMPLOYEE THAT LEFT

BY GENDER				
Year	Male	% of Total Leavers	Female	% of Total Leavers
2021	52	61%	34	39%
2020	60	64%	34	36%
2019	31	62%	19	38%

BY AGE GROUP						
Year	Below 30 y.o.	% of Total Leavers	30 to 50 y.o.	% of Total Leavers	Over 50 y.o.	% of Total Leavers
2021	19	22%	65	76%	3	2%
2020	20	21%	66	70%	8	9%
2019	8	16%	42	84%	0	0%

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TOTAL TURNOVER RATE

Year	Total Turnover Rate (%)
2021	35%
2020	36%
2019	16%

Diversity & Inclusion

We are proud of our diverse workforce and inclusive environment. In fact, diversity & inclusion is a core value at Dar Al Takaful and a key contributor to business success. Whether it is gender, multi-generations, different nationalities, or other diverse traits, they all shape Dar Al Takaful's character and future.

We currently have 258 employees, 95% of which are employed on permanent contracts and 37% of which are female. Our workforce is composed of 23 different nationalities.

In addition, we have in place a robust Code of Conduct the main purpose of which is to ensure our employees have written guidelines describing the expected ethical behavior by all.

The Code of Conduct emphasizes on encouraging diversity and respect which entails acceptance and respect of individual differences including gender, religion, race, ethnicity, physical abilities, age, socio-economic status, or other.

The Company has ZERO tolerance for discrimination, harassment, or intimidation.

We have also instilled as part of our Code the promotion of sustainability, the contribution to communities, as well as respecting human rights.

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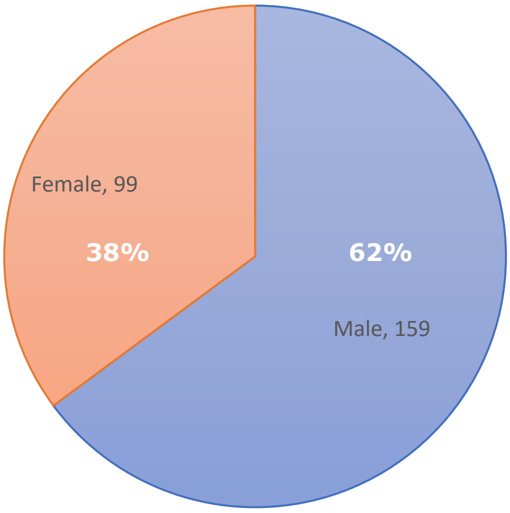
TOTAL EMPLOYEES

TOTAL 2021:



BY EMPLOYMENT CONTRACT				
	Permanent Contract		Temporary Contract	
Year	Male	Female	Male	Female
2021	150	95	9	4
2020	150	91	12	6
2019	197	107	4	5

BY EMPLOYMENT TYPE				
	Full-Time Contract		Part-Time Contract	
Year	Male	Female	Male	Female
2021	159	99	0	0
2020	168	91	0	0
2019	201	112	0	0

EMPLOYEE DIVERSITY

BY GENDER:

	Entry-to-Mid Level		Senior-to-Executive Level	
Year	Male	Female	Male	Female
2021	60%	40%	80%	20%
2020	63%	37%	84%	16%
2019	61%	39%	90%	10%

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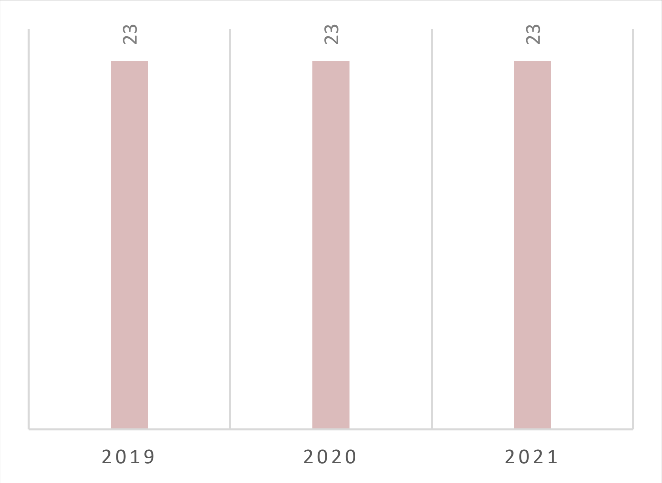
BY AGE GROUP:

Year	Entry-to-Mid Level			Senior-to-Executive Level		
	Below 30 y.o.	30 to 50 y.o.	Over 50 y.o.	Below 30 y.o.	30 to 50 y.o.	Over 50 y.o.
2021	15%	79%	6%	0%	70%	30%
2020	16%	79%	5%	0%	74%	26%
2019	18%	76%	5%	0%	69%	31%

TOTAL NATIONALITIES



LEARNING AND DEVELOPMENT

Foster a Culture of Learning

Developing our talent is a strategic element to our HR strategy and is a duty that we have towards the great individuals that entrust us with their career development paths. Moreover, learning reflects positively on our services and differentiates us from other competitors.

More specifically, we offer continuous learning opportunities to our employees, some of which are internal, and others organized with the help of third parties. In addition, some of our trainings are mandatory while others are selective based on performance.

Below are some of the learning experiences we offer our employees:

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- Dar Al Takaful partnered with the **Emirates Institute for Banking and Financial Studies (EIBFS)** whose annual training plan is uploaded online to give access to all employees,
- **Diverse internal training** is offered and organized by different departments. Subject matters include Shari'ah training, risk and compliance, training, operational risk management, and other,
- **Mandatory 3-day sessions** on cyber security awareness,
- **University Partnership with Skyline University College** to provide quality trainings and education to our employees, such as internship opportunities, degree and certification programs, scholarship fund, sponsorship for collaborative projects amongst others,
- We also offer **internal customized training** allowing our high performers to progress and prepare for the next step or promotion in their careers with us,
- We also offer **Third-party specialized training** for specialized courses through external consultants,
- **Insurance Authority Training** to provide courses and trainings in various certifications such as financial crime and CII delivered by the regulators.

Finally, we have provided access to all our employees to **LinkedIn Learning**. We have purchased a license that offers the possibility for any employee on a voluntary basis to learn about any subject-matter that may be of interest to them, be it in relation to their work or other.

We do encourage learning and award those with the most hours with certificates presented by the CEO.

Fair Performance Review Structure

We follow a fair and transparent performance review process and ensure to consistently engage our employees throughout. More specifically, we ask our employees to initially set their own goals and discuss them with their line managers early on during the year. All goals are matched with specific KPIs.

We encourage our employees to have unofficial regular reviews but ensure that this is officially done twice a year. The mid-year review offers our employees with the opportunity to assess how much has been achieved and discuss such results with the line manager. This session provides a good understand for our employees about where they stand in relation to their set goals and KPIs. Should the employee not be on track, we ensure to place him/her in a performance improvement program that allows them to overcome any challenges they may be facing.

Our end-of-year reviews serve to set a rating for each employee. This is done after three different levels of discussions, the first being the employee self-assessing her/his results, then the line manager discussing such results and finally the function head which closes the process.

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Finally, we ensure that our employees can optimize their use of the process by ensuring they learn about all its different steps through dedicated workshops that we organize throughout the year as well as through a handbook that is distributed to all employees.

100% of our eligible employees go through their performance reviews every year

Learning & Development KPIs

AVERAGE NUMBER OF TRAINING HOURS		
Year	Male	Female
2021	3,169	3,311
2020	2,662	2,470
2019	1,012	832

AVERAGE NUMBER OF TRAINING HOURS		
Year	Entry-to-Mid Level	Senior-to-Executive Level
2021	5,111	1,369
2020	4,684	448
2019	1,633	211

NUMBER OF EMPLOYEES THAT RECEIVED PERFORMANCE AND CAREER REVIEW		
Year	Male	Female
2021	139	87
2020	137	78
2019	95	55

NUMBER OF EMPLOYEES THAT RECEIVED PERFORMANCE AND CAREER REVIEW		
Year	Entry-to-Mid Level	Senior-to-Executive Level
2021	152	74
2020	167	48
2019	121	29

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EMIRATISATION

Emiratization is an initiative by the government of the UAE to employ its citizens in a meaningful and efficient manner, particularly in the private sector. Moreover, Emiratization forms an integral part of the UAE Vision 2021.

The Ministry of Human Resources and Emiratization (MoHRE) is the governmental entity dedicated to driving this initiative. In fact, the MoHRE imposes on private sector employers a quota system, whereby a company with more than 100 employees is obliged to recruit a certain minimum number of Emiratis.

Although we have consistently achieved our Emiratization points, for Dar Al Takaful, Emiratization is neither about filling a gap nor about a point system but rather about employing capable and talented Emiratis with the potential to grow within and become leaders in the insurance sector. What matter to us is to engage with the right UAE talents and ensure their retention.

In order to achieve the above, our Company has in place a clear Emiratization strategy which aims to attract, develop, engage and retain UAE national talents. One of the earliest elements of the strategy is implementing attraction programs to ensure the right UAE National talents are welcomed to our Company.

Some of these programs include:

1. **Summer Training Program:** a 3-months summer program through which the Company offers learning opportunities on the insurance industry to widen the academic prospects of the candidates and assess their future employment possibilities.
2. **Work Placement Program:** an 8-week program offering work placement opportunities to a maximum of six UAE National students, as part of their curriculum and graduation requirements
3. **Graduate Program** (*with the Emirates Institute for Banking and Financial Studies*): This program is 3-week long and enables graduates to gain deep insight about the insurance sector, our Company and the solutions we offer**,**
4. **Special Programs**: A recently launched special extensive training for UAE nationals,
5. **Ajyal Program**: Fresh graduates are hired and placed in a 12-month rotational program to support them in reaching their full potential. Upon completion, they may join the department they find to be best fitting,
6. **Shadowing Program**: This program consists of 10 interns that shadow different departments, and are given the possibility to work for the company after their graduation,
7. **Partnership with the Insurance Authority**: This partnership is specific to developing Emirati Certified Internal Auditors (CIA)

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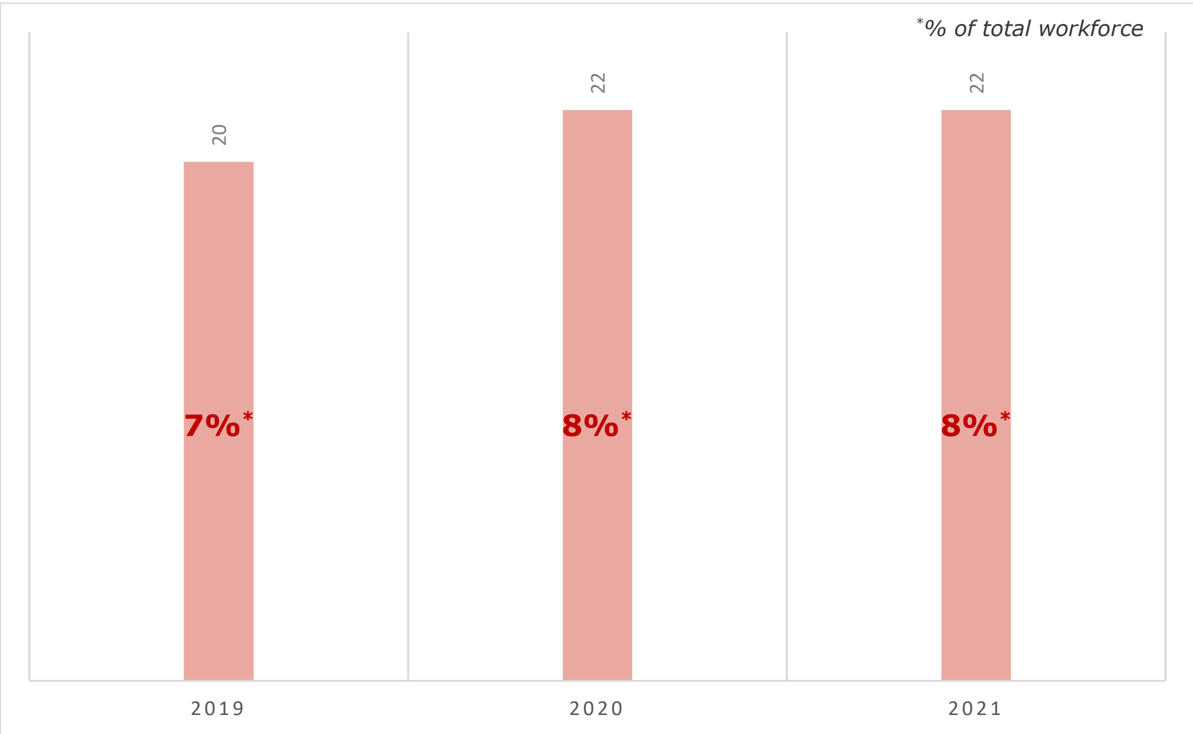
Moreover, to engage with our Emirati trainees and employees, we conduct various relevant recognition, special leaves and similar events including:

1. **Long-service awards,** which are in place to show the company's appreciation to commitment,
2. **Career Plan**: clear career path to reach managerial positions,
3. **CEO participation**: we set up special meetings for Emirati employees with our CEO and the Emiratisation Manager
4. **UAE Team Building Activities**: to enhance culture sharing and promote the Nation's heritage
5. **UAE National Days Celebrations,** such as National Day, Flag Day and Emirati Women's Day
6. **Special Leaves** are offered to our Emirati employees to encourage them to pursue their interests while maintaining their relationship with us. Such leaves include Study Leave, Exam Leave and Sports Leave.

TOTAL UAE NATIONAL EMPLOYEES



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SERVING THE COMMUNITY

As a UAE responsible company, we are committed to the community's welfare and seek to be an active corporate citizen.

We had invested AED5,000 in 2021 in the community mainly in relation to participating in the '10 million meals' donation campaign, the purpose of which is to raise money to provide meals, food items and parcels for the disadvantaged individuals and families, thereby combating world hunger and malnutrition.
In addition to the above, we also participated Joy of Eid Shopping 2021 for 10 children By Rawafed

Eid is a festival of celebration, and the joy of Eid involves wearing new clothes. A tradition started by Rawafed Centre is to give the chance to underprivileged children to go shopping for their Eid finery. Instead of buying clothes for them, as is the tradition everywhere, they give them the opportunity to go shopping by themselves. During these difficult times, Care House participated and contributed to continue bringing joy to less fortunate children.

Other initiatives from previous years included donations of AED 6,000 for the Breast Cancer Awareness Program at Rashid Hospital and Al Jalila Foundation.

	2019	*2020*	*2021*
Community Investment	150,761	154,820	13,000

We believe that serving the community and involving our employees accordingly creates a positive corporate environment where employees feel even more engaged and strengthens their connection with their peers and the Company itself.

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PROTECTING OUR CUSTOMERS' TRUST

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

Customer Satisfaction

We strive not only to meet our clients' expectations but to continuously exceed it. At Dar Al Takaful, our objective is to always provide our clients with a superior experience, which can only be achieved if we remain dedicated, close to our clients and listen to their evolving needs.

Our clients and their needs are at the heart of everything we do at Dar Al Takaful. It is only by offering them a personalized service and quality products that we will be able to maintain their trust.

Our Client's Voice

To ensure customer centricity, we have set up a high-quality customer centre that caters to all our clients' needs and provides them with a voice through which we can consistently track their thoughts towards our offering. The centre is operated by highly trained employees that follow a strict code of conduct and work to achieve clear KPIs with the aim to create a best-in-class centre.

We provide our clients with three different direct channels of communication with our customer centre, including email, phone, and WhatsApp. We have 17 highly trained staff that serve our clients and ensure their needs are being attended to. We make sure to give the possibility for our clients to voice their satisfaction about their experience after every interaction. This would be through a scoring rating system via WhatsApp, an email template as well as regular quality monitoring for phone interactions. In fact, to ensure a high-quality service, we perform three quality monitoring calls for each agent per month.

Some of our main KPIs include responding to any client complaints with a maximum amount of Two days, in addition to maintaining a client feedback score. We strive to provide our customer service staff with a continuous learning programme inclusive of access to LinkedIn learning as well as specialized training through both our internal training coordinator as well as through the Emirates Institute for Banking and Financial Studies.

Finally, we have in place a monthly recognition system through which we provide different certificates and awards. Such mechanism keeps our staff motivated and ensures they are recognized for their great efforts.

Innovation & Digitalization

The digitalization of our clients' journeys forms an integral part of ensuring client satisfaction. Accentuated by the pandemic, our digitalization plan aims to create seamless and comprehensive experience to our new and existing clients; it is about simplifying and improving their experience.

Our dedicated Strategy and Business Acceleration Department (SBAO) oversees our company's digital acceleration office. The objective of the latter is to facilitate and enable digitalization throughout the company. We look to assess every single process within our operation and identify how we can make them more efficient through digitalization.
Today, up to 80-90% of our policies and related approvals are processed online. Our Motor business line was the first to become fully digitalized back in 2018.

Among other improvements, the refund process related to our medical business line can now be fully performed online. We also launched a digital savings plan using the "Bliss" platform towards the end of the year. This was done in partnership with a leading technology start-up and let to successfully offering our clients a fully digital experience related to Life Takaful Insurance and Savings plan, providing them with complete control and visibility of their investments and performance.

Digitalization not only enhances our clients' experience but also contributes to our efforts to decarbonize our operation.

Our dedicated department aims to shift towards a 100% paperless office. As part of such efforts, we have introduced DocuSign in 2020 allowing all signatures to be performed online. We have also upgraded our systems to allow sharing folders online. Finally, we have also archived all our paper documentation from the two previous years and have recycled all the hard copies.

Data Privacy and Information Security

Protecting our clients' privacy and data is a priority to Dar Al Takaful and a responsibility that we take very seriously. Information security forms an integral part of maintaining trustworthiness as a corporation and especially during the increase in digitalization and the use of online and application-related modes of communication and interaction.

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Solid Infrastructure

All our data resides inside the UAE, on a cloud, and protected by multiple firewall layers. Moreover, to ensure security, we have segregated inbound and outbound traffic which are forced to use different routes. The two do not communicate. Moreover, we isolate sensitive information from other types of information through an extra firewall layer.

Our systems, all equipped with anti-virus endpoints, are regularly tested and any identified irregularities are immediately rectified.

In order to limit any internal risks stemming from our own users, we continuously provide security training to all our employees and ensure that they are aware about all related risks and are equipped to securely navigate our systems.

Robust Information Security and Data Management Policy

We have in place an IT policy that uses best-practice data governance that we rigorously follow. The policy is in full compliance with the NESA SIA, Insurance Authority and AML regulation in terms of data protection, retention and record keeping.

Conforming with our IT policy is part of all employees' duty of confidentiality towards our clients and their private information.

Moreover, we ensure that sensitive data is only used when needed and for specified purposes and that it is always secure. The Company adopts physical, technical, and organizational measures to ensure the security of personal data, including the prevention of alteration, loss, damage, and unauthorized processing or access.

Customer-related KPIs

CUSTOMER PRIVACY

Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Number of complaints received from outside parties and substantiated by the organization	**ZERO**
Number of complaints from regulatory bodies	**ZERO**
Number of identified leaks, thefts, or losses of customer data	**ZERO**

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MARKETTING AND LABELLING

Incidents of non-compliance concerning product and service information and labelling	
Number of incidents of non-compliance with regulations resulting in a warning, fine or penalty	**ZERO**
Number of incidents of non-compliance with voluntary codes	**ZERO**
Incidents of non-compliance concerning marketing communications	
Number of incidents of non-compliance with regulations resulting in a warning fine or penalty	**ZERO**
Number of incidents of non-compliance with voluntary codes	**ZERO**

CARING FOR THE ENVIRONMENT

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

Climate change is one of the most pressing issues of our time. We must contribute to the decarbonization of the UAE's economy and contribute to the Government's efforts in reaching the targets set in its 'Second Nationally Determined Contribution' which calls for a reduction of 23.5% in GHG emission for the year 2030 (relative to 'business-as-usual' scenario emission in 2030 at about 310 million tonnes). It is every corporation's duty to do what it can to contribute to limiting global warming and being a responsible environmental steward.

We will look to have a clear environmental framework through which we shall gradually neutralize our impact on the environment and be at the lead of such initiatives within our sector.

In that regard, we are proud signatories to the **Dubai Declaration of financial institutions in the UAE on Sustainable Finance**. Through this declaration, all signatories commit to indorse the UAE government's commitment to the Paris Climate Agreement and the Sustainable Development Goals.

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More specifically, the Declaration calls on signatories, among others matters to:

- Manage and improve their direct and indirect environmental and social performance,
- Provide insurance to the projects, businesses and customers with sustainable purposes as well as support the growth of a successful SME sector,
- Consider ESG risk in the institution's risk management processes,
- Promote CSR and sustainability within the institution,
- Reduce environmental footprint.

Our Environmental Priorities

Our main environmental priority as an insurance company is climate change. We must lower our carbon footprint and contribute to the UAE's decarbonization efforts. As such, this report will allow us to measure our impact on the environment through our energy consumption and emissions computations. Such measurement is the steppingstone to analysing our impact on the environment and putting in place the necessary strategy to minimize it and eventually neutralize it.

Our current on-going activities in that regard include:

- The reduction of our energy consumption,
- Reducing/restricting use of non-biodegradable materials,
- Increase use of recycled/recyclable material,
- Promote SMEs and not-for-profit organizations,
- Raise environmental stewardship awareness.

We will look to develop a clear sustainability framework through which we will include a set of objectives and KPIs that we will aim to achieve and on which we will continuously report through our Sustainability Reports.

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Our Impact

Our On-going Initiatives

We have focused below on one of our primary environmental initiatives which led to our company having recycled a total of 503 kgs of document and paper in 2021. Such initiative resulted in the following:

9.5 trees were saved from being cut and turned into wood pulp

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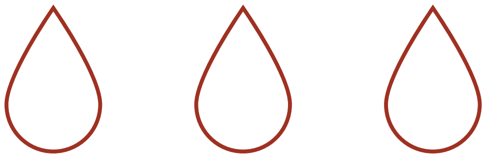
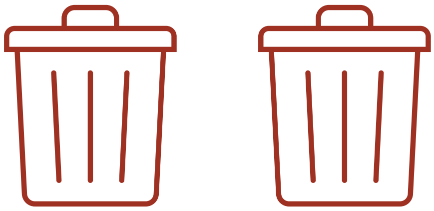


34,410 Liters of water were saved from being used



1.45 m^3 of saved landfill space

129 kWh of electricity saved

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Measuring our GHG emissions

We have used the GHG protocol as a guide to compute our GHG emissions and have set our organizational boundary according to the 'control approach' and seek to account for 100% of our GHG emissions from operations over which our company has control.

We have used the operational control option which is defined as accounting for those GHG emissions generated by all entities whereby the Company or any of its subsidiaries have the full authority to introduce and implement its operating policies.

As for our reporting scope, we have accounted for our Scope 1 and 2 computations. We shall look to continuously enhance our GHG emissions reporting and mainly to introduce, in subsequent reports, the major elements of our scope 3 emissions.

In relation to our reporting boundary, we have included our headquarters as well as all our branches. That being said, for all Noor Takaful branches, we have included their energy consumption since December 2021.

Energy Consumption

2021 Energy Consumption in GJ	
Direct Energy – (Fuel)	734.81
Indirect Energy – (Electricity)	2,636.76
Total Energy Consumption	3,371.51

2021 Energy Intensity in GJ per Employee	
Direct Energy – (Fuel)	2.84
Indirect Energy – (Electricity)	10.55
Energy Intensity	13.06

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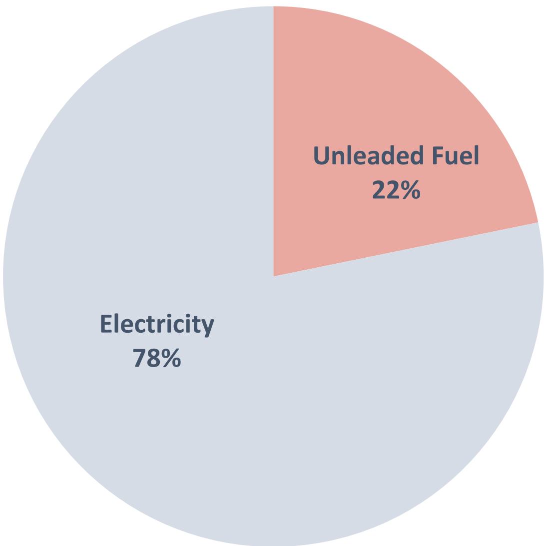
GHG Emissions

2021 Total GHG Emissions (MT CO_2 e)	
Direct Energy – Scope 1 emissions	33.20
Indirect Energy – Scope 2 emissions	285.62
Total Emissions	318.82

2021 GHG Emissions Intensity MT CO2 e per Employee	
Direct Energy – Scope 1	0.12
Indirect Energy – Scope 2	1.10
Total Emissions Intensity	1.22

2021 Energy Mix



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Water Consumption

2021 Water Consumption in m^3	
Total Water Consumption	1,289
Water Consumption per Employee	4.99

ETHICAL GOVERNANCE

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

Ethical Governance is about having strong ethical values within a company's processes, procedures, and offering. Corporate Governance instils in companies a system of accountability and influences the way they operate. With good corporate governance in place, companies can be managed sustainably, can reach their objectives, and create value to all stakeholders. Benefits would include efficient processes, controlling risk, ensuring compliance with regulations, and that all stakeholders' interests are being met.

When adding the element of ethics into a corporate governance structure, a company instils ethical values and conducts in its DNA, thereby enhancing its reputation, and building sustainable value over the short, medium and long-term.

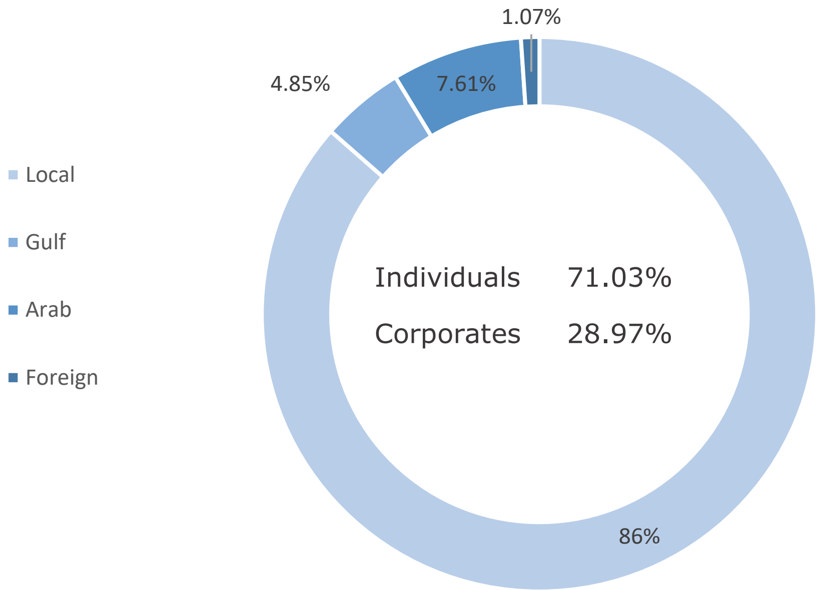
The practice of Takaful promotes universal ethical values and hence is an enabler of transparency, fairness, and shared value which form the basis of Dar Al Takaful's corporate governance structure.

CORPORATE STRUCTURE

Ownership Structure

We have a significantly large base of 1,575 shareholders rich in diversity and size. That being said, the majority of our shares, or 68.43% are held through a total of 10 shareholders.

Shareholder Classification



Board of Directors Structure

Our board of directors is composed of reputable individuals with a successful business and leadership track record. Our board members have high-level skills, competencies and the experience required to provide our company with the necessary strategic direction and to protect all stakeholders' interests.

We currently have seven members on the board of directors, all of which are non-executive and independent. In addition, we are proud to be one of the few UAE listed corporations with a woman presence on the board of directors for four years now.

We have in place four committees that were established to strengthen our corporate governance structure by providing the necessary support to the board and by applying rigorous control on all key facets of our operation. More specifically, the committees include an audit committee, a remuneration committee, a risk committee, an investment committee, and insider trading follow-up & supervision committee.

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Internal Control & Compliance

It is only through a robust compliance culture that a company can build customer trust. Being in compliance means being in conformity with the set rules and regulations determined by the law through the regulators. A company with a strong compliance culture offers its employees the ability to conduct their work with confidence and is a primary element that invites customers to remain with the company that they associate with trustworthiness.

Dar Al Takaful has in place a strong internal control and compliance system that follows a strict set of rules and procedures ensuring that the company is consistently in line with the applicable legislations and to protect the company's assets and stakeholders from any depletion in value due to regulatory matters. Should there be incidents of non-compliance, the internal control department swiftly suggests an action plan, and upon management and board approval, when necessary, executes the corrective measures.

The company regularly updates its policies and procedures to ensure they reflect all applicable legislations. More specifically the company reviewed and updated the following key policies:

1	The charter of duties of the Members of the Board and all Board committees
2	Enterprise Risk Management Framework
3	Internal Audit Management Framework
4	Compliance and Anti-Money Laundering Management Framework
5	Disclosure and Transparency Policy
6	Whistleblowing Policy
7	Conflict of Interest Policy

At the forefront of our compliance function is the Anti-Money Laundering and combating the financing of terrorism policy and procedures which is essential for the prevention of our employees and clients from being misused for money laundering, financing terrorism or other financial crimes.

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In that regard, Dar Al Takaful has adopted a risk-based approach to identify, assess, understand and mitigate the ML/FT risks. Risk is assessed during the initial phase of the establishment of the business relationship and/or during the onboarding process. Below is a list of the risk factors that are considered when conducting the said assessment:

- Client risk
- Service/product risk
- Industry risk
- Geographical/jurisdiction risk
- Delivery channel risk
- Transaction risk

The document sets clear processes and procedures to be followed, as well as outlines the AML training requirements to ensure understanding and applicability of the policy. More specifically, we provide education and training for all staff in relation to AML/CFT matters at least on an annual basis. Moreover, we introduce a test element to the training with a minimum required pass rate so as to ensure the attention and engagement of all our employees.

Fraud Prevention and Anti-Bribery & Anti-Corruption Policy

This policy forms an integral part of our corporate governance. Dar Al Takaful stands for ethical business behaviour which by default is a force against bribery and corruption. As such, we are committed to combatting such behaviour within our company and to instil the necessary controls and procedures to detect any potential risks. **In other words, Dar Al Takaful has zero tolerance for fraudulent or dishonest conduct.**

Based on the above, all our employees are responsible to report any suspicious activity that may have come to their attention, and accordingly all reported incidents are thoroughly investigated.

In order to ensure we establish the right internal environment that would encourage early detection of such risks by means of prompt reporting, we have introduced a Whistleblower policy. While we ask our employees to report employment-related concerns through regular channels (e.g., line manager, compliance, HR, etc.), we have established an independent manager reporting line called Al Amanah for all sensitive matters. Through such hotline, an employee can report any issue of incident anonymously via email or phone.

Finally, all employees who report concerns in good faith will be protected from any dismissal, or any other form of detriment.

Risk Management

The risk management function within an insurance company is essential in identifying potential risks and applying the necessary mitigating measures to protect the company and all its stakeholders.

Risk management oversight is done by our Risk Management Committee which in turn directly reports to the board. Some of the committee's duties include defining our company's risk profile and appetite, developing the necessary risk management strategy and policies, and ensuring their proper implementation.

As such, we have in place a robust risk management policy to ensure that each potential risk is managed efficiently to maximize possible opportunities and minimize any adverse effects.

The risk management department is responsible for ensuring the said policy is updated and approved by management and the risk management committee.

The primary objective of our risk management framework is to communicate an unified commitment to risk management as well as formalize consistent processes to managing such risk. In addition, it emphasizes on the importance of identifying and assessing all possible risks and treating them by assigning different departmental responsibilities based on the type of risk.

We regularly review and monitor the implementation and effectiveness of all our policies including our risk management policy and related processes. In addition, whenever there are regulatory changes, we perform a gap analysis and update our policies accordingly.

Finally, we also ensure to instil the appropriate risk management culture across Dar Al Takaful, primarily by means of regularly conducting specialized trainings based on the sensitive functions. Such training is done at least three times a year.

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APPENDICES

STAKHOLDER ENGAGEMENT OUTCOME

(GRI 102-40, GRI 102-44)

KEY STAKEHOLDERS	EXISTING METHODS OF ENGAGEMENT
CUSTOMERS	• Website • Marketing Material • Social Media • Online Reviews • Customer Care Centre • Insurance Authority/Central Bank complaint portal
MANAGEMENT & EMPLOYEES	• Training & Development Programs • Company Events • Company Internal Announcements • Performance Appraisals • Rewards & Recognition Programs • Exit Interviews
SHAREHOLDERS	• Regular Communication • Annual General Meeting • Corporate Regulatory Disclosures
GOVERNMENT (Securities & Commodities Authority, Central Bank, Dubai Financial Market, Dubai Health Authority, Abu Dhabi Health Authority, Ministry of Finance, Ministry of Economy)	• Regular interactions through reporting requirements • Regular interactions for new regulatory requirements • Webinars
BUSINESS PARTNER (Reinsurers, TPAs, Brokers)	• Regular interaction related to business coordination, development, and agreement renewal
RATING AGENCIES	• Yearly interaction when conducting rating review
COMMUNITY	• Local community-related initiatives • Sponsorships and donations • Volunteering activities

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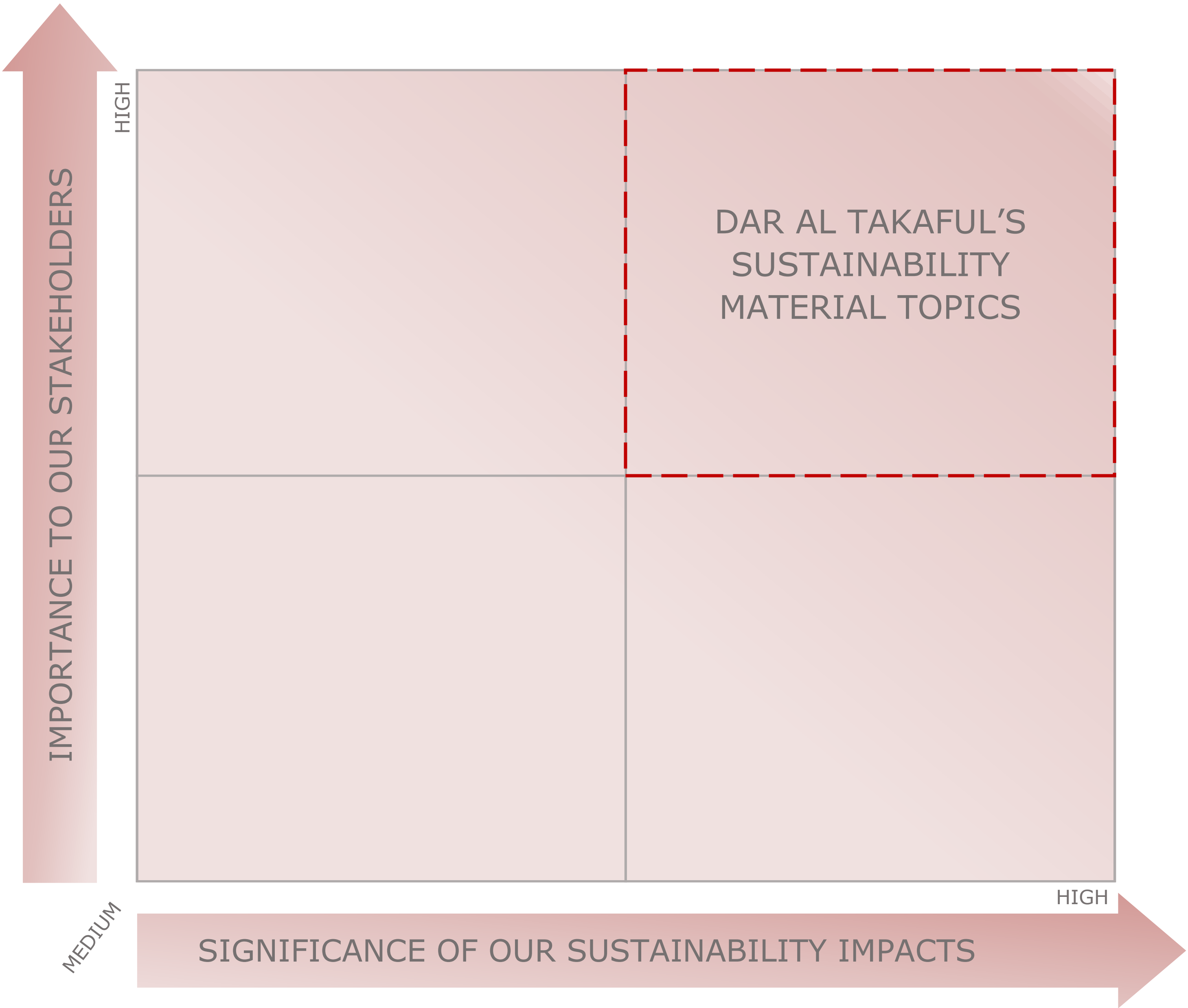
MATERIALITY MATRIX

(GRI 102-47)



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GRI & DFM CONTENT INDEX

(GRI 102-55)

GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
GENERAL DISCLOSURES				
Organizational profile				
102-1	Name of the organization		2,7	
102-2	Activities, brands, products, and services		7	
102-3	Location of headquarters		2	
102-4	Location of operations		2	
102-5	Ownership and legal form		2,40	
102-6	Markets served		7	
102-7	Scale of the organization		7	
102-8	Information on employees and other workers	S4: Gender Diversity S5: Temporary Worker Ratio	22	
102-9	Supply Chain	G5: Supplier Code of Conduct	7	
102-10	Significant changes to the organization and its supply chain		7	
102-11	Precautionary Principle or approach		40	
102-12	External initiatives		7	
102-13	Membership of associations		7	
Strategy				
102-14	Statement from senior decision-maker		5	

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Ethics & Integrity				
102-16	Describe your organization's values, principles, standards and norms of behavior		7, 22, 40	
Governance				
102-18	Governance structure	G1: Board Diversity G2: Board Independence	40	
102-20*	Executive-level responsibility for economic, environmental, and social topics	E8, E9: Environmental Oversight	13,36	
Stakeholder Engagement				
102-40	List of stakeholder groups		13	
102-41	Collective bargaining agreements	G4: Collective Bargaining		*Not applicable for companies operating in UAE*
102-42	Identifying and selecting stakeholders		13	
102-43	Approach to stakeholder engagement		13	
102-44	Key topics and concerns raised		13	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		2	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting G9: Disclosure Practices	2	
102-47	List of material topics		13	
102-48	Restatements of information		2	
102-49	Changes in reporting		2	
102-50	Reporting period		2	

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102-51	Date of the most recent report		2	
102-52	Reporting cycle		2	
102-53	Contact point for questions regarding the report		2	
102-54	Claims of reporting in accordance with the GRI standards		2	
102-55	GRI content index		47	
102-56	External assurance	G10: External Assurance	2	
MATERIAL TOPICS				
GRI DISCLOSURE	**CONTENT**	**DFM DISCLOSURE**	**REFERENCE PAGE**	**NOTES**
GRI 200: Economic Standard Series				
GRI 201: Economic Performance 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		7,13	
103-2	The management approach and its components		7,13	
103-3	Evaluation of the management approach		7,13	
GRI 201 Topic Specific				
201-1	Direct economic value generated and distributed		Refer to our 2020 Annual Report pages 32-47	
GRI 300: Environmental Standard Series				
GRI 302: Energy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,36	

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103-2	The management approach and its components		13,36	
103-3	Evaluation of the management approach	E7: Environmental Operations	13,36	
GRI 302 Topic Specific				
302-1	Energy consumption within the organization	E3: Energy Usage E5: Energy Mix E6: Water Usage	36	
302-3	Energy intensity	E4: Energy Intensity	36	
GRI 305: Emissions 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,36	
103-2	The management approach and its components		13,36	
103-3	Evaluation of the management approach		13,36	
GRI 305 Topic Specific				
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	36	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	36	
305-4	GHG emissions intensity	E2: Emissions Intensity	36	
GRI 400: Social Standard Series				
GRI 401: Employment 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,22	
103-2	The management approach and its components		13,22	
103-3	Evaluation of the management approach		13,22	

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GRI 401 Topic Specific				
401-1	New employee hires and employee turnover	S3: Employee Turnover	22	
401-2	Benefits provided to full-time employees that are not provided to part-time employees		22	
GRI 404: Training & Education 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,22	
103-2	The management approach and its components		13,22	
103-3	Evaluation of the management approach		13,22	
GRI 404 Topic Specific				
404-1	Average hours of training per year per employee		22	
404-3	Percentage of employees receiving regular performance and career development reviews		22	
GRI 405: Diversity and Equal Opportunity 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,22	
103-2	The management approach and its components		13,22	
103-3	Evaluation of the management approach		13,22	
GRI 405 Topic Specific				
405-1	Diversity of governance bodies and employees	S4: Gender Diversity S6: Non-Discrimination	22,40	

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405-2	Ratio of basic salary and remuneration of women to men	S2: Gender Pay Ratio	22	
GRI 417: Marketing & Labelling 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,33	
103-2	The management approach and its components		33	
103-3	Evaluation of the management approach		33	
GRI 417 Topic Specific				
417-2	Incidents of non-compliance concerning product and service information and labeling		33	
417-3	Incidents of non-compliance concerning marketing communications		33	
GRI 418: Customer Privacy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		13,33	
103-2	The management approach and its components		33	
103-3	Evaluation of the management approach		33	
GRI 418 Topic Specific				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	33	

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Additional DFM disclosures			
DFM DISCLOSURE	**CONTENT**	**REFERENCE PAGE**	**NOTES**
Environmental			
E10	**Climate Risk Mitigation**		*We will be including this metric in our Environmental Policy*
	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	*Not Available*	
Social			
S1	**CEO Pay Ratio**		*The CEO's salary along with that of the executive team is currently disclosed in our Corporate Goverance Report*
	Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	*Not Available*	
	Does your company report this metric in regulatory filings?	*Yes*	
S6	**Non-Discrimination**		*Non- Discrimination is covered in our Code of Conduct and HR Policies*
	Does your company follow a sexual harassment and/or non-discrimination policy?	*Yes*	
S7	**Injury Rate**		*The industry in which we operate is not prone to injuries*
	Percentage: Frequency of injury events relative to total workforce time	*N/A*	
S8	**Global Health & Safety**		*Our HR Policies include Health & Safety clauses*
	Does your company follow an occupational health and/or global health & safety policy?	*N/A*	
S9	**Child & Forced Labor**		*We are in full support of combating child and/or forced*
	Does your company follow a child and/or forced labor policy?	*N/A*	

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	If yes, does your child and/or forced labor policy also cover suppliers and vendors? **Yes/No**	*N/A*	*labor, this risk is less applicable to the insurance sector*
S10	**Human Rights**		*Or Code of Conduct and HR Policies include Human Rights clauses*
	Does your company follow a human rights policy?	*Yes*	
	If yes, does your human rights policy also cover suppliers and vendors?	*N/A*	
S11	**Nationalisation**		
	Percentage of national employees	*29*	
	Direct and indirect local job creation	*29*	
S12	**Community Investment**		
	Amount invested in the community, as a percentage of company revenues	*31*	
Governance			
G3	**Incentivized Pay**		*This will be considered as part of our Sustainability Strategy*
	Are executives formally incentivized to perform on sustainability?	*No*	
G6	**Ethics & Anti-Corruption**		*Ethics and Anti-Corruption is part of our Code of Conduct and HR Policies*
	Does your company follow an Ethics and/or Anti-Corruption policy?	*Yes*	
	If yes, what percentage of your workforce has formally certified its compliance with the policy	*100%*	

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