

**Arabian Scandinavian Insurance Company
(PLC) - Takaful - ASCANA Insurance**

Financial statements for the year ended
31 December 2022

Directors' report

The directors submit their report for the year ended 31 December 2022.

Incorporation and registered offices

Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance (the "Company") is a public shareholding company and was registered in 1992. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations and is registered in the Insurance Companies Register of Central Bank of U.A.E. under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

Principal activities

The Company started issuing short term takaful contracts from 1 February 2015 in connection with non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful) and the name of the Company was changed to Arabian Scandinavian Insurance Company (PLC) - Takaful ASCANA Insurance. The Company only operates in U.A.E., through its Dubai and Abu Dhabi office.

Financial position and results

The financial position and results of the Company for the year ended 31 December 2022 are set out in the accompanying financial statements.

Directors

The following were the Directors of the Company for the year ended 31 December 2022:

- H.H. Sheikh Butti Bin Maktoum Bin Juma Al Maktoum
- Mr. Khaled Habib Mohammed Al Redha
- Mr. Majid Mohammed Amin Al Kazim
- Mr. Faisal Aqeel Mohammed Al Bastaki
- Mr. Mahmoud Mohammed Hadi Hassan
- Dr. Mohammad Salim Ahmad Al Olama
- H.E. Abdulla Abdulrahman Al Shaibani

Auditors

Grant Thornton were appointed as auditors of the Company for the year ended 31 December 2022 and being eligible, have offered themselves for re-appointment. The Directors have proposed their appointment as auditors of the Company for the year ending 31 December 2023.

These financial statements for the year ended 31 December 2022 (including comparatives) were approved by the Board of Directors on 27 February 2023 and were signed on their behalf by:



Mr. Khalid Ahmad Al Kazim
CEO

Dubai, United Arab Emirates

Independent Auditor's Report

**To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful –
ASCANA Insurance**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Arabian Scandinavian Insurance Company (PLC) - Takaful - ASCANA Insurance (the "Company"), Dubai, United Arab Emirates which comprise the statement of financial position as at 31 December 2022, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements together with the ethical requirements that are relevant to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 financial statements, involves a significant degree of judgement.

Independent Auditor's Report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on the audit of the financial statements (continued)**Key audit matters (continued)****i) Valuation of takaful contract liabilities and retakaful contract assets (continued)**

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 Company 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

The Company holds investment properties under the fair value model as at 31 December 2022 amounting to AED 161 million (2021: AED 159 million), as detailed in note 13 to the financial statements. The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Company has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the 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.

Independent Auditor's Report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

ii) Valuation of investment properties (continued)

Our audit procedures, among others, included:

- Assessing the competence, capabilities, and objectivity of external valuers;
- Evaluating the accuracy and completeness of the source data used in the calculation of fair values;
- Assessing the appropriateness of the key assumptions and methodologies used; and
- Performing an independent calculation by carrying out enquiries with management and independent valuer, including performing reasonableness computation by using publicly available sources of information to independently corroborate the valuation performed by management expert.

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 financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 and Federal Law No.6 of 2007 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Independent Auditor's Report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on the audit of the financial statements (continued)

Auditor's Responsibilities for the audit of the Financial Statements

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

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

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

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

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

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



Independent Auditor's Report

To the shareholder of Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance (continued)

Report on other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 32 of 2021, we report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
- iii) The Company has maintained proper books of account;
- iv) The financial information included in the Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
- v) Note 10 to the financial statements discloses purchase of securities by the Company during the year ended 31 December 2022;
- vi) Note 9 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

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

Furthermore, as required by the CBUAE Insurance Reporting Requirements for 2023, Note 13 to the financial statements discloses information on assets that are held by a related party for the beneficial interest of the Company.


GRANT THORNTON



Dr. Osama El Bakry
Registration No: 935
Dubai, United Arab Emirates

February 27, 2023

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of financial position
As at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
ASSETS			
Takaful operations' assets			
Cash and bank balances	5	36,630	43,694
Takaful and retakaful receivables	6	27,898	32,796
Retakaful contract assets:			
Unearned contribution	7	11,742	10,982
Claims reported unsettled	7	9,185	11,524
Claims incurred but not reported	7	4,069	3,808
Additional unexpired risk reserve	7	3,246	1,059
Prepayments and other receivables	8	1,140	1,738
Amounts due from related parties	9	988	568
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	9,060	3,765
Deferred policy acquisition cost		8,983	9,324
Total takaful operations' assets		112,941	119,258
Shareholders' assets			
Cash and bank balances	5	79,901	101,045
Statutory deposits	11	10,000	10,000
Prepayments and other receivables	8	3,538	4,365
Due from policyholders	12	29,521	27,290
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	10	59,384	54,212
Other financial assets measured at fair value through profit and loss (FVTPL)	10	4,053	11,225
Investment properties	13	160,641	158,715
Property and equipment	14	1,938	2,335
Intangible assets	15	575	481
Total shareholders' assets		349,551	369,668
Total assets		462,492	488,926

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of financial position (continued)
As at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
LIABILITIES, POLICYHOLDERS' FUND AND EQUITY			
Takaful operations' liabilities and policyholders' fund			
Takaful operations' liabilities			
Takaful and retakaful payables	16	48,323	31,297
Takaful contract liabilities:			
Unearned contribution	7	66,134	65,073
Claims reported unsettled	7	20,693	17,870
Claims incurred but not reported	7	8,545	9,286
Unallocated loss adjustments expense reserve	7	1,279	1,816
Additional unexpired risk reserve	7	15,465	4,767
Other liabilities	17	8,152	7,463
Amounts due to related parties	9	4	8
Due to shareholders	12	29,521	27,290
Deferred discount		2,993	2,290
Total takaful operations' liabilities		201,109	167,160
Policyholders' fund			
Deficit in policyholders' fund	18	(88,168)	(47,902)
Qard Hassan from shareholders	18	88,168	47,902
Total policyholders' fund		-	-
Liabilities and policyholders' fund		201,109	167,160
Shareholders' liabilities and equity			
Shareholders' liabilities			
Provision for employees' end of service indemnity	19	2,386	2,278
Other liabilities	17	7,400	9,723
Amounts due to related parties	9	23	14
Total shareholders' liabilities		9,809	12,015
Shareholders' equity			
Share capital	20	154,000	154,000
Statutory reserve	21	77,000	77,000
Reinsurance reserve	23	479	309
Investments revaluation reserve - FVTOCI	24	(5,363)	(251)
Retained earnings		25,458	78,693
Total shareholders' equity		251,574	309,751
Total shareholders' liabilities and equity		261,383	321,766
Total liabilities, policyholders' fund and equity		462,492	488,926

These financial statements were approved by the Board of Directors on 27 February 2023 and were signed on their behalf by:


Mr. Khalid Ahmad Al Kazim
CEO

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of income
For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Attributable to policyholders			
Takaful income			
Gross takaful contribution	25	129,558	122,888
Retakaful share of accepted business		(599)	(262)
Retakaful share of ceded business		(33,503)	(30,741)
Net takaful contribution	25	95,456	91,885
Net transfer to unearned contribution reserves and additional unexpired risk reserves	25	(8,812)	(14,444)
Net takaful contribution earned	25	86,644	77,441
Discount received on retakaful contributions		6,675	5,364
Total takaful income		93,319	82,805
Takaful expenses			
Gross claims incurred	26	(138,180)	(97,288)
Retakaful share of accepted business claims		19	84
Retakaful share of ceded business claims		46,018	37,464
Net claims incurred	26	(92,143)	(59,740)
(Provision)/reversal of provision for claims reported			
Unsettled	26	(2,823)	12,102
Retakaful share of claims reported unsettled	26	(2,339)	(10,195)
Decrease in claims incurred but not reported – net	26	1,003	2,125
Decrease/(increase) in unallocated loss adjustments expenses – net	26	537	(251)
Net takaful claims incurred	26	(95,765)	(55,959)
Net takaful (loss)/income		(2,446)	26,846
Investment income – net	27	692	356
Other income		563	269
Wakala fees	28	(38,867)	(36,866)
Mudarib's fees	28	(208)	(107)
Deficit for the year attributable to policyholders		(40,266)	(9,502)

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of income (continued)
For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Attributable to shareholders			
Investment income – net	27	13,624	17,401
Wakala fees from policyholders	28	38,867	36,866
Mudarib's fees	28	208	107
Other income		1,956	6
Policy acquisition cost		(16,652)	(12,421)
General and administrative expenses	29	(27,702)	(26,019)
Profit for the year before Qard Hassan		10,301	15,940
Provision for Qard Hassan to policyholders		(40,266)	(9,502)
(Loss)/profit for the year attributable to shareholders		(29,965)	6,438
(Loss)/earnings per share	30	(0.19)	0.04

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of comprehensive income
For the year ended 31 December 2022

	2022 AED'000	2021 AED'000
Attributable to shareholders		
(Loss)/profit for the year	<u>(29,965)</u>	<u>6,438</u>
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net unrealised loss on financial assets at fair value through other comprehensive income (note 10)	(5,112)	(319)
Total comprehensive (loss)/income for the year attributable to shareholders	<u>(35,077)</u>	<u>6,119</u>

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of changes in equity
For the year ended 31 December 2022

	Share capital AED'000	Statutory reserve AED'000	Voluntary reserve AED'000	Investments revaluation reserve - FVTOCI AED'000	Reinsurance reserves AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2021	154,000	66,509	50,064	68	154	48,237	319,032
Profit for the year	-	-	-	-	-	6,438	6,438
Other comprehensive loss for the year	-	-	-	(319)	-	-	(319)
Total comprehensive (loss)/income for the year	-	-	-	(319)	-	6,438	6,119
Transfer to reserve	-	10,491	(50,064)	-	-	39,573	-
Dividend paid	-	-	-	-	-	(15,400)	(15,400)
Transfer to reinsurance reserve (note 23)	-	-	-	-	155	(155)	-
Balance at 31 December 2021	154,000	77,000	-	(251)	309	78,693	309,751
Loss for the year	-	-	-	-	-	(29,965)	(29,965)
Other comprehensive loss for the year	-	-	-	(5,112)	-	-	(5,112)
Total comprehensive loss for the year	-	-	-	(5,112)	-	(29,965)	(35,077)
Dividend paid	-	-	-	-	-	(23,100)	(23,100)
Transfer to reinsurance reserve (note 23)	-	-	-	-	170	(170)	-
Balance at 31 December 2022	154,000	77,000	-	(5,363)	479	25,458	251,574

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of cash flows
For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
(Loss)/profit for the year		(29,965)	6,438
Adjustments for:			
Depreciation of property and equipment	14	925	748
Amortisation of intangible assets	15	218	188
Gain on sale of property and equipment		(1)	-
Fair value gain on investment properties	13	(1,926)	(4,177)
Unrealised loss/(gain) on other financial assets	10	201	(2,950)
Realised gain on sale of other financial assets at FVTPL		(1)	(952)
Dividend income from financial assets at FVTPL and FVTOCI		(1,171)	(134)
Provision for expected credit losses		2,918	542
Reversal of provision for expected credit losses		-	(550)
Provision for employees' end of service benefits	19	261	223
Rental income – net	13	(8,140)	(7,637)
Funding cost on lease liability		36	54
Profit on sukuk and wakala deposits		(4,004)	(2,703)
Operating cash flows before changes in operating assets and liabilities		(40,649)	(10,910)
Change in retakaful contract assets		(869)	6,301
Change in takaful and retakaful receivables		2,680	(9,892)
Change in due from related parties		(420)	5,906
Change in prepayments and other receivables		238	3,203
Change in deferred policy acquisition costs		341	(3,706)
Change in takaful contract liabilities		13,304	4,418
Change in takaful and retakaful payables		17,026	(3,184)
Change in other liabilities		(1,144)	4,105
Change in deferred discount		703	484
Change in amounts due to related parties		5	3
Cash used in operations		(8,785)	(3,272)
Employee's end of service benefits paid	19	(153)	(429)
Net cash used in operating activities		(8,938)	(3,701)
Cash flows from investing activities			
Purchase of property and equipment	14	(528)	(369)
Purchase of intangible assets	15	(312)	(183)
Proceeds from sale of property and equipment		1	-
Purchase of other financial assets		(19,054)	(41,210)
Proceeds from sale of other financial assets		10,447	6,513
Rental income received		9,008	7,637
Profit received on sukuk and wakala deposits		3,623	2,703
Dividend received		1,171	134
Decrease/(increase) in wakala deposits with maturity over 3 months		9,824	(15,333)
Net cash generated from/(used in) investing activities		14,180	(40,108)

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Statement of cash flows (continued)
For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Cash flows from financing activities			
Payment of lease liability		(526)	(523)
Dividend paid	41	(23,100)	(15,400)
Cash used in financing activities		<u>(23,626)</u>	<u>(15,923)</u>
Net decrease in cash and cash equivalents		(18,384)	(59,732)
Cash and cash equivalents at the beginning of the year		<u>89,406</u>	<u>149,138</u>
Cash and cash equivalents at the end of the year	32	<u>71,022</u>	<u>89,406</u>

The accompanying notes 1 to 43 form an integral part of these financial statements.

Arabian Scandinavian Takaful Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements
For the year ended 31 December 2022

1 Legal status and activities

Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance (the "Company") is a public shareholding company and was registered in 1992.

The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the United Arab Emirates ("UAE") Federal Law No. 6 of 2007, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations.

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company's business from conventional insurance to Takaful insurance. The Board of Directors appointed a Fatwa and Sharia'a Supervisory Board for overseeing the compliance with Sharia'a.

The Company started issuing short term takaful contracts from 1 February 2015 in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful) and the name of the Company was changed to Arabian Scandinavian Insurance Company PLC - Takaful ASCANA Insurance. The Company only operates in UAE, through its Dubai and Abu Dhabi offices.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Company is in compliance with applicable provisions of the UAE Federal Decree Law No. 32 of 2021 as at the date of these financial statements.

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 Company for the year ended 31 December 2022.

The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

2 Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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 U.A.E Federal Law No. 32 of 2021, relating to commercial companies, and of UAE Federal Law No. 6 of 2007, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. These financial statements are prepared in UAE Dirhams ("AED") being the economic, functional and reporting currency, rounded to the nearest thousand.

New standards and interpretations effective after 1 January 2022

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

Standard number	Title	Effective date
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
IAS 16	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IAS 37	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018–2020	1 January 2022

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

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Statement of compliance with IFRS (continued)

Standards issued but not yet effective

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

IFRS 17 (FAS 42 and FAS 43) Insurance Contracts (1 January 2023): Once effective IFRS 17 (FAS 42 and FAS 43) will replace IFRS 4 the current insurance contracts standard and it is expected to significantly change the way the Company measures and reports its policyholder side of insurance contracts. The overall objective of the new standard is to provide an accounting model for insurance contracts that is more useful and consistent for users. IFRS 17 (FAS 42 and FAS 43) applies to policyholder side of insurance contracts (including reinsurance contracts) an entity issues, policyholder side of reinsurance contracts an entity holds and investment contracts with discretionary participation features an entity issues provided it also issues insurance contracts.

IFRS 17 (FAS 42 and FAS 43) 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)

The scope of IFRS 17 (FAS 42 and FAS 43) for the Company is materially consistent with that of IFRS 4. Investment contracts will be measured under IFRS 9. IFRS 17 (FAS 42 and FAS 43) requires that contracts are divided into groups for the purposes of recognition and measurement. Portfolios of contracts are identified by grouping together contracts which have similar risks and are managed together. These groups are then further divided into groups based on their expected profitability.

Contracts which are onerous at inception cannot be grouped with contracts which are profitable at inception. Contracts which are issued more than one year apart are not permitted to be included within the same group, although there is some relief from this requirement for business in-force at the date of transition under the transitional arrangements.

The standard introduces three measurement approaches, of which one, the general model and the premium allocation approach, are applicable to the Company's business. The main features of these models are the measurement of an insurance contract as the present value of expected future cash flows including wakala, plus an explicit risk adjustment, remeasured at each reporting period using current assumptions, and a contractual service margin ("CSM")/residual margin. The CSM is the surplus for the policyholder fund.

The risk adjustment represents the compensation the Company requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the obligations under the insurance contract are fulfilled.

The CSM represents the unearned surplus of a group of policyholder side of insurance contracts and is recognised in surplus or loss as the insurance service is provided to the customer using coverage units. Coverage units are a measurement of the quantum of service provided across the life of the contract and are used to measure the service provided in the reporting period and release a corresponding amount of surplus to the income statement. If a group of contracts becomes loss-making after inception the loss is recognised immediately in the income statement and the deficit needs to be covered by Qard-al-Hassan

Under the general model the CSM is adjusted for non-economic assumption changes relating to future periods. IFRS 17 (FAS 42 and FAS 43) requires the standard to be applied retrospectively. Where this is assessed as impracticable the standard allows the application of a simplified retrospective approach or a fair value approach to determine the contractual service margin. The measurement principles set out in IFRS 17 (FAS 42 and FAS 43) will significantly change the way in which the Company measures its insurance contracts and associated reinsurance contracts.

2 Statement of compliance with IFRS (continued)

Standards issued but not yet effective (continued)

IFRS 17 (FAS 42 and FAS 43) 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) (continued)

These changes will impact the pattern in which surplus emerges when compared to IFRS 4 and add complexity to valuation processes, data requirements and assumption setting. The introduction of IFRS 17 (FAS 42 and FAS 43) will simplify the presentation of the statement of financial position. It requires the presentation of groups of insurance (or reinsurance) contracts that are in an asset position separately from those in a liability position. The presentation of the income statement will change more significantly with IFRS 17 (FAS 42 and FAS 43) setting out how components of the profitability of contracts are disaggregated into an insurance service result and insurance finance income/expenses. IFRS 17 (FAS 42 and FAS 43) also requires extensive disclosures on the amounts recognised from policyholder side of insurance contracts and the nature and extent of risks arising from them.

Premium allocation approach (PPA): The Premium allocation approach is an optional simplified measurement model in IFRS 17 (FAS 42 and FAS 43) that is available for policyholder side of insurance and reinsurance contracts that meet the eligibility criteria.

The Company expects that it will apply the PAA to majority of the contracts in the in Non-family takaful because the following criteria are expected to be met at inception.

- Policyholder side of insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the Company is one year or less.

Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

Under IFRS 17 (FAS 42 and FAS 43), the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the Company. Compared with the current accounting, the Company expects that for certain contracts the IFRS 17 (FAS 42 and FAS 43) contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17 (FAS 42 and FAS 43).

Wakala charges cash flows arise from the activities of selling and starting a group of contracts that are attributable to the portfolio of contracts to which the Company belongs. Under IFRS 17 (FAS 42 and FAS 43) wakala fee cash flows are allocated to groups of contracts using systematic and rational methods based on the total premiums for each group.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
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2 Statement of compliance with IFRS (continued)

Standards issued but not yet effective (continued)

IFRS 17 (FAS 42 and FAS 43) 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) (continued)

Impact assessment – Non-Life Insurance

Although the PAA is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for Non-family takaful contracts.

Changes from IFRS 4	Impact on equity on transition to IFRS 17 (FAS 42 and FAS 43)
Under IFRS 17 (FAS 42 and FAS 43), the Company will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Company does not currently discount such future cash flows.	Increase
IFRS 17 (FAS 42 and FAS 43) requires the fulfilment cash flows to include a risk adjustment for non-financial risk. This is not explicitly allowed for currently.	Decrease
The Company's accounting policy under IFRS 17 (FAS 42 and FAS 43) to expense eligible insurance Wakala cash flows when they are incurred differs from the current practice under which these amounts are recognised separately as deferred acquisition costs.	Decrease

The Company implementation project continued through 2022 with a focus on finalising methodologies and developing the operational capabilities required to implement the standard including data, systems and business processes. The current focus is on embedding the operational capabilities and determining the transition balance sheet and comparatives required for 2023 reporting.

Since the implementation project is currently ongoing, management believes that it is impractical to determine the amount of the effect of IFRS 17 (FAS 42 and FAS 43) in the current period.

3 Summary of significant accounting policies

Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

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 Company acts as a Wakil (agent) on their behalf in managing the Islamic Takaful insurance 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 Company 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 Company, 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).

3 Summary of significant accounting policies (continued)

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 Company's Fatwa and Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the policyholders' fund.

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 Company'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 Company maintains a full provision against the Qard Hasan.

Property and equipment

Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of income.

The useful life considered in the calculation of depreciation of all the assets is 4 years.

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.

3 Summary of significant accounting policies (continued)

Investment properties (continued)

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 Company 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.

Leases

The Company recognises a right-to-use asset and a lease liability at the lease commencement date.

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 profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental funding rate. Generally, the Company uses its incremental funding rates as the discount rate.

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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company 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.

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 in accordance with Federal Law No.6 of 2007. The proportion attributable to subsequent year is deferred as a provision for unearned contributions.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

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

Profit 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

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

Dividend income

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

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 Company 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 Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the retakaful can be measured reliably. The impairment loss is recorded in the statement of income.

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

The Company 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.

3 Summary of significant accounting policies (continued)

Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the year, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Provision for outstanding claims represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates.

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.

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 UAE.

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 insurance companies issued by the Central Bank of UAE.

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.

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 insurance companies issued by the Central Bank of UAE.

Retakaful premium

Ceded retakaful premiums are accounted for in the same accounting periods in which the premiums for the related direct takaful are recorded and the unearned portion is calculated on linear basis in accordance with retakaful arrangements in place.

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 Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

3 Summary of significant accounting policies (continued)

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective funding cost method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, due from related parties and most other receivables.

ii) Financial assets at fair value through other comprehensive income ('FVTOCI')

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

iii) Financial assets at fair value through profit and loss ('FVTPL')

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of income when the Company's right to receive the dividends is established.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables. Financial liabilities are measured subsequently at amortised cost using the effective funding cost method.

Impairment and uncollectability of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- financing commitments issued.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn financing commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

3 Summary of significant accounting policies (continued)

Employee benefits (continued)

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 Company'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.

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 Company 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.

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3 Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets (continued)

Any reimbursement that the Company 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 Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in notes 21, 22, 23 and 24 to the financial statements.

Retained earnings include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

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 Company 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 Company'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.

Fair value judgement of investment property

Fair value of investment property is estimated by two independent professional valuers, 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.

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

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management based on Net Assets Value Technique 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.

Impairment losses on insurance receivables

Management reviews the provision for impairment at each reporting date by assessing the recoverability of takaful and retakaful receivables. For non-takaful receivables the recoverability is assessed, and provisions are created in compliance with the simplified approach under the IFRS 9 methodology.

5 Cash and bank balances

	2022 AED'000	2021 AED'000
Cash on hand	19	83
Bank balances:		
Wakala deposits	82,812	115,461
Current accounts	33,700	29,195
	<u>116,531</u>	<u>144,739</u>
Attributable to:		
Policyholders	36,630	43,694
Shareholders	79,901	101,045
	<u>116,531</u>	<u>144,739</u>

The profit rates on the Wakala deposits with banks range from 0.60% to 5.10% (2021: 0.65 % to 0.80%).

Wakala deposits amounting to AED 46 million (2021: AED 55 million) have maturity more than three months.

All cash and bank balances are maintained within U.A.E.

6 Takaful and retakaful receivables

	2022 AED'000	2021 AED'000
Takaful receivable	24,206	28,754
Receivables from takaful companies	4,631	3,036
Receivables from retakaful companies	4,195	3,922
	<u>33,032</u>	<u>35,712</u>
Less: Expected credit losses	<u>(5,134)</u>	<u>(2,916)</u>
	<u>27,898</u>	<u>32,796</u>
Inside UAE:		
Takaful receivables	24,206	28,754
Receivables from takaful companies	4,631	3,036
Receivables from retakaful companies	450	182
	<u>29,287</u>	<u>31,972</u>
Less: Expected credit losses	<u>(5,134)</u>	<u>(2,916)</u>
	<u>24,153</u>	<u>29,056</u>

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6 Takaful and retakaful receivables (continued)

	2022 AED'000	2021 AED'000
Outside UAE:		
Receivables from retakaful companies	3,745	3,740

The Company has adopted a policy of dealing with credit worthy counter parties. Adequate credit assessment is made before accepting a takaful contract from any counter party. The average credit period on takaful receivable is 90 days. The takaful receivables outstanding between 90 days and 180 days are monitored by the Company for recoverability. The takaful receivables outstanding greater than 180 days are provided for based on estimated irrecoverable amounts determined by reference to past default experience in addition to specific provision made on identified customers. In year 2021, the Company has updated its credit policy for takaful receivables related to the Medical line of business to include quarterly instalments payment plan.

Movement in the expected credit losses	2022 AED'000	2021 AED'000
Balance at the beginning of the year	2,916	2,744
Recognised during the year	2,218	228
Write-off during the year	-	(56)
Balance at the end of the year	5,134	2,916

7 Takaful contract liabilities and retakaful contract assets

	2022 AED'000	2021 AED'000
Gross		
Takaful contract liabilities:		
Unearned contribution	66,134	65,073
Claims reported unsettled	20,693	17,870
Claims incurred but not reported	8,545	9,286
Unallocated loss adjustments expense reserve	1,279	1,816
Additional unexpired risk reserve	15,465	4,767
Total takaful contract liabilities, gross	112,116	98,812
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution	11,742	10,982
Claims reported unsettled	9,185	11,524
Claims incurred but not reported	4,069	3,808
Additional unexpired risk reserve	3,246	1,059
Total retakaful share of takaful contract liabilities	28,242	27,373
Net		
Unearned contribution	54,392	54,091
Claims reported unsettled	11,508	6,346
Claims incurred but not reported	4,476	5,478
Unallocated loss adjustments expense reserve	1,279	1,816
Additional unexpired risk reserve	12,219	3,708
	83,874	71,439

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

8 Prepayments and other receivables

	2022 AED'000	2021 AED'000
Amounts due from broker	1,105	2,724
Accrued profit	1,089	708
Prepaid expenses	1,047	367
Rent receivable (net)*	480	1,348
Advances and deposits	306	367
Other receivables	651	589
	<u>4,678</u>	<u>6,103</u>
Attributable to:		
Policyholders	1,140	1,738
Shareholders	3,538	4,365
	<u>4,678</u>	<u>6,103</u>

*The rent receivable is net of expected credit losses of AED 700,000 (2021: AED nil).

9 Related parties

At the reporting date, amounts due from/to related parties were as follows:

	2022 AED'000	2021 AED'000
Amounts due from related parties:		
<i>Related parties due to common directorship</i>		
Al Redha Insurance Brokers (LLC), Dubai	903	432
Others	85	136
	<u>988</u>	<u>568</u>
Amounts due to related parties:		
<i>Related parties due to common ownership</i>		
Others	27	22

All amounts due from related parties are attributable to policy holders.

	2022 AED'000	2021 AED'000
Movement in the expected credit losses		
Balance at the beginning of the year	-	180
Recognised during the year	-	314
Reversed during the year	-	(494)
Balance at the end of the year	<u>-</u>	<u>-</u>
Amounts due to related parties attributable to:		
Policyholders	4	8
Shareholders	23	14
	<u>27</u>	<u>22</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Investment property amounting to AED 6.0 million (2021: AED 6.0 million) is registered in the name of related party (refer to note 13).

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

9 Related parties (continued)

During the year, the Company entered into the following transactions with related parties:

	2022 AED'000	2021 AED'000
Transactions with related parties:		
Contribution written for related parties	1,716	2,267
Management expenses (net)	1,626	868
Contribution written through a related party broker	7,369	4,237
Policy acquisition cost paid	1,173	753
Claims paid	20	7,298
Key management personnel remuneration:		
	2022 AED'000	2021 AED'000
Short-term benefits	1,155	1,003
Long-term benefits	75	308
Board of directors' remuneration	700	1,900

10 Other financial assets

The Company's other financial assets at the end of reporting year are detailed below:

	2022 AED'000	2021 AED'000
Other financial assets measured at fair value through other comprehensive income (FVTOCI)		
Unquoted U.A.E. equity securities (a)	1,939	1,939
Quoted U.A.E. Sukuk (b)	56,946	52,013
Unquoted outside UAE	9,559	4,025
	<u>68,444</u>	<u>57,977</u>
Attributable to:		
Policyholders	9,060	3,765
Shareholders	59,384	54,212
	<u>68,444</u>	<u>57,977</u>
Other financial assets measured at fair value through profit and loss (FVTPL)		
Quoted U.A.E. equity securities (c)	3,538	10,710
Unquoted U.A.E. equity securities (a)	515	515
	<u>4,053</u>	<u>11,225</u>

All other financial assets measured at fair value through profit and loss (FVTPL) are attributable to Shareholders.

- (a) The Company holds investments in unquoted equity securities of three entities as at 31 December 2022 (2021: three entities). Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the year ended 31 December 2021 (2021: financial statements for the year ended 31 December 2020).

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

10 Other financial assets (continued)

- (b) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company purchased quoted sukuk amounting to AED 10.04 million (2021: AED 27 million).
- (c) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company purchased quoted equity securities amounting to AED 3.48 million (2021: AED 9.42 million) while sold quoted securities amounting to AED 10.45 million (2021: AED 5.56 million).

The movement in other financial assets are as follows:

	FVTOCI		FVTPL	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Fair value, at the beginning of the year	57,977	26,505	11,225	4,417
Purchased during the year	15,579	31,791	3,475	9,419
Sold during the year	-	-	(10,446)	(5,561)
Change in fair value	(5,112)	(319)	(201)	2,950
Fair value, at the end of the year	68,444	57,977	4,053	11,225

11 Statutory deposits

	2022 AED'000	2021 AED'000
Held with a local bank in Dubai, UAE	10,000	10,000

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of Central Bank of U.A.E. in accordance with Article 42 of United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007.

12 Due from policyholders/due to shareholders

The balance consists of the net of Wakala fees balances that are due to the shareholders from the policyholders amounting to AED 29.52 million (2021: AED 27.29 million).

13 Investment properties

	Land AED'000	Other real estate AED'000	Total AED'000
2022			
At 1 January	9,363	149,352	158,715
Change in fair value during the year (note 27)	137	1,789	1,926
At 31 December	9,500	151,141	160,641
2021			
At 1 January	9,473	145,065	154,538
Change in fair value during the year (note 27)	(110)	4,287	4,177
At 31 December	9,363	149,352	158,715

On 31 December 2022, Gulf Trust Real Estate Valuation Services and Arab Loss Adjusters L.L.C, independent and experienced professional valuers estimated the fair value of investment property at AED 160.71 million and AED 160.58 million respectively (On 31 December 2021, Pioneer Surveyors and Technical & Loss adjusting co., independent and experienced professional valuers estimated the fair value of investment property at AED 158.24 million and AED 159.18 million respectively).

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

13 Investment properties (continued)

Company recognises the average of fair value from both valuers. The valuers hold relevant professional qualifications and experience. Investment property is held for capital appreciation and rental purposes.

Investment property amounting to AED 6 million (2021: AED 6 million) is registered in the name of heirs of Mohammad Amin Al Kazim (related party) held for the beneficial interest of the Company.

All investment properties are located in U.A.E.

The property rental income earned by the Company from its investment properties, which are leased under operating leases on an annual basis and the direct operating expenses arising in the management of the investment properties are as follows:

	2022 AED'000	2021 AED'000
Rental income	9,591	8,841
Direct operating expenses	(1,451)	(1,204)
Net income from investment properties	8,140	7,637

14 Property and equipment

	Furniture and fixtures AED'000	Motor vehicles AED'000	Right-to-use assets AED'000	Total AED'000
2022				
<i>Cost</i>				
At 1 January	5,233	272	2,946	8,451
Additions during the year	465	63	-	528
Disposal during the year	-	(65)	-	(65)
At 31 December	5,698	270	2,946	8,914
<i>Accumulated depreciation</i>				
At 1 January	4,538	119	1,459	6,116
Charge for the year	314	115	496	925
Disposal during the year	-	(65)	-	(65)
At 31 December	4,852	169	1,955	6,976
Carrying value				
At 31 December 2022	846	101	991	1,938
2021				
<i>Cost</i>				
At 1 January	4,864	272	1,583	6,719
Additions during the year	369	-	1,363	1,732
At 31 December	5,233	272	2,946	8,451
<i>Accumulated depreciation</i>				
At 1 January	4,254	57	1,057	5,368
Charge for the year	284	62	402	748
At 31 December	4,538	119	1,459	6,116
Carrying value				
At 31 December 2021	695	153	1,487	2,335

At 31 December 2022, the cost of fully depreciated property and equipment that was still in use amounted to AED 4.145 million (2021: AED 3.967 million).

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

15 Intangible assets

	2022 AED'000	2021 AED'000
Software:		
<i>Cost</i>		
At 1 January	815	632
Additions during the year	312	183
At 31 December	<u>1,127</u>	<u>815</u>
<i>Accumulated amortisation</i>		
At 1 January	334	146
Charge for the year	218	188
At 31 December	<u>552</u>	<u>334</u>
Carrying value at 31 December	<u>575</u>	<u>481</u>

16 Takaful and retakaful payables

	2022 AED'000	2021 AED'000
Payable arising from takaful activities	26,407	8,790
Due to takaful companies	11,348	7,255
Due to retakaful companies	10,568	15,252
	<u>48,323</u>	<u>31,297</u>

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

17 Other liabilities

	2022 AED'000	2021 AED'000
Premium reserve withheld	6,527	5,257
Accrued expenses	2,996	3,914
Deferred rental income	1,065	1,284
Lease liability	854	1,344
Other	4,110	5,387
	<u>15,552</u>	<u>17,186</u>
Attributable to:		
Policyholders	8,152	7,463
Shareholders	7,400	9,723
	<u>15,552</u>	<u>17,186</u>

18 Qard Hasan

	2022 AED'000	2021 AED'000
(i) Deficit in policyholders' fund:		
As at 1 January	(47,902)	(38,400)
Deficit during the year	(40,266)	(9,502)
As at 31 December	<u>(88,168)</u>	<u>(47,902)</u>

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

18 Qard Hasan (continued)

	2022 AED'000	2021 AED'000
(ii) Qard Hasan from shareholders		
As at 1 January	47,902	38,400
Addition during the year	40,266	9,502
As at 31 December	88,168	47,902

The shareholders have funded the deficit in the policyholders' fund in accordance with the Company's policy through a Qard Hasan (profit free loan with no repayment terms). During the current year the policyholders fund reported a deficit amounting to AED 40.27 million (2021: Deficit of AED 9.50 million).

19 Provision for employees' end of service indemnity

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	2,278	2,484
Charged during the year	261	223
Paid during the year	(153)	(429)
Balance at the end of the year	2,386	2,278

20 Share capital

	2022 AED'000	2021 AED'000
Authorised and issued and fully paid: 154,000,000 ordinary shares of AED 1 each (2021: 154,000,000)	154,000	154,000

21 Statutory reserve

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. 32 of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to legal reserve has been made during the year as it has already reached 50% of the paid-up share capital (2021: Nil).

22 Voluntary reserve

The Company had set up the voluntary reserve by transferring 10% of annual profit as per the clause in the earlier Articles of Association which required at least 10% of the Company's annual profit to be transferred to voluntary reserve until it is suspended by an Ordinary General Meeting upon recommendations of the Board of Directors or when the reserve reaches 50% of the paid up capital of Company and this reserve can be utilised for purposes determined by the General meeting up on recommendation of the Board of Directors.

During 2016, the Company had amended its Articles of Association and the clause related to voluntary reserve states that a voluntary purpose reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilised for any other purpose unless approved by the General meeting.

At the Annual General Meeting held on 7 April 2021, the shareholders approved transfer of AED 10.49 million from the voluntary reserve to statutory reserve and the remaining balance to retained earnings.

23 Reinsurance reserve

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 170,000 (Year 2021: AED 155,000) based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the UAE.

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
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24 Investments revaluation reserve - FVTOCI

This reserve records gains and losses arising from changes in fair value of other financial assets measured at fair value through other comprehensive income (FVTOCI).

25 Net takaful contributions

	Gross AED'000	Retakaful share AED'000	Net AED'000
2022			
Takaful contracts: Gross contributions written	129,558	(34,102)	95,456
Movement in unearned contributions and additional unexpired risk reserves	(11,759)	2,947	(8,812)
Takaful contributions revenue	117,799	(31,155)	86,644
2021			
Takaful contracts: Gross contributions written	122,888	(31,003)	91,885
Movement in unearned contributions and additional unexpired risk reserves	(18,365)	3,921	(14,444)
Takaful contributions revenue	104,523	(27,082)	77,441

26 Claims incurred

	Gross AED'000	Retakaful share AED'000	Net AED'000
2022			
Takaful claims incurred	138,180	(46,037)	92,143
Movement in provision for claims reported unsettled	2,823	2,339	5,162
Movement in provision for claims incurred but not reported	(741)	(262)	(1,003)
Movement in provision for unallocated loss adjustment expense	(537)	-	(537)
Claims recorded in the statement of income	139,725	(43,960)	95,765
2021			
Takaful claims incurred	97,288	(37,548)	59,740
Movement in provision for claims reported unsettled	(12,102)	10,195	(1,907)
Movement in provision for claims incurred but not reported	(2,096)	(29)	(2,125)
Movement in provision for unallocated loss adjustment expense	251	-	251
Claims recorded in the statement of income	83,341	(27,382)	55,959

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

27 Investment income

	2022 AED'000	2021 AED'000
Income from investment properties -net (note 13)	8,140	7,637
Fair value gain on investment properties (note 13)	1,926	4,177
Unrealised (loss)/gain on other financial assets at FVTPL (note 10)	(201)	2,950
Profit on sukuk	2,359	1,497
Profit on wakala deposit	1,645	1,206
Gain on disposal of financial investments at FVTPL	1	952
Dividends from other financial assets	500	78
Dividends from financial investments at FVTPL	671	56
Profit on sale of asset	1	-
Expenses allocated to investment	(726)	(796)
	14,316	17,757
Attributable to:		
Policyholders	692	356
Shareholders	13,624	17,401
	14,316	17,757

28 Wakala and Mudarib's fees

Wakala fees

Wakala fee for the year ended 31 December 2022 amounted to AED 38.87 million (2021: AED 36.87million) the fee is calculated at maximum of 30% of gross contribution of AED 129.56 million (2021: AED 122.89 million) without any deduction of policy acquisition cost. Wakala fee is charged to the statement of income when incurred.

Mudarib's fees

The shareholders also manage the policyholders' investment funds and charge Mudarib's fees. Mudarib's fees is charged at 30% of realised investment income.

29 General and administrative expenses

	2022 AED'000	2021 AED'000
Staff cost	13,471	12,865
TPA and other related expenses	3,932	3,689
Expected credit losses	2,918	542
Legal and professional fees	1,112	1,204
Depreciation and amortisation	1,086	987
Policy registration fees	912	1,729
Board of directors' remuneration (note 9)	700	1,900
Insurance	609	591
Bank charges	506	263
End of service benefits and pension	471	410
Short term lease	290	190
Marketing expenses	244	222
Other expenses	1,451	1,427
	27,702	26,019

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

30 Earnings per share

Earnings per share are calculated by dividing the profit for the year by the number of ordinary shares outstanding as of the end of the year as follows:

	2022	2021
(Loss)/profit for the year (in AED'000)	(29,965)	6,438
Number of ordinary shares outstanding	154,000,000	154,000,000
Basic and diluted (loss)/earnings per share (in AED)	(0.19)	0.04

Diluted earnings per share as of 31 December 2022 and 31 December 2021 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

31 Zakat

For the year ended 31 December 2022, Zakat amounting AED 0.0055 per share will not be borne by the Company on behalf of shareholders. (2021: AED 0.0164 per share).

32 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents include cash and bank balances net of wakala deposits in banks with maturity over three months. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2022 AED'000	2021 AED'000
Cash and bank balances (note 5)	116,531	144,739
Wakala deposits with maturity over 3 months	(45,509)	(55,333)
	71,022	89,406

33 Segmental information

For management purposes the Company is organised into two business segments; general takaful management and investment. The general takaful segment comprises the takaful business undertaken by the Company on behalf of Policyholders. Investment comprises investment and cash management for the Company'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 financial statements.

Except for Wakala 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.

Arabian Scandinavian Takaful Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
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33 Segmental information (continued)

The following table presents segment information for the years ended 31 December 2022 and 31 December 2021.

	2022		2021			
	Attributable to policyholders AED'000	Attributable to shareholders AED'000	Total AED'000	Attributable to policyholders AED'000	Attributable to shareholders AED'000	Total AED'000
<i>Takaful</i>						
Total takaful income	93,319	-	93,319	82,805	-	82,805
Total takaful expenses	(95,765)	-	(95,765)	(55,959)	-	(55,959)
Net takaful (loss)/income						
Wakala fees	(2,446)	-	(2,446)	26,846	-	26,846
Mudarib's fees	(38,867)	38,867	-	(36,866)	36,866	-
Investment income	(208)	208	-	(107)	107	-
Other income	692	-	692	356	-	356
	563	-	563	269	-	269
<i>Investment</i>						
Investment income	(40,266)	39,075	(1,191)	(9,502)	36,973	27,471
Other income	-	13,624	13,624	-	17,401	17,401
Policy acquisition cost	-	1,956	1,956	-	6	6
Unallocated other income and expenses	-	(16,652)	(16,652)	-	(12,421)	(12,421)
	-	(27,702)	(27,702)	-	(26,019)	(26,019)
(Loss)/profit for the year	(40,266)	10,301	(29,965)	(9,502)	15,940	6,438

Arabian Scandinavian Insurance Company (PLC) – Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

33 Segmental information (continued)

Other information

	Takaful 2022 AED'000	2021 AED'000	Investment 2022 AED'000	2021 AED'000	Total 2022 AED'000	2021 AED'000
Segment assets	112,941	119,258	349,551	369,668	462,492	488,926
Segment liabilities	201,109	167,160	9,809	12,015	210,918	179,175
Capital expenditure	-	-	840	552	840	552
Depreciation and amortisation	-	-	1,143	936	1,143	936

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

34 Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007. The Company manages its capital on a basis of its minimum regulatory capital position presented in the table below;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations. In accordance with Circular No. CBUAE/BSR/N/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	30 September 2022 (Unaudited) AED'000
Minimum Capital Requirement (MCR)	100,000
Solvency Capital Requirement (SCR)	43,591
Minimum Guarantee Fund (MGF)	25,446
Basic Own Funds	138,914
MCR Solvency Margin - Surplus	38,914
SCR Solvency Margin - Surplus	95,323
MGF Solvency Margin - Surplus	113,468

In accordance with Circular number CBUAE/BIS/2023/729 of CBUAE dated 10 February 2023, the assets which are not in the Company's name should not be considered as admissible in regulatory statement of financial position. In the reported solvency figures as at 30 September 2022 as mentioned above, AED 6 million of assets are not in the name of the Company and owned by a related party (refer to note 13).

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2021: AED 100 million) against which the paid up capital of the Company is AED 154 million (31 December 2021: AED 154 million).

The Company and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no changes in the Company's management of capital during the year.

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
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35 Financial instruments

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and takaful liabilities. In particular, the key financial risk is that the in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful contracts. The most important components of this financial risk are profit rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and financial liabilities are profit rate risk and equity price risk.

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 financial statements.

Categories of financial instruments

	2022 AED'000	2021 AED'000
Financial assets		
Other financial assets measured at FVTOCI (note 10)	68,444	57,977
Other financial assets measured at FVTPL (note 10)	4,053	11,225
Statutory deposits	10,000	10,000
Takaful and retakaful receivables (note 6)	27,898	32,796
Other receivables	3,631	5,736
Amounts due from related parties (note 9)	988	568
Cash and bank balances (note 5)	116,531	144,739
Total financial assets	231,545	263,041
Financial liabilities		
Takaful and retakaful payables (note 16)	48,323	31,297
Other liabilities	7,960	10,645
Amounts due to related parties (note 9)	27	22
Total financial liabilities	56,310	41,964

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

36 Risk management

Takaful risk

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

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

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

36 Risk management (continued)

Takaful risk (continued)

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

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

Frequency and severity of claims

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

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

The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED 250,000, AED 30,000 and AED 500,000 in any one policy for motor, medical and other non-motor respectively. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually every year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty compared to the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the takaful company until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

36 Risk management (continued)

Takaful risk (continued)

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

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

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

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

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before retakaful) are analysed below by type of risk where the insured operates for current and prior year contribution earned.

Type of risk

	2022	2021
Motor	143%	73%
Non-motor	81%	72%

Process used to decide on assumptions

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

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

Concentration of risks

The takaful risk arising from takaful contracts is concentrated mainly in the United Arab Emirates.

The table on next page sets out the concentration of contract liabilities by type of contract:

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

36 Risk management (continued)

Takaful risk (continued)

Concentration of risks (continued)

	Gross liabilities AED'000	Retakaful share of liabilities AED'000	Net liabilities AED'000
2022			
Motor	10,024	(2,552)	7,472
Non-motor	10,669	(6,633)	4,036
Total	20,693	(9,185)	11,508
2021			
Motor	7,228	(4,290)	2,938
Non-motor	10,642	(7,234)	3,408
Total	17,870	(11,524)	6,346

Retakaful risk

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

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

Financial risk

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, profit rates and equity price risk.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is fixed.

Credit risk

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

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

36 Risk management (continued)

Financial risk (continued)

Credit risk (continued)

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

- retakaful share of takaful liabilities;
- amounts due from retakaful in respect of claims already paid;
- amounts due from takaful contract holders; and
- amounts due from takaful intermediaries.

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

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

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the management includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company.

Takaful receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of takaful receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristic, other than takaful receivables at the end of reporting period. The Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

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

The following table provides an age analysis of receivables arising from insurance.

Takaful receivable	2022 AED'000	2021 AED'000
Neither past due nor impaired	9,403	7,810
<i>Past due</i>		
Less than 90 days	9,533	10,835
91 - 180 days	4,818	7,038
181 - 270 days	4,163	3,709
271 - 360 days	884	2,181
More than 360 days	4,231	4,139
	33,032	35,712
Past due and impaired	(5,134)	(2,916)
Total takaful receivable	27,898	32,796

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

36 Risk management (continued)

Financial risk (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table on next page summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period 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:

2022	Less than 90 days	91-180 days	181-365 days	Above 365 days	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Financial assets					
At FVTOCI	-	-	-	68,444	68,444
At fair value through profit or loss	-	3,538	-	515	4,053
Statutory deposits	-	-	-	10,000	10,000
Takaful and retakaful receivables	9,488	9,503	7,531	1,376	27,898
Other receivables	3,532	-	-	99	3,631
Amounts due from related parties	54	8	926	-	988
Cash and bank balances - profit bearing	37,303	35,207	10,302	-	82,812
Cash and bank balances - non-profit bearing	30,605	3,114	-	-	33,719
	80,982	51,370	18,759	80,434	231,545
Financial liabilities					
Takaful and retakaful payables	13,838	15,380	14,962	4,143	48,323
Other liabilities	5,682	-	-	2,278	7,960
Amounts due to related parties	27	-	-	-	27
	19,547	15,380	14,962	6,421	56,310

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

36 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

2021	Less than 90 days	91-180 days	181-365 days	Above 365 days	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Financial assets					
At FVTOCI	-	-	-	57,977	57,977
At fair value through profit or loss	-	10,710	-	515	11,225
Statutory deposits	-	-	-	10,000	10,000
Takaful and retakaful receivables	11,892	11,487	8,558	859	32,796
Other receivables	3,743	489	270	1,234	5,736
Due from related parties	285	104	179	-	568
Cash and bank balances - profit bearing	-	60,128	55,033	300	115,461
Cash and bank balances - non-profit bearing	29,278	-	-	-	29,278
	45,198	82,918	64,040	70,885	263,041
Financial liabilities					
Takaful and retakaful payables	10,383	10,465	7,757	2,692	31,297
Other liabilities	3,448	3,914	-	3,283	10,645
Amounts due to related parties	22	-	-	-	22
	13,853	14,379	7,757	5,975	41,964

Equity price risk

Sensitivity analysis

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Company's statement of income/comprehensive income would have increased/decreased by AED 1.6 million (2021: AED 1.7 million).

Method and assumptions for sensitivity analysis

The sensitivity analysis has been done based on the exposure to equity price risk as at the end of the reporting period.

- As at the reporting date if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on statement of income and other comprehensive income has been shown above.
- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

37 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 participants 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 Company 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 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 financial statements for the year ended 31 December 2021.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped 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).

	Fair value as at					
Financial assets	2022 AED'000	2021 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI						
Unquoted equity securities	11,498	5,964	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of investees, higher the fair value.
Quoted debt Securities	56,946	52,013	Level 1	Quoted bid prices in an active market.	None	N/A
Financial assets at FVTPL						
Quoted equity Securities	3,538	10,710	Level 1	Quoted bid prices in an active market.	None	N/A

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

37 Fair value measurements (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	2022 AED'000	2021 AED'000				
Financial assets at FVTPL (continued)						
Unquoted equity securities	515	515	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of level 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.

The movement in level 3 financial assets were due to change in fair value of investments classified as FVTOCI.

38 Contingent liabilities

	2022 AED'000	2021 AED'000
Letters of guarantees	10,421	10,364

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

39 Fatwa and Shari'a Supervisory Board

The Company's business activities are subject to the supervision of its 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 Company are conducted in accordance with Shari'a rules and principles.

According to the Company's Fatwa and Shari'a Supervisory Board, the Company is required to identify any income deemed to be derived from transactions not acceptable under Islamic Shari'a rules and principles, as interpreted by Fatwa and Shari'a Supervisory Board, 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.

40 Directors' remuneration

Board of Directors has not proposed remuneration for the year ended 31 December 2022.

For the year ended 31 December 2021, the shareholders approved a remuneration of AED 90,000 to each Board member for the year 2021.

Arabian Scandinavian Insurance Company (PLC) - Takaful – ASCANA Insurance
Notes to the financial statements (continued)
For the year ended 31 December 2022

41 Paid and proposed dividends

The Board has not proposed any dividend for the year ended 31 December 2022.

During the previous year, the Board of Directors has proposed 15% cash dividend at their meeting held on 2 March 2022. The proposal was approved by the Shareholders in the Annual General Meeting.

42 Comparatives

Comparative figures have been reclassified in order to conform to current period's presentation and 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.

43 Post-reporting date events

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

**Arabian Scandinavian Insurance
Company PLC
ASCANA Takaful**



**SUSTAINABILITY
REPORT**

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ABOUT US

Dating back to the year 1978, Arabian Scandinavian Insurance Company – ASCANA was incorporated under the Amiri Decree by a group of entrepreneurs. By the year 1992, the company became a fully national organization and a Public Listed Company (PLC).

Today, we are one of the prominent insurance companies listed in the Dubai Financial Market and stand as the world's first insurance company that completely transformed from conventional to Takaful operations.

The company's capital base crossed the AED 154 million mark in 2014, following the UAE insurance sector specifications. Paired with pristine compliance to Takaful concepts and a strong stand in the industry, Ascana-Takaful brings you a more appropriate and wholesome experience.

We have the vision to be the leading and trusted Takaful partner by providing the best sharia solutions while promoting innovative and sustainable Takaful solutions to secure our stakeholders' interests while contributing to the UAE's National growth.

Our aim is to protect individuals, families, and organizations through our suite of insurance solutions that include coverage for property, liability, engineering, general accident, motor, medical, marine, and group life insurance.

We are a team of highly dedicated and efficient industry professionals with excellent underwriting & risk management capabilities serving across the UAE. We are headquartered in Dubai to serve Dubai & Northern Emirates and have our presence in the national's capital city to cater to the Abu Dhabi & Al Ain regions.

MISSION

- A clear course for sustained profitable growth and value creation for our stakeholders.
- Operating within our Risk Appetite
- Our entrepreneurial responsibility, with a commitment to transparency, sustainability and an obligation to society as a whole.
- To operate our national company to International standards.

OUR VALUES

01. ENGAGEMENT

Thorough understanding and responding to our stakeholder's needs.

02. EXCELLENCE

Through expertise, efficiency and sound decision-making in all we do.

03. SUSTAINABILITY

Through balance in economic, societal and environmental development.

04. INTEGRITY

Through uncompromising commitment to transparency and ethical principles

ABOUT THE REPORT

ASCANA Takaful protects people and enterprises from unforeseen events by providing reliable risk management solutions and quality assistance. This year, We have stepped towards formally establishing its emphasis on conducting business in a manner that is not only beneficial for shareholders but also creates a positive impact on people and the planet. As part of this increased emphasis, we are proud to present our third sustainability report, establishing its commitment to environmental, social, and governance (ESG) based on best industry practices and what we have achieved for the year 2022. This report has been prepared in accordance with GRI Standards: Core option. The GRI Standards is the most widely used framework for ESG reporting. Further, we highlight our alignments with the UAE Vision 2025, in this report.

This Annual sustainability report published by ARABIAN SCANDINAVIAN INSURANCE COMPANY PLC -TAKAFUL ASCANA Insurance to presents our economic, environmental, social performance, and focuses on our commitment, results, and future goals, enabling us to communicate our sustainable performance to our stakeholders.

DEFINING THE CONTENT

Our 2022 report provides information on our sustainability performance in a reasonable and balanced manner and is addressed to all our stakeholders. We are committed to report our sustainability performance annually, and this report follows the report published for 2021.

EXTERNAL ASSURANCE

We believe that transparency is the result of providing comprehensive, credible, and comparable information. Therefore, we have again submitted the 2022 Sustainability Report for external assurance to an independent assurance provider in accordance with the International Assurance Standards.



CEO'S MESSAGE

Putting our management philosophy into action and aiming to become a valuable company for the society.

With the idea that “a company is a public entity of society” as the basis of our management, we have grown as a company, together with our stakeholders. While conducting business activities, we made contributions to the development of society and solutions to societal issues, utilizing the various management resources entrusted to us by society. This concept has not changed even today, as time passes by and society continues to develop and so we do. It is evident that various societal issues become more serious on a global scale and the international community aims to build a society with sustainable solutions, thus our mission becomes even more imperative in working towards reaching the SDGs (Sustainable Development Goals).



KHALID MOHD AMIN AL KAZIM
CHIEF EXECUTIVE OFFICER

Arabian Scandinavian Insurance Company PLC-
Takaful-Ascana Insurance

I believe that evenly addressing various societal issues, including global environmental concerns, and taking up the challenge of making a greater contribution to the development of society; the resolution for pressing issues will also lead to further improvement in competitive advantage in the business. Further, the management decisions to increase corporate sustainability through contributions while achieving a sustainable society can also be described as ‘ESG management’ from the perspective of ASCANA Takaful and is precisely aligned with the management’s philosophy.

This approach enables us to help reach an “ideal society” for future generations and will pave the way to become a valued company needed by society, therefore it is critical to enhancing corporate values from the perspective of stakeholders as well as enterprise value from financial aspects.

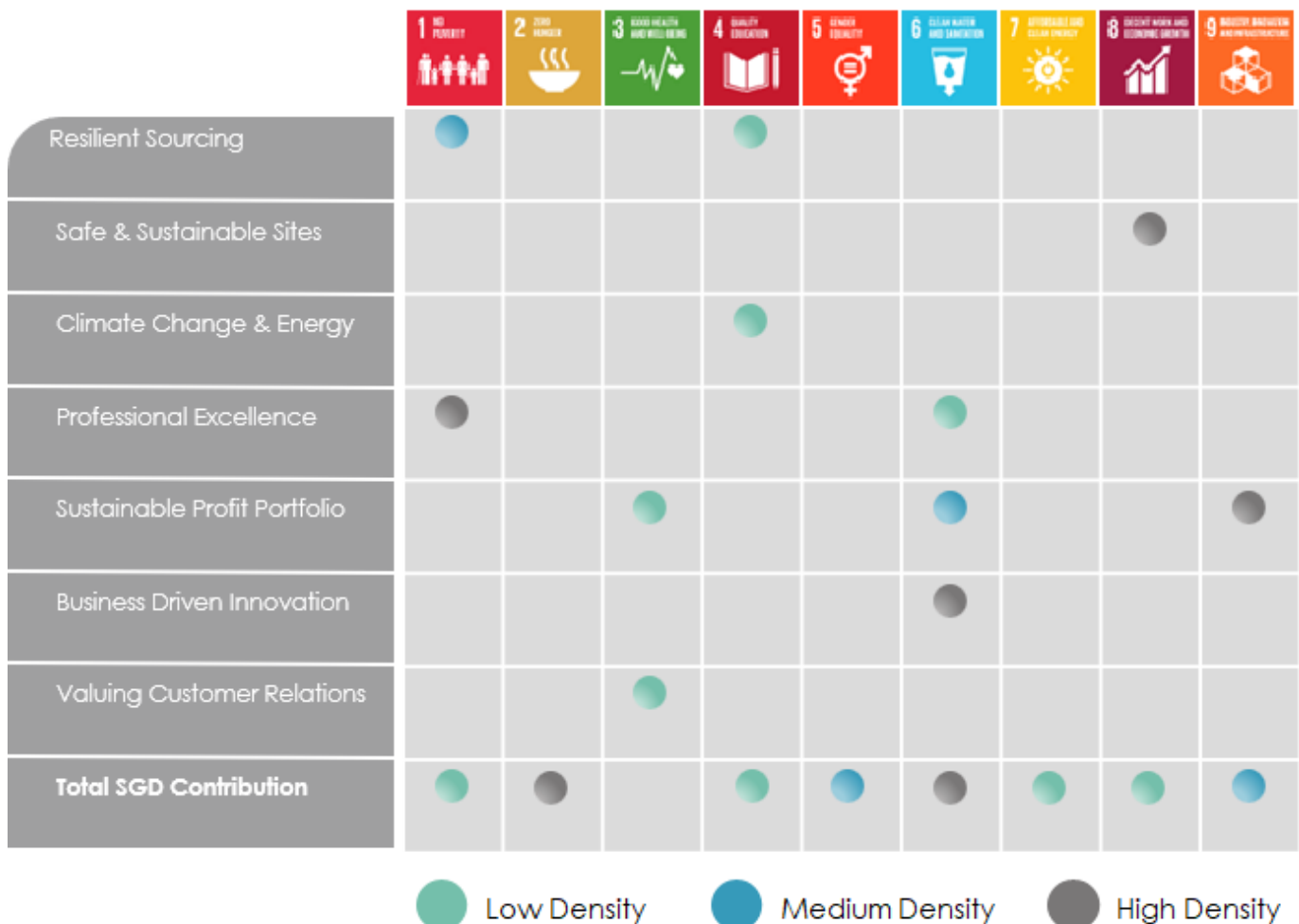
As we align ourselves with the vision of the UAE, where ESG & economic goals go hand in hand; we present our contribution towards achieving sustainability goals by adopting best practices, in this report.

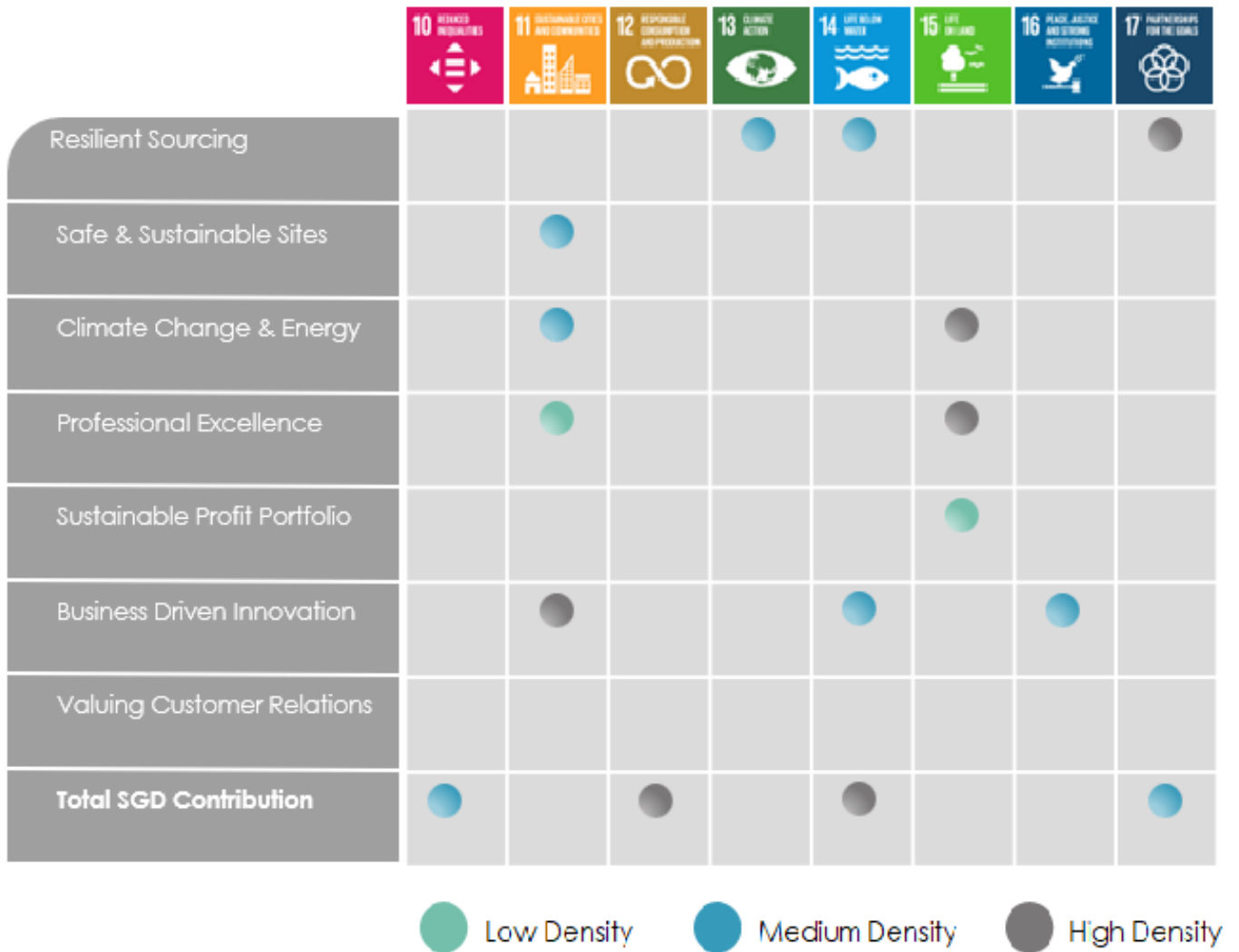
SUSTAINABLE DEVELOPMENT GOAL (SDG)

This report showcases ASCANA 's sustainability performance for the calendar year 2022, across its operations in the UAE. All monetary values in this report are expressed in UAE dirhams, unless otherwise stated. Wherever feasible, EIC has aligned with the reporting ESG disclosures set out in guidelines produced by the Dubai Financial Market (DFM). These guidelines emphasise 31 specific indicators under environmental, social and governance topics which are deemed essential for reporting by the Sustainable Stock Exchanges Initiative and the World Federation of Exchanges. As the company's experience and expertise in sustainability reporting grows, it aims to meet as many as possible relevant to insurance companies.



THE GLOBAL GOALS





2022 SUSTAINABILITY HIGHLIGHTS

We strive to become a sustainable company by maximizing the positive impact we have on all our stakeholder groups while minimizing our negative impact throughout the value chain. We would like to be identified by our passion, integrity, entrepreneurialism, and innovative spirit, as we progress towards reaching our vision.

In 2022, the Company formed a 'Sustainability Committee' represented by the cross-functional activities to help us identify Environmental, Social, and Governance (ESG) best practices that are the most impactful to our business activities and as an organization. The 2022 sustainability report reflects the first step in our journey to provide a transparent report on the ESG metrics, and practices that define our long-term growth and success. Further, it ensures that we will continue to engage our stakeholders in our ESG conversation.

**22%****Budget increase for environmental causes**

With our increase in revenue, our company has been able to allocate more funding to environmental causes

70%**Employee participation in environmental & social initiatives**

All new hires are now required to participate in eco initiatives and have been introduced to them during their onboarding.

77%**Of employees covered by human rights assessments**

As was the case in the previous years, we ensure all employees are respected and feel safe at work.

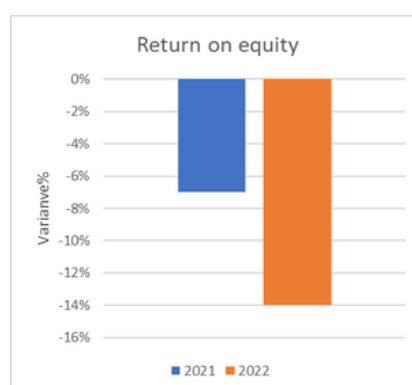
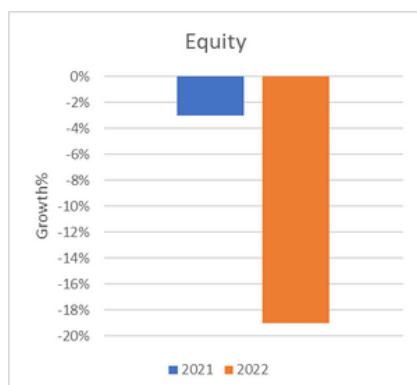
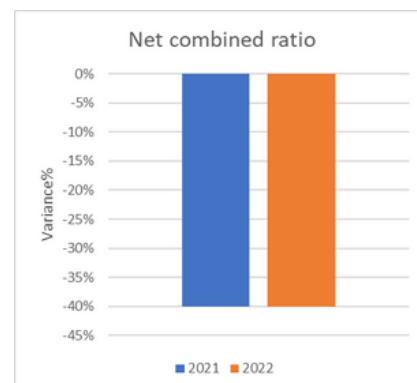
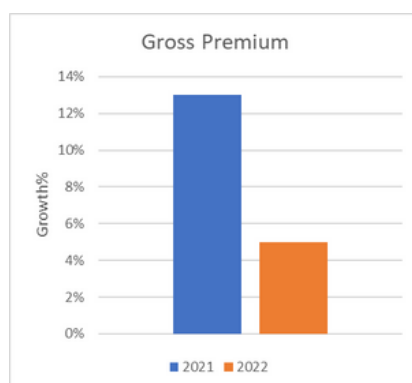
100%**Of our new products are environmentally friendly**

Our product development team was able to launch most of our products available online.

BUSINESS OVERVIEW

We are a national insurance company that provides multi-line insurance products and services, catering to both individuals and Corporates. There are many products and services provided to individuals such as motor, individual & family medical, home, travel, personal accident and marine insurance. With corporate insurance, we offer protection to multiple sectors, including; aviation, engineering and construction, energy, financial lines, group medical, group life, corporate liability, marine cargo, marine hull, motor fleet, property, and corporate travel. We have achieved considerable improvements during the last 3 underwriting years despite the challenges that affected the business activities globally.

FINANCIAL PERFORMANCE BUSINESS OVERVIEW



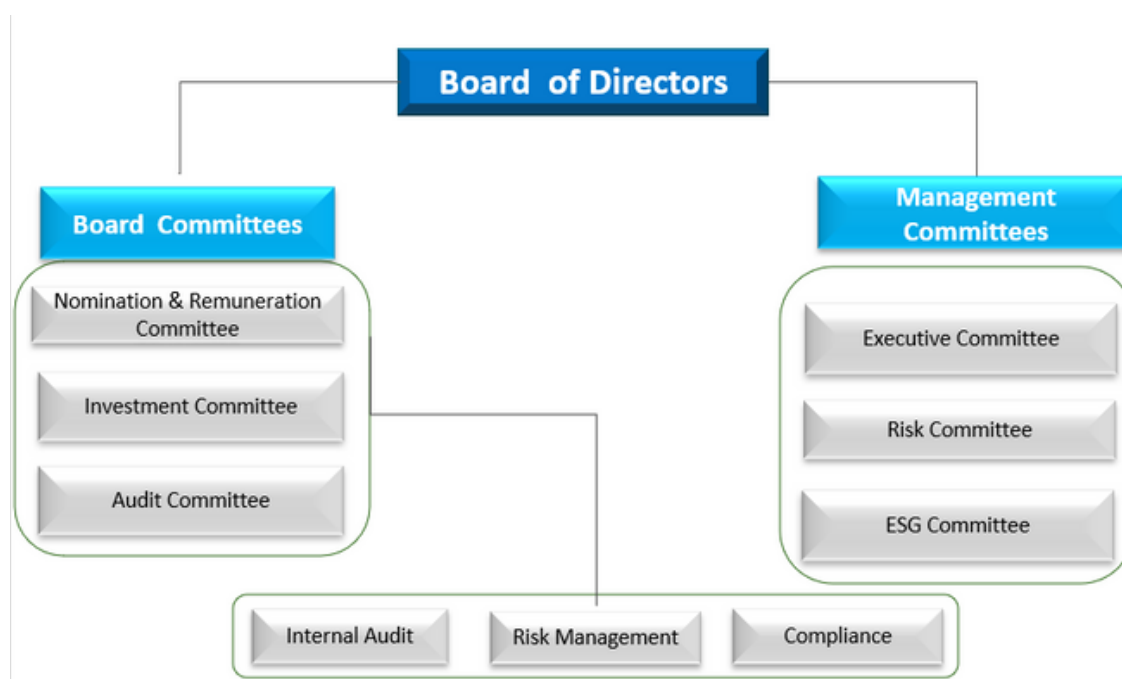
GOVERNANCE STRUCTURE

Independent Board

“The Board of ASCANA Takaful comprises the majority of independent members. The Board has the authority to approve, review and set new objectives for the company’s Sustainability strategy”.

Board Committees

The Company Board of Directors and Executive Committees have an active role in the implementation and supervision of the governance framework. The management has formed committees such as Audit, Investment, and Nomination & Remuneration. These committees shall convene at least once in every quarter and a minimum 4 during any financial year. The Committees are governed by defined Terms of References for smooth functioning and effectiveness.



BUSINESS PRINCIPLES, ETHICS & COMPLIANCE

We strive to continuously uphold the highest standards of ethical conduct and integrity, to ensure the safety and long-term success of the UAE . To achieve this, we established and implemented a robust set of standards, principles, and behavior models, with the goal of creating and sustaining a corporate environment in which the affairs of ASCANA Takaful are conducted in a fair and transparent manner, free from any acts of fraud or misconduct. We require all employees, contractors, business partners and representatives to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, rules, regulations, and Company standards, policies, and procedures.

WHISTLEBLOWING

We are committed to creating and sustaining a corporate environment by adopting the highest standards of professionalism, honesty, and integrity, to ensure that our business is conducted in a fair and transparent manner and that it is free from any acts of fraud or misconduct. The Anti-Fraud and Misconduct Procedure (AFMP) procedure provides a framework to promote responsible and secure whistleblowing. It serves to receive and address any concern or complaint regarding fraud and/ or misconduct. It comprises of four global reporting channels for reporting suspected incidents of fraud, fraudulent activity, and misconduct. Whistle-blowers can choose to stay anonymous through reporting via the following channels: i. Toll free hotline available in multiple languages 24/7 . ii. Dedicated email address for reporting concerns. iii. Dedicated Web Portal – Internal and External; and iv. Provision to submit verbal/ written complaints using AFMP Reporting Forms. The AFMP highlights the significance associated with protection of whistle-blowers. It condemns and addresses any acts of retaliation against whistle-blowers for reporting complaints in good faith. In 2020, 14 awareness sessions and 19 on-boarding sessions were conducted across ASCANA and its subsidiaries to create AFMP awareness and to maintain honesty and ethical behavior in ASCANA's culture and environment. Incidents reported in 2022 through any one of the above reporting channels are being investigated, reported, and closed in accordance with AFMP Procedure.

COMPLIANCE

Across the Company, we adopt a zero-tolerance approach to all forms of fraud and misconduct. We strictly follow the legal and regulatory guidelines. Further, we respect and comply with all obligations including agreements, commitments, standards, and code of conduct. There are various, policies, programs, processes, procedures, and controls existing across all the functional areas of the Company to combat various forms of fraud including but not limited to bribery and corruption. Within the Company, there is a control mechanism and a dedicated department to create, establish and implement required policies, programs, processes, and procedures for an effective legal and regulatory framework and compliance. The Audit function was established to detect fraud and respond to any cases of fraud and misconduct, that might get reported. The implemented appropriate policies, programs, and procedures ensure robust compliance, upholding the highest levels of business ethics and adherence. In 2022, we have not received any monetary or non-monetary fines or sanctions for non-compliance.

A photograph of the Dubai skyline at sunset, featuring the Burj Khalifa as the central focus. The sky is a warm orange, and the city's glass skyscrapers reflect the golden light. A semi-transparent orange rectangle is overlaid on the image, serving as a background for the text.

RATINGS & CERTIFICATIONS

In 2022, we have achieved two of the most critical certifications that support accomplishing sustainability goals and continue to improve our business operation.



ISO 27001 Certification

ISO 27001 is an internationally recognized specification for an Information Security Management System or ISMS



ICV Certification

The National In-Country Value Program (ICV) is a certificate that is issued to certified suppliers evaluating their contribution to the UAE national economy.

DIGITAL TRANSFORMATION

Change is happening faster than ever. The pandemic accelerated the digital transformation strategies around the world and now customers expect innovation to continue at the pace.

In 2023, the Company has set strategies to continue the activities on the digital transformation to shift the focus to maintaining efficient, scalable, sustainable, and secure operations as they innovate.

Understanding the biggest digital trends happening now and in the future is key for us, as it adjusts the operating models and technology investments to reduce fraud, waste & impact on the environment, while driving the growth. We've studied & analyzed the latest market information and data to identify the trends shaping the digital transformation strategies of leading businesses.

Here are some of the top trends that we identified and applied on our operation model.

- Investment in automation to optimise the usage of resources and increase the efficiency
- Increase Cybersecurity defenses and integrated to protect from increasing threat complexity
- Invest in total experience strategies to drive greater customer retention and employee loyalty

Accelerate innovation and learning

Bring agility to the entire process and plant lifecycle of design, simulation, training, and operations.

Gain visibility across the industrial cycle

Share data within—and beyond—the organization to promote collaboration and harness new business opportunities, align teams, and promote collaboration.

Empower your workforce to increase efficiency

Integrate your workforce and gain valuable insights that help you streamline operations.

DIGITAL TRANSFORMATION STRATEGY



DATA PRIVACY & SECURITY

Safeguarding data through strict information security policy

Our customers, employees, and other stakeholders expect their personal information to be protected with utmost care, and we take this responsibility very seriously. Ensuring data security and respecting the privacy regulations are amongst the top of our priorities.

Requirements for data protection laws in different jurisdictions have become much more stringent in recent years. Our privacy framework sets out five privacy principles that all employees must respect, at all times.

- Reasonable care
- Reasonable restriction
- Openness about where personal information is stored, used, choice, consent, and privacy by design.
- Purpose limitation
- Transparency

As the data privacy programme transitions from implementation to business operations, we have been monitoring, auditing the activities, following the processes of the privacy governance in all entities.

Target

We consider identifying and managing data protection risks at the processing level to ensure that they are measured, monitored, and mitigated in our critical operations.

The results of this analysis forms the basis for managing and minimising risks. They enable us to adopt a risk-based approach to further develop our privacy-related risk management. The acceleration of digitisation driven by the pandemic brought new challenges for data protection.

Our approach includes improving transparency regarding the use of personal data and a better understanding of the risks related to the processing of personal data. Further, we will continuously aim to improve to ensure compliance and review updates on our privacy framework, applicable rules, and privacy guidance to respect to the needs of regulatory changes and court decisions. We will continue to raise the awareness of data protection-related issues within the employees.

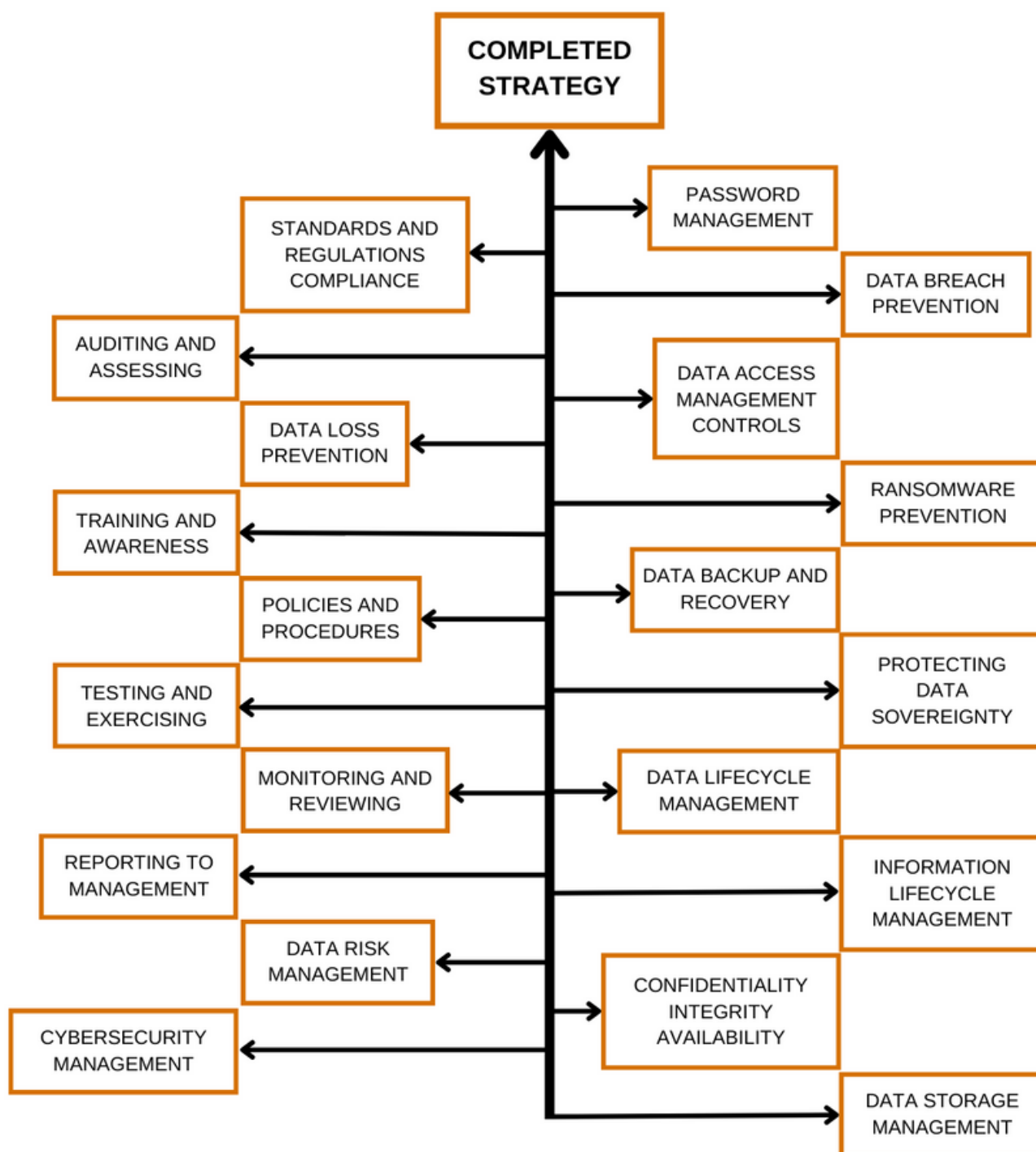
Progress 2022

Our data protection management system enables the systematic planning, implementation, and continuous monitoring of measures to comply with data protection regulations. It is based on the applicable data protection laws & regulations.

We have conducted computer-based data privacy training for all employees processing personal data using external training experts.

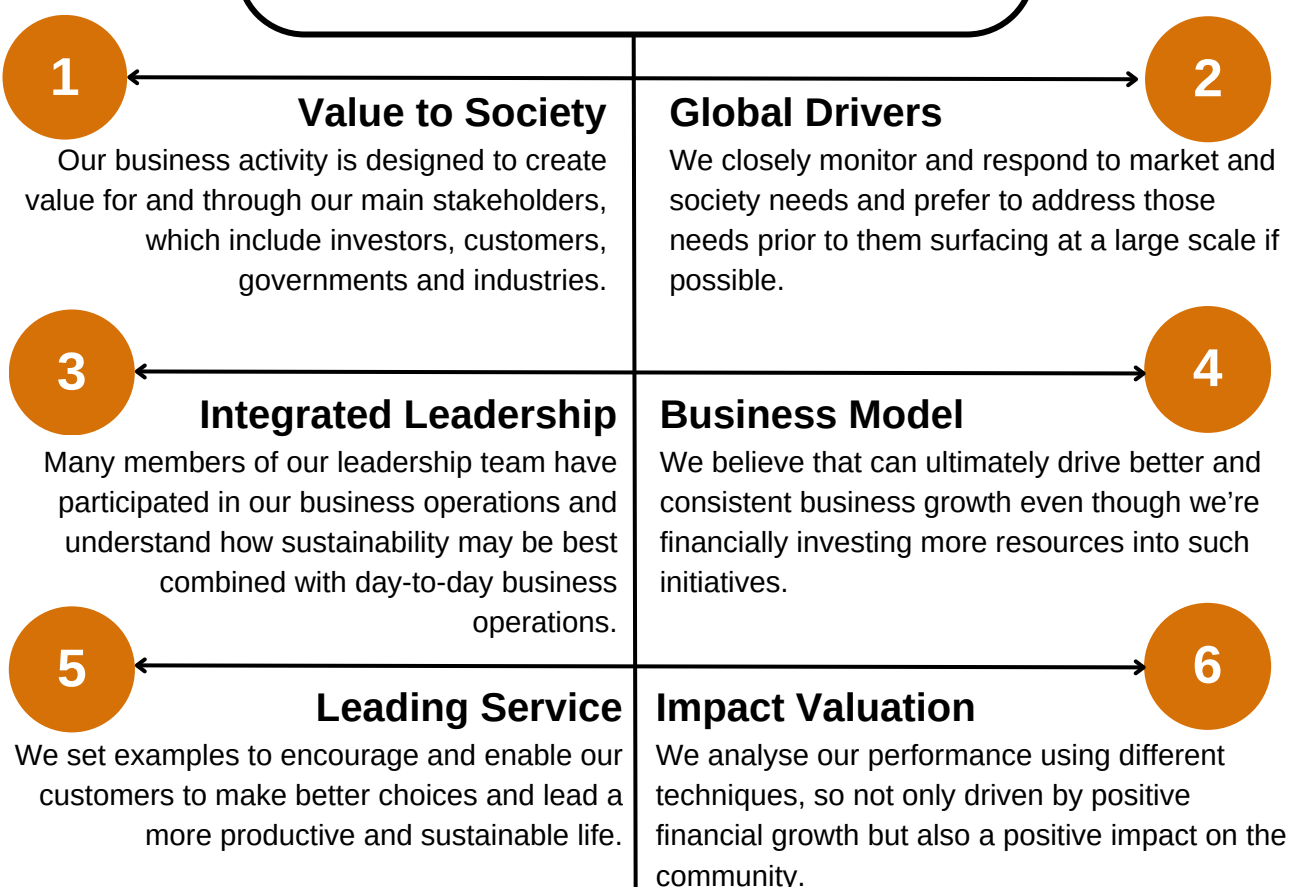
The incidents relating to data protection that occur in the processes are subject to the provisions of the local & federal authority laws and regulations are handled by the Information security team within the IT department, and investigations are supported by the incident reports generated through the system.

ASCANA'S DATA PROTECTION STRATEGY



Building & Sustaining Relationships

LEADERSHIP MODEL



STAKEHOLDERS ENGAGEMENT

Stakeholder engagement and collaboration is crucial to understand our impacts and drive progress across our sustainability challenges and opportunities. Understanding stakeholder needs enables us to design products and services that scale our positive contribution to tackling social, environmental, and economic issues

We use our materiality analysis, customer surveys and direct engagement with a diverse range of stakeholders to shape our strategy, activities and reporting. Besides engagement with sustainability bodies and initiatives, we focus on seven key stakeholder groups which are most impacted by our business.

STAKEHOLDERS GROUP	HOW ASCANA ENGAGES WITH THIS STAKEHOLDER GROUP
EMPLOYEES	Performance reviews Regular dialogue and interaction with employees Training and educational programmes
CUSTOMERS	Call Centres Company website Wide network of partners Media and social media channels Annual report and sustainability report Other publications, including investor presentations
GOVERNMENT (INCLUDING REGULATORY BODIES)	Investment in the national economy Supporting initiatives of national importance
PARTNERS AND VENDORS	Company website Internal communications
SHAREHOLDERS/ INVESTORS	Investor relations team Shareholder meetings
LOCAL COMMUNITY / NONPROFIT AND OTHER CHARITABLE ORGANISATION	Corporate social responsibility activities
LOCAL, REGIONAL & INTERNATIONAL MEDIA	Media, social media and other publications Blogs and publications

PRIORITY SUSTAINABILITY CONCERNS	ASCANA'S ACTIONS
Job satisfaction Fair compensation Fair and transparent appraisal system Staff engagement Providing a stimulating work environment Safe and friendly working environment	Automated HR function Employee engagement events Learning and career development opportunities Non-discriminatory compensation
Information security Effective and friendly customer service Innovative and convenient products and services Enhanced use of technology and improved access to insurance services	Assurance of customers' data safety through Cybersecurity and data backup procedures Dedicated customer service Customer complaint and communication channels Digitalising services and innovating based on market research Records of handling customer complaints
Contribution to the national economy Alignment to UAE Vision 2021 Regulatory compliance and transparency	Annual Report Corporate Governance Report Alignment with DFM ESG reporting requirements CSR initiative
Business growth	Internal relationship management
Creating value adding products and services for shareholders and investors Steady net income and asset growth	Annual General Meeting of shareholders Annual Report Corporate Governance Report Investor Relations page on company website
Responsibility towards all-round development of society Working closely with social and voluntary associations and non government establishments	CSR programmes e.g contributions to health and wellness and cultural development Sustainability reporting
Clear and effective communication Transparency	Media centre on the website with press releases Annual report, Corporate Governance report and sustainability report



BUSINESS MATERIALITY ASSESSMENT

To make a positive impact on society, we need to understand and respond to the changing context in which we operate. Our materiality assessment enables us to stay on top of trends and align our approach, reporting and strategy with the sustainability issues that are most important to our stakeholders and our business.

Our materiality assessment helps to ensure that we focus on the risks, opportunities and issues that matter most to our key stakeholders, and which we have the ability to influence. Our most recent assessment was carried out in 2022 in line with the 2020 GRI Standard requirements.

Our assessment approach used a variety of data sources and we improved our methodology in 2022 by increasing the number of data sources and the number of data points within these sources. We created an internal team with representatives from Group functions including Group Risk, Communications, Group Compliance, Group Legal, Group Accounting and Reporting, as well as Global Sustainability. This team was formed at an early stage to discuss the overall approach, preliminary results and feedback. Final results were presented and agreed to by the Group centers which had also been part of the expert team. Operating entities were involved in providing feedback on the most material issues from their expert perspectives

IDENTIFICATION

- We identified a list of sustainability topics tailored to our business through a desk-based review of sourcing including our own prior material topics, peers' materiality matrices, a media review and expert opinion from a specialist consultancy.

PRIORITIZATION

- We engaged with stakeholders including employees and customers through interviews, surveys and workshops to prioritize the list of material topics.

VALIDATION

- We aggregated and analyzed data, integrating the results into a materiality map, and presented results to the internal expert team of representatives. This group also provided the final judgment of outcomes.

CUSTOMER STEWARDSHIP

At ASCANA Takaful, we promise our customers 'a secured tomorrow'. We deliver on this promise by earning their trust through the quality of our products, the level of our services and the expertise of our employees. With Customer Centricity we strive to go above and beyond for our customers and aim to outperform the competition.

Our customer experience strategy

As ASCANA TAKAFUL continues to reorganize and evolve, we understand enhancing our customer service is critical to the Company's success. While we made considerable progress throughout 2022; there are areas, further to be improved. Providing effective and efficient customer service assumed greater importance given that we operate in a price sensitive market. Service is and will always be a key differentiator. Our long-term growth plans further require us to have a stable servicing platform. To meet the challenges and the service expectations while retaining the customers, we require restructured & enhanced customer service platform. It would also fulfill the clients' various needs while simultaneously improving our communication and internal efficiencies, which is an integral part of the strategy.

The below strategies outlines the areas which Customer Care Unit will peruse in 2023:

- -Reduce 80% manual work in the Customer Care Unit, by digitalization, developing new enhanced systems for the department, and real time reporting.
- -Creating omni-channel customer engagement strategy for all our customer interactions/activities.
- -Meeting customer expectations, by personalizing the customer journey with us, and building deeper relationships with our new & existing customers.
- Develop "Voice of the Customer (VoC)" program by creating omni channel feedback tool across all customer communication channels.

Subsequently this will result in encouraging the ASCANA TAKAFUL producers attached to different distribution channels to develop excellent relationship with their clients and grow the customer base, which will eventually assist in achieving the high client retention.

Customer satisfaction and loyalty lead to profitable growth and are key elements in our strategy. Our ambition is to create meaningful solutions and experiences that draw in & retain customers. We designed our customer experience framework to give customers a direct voice and enable us to use their feedback in shaping better local and global experiences.



Year	Quarter	Total
2022	Q 1	71
	Q 2	395
	Q 3	541
	Q 4	385
	Grand Total	1392 (Resolved Enquiries)

“Total No. of Registered Enquiries”
from FEB “2022”:-



“Total No. of Resolved Complaints”
years “2021” & “2022”



Quarter	Year	
	2021	2022
Q1	10	18
Q2	13	30
Q3	14	32
Q4	21	24
Resolved Complaints Total	58	104

Year	Quarter	Satisfied Feedback 😊	Neutral Feedback 😐	Unsatisfactory Feedback 😞	Complaints Feedback
2021	Q 2	9	...	...	2
	Q 3	8	...	...	...
	Q 4	2	...	...	2
	Grand Total	19	...	...	4

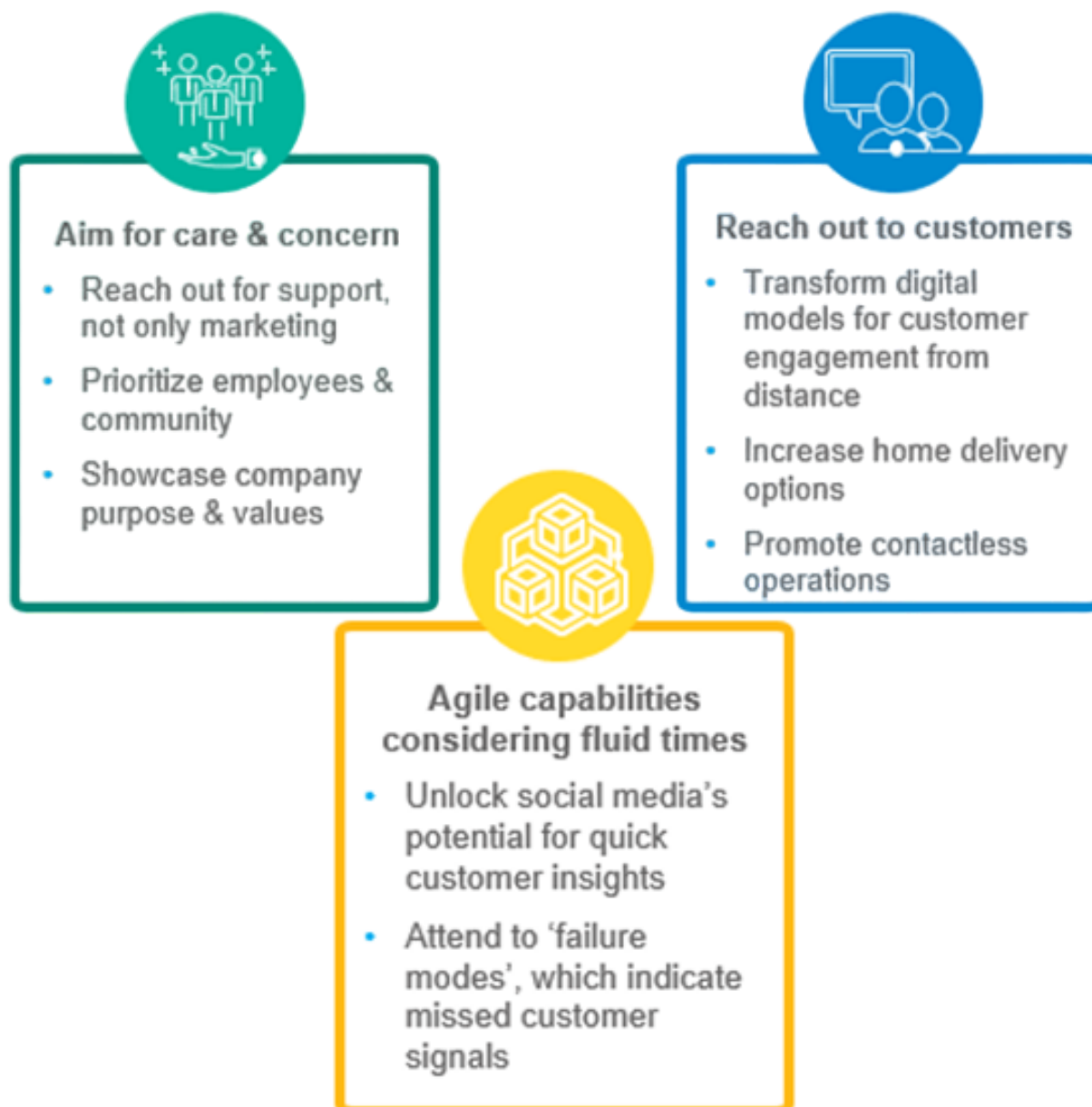
Year	Quarter	Satisfied Feedback 😊	Neutral Feedback 😐	Unsatisfactory Feedback 😞	Complaints Feedback
2022	Q1	1	...	...	...
	Q 2	...	...	...	1
	Q 3	3	...	...	...
	Q 4	...	...	...	...
	Grand Total	4	...	...	1



“Google Review”: Customer Satisfaction rate increased from 3.6 in 2021 to 3.8 in 2022 an increase of **5.5%**.
Ascana Takaful Customer Walk In Feedback Forms Review 2021/2022:

TRANSFORMING OUR BUSINESS FOR CUSTOMERS

We've listened to our customers and we know that they want us to sell simple products, use easy to-understand insurance language and provide faster claims handling. They also want to be able to access their insurance details whenever they want using different modes of available modes. We have adapted our business in response by simplifying and digitalizing our products, processes and platforms. As a result, our customers have a better understanding of what they are buying and greater access to advice and support, while more efficient processes are improving our customer service.



OUR COMMITMENT TO HUMAN RIGHTS

Integrating human rights into our core business As a corporate insurer and investor, our human rights due diligence process forms part of our overall sustainability approach which is integrated into our broader risk management system. We use a combination of sector and country-specific approaches to identify human rights risks. Human rights-related due diligence has been integrated into all 13 sensitive business areas where relevant, to ensure that human rights are part of the overall risk assessment for insurance and investments in listed asset classes. We maintain a mandatory referral list for sensitive countries where systematic human rights violations occur. For business transactions located in these countries, we carry out explicit due diligence in accordance with our Human Rights Guideline that covers various human rights violations. In terms of our investments, if we identify an issuer in our listed investment portfolio that is flagged for human rights issues by our external sustainability data provider, we prioritize this issuer for a systematic engagement

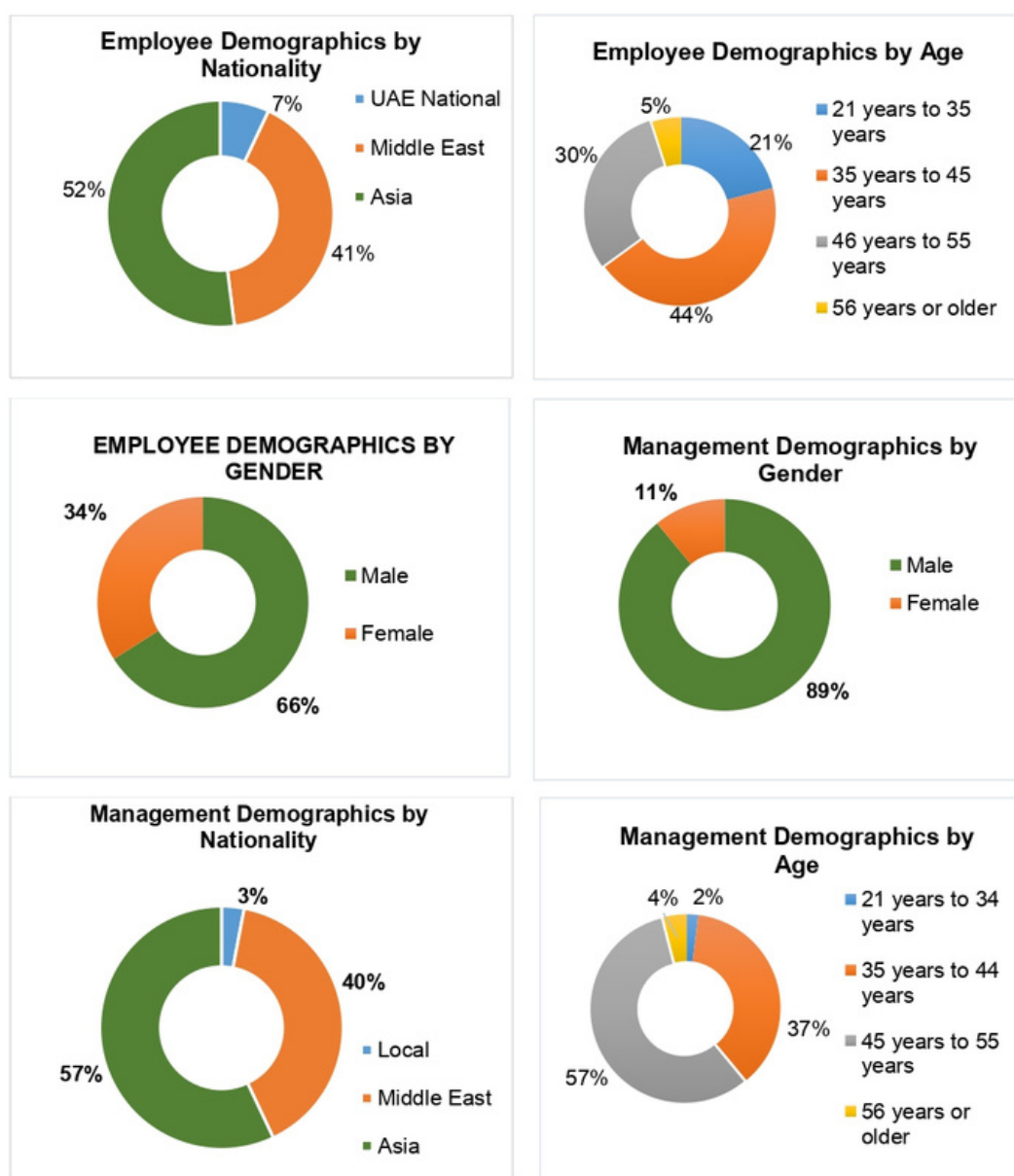


Respect for human rights is a minimum standard for responsible business within and beyond our direct operations. This is an expectation that is reflected by expanding legislation and applied across our company.

OUR EMPLOYEES OUR STRENGTH

DIVERSITY & INCLUSION

We believe that diversity in our workforce enables us to provide the best experience to our customers. Diversity of ideas and backgrounds helps us to be more innovative and creative, which will drive growth and success over the long term. We measure the diversity of our workforce across a number of dimensions, including gender, age, and racial background. It is important to measure diversity in management and executive positions to help foster that creativity, and also provide a welcoming environment for all people. In 2022, we implemented programs to recruit more racially diverse candidates. This resulted in increased diversity at the executive, management, and company levels.



TRAINING AND DEVELOPMENT

Employee professional development is critical to the success of any organisation. Employees can readily access training & development materials to support their career objectives and grow their skills and capacities through various training programmes in the areas of management and administrative skills, competencies development, Information Technology, behavioural and supervisory skills, technical knowledge, leadership development programmes as well as Health, Safety and Environment.

EMPLOYEE HAPPINESS

We place our employee happiness within its key priorities. It learned from His Highness Sheikh Mohammed bin Rashid Al Maktoum, that employee happiness is essential to achieve community happiness. We have put in efforts to promote employee happiness and thus, raise the level of loyalty and belonging, and establish positivity as a fundamental value in the community. This supports the Emirate's leadership's vision to make Dubai the happiest city in the world.

We at ASCANA Takaful is committed to a secure, safe and healthy workplace and environment. All aspects of business are managed in a safe and environmentally responsible manner in accordance with the guidelines set forth in respective policies. These actions are beneficial for all our stakeholders, both now and for the future, while improving the quality of the environment.

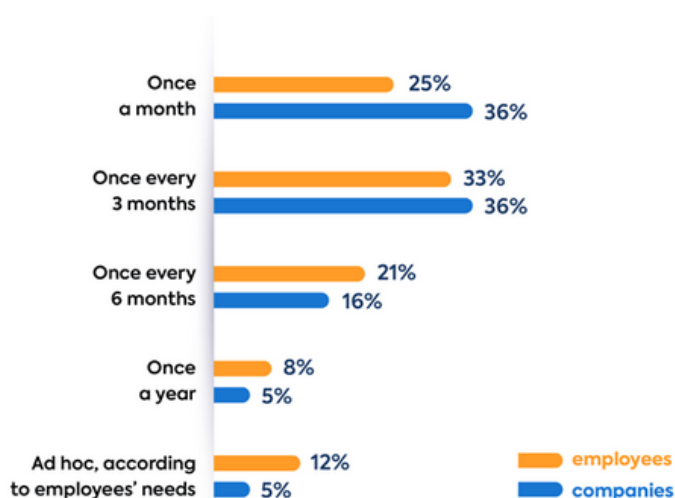
All employees shall be committed to, and accountable for, implementing, maintaining, measuring, and improving the environmental, health and safety programs of the company. Health hazards in the workplace are pervasive and serious. It is the company responsibility under UAE Federal Law to provide a hazard-free, safe and healthy working environment.



EMPLOYEE HEALTH AND SAFETY

Fire is one of the most deadly, fearsome, and damaging disasters that can occur, but it can be prevented by raising awareness and practice of safety measures. Thus, we trained a group of employees on how to respond and act in such a situation. Also, conducted drills with them to guide their colleagues to safely evacuate the office premises in a fire incident that may happen.

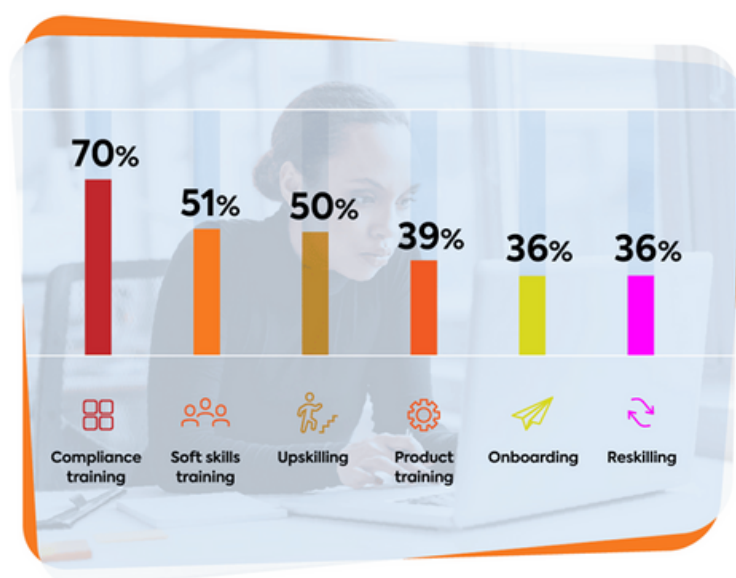
On the other hand, while emphasis is placed on the prevention of accidents and injuries at the workplace, yet there would be unavoidable situations. A prompt reaction and immediate treatment of injured employees could be prevented from developing minor injuries into major ones. First aid kits are placed and maintained in different locations of the workplace and are accessible to everyone.



FREQUENCY OF TRAINING

REQUIRED TRAINING VS .
DELIVERED TRAININGS

TYPES OF TRAINING EMPLOYEES ATTENDED



ASCANA - TAKAFUL

EMIRATIZATION POLICY

One of our major business objectives in line with the **UAE Emiratization policy** is to recruit, develop and retain qualified UAE Nationals. To fulfill this objective, Emiratization has been taken as one of the company's main initiatives, special UAE National development policy is developed to ensure every UAE national working at ASCANA Takaful is given progressive career development opportunities while his/her personal status is improved. ASCANA Takaful encourages UAE nationals and creates the right opportunities to attract them. We are committed to hiring UAE Nationals and to offering them the training and support that they need. National Candidates are recruited based on their suitability to meet our requirements and specifications as described in their job description. The goal is to recruit and develop UAE Nationals over the years to incorporate them into management positions. The overall objective is to raise the UAE National recruitment to maximize within the management, supervisory, and staff category.

Benefits for UAE Nationals

ASCANA Takaful offers an excellent career opportunity to qualified UAE nationals who would be willing to take the challenge of learning and working at ASCANA Takaful. Our Employee benefits package includes outstanding salary, UAE national allowance, and other attractive benefits to its UAE national workforce. It is the mandate of ASCANA Takaful to pay special attention to its UAE national employees and is one of the company's main initiatives to have an individual succession plan, and personal career assessment for the Emirati nationals.



UAE National Training

We have a special emphasis on training its employees as an investment and no effort is spared to ensure all UAE national employees receive individual and group training to enhance their careers and add value to their performance. ASCANA Takaful provides a wide range of learning opportunities for its employees. It includes a range of technical, management, and competency development programs as well as on-the-job training courses with a focus on retaining UAE National employees. The Human Resources department develops and implements the Company's training plan that reflects the strategies to assure continuous training & development.

WOMEN EMPOWERMENT

Leveraging diversity and increasing female representation in management

Target: Increase the proportion of women in senior management roles to 25 percent, within our comprehensive diversity and inclusion framework



Our aim to increase the proportion of women in senior management roles is part of our broader Global Diversity and Inclusion Strategy 2030, which has the ambition to make ASCANA Takaful a truly diverse, fair, and inclusive place to work for everyone. That strategy is underpinned by a comprehensive diversity and inclusion framework that recognizes diversity in all of its dimensions: Gender, Ethnicity, Age, Ability, and Gender orientation. The strategy is based on three pillars:

- i. Governance
- ii. Inclusive leadership and culture
- iii. Partnership

In 2022, we conducted mentoring and leadership development programs across the Company to develop and strengthen our female talent. The program provided promising female employees with mentors for professional guidance, learning, and support, as well as networking opportunities with our senior leadership team. It also helped our female team members become part of a mutually supportive community to enable them to realize their potential and assume more senior leadership positions.

Along with the National objectives for 2030, we have set strategies to increase the representation of women in senior management. Further, we have three additional targets for diversity, equality, and inclusion: to achieve an equal gender balance among our early talent hires, to provide broader access for our people to Employee Resource Groups (ERGs), and to improve employee perceptions of inclusiveness at ASCANA Takaful.

SOCIAL RESPONSIBILITIES

Environmental management as part of our commitment to a sustainable future, we manage the most significant environmental impacts of our operations and aim to continuously improve our environmental performance. We strive to be a role model in delivering our own targets on environmental protection and climate change in order to influence others in our industry and beyond to do the same

Ascana has established an environmental management system (EMS) based on the Ascana Environmental Policy. We have recently strengthened our governance mechanism centered on Board of Director oversight and the Sustainability Committee with regard to climate change.

Plan: Planning and Protection of the Environment

We will formulate response policies and measures based on our recognition of current environmental conditions, including the impact of climate change on Ascana's businesses. In line with the drive towards a paperless and sustainable workplace, we implemented several initiatives to reduce our environmental footprint. Since 2019, we have been recycling up to over 1,000 kg of paper per year through the GreenBox program thanks to the introduction of greener practices (e.g. more responsible printing). Furthermore, ASCANA's energy savings increased from 66% in 2019 to 82% in 2022. We also reduced electricity consumption by using power-saving LED lights and implementing lights-off rules after office hour



Do: Operation

Execute business plans in line with Procurement Policy.

Check: Confirmation and Inspection

Confirmation and inspection of initiatives through monitoring and assessing both in-house parties and external advisors in order for constant improvement.

Act : Review and Improve

Continual improvements and oversight by the Board of Directors on environmental initiatives reflecting the results of in-house as well as external advisor's confirmation and inspection.

Continuous Improvement:

- Environmental risk mitigation and adaptation
- Compliance with applicable laws and regulations
- Energy and resource conversation
- Environmental reporting and communications

**PLAN****Corporate Sustainability**

- Analyze and evaluate the current status
- Formulate environmental policies and measures
- Manage climate change risks and opportunities

DO**Real Estate Business**

- Implementation business plans with consideration for the global environment
- Adopt environmentally friendly and energy-saving technologies
- Develop and use renewable energy
- Collaborate with business partner
- Respond to environmental emergencies

CHECK**Sustainability Committee****Risk Management Committee****Environmental Committee**

- Review and evaluate initiatives regularly
- Evaluate climate changes' impact on business and reflect in strategies
- Evaluate progress and performance

ACT**Board of Directors**

- Oversee initiatives
- Instruct reviews and improvements

BUSINESS MATERIALITY ASSESSMENT

Our assessment identified 19 material issues which were prioritized as either having high or medium importance. Topics are ranked and presented in a materiality matrix along two axes according to stakeholder views on their importance to society and to our business. All topics in the materiality matrix relate to sustainability and several are linked to our sustainability strategy pillars, including:

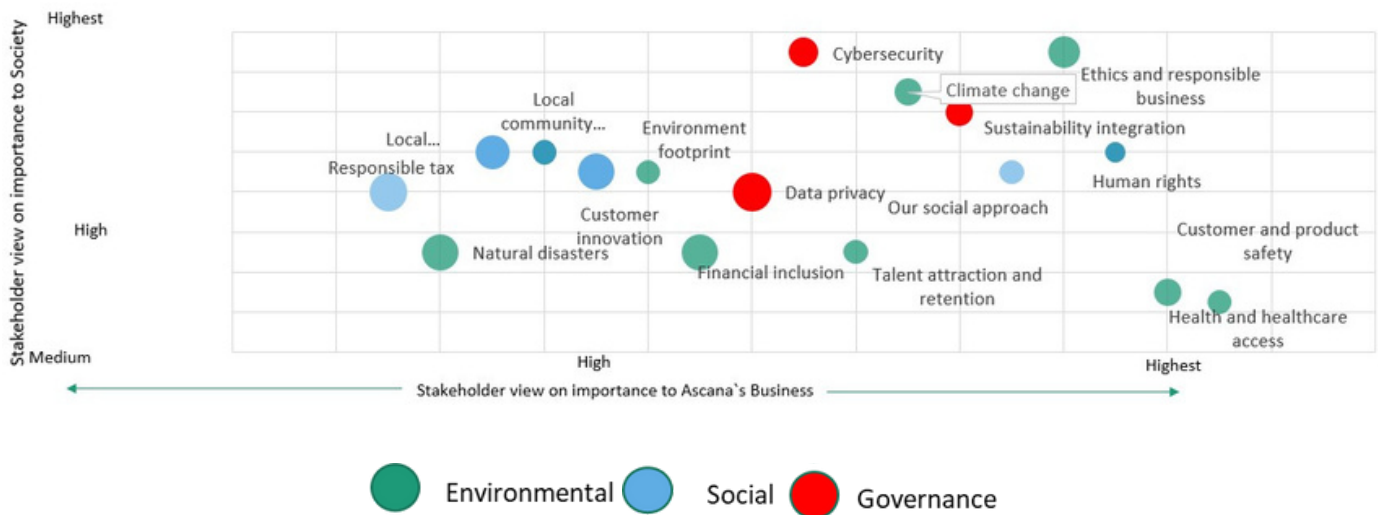
E: Our climate approach – climate change, environmental footprint in our operations.

S: Our social approach – financial inclusion, local community engagement, human rights, D & I.

G: Our sustainability integration approach – ethics and responsible business, data and AI ethics, data privacy, cybersecurity, and sustainability integration into products.

The top three most material issues for all our key stakeholders and our business are:

1. Climate change
2. Ethics and responsible business
3. Cybersecurity



TOGETHER IN 2023 WE WILL:

Social

- Formalize and uphold the sustainable Corporate culture
- Promote employee development through new leadership training programs
- Launch Wellness and employee resource group that provides health and wellness support
- Work towards getting awarded for
- The 'workplace awards'
 - The Best company culture
 - The Best Company for women employment
 - The Best Company for Diversity

GOVERNANCE

Short-term (2023-2024)

Conduct a Stakeholder Materiality Assessment

Long-term (2023+)

Increase board diversity

ENVIRONMENT

Short-term (2022-2023)

- Implement standardized reporting framework measure and report carbon emission
- Increase facilities' LEED square footage

Long-term (2023+)

- Implement Carbon emissions management program





الشركة العربية الإسكندنافية للتأمين (ش.م.ع) - تكافل - أسكانا للتأمين

ARABIAN SCANDINAVIAN INSURANCE COMPANY (P.L.C.) – TAKAFUL – ASCANA INSURANCE

Incorporated with limited liability by Amiri decree

A company subject to Federal law no. (6) of year 2007 of Insurance

Authority and registered in the insurance companies register under

No. (6) on 15/12/1984 Paid Up Capital Dirhams One Hundred Fifty Four Million.

أسست بموجب مرسوم أميري بضمان محدود

شركة خاضعة لأحكام لقانون الاتحادى رقم (6) للعام 2007 فى شأن هيئة التأمين وتنظيم أعماله ومقيدة فى سجل شركات التأمين تحت رقم (6) بتاريخ 15/12/1984 م رأس المال المنفوع مائة وأربعة وخمسون مليون درهم

Arabian Scandinavian Insurance Company PLC - ASCANA Takaful

Corporate Governance Report

2022



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	A The chairperson of the Risk Management Committee's acknowledgement of responsibility for the committee system in the company
	B Name of Risk Management committee transaction members and their duties and tasks assigned
	C Statement of number of meetings held by the Risk Committee during 2022
8	Internal Control System
	A The board of Directors acknowledges its responsibility for the company
	B Name of the department managers, qualifications, and date of appointment



- C Name of the compliance officer, qualifications, and date of appointment
- D How the internal control system dealt with any major problems in the company
- E Number of reports issued by internal control system to the company's Board of Directors

9 **Details of violations Committed during 2022**

10 **Contribution made by the company during 2022 in developing the local community and preserving the environment**

11 **General Information:**

- A Statement of the company's share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2022
- B Statement of the company's comparative performance with the general market index and sector index to which the company belongs during the year 2022
- C Statement of the shareholders ownership distribution as on 31/12/2022(individuals, companies, government) classified based on region as follows: Local, Gulf and Foreign
- D Statement of the shareholders owning 5% or more of the company's capital as on 31/12/2022
- E Statement of how shareholders are distributed according to the volume of property as on 31/12/2022
- F Statement of measures taken regarding the controls of investors relationship
- G Statement of the important disclosures that were presented at the AGM held during 2022 and the measures taken in their regards
- H The name of the reporter for the board meetings and the date of his appointment
- I Detailed statement of major and important disclosures that the company encountered during 2022
- J Statement of Emiratization percentage in the company at the end of 2020, 2021, 2022
- K Statement of innovative projects and initiatives conducted by the company or being developed during 2022



1. The procedures taken to complete corporate governance system during 2022 and how they are applied.

Since the introduction of governance controls, The Arabian Scandinavian Insurance Company PLC - Takaful – ASCANA Insurance, has adopted this targeted and effective system, leading to the development of institutional work, upgrading disclosure and transparency requirements, establishing integrity in dealings, strengthening supervision and preserving shareholders' rights, improving performance, preserving the rights of the Insured, reducing potential risks and separating ownership and management, providing good management and skilled expertise and developing the best practices starting from the implementation of the decision No. 7/R.M. for 2016 and its amendments No. 3/R.M. for 2019 on standards of corporate discipline and corporate governance and the decision of the Chairman of the Authority Board of Directors No. (03 /R.I.) for the year 2020 concerning the approval of joint-stock companies' Governance Guide which was replaced with resolution No. 518 for 2009 and other decisions on governance controls and standards of institutional discipline.

The company's achievements in 2022 can be summarized as follows:

1. Ensuring compliance with internal control systems by matching provided data with data received from external auditors and allowing members of the Audit Committee to conduct their supervisory role more effectively.
2. The company has committed to the arrangement with the Institute of Governance, where it has registered the Board Secretary in the governance program and the Board Secretary has been awarded a certified certificate (Certified Board Secretary) in this regard.
3. The Board of Directors has completed the special session designed for the members of the Board of Directors, and the BOD was granted for the second time a certificate approved by the competent authorities stating that they have completed the specialized course of governance work and in accordance with administrative decision No. 17 for 2017 issued by the Dubai Financial Market.
4. The company's executives as well as internal control members followed up and discussed the company's risk management policy in accordance with the approved regulations by implementing a cautious and effective underwriting policy and prudent management of claims.
5. The company also provided a comprehensive explanation to its employees for the controls of corporate governance, the statement of how they are applied, and the administrative decisions governing it.
6. The Board of Directors has also followed up with the audit committee and the nominations and remuneration committee in accordance with governance provisions and regulations. They also received reports from the Internal Audit Committee and reviewed them. They met and discussed these reports with the Internal Audit Committee.
7. The Company was keen to carry out its work with the transparency required in respect of the commitment to the dates and methods of disclosure of financial statements, in accordance with all provisions and decisions of the Securities and Commodities Authority and Dubai Financial Market (DFM).
8. Improve the performance of the IT department by introducing and modifying new innovative systems.
9. This report is made available to all shareholders of the company in accordance with resolution No. (03/R.M.) for 2020.
10. The Annual Report and all Financial Statements are presented to the shareholders before sufficient time from the AGM meeting to enable them to review it and take their decisions.



2. Statement of ownership and transactions of the Board of Directors

Member Name	Position /Relation	Owned shares as on 31/12/2022	Total Sale	Total Purchase
H.H. Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum	Chairman	28,644,000	--	--
Majid Mohd Amin Al Kazim	Vice Chairman	39,019,711	--	--
Faisal Aqil Al Bastaki	Member	77,000	--	--
Mahmoud Hadi Hassan	Member	1,456,143	--	--
Khalid Al Redha	Member	2,434,326	--	--
H.E. Dr. Mohammad Salim Al Olama	Member	8,140	--	--
H.E. Abdulla Abdulrahman Al Shaibani	Member	--	--	--

3. Board Formation

Name	Category (Executive, Non-Executive, and Independent)	Experience	Qualifications	Period served as a BOD member of the Company since his first election date	Their memberships and positions in any other joint-stock companies	Their positions in any other important supervisory, governmental, or business entities
His Highness Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum	Executive	He served as deputy commander in Central Military Area	N/A	1998	N/A	Ruling Family
Majid Mohammad Amin Al Kazim	Executive	Businessman	Bachelor's in business administration	2000	N/A	*Chief Executive Officer of Al Kazim Group of Companies.
Khalid Habib Al Redha	Non-Executive	Businessman	College of Media	2004	N/A	N/A
Faisal Aqil Bastaki	Non-Executive/Independent	Board Member Ajman Bank CEO of the Emirates Development Bank	*Bachelors in computer science and Statistics	2006	N/A	
Mahmoud Mohammed Hadi	non-executive Independent	Commercial Bank of Dubai	Master of Management	2006	N/A	* Currently retired and Director of Delta Company for Supply Workers on Demand



Abdulla Abdulrahman AlShaibani	Non-Executive	*Chairman - Galadari Brothers Group *Secretary General - Dubai Executive Council *Assistant General Director for Technical Services Dubai Municipality *Director of Contract & Purchasing Department Dubai Municipality *Director of General Projects & Maintenance Department - Dubai Municipality	Executive master's in business administration Bachelor of Science in Civil Engineering	2021	N/A	Board Director - Mohammed Bin Rashid Housing Establishment Board Director – ALEC Board Member - Mohammed Bin Rashid University Board of Trustees Board Member - International Humanitarian City Board of Directors Emirates Competitiveness Council (now Federal Competitiveness and Statistical Authority)
Dr. Mohammad Salim Al Ulama	Independent non-executive	*Undersecretary of Ministry of Health & Prevention *CEO -Hospital Services Sector & Acting CEO *Director of the Executive Affairs Department (DOHMS)	*Bachelor of Medicine and Surgery *Master of Business Administration MBA *master's in science *Sheikh Mohammed Bin Rashid Governmental leadership program	2012	N/A	Undersecretary of Ministry of Health & Prevention

B. Statement of the percentage of woman representation in the Board of Directors in 2022:

Unfortunately, there are no women in the BOD currently, but the company hopes to have woman representation in the BOD in the coming years.

C. Statement of reasons why no women were nominated for the membership of the Board of Directors:

Although the company is carrying out the procedures stipulated by law regarding nomination for membership to the Board of Directors, whether it is announced in newspapers, by registered mail, through the financial market, or through the company's website. However, 25% of the Company's Shareholders are women.

D. Statement of the following:

1. Remuneration and allowance of the Board of Directors in 2022

The remuneration of the Chairman and members of the BOD shall be based on the provisions of Article No. (21) of Resolution No. (7 / R of 2016) on the rules of governance and Article (169) of the Commercial Companies Law No. (2) for the year 2015, (Article 60 / c) so that the remuneration of members of the BOD shall consist of a percentage of the net profit provided that it shall not exceed 10% of the net profit for the fiscal year after deducting both the depreciation and the reserves.



The Company may also pay additional expenses, fees, bonuses, or monthly salary determined by the BOD for any of its members if such member works on any committee, makes special efforts, or performs additional duties to serve the Company in addition to his normal duties as a member of the BOD of the Company. No attendance allowance may be paid to the Chairman or a member of the BOD for Board meetings.

2. The total Remuneration paid to the Board of Directors in 2021:

The remuneration of the Board has been paid for 2021 in the amount of AED 650,000 , which was approved in the Annual General Assembly Meeting held on 14th April 2022.

3. The total remuneration of the Board of Directors which will be proposed for 2022 presented in the annual general assembly meeting for approval:

Resolved to make a recommendation to the general assembly to not distribute remuneration for the fiscal year ended on 31/12/2022.

4. Details of allowances, salaries, or fees received by the board member other than the attendance allowances of committees and the reasons thereof.

No fees or additional salaries were paid.

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

Date of Meeting	No. of Attendees	No. of Attendees by Proxy	Names of Absentness
02/03/2022	7	NIL	NIL
14/04/2022	6	NIL	Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum
10/05/2022	7	NIL	NIL
02/08/2022	6	NIL	Khalid Al Redha
07/11/2022	7	NIL	NIL

6. Number of the Board resolutions held during the 2022 fiscal year by circulation.

No resolutions held by circulation during 2022.

A. Statement of the BOD`s tasks and functions which were performed by the Executive Management pursuant to authorization by the Management, stating the period and validity of the delegation.

The BOD of the Company has a distinct delegation system. Articles 24 and 25 of the Articles of Association stipulate the powers and mechanism of delegation. The BOD has therefore granted all authorities in the management of the Company, to conduct all acts and actions on behalf of the Company as authorized by the Company. None of these authorities and powers shall not be retained by the Companies Law or by the Articles of Association of the General Assembly. The BOD shall establish regulations concerning administrative, financial, and employment matters and their financial dues. The Board of Directors shall also establish a regulation for the organization of its work and meetings and the distribution of competencies and responsibilities. Moreover, the board considering the provisions of the Companies Law and the implementing decisions issued by the Authority, authorizes the BOD to extend loans over a period



of 3 years, sell the properties of the company or the store, mortgage the movable and immovable property of the company, discharge the Company owes its obligations or conciliation and agreement on arbitration.

The right to sign on behalf of the Company shall also have the exclusive right of the Chairman of the BOD, or any other member authorized by the Board within the limits of the BOD's decisions. The chairman of the Board of Directors may be the legal representative of the company in front of the judiciary and in relation to third parties. The chairman of the board may delegate other members of the board of directors in some of his powers, provided that the board of directors is not authorized to delegate the president of the council in all his powers in absolute terms. As the Council has the right to appoint the Chief Executive Officer or General Manager of the company or several Managers or authorized agents and determine their terms of service and salaries and remuneration.

B. Statement of the BOD's tasks and Functions Which Were Performed by the Executive Management pursuant to an authorization by the Management, stating the period and validity of the delegation

Name of Authorized Person	Power of Authorization
Khalid Ahmad Mohd Amin Al Kazim	All the necessary powers to perform the duties of the administrative, financial, and technical requirements of the company for example: - Daily management of the company - Budget arrangement - Decide the required insurance for the company. - Appointing and dismissing employees, consultants, and contractors, determining their duties, bonuses, promotions, and disciplinary rules. - Representing the company in all natural and legal entities, ministries, committees, boards, references, civil departments, companies, and private entities and signing all contracts, transactions, correspondence, and documents related to the company's business. - Follow-up the establishment, processing, and operation of the branches and the taking of procedures in their establishment, and in general the representation of the company in all the activities required for the *conduct of its business and activities or related thereto and related to its practices. In the conduct of the company's business, defending its rights, representing third parties, appointing lawyers and signing on behalf of the company all administrative, technical and legal works

G. Statement of the details of transactions made with the related parties during 2022

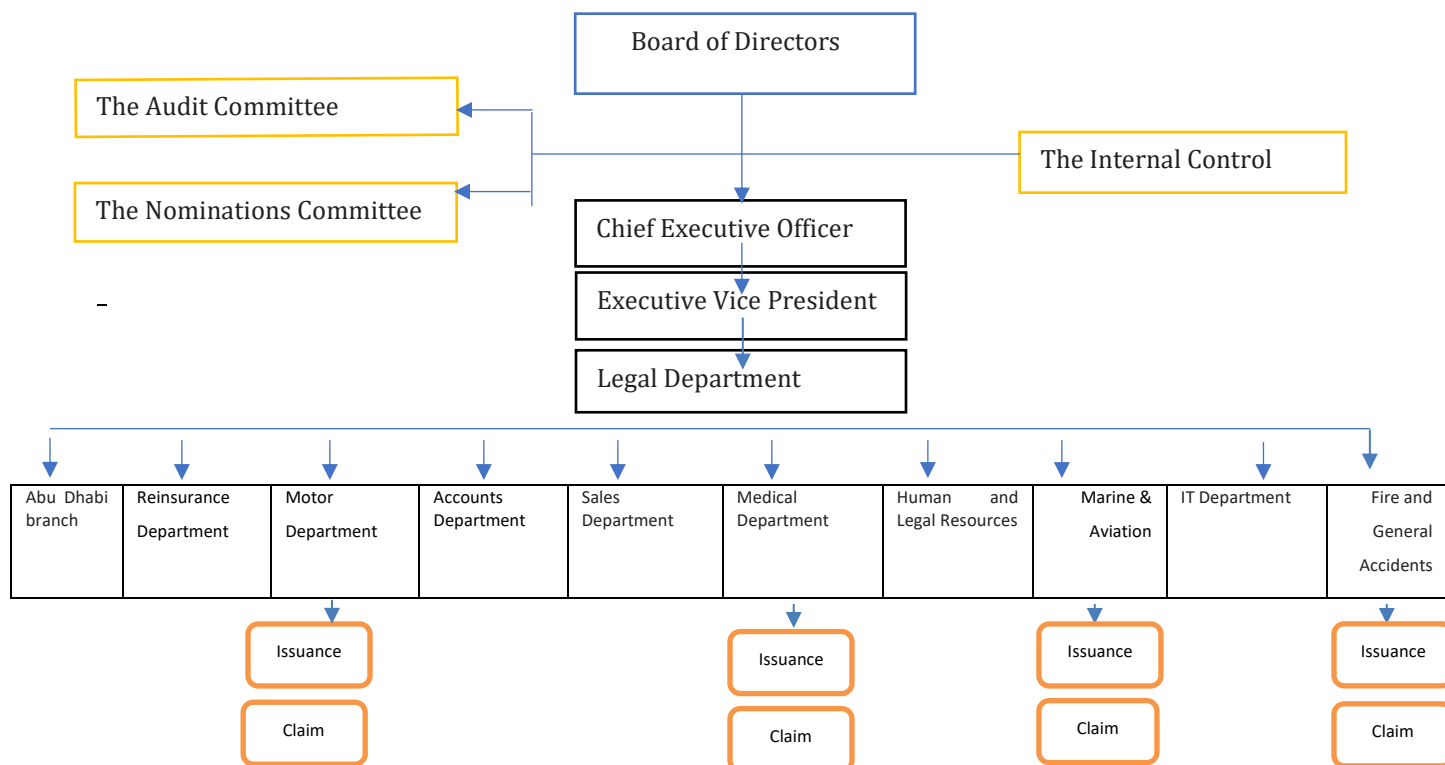
There were no transactions during 2022.

Details of the transactions with related parties:

There were no transactions with related parties.



c. The complete organizational structure of the company



I. Detailed statement of the senior executives in the first and second levels according to the organization structure:

Sr. No.	Position	Appointment Date	Total Salaries and Allowances paid for 2021	Total Bonus Paid for 2022	Any Other Bonus / Allowances for 2021
1.	CEO	2020	AED 1,080,000	AED 75,000	-
2.	Legal & Admin. Manager	1995	AED 460,000	AED26,600	-
3.	Fire Dept. Manager	2018	AED 212,000	AED10,200	-
4.	Marine Dept. Manager	1989	AED 205,900	AED 9,350	-
5.	Medical Dept. Manager	2016	AED 193,000	AED8,000	-
6.	Finance Dept. Manager	2003	AED 371,200	AED21,210	-
7.	Sales Dept. Manager	2013	AED 290,178	00	-
8.	Reinsurance Dept. Manager	2012	AED 305,600	AED 14,880	-
9.	Motor Dept. Manager	2001	AED 318,800	AED 15,450	-
10.	IT Dept. Manager	2002	AED 235,600	AED 10,450	-
11.	Operation Manager	2016	AED402,200	AED19,800	-
12.	Technical Manager	1995	AED 367,600	00	-
13.	Motor Underwriting Manager	1998	AED 137,550	AED11,400	-
14.	Human Resource Manager	2019	AED 291,000	AED15,600	-
15.	Corporate Services Manager	2020	AED 204,000	AED11,200	-
16.	Abu Dhabi Branch Manager	2015	AED193,000	AED6,400	-



4-COMPANY'S EXTERNAL AUDITOR

A. Overview of the Company Auditor

Grant Thornton (GT) undertakes the external audit of the company, which is one of the international companies accredited in the country and they have been auditing the companies since 2018, when they were selected by the shareholders in General Assembly held on 10/04/2018.

Grant Thornton is an audit firm and their independence from the company and its board of directors has been ascertained, and they perform audit work in accordance with applicable international standards. Their primary work is to ensure the correctness of the financial statements and monitor the company's accounts for the fiscal year. In order to perform their mission, they have the right to access at all times the company's records, and its books, documents, request data, clarifications, verification of the company's assets and its obligations, and it must be ascertained when preparing their report of the validity of the accounting records kept by the company, and the extent of agreement of the company's accounts with the accounting records, and they have the right to request whatever they deem necessary to perform their duties. Review the balance sheet, and profit & loss account reviews the company's deals with related parties, observe the implementation of the provisions of the Companies Law and the Articles of Association, and submit the report with the results of their examination to the General Assembly and sends a copy of it to the competent authorities. They also have the right to attend the General Assembly meetings, and to ensure that the procedures that have been taken for the invitation to these meetings are correct, and the recitation of their audit report to the shareholders, notes on the company's accounts, its financial position, or any violations thereof, and that the report is independent and impartial, explaining any obstacles or interference from the board of directors that they encountered while performing their work.

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

Number of years the auditor served as the company's external auditor	Grant Thornton
Number of years the auditor served as the company's external auditor	5 Years
Total Auditor fees of 2022 (AED)	AED 175,000
Fees and costs of other private services other than auditing the financial statements for 2022(AED), if any, and in case of absence of any other fees, this shall be expressly stated	No other services
Details and nature of the other services (if any), if there are no other services, this matter shall be stated expressly	No other services
Statement of the other that an external auditor other than the company accounts auditor provided during 2022(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 2022.

No reservations during 2022.

5- Audit Committee

A. The chairman of the Audit Committee thereby acknowledges his responsibility for the committee system in the company, review of its work mechanism and ensuring its effectiveness.

B. Name of Audit Committee member and their duties and tasks assigned:

Name	Position
Mr. Faisal Aqil Bastaki	Chairperson
Mr. Mahmoud Mohamed Hadi	Member
Dr. Mohammed Al Ulama	Member

It is a subcommittee formed through a decision issued by the Board of Directors based on the structure and functions of Articles 60, 61, and 62 of Decision No. 03 / R.M / 2020 and its amendments. All members must have knowledge of financial and accounting matters, and one of them must have the minimum work experience in the field of accounting or financial matters or be the holder of an academic qualification or a professional certificate in accounting, finance, or other related fields.

The Audit Committee shall perform the following tasks and duties:

1. Review the company's financial and accounting policies and procedures.
2. Monitor and review the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate on the following:
 - a. Any changes in accounting policies and practices.
 - b. Highlighting the aspects subject to the management's discretion.
 - c. Ensure that the company annually updates its policies, procedures, and control systems.
 - d. Substantive amendments resulting from the audit.
 - e. Assumption of business continuity.
 - f. Compliance with the accounting standards established by the Authority.
 - g. Compliance with listing and disclosure rules and other legal requirements related to financial reporting.
3. Coordinate with the company Board, senior executive administration, the financial manager, or the manager delegated with the same duties in the company, to perform its duties.
4. Consider any significant and unusual terms contained in such reports and accounts and shall give due consideration to any matters raised either by the Company's Chief Financial Officer, the manager 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, 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 of the 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 work done by an external auditor for the company and the fees received in consideration of that work.
10. Examine all matters related to the auditor's work, their work plan, correspondence with the company, their 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, 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 promptly to the clarifications and substantive issues raised in the auditor letter.
12. Review and evaluate the company's internal auditing and risk management systems.
13. Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.
14. Consider the results of the main investigations regarding the internal auditing matters assigned 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 the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.
17. Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.
18. Establish controls that enable the Company's employees to report confidentially on any potential violations in the financial reports, internal auditing or other matters, and the steps to ensure making an independent and fair investigation of such violations.
19. Monitor the company compliance with the rules of professional 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 application of the business rules and their functions and the powers entrusted to it by the Board.
22. Submit reports and recommendations to the Board on the above matters mentioned in this Article.
23. Consider any other matters determined by the Board.

C. Number of meetings held by the Audit Committee during 2022

Audit Committee		Date of the meeting			
Member Name	28/02/2022	10/05/2022	10/07/2022	02/11/2022	
Faisal Aqil Bastaki	Ⓟ	Ⓟ	Ⓟ	Ⓟ	
Mahmoud Mohamed Hadi	Ⓟ	Ⓟ	Ⓟ	Ⓟ	
Mohammed Al Ulama	Ⓟ	Ⓟ	Ⓟ	Ⓟ	

6-Nomination and Remuneration Committee

A. The chairman of the Nomination and Remuneration Committee thereby acknowledges his responsibility for the committee system in the company, reviews its work mechanism, and ensures its effectiveness.

B. Names of Nomination and remuneration Committee member and their duties and tasks assigned.

Name	Position
Mr. Mahmoud Mohamed Hadi	Chairperson
Mr. Khalid Habib Al Redha	Member
Dr. Mohammed Al Ulama	Member
Abdulla Abdulrahman AlShaibani	Member

As per Article (59) of Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning approval of Joint Stock Companies Governance Guide: a committee formed by the Board of Directors and hold its meetings once a year or whenever necessary, its functions include:

1. Develop the policy that is required for applying to the Board and Executive administration's membership, and aiming to include gender diversity, and providing the authority with a copy of the policy with any amendments.
2. Establish and follow up with the procedures that are to be followed when applying for membership to the Board, according to the applicable laws and regulations.
3. Ensure the availability of the continuity of the membership conditions of the Board members, annually.
4. Examine the Board's structure and make recommendations wherever required.



5. Continuously ensure the independence of the independent Board members. If the Committee determines that a member lacks independence, the matter will be notified to the Board, and action will be taken accordingly.
6. Subject to the provisions of Article (145) of the Companies Law, if the decision of the Board regarding lack of reasons or justifications for the member independence affects the minimum percentage of its independent members, the Board shall appoint an independent member to replace this member if he has submitted his resignation due to lack of independency. In case the member refuses to resign, the Board shall present the matter to the general assembly for a decision to approve the appointment of another member or to open the door for candidacy for electing a new member.
7. Prepare and review the policy for granting rewards, benefits, incentives, and salaries to the Board members and the employees of the Company, annually. The committee must ensure that the rewards and benefits provided to the senior executive management are reasonable and proportionate to the performance of the Company.
8. Identify the needs of the Company with regard to the competency level of senior executive management and employees, as well as the basis of their selection.
9. Prepare the policy related to HR and training of employees and monitor its implementation along with reviewing it on an annual basis.

C. Number of meetings held by the Nomination and Remuneration Committee during 2022

Nomination and Remuneration Committee	Date of the meeting			
	28/02/2022	09/05/2022	28/07/2022	02/11/2022
Member Name				
Mahmoud Mohamed Hadi	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Abdulla Abdulrahman Al Shaibani	Ⓟ	Ⓟ	Ⓟ	A
Mohammed Al Ulama	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Khalid Al Redha	Ⓟ	Ⓟ	Ⓟ	Ⓟ

7. The supervision and follow up committee of insiders' transaction

- A. The chairperson of the supervision and follow up committee of insiders' transactions thereby acknowledges his responsibility for the committee system in the company, reviews of its work mechanism, and ensures its effectiveness.
- B. Name of supervision and follow-up committee of insiders' transaction member and their duties and tasks assigned:
 - 1- Mr. Faisal Aqil
 - 2- Mr. Mahmoud Hadi
 - 3- Mr. Sunil Kumar

The company established an independent committee to manage monitor and oversee the transactions of insiders, and their properties, maintain a register, and submit the periodic report to the market in accordance with The Securities & Commodities Authority's Board of Directors' Chairman Resolution No. (7/R) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies Insiders Trading Follow-Up.



1. Prepare a special and comprehensive list of insiders, including interim on a temporary basis and their disclosures.
2. Hold periodic quarterly meetings to discuss changes in Insiders transaction.
3. Notify the Authority and Market with an updated list of Insiders at the beginning of each fiscal year, as well as any changes that occur during the fiscal year.
4. Submit an updated copy of the insider's list to the Authority upon their request. Comply with all requirements determined by the Authority.

C. Summary of Committee work during 2022:

- Increase awareness to the Importance of Insider Trading Follow-Up and Overseas Committee role.
- Prepare and submit statements on a quarterly basis to Executive Management as in Article 58,59 of the Chairman's Decision No. 3 / R .M for the year 2020.

The supervision and follow-up committee of insiders transaction	Date of the meeting
	28/07/2022
Faisal Aqil Bastaki	Ⓟ
Mahmoud Mohamed Hadi	Ⓟ
Sunil Kumar	Ⓟ

7. Committees approved by the Board.

A- Investment Committee

The Chairman of the Committee thereby acknowledges his responsibility for the committee system in the company, review of its work mechanism, and ensuring its effectiveness.

Role of the Investment Committee

1. Develop an investment and risk management policy that is consistent with the level of risk appetite determined by the Company's Board of Directors and review it on an annual basis, including the control mechanism.
2. Ensure that assets are sufficiently diversified and distributed and allow the company to respond efficiently to changing economic conditions, including developments in the financial markets, and assess unusual market conditions on its assets.
3. Verify the efficiency of risk management systems associated with investment activities that may affect the coverage of insurance obligations and capital adequacy.
4. Review the assessment of the creditworthiness of related parties with whom the company performs large transactions.

Names of the members of the Investment Committee: -

Post	Name
Vice Chairman – Chairman of the Committee	Mr. Majed Mohammed Amin Al-Kazim
Board Member – Committee Member.	Mr. Faisal Aqeel Al Bastaki
Chief Executive Officer – Committee Member	Mr. Khalid Ahmed Mohammed Amin Al-Kazim

A statement of the number of meetings held by the Committee during 2022 and the dates of their convening, and a statement of the personal attendance of all members of the Committee.



Details	Date
The Committee recommended investing in Islamic Sukuk (ordinary and perpetual), reviewing the investment schedules, and strategy.	20/05/2022

B- BOD Risk Committee:

The chairman of the Risk Committee thereby acknowledges his responsibility for the committee system in the company, review of its work mechanism, and ensuring its effectiveness.

Name of Risk Management committee transaction member and their duties and tasks assigned:

Name	Position
Mr. Mahmoud Mohamed Hadi	Chairperson
Mr. Faisal Aqil Bastaki	Member
Mr. Khalid Habib Al Redha	Member

Role of the Risk Committee

1. Help to set the tone and develop the risk management program.
2. Create awareness such that people at all levels own and manage risks related to their areas
3. Monitor the Company's risk profile – Its ongoing and potential exposure to risks of various types
4. Approve the risk management policy and plan. The risk management plan should include the company's risk management approach refers to tolerances, intervals, frequency etc.
5. Discuss with the CEO and management the company's major risk exposures and review the steps management has taken to monitor and control such exposures Provide input to the board and audit committee regarding risks
6. Perform any other activities that the board or risk committee determines are necessary

A statement of the number of meetings held by the Committee during 2022 and the dates of their convening, and a statement of the personal attendance of all members of the Committee.

Date of the meeting		
09/05/2022	28/07/2022	02/11/2022

C-Risk Management Committee

-The chairman of the Risk Management Committee thereby acknowledges his responsibility for the committee system in the company, review of its work mechanism, and ensuring its effectiveness



-Names of Risk Management committee transaction member and their duties and tasks assigned:

Name	Position
Walid Shalab	Chairperson
Ashraf Abbas Dupity AJMS GLOBAL	Member
Rusiru Thalinka	Member
Motasem Oklah	Member
Alaa Al Qassas	Member
Sunil Kumar	Member
Nidal Alkloub	Member

Role of the Risk management Committee:

1. Develop a detailed risk management strategy as well as policies that are consistent with the nature and size of the Company's operations, monitoring its implementation, reviewing, and updating it whenever necessary.
2. Recognize and preserve acceptable risk levels that the Company may face and ensure that the level is not exceeded.
3. Oversee the risk management framework and evaluate its efficacy and review the mechanism in place for detecting and monitoring the risks that threaten the Company, in order to find any areas of incompetence.
4. Present the Company's management with guidance in order to assist them in improving risk management practices or mitigating certain risks.
5. Acquire assurance from the executive management and the internal auditor that the risk processes and systems operate effectively.
6. Prepare comprehensive reports on the level of exposure to risks and recommend procedures for controlling risks and submit them to the Board.
7. Evaluate the selection, performance, and replacement of the Risk Officer and monitor the management of risk.
8. Assess matters that are raised by the Audit Committee that can affect the Company's management of risk.

C. Statement of the number of meetings held by the Risk Committee during 2022

Risk Management Committee	Date of Meeting			
Member Name	28/02/2022	09/05/2022	28/07/2022	02/11/2022
Walid Shalab	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Rusiru Thalinka	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Ashraf Abass Dupity AJMS GLOBAL	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Motasem Oklah	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Alaa Al Qassas	Ⓟ	Ⓟ	Ⓟ	Ⓟ
Nidal Alkloub	Ⓟ	Ⓟ	Ⓟ	Ⓟ



8. Internal Control System

A-The board of Directors acknowledges their responsibilities for the company's internal control system and for their review of the working mechanism for ensuring its effectiveness.

Accordingly, in compliance with corporate governance and corporate governance standards, the Board of Directors acknowledges its responsibility for the Company's internal control system, It also acknowledges its review of its working mechanism and effectiveness. The Internal Control Department of the Company carries out its duties in accordance with the provisions of Article (67,68) of Resolution No. 3 / R of 2020 which replaced the Ministerial Resolution No. 7/RM of 2016 so that it shall have enough independence to carry out its duties and directly follow the Board of Directors. The internal control system is designed to establish an evaluation of the company's risk management tools and procedures to apply its governance rules properly, and to verify the compliance of the company and its employees with the provisions of the laws regulations and decisions in force internal policies and procedures and review of the financial statements presented to the Company's senior management, which are used in the preparation of financial statements.

1. The internal control system shall be issued by the Board of Directors after consultation with the senior executive management. The system is managed by an internal control department.
2. The Board shall also define the objectives, functions, and powers of the competent internal control department with enough independence to perform its functions and directly follow the Board of Directors,
3. The Director shall also be appointed directly by the Board.
4. The Board shall conduct an annual review to ensure the effectiveness of the Company's internal control system and to disclose its findings to shareholders in its annual report on corporate governance.
5. The annual audit includes especially the details as given below:
 - Key control elements include financial control operations and risk management.
 - Changes since the last annual review and extent of the main risks and the Company's ability to respond to changes in its business and the external environment.
 - The scope and quality of the Board's continuous control over risks the internal control system and the work of the internal auditor.
 - The number of times the Board of Directors or its committees have been informed of the results of the audit work to enable it to assess the internal control position of the Company and the effectiveness of risk management.
 - Cases of failure or weakness in the detected control system or unexpected contingencies that have affected or may have a material impact on the performance or financial position of the Company.
 - The effectiveness of the Company's financial reporting and compliance with inclusion and disclosure rules.
 - Verifying all transactions in terms of whether they are carried out with a related party if they involved a conflict of interests or by verifying compliance with the procedures governing such transactions.

The company adopts the application of international standards of internal control in order to achieve the required objectives efficiently in accordance with the purpose for which it was found and aimed at achieving an integrated control system and in accordance with the set of controls, standards, and procedures.



The Internal Control Department is transparent in its reports on the extent of the company's transactions and employees in accordance with the procedures required to be followed by the company and its employees.

B-AJMS Global Consulting has been appointed for internal auditing purposes.

Internal Auditor:

Name of the internal Auditor : AJMS GLOBAL CONSULTING

Date of appointment of the company's Internal Auditors 01/01/2021

An internal audit function exists in the company, acting as the third line of defence which reports to the Audit Committee on the effectiveness of key internal controls and conducts reviews of the efficacy of management oversight in regard to delegated responsibilities, as part of its regular audits of the Company's departments. The Internal Audit produces an annual Risk-Based Internal Audit Plan which is approved by the Audit Committee and revisited to allow flexibility in a changing risk environment. On an ongoing basis, the Board along with Audit Committee and management reviews the internal controls and suggests changes to further enhance and improve the framework. The Audit Committee has outsourced the internal audit function to a specialised third party.

The Internal Auditor prepares an annual plan to identify the risks and the degree of severity, and to review and audit the various sections and departments of the Company, where periodic reports submitted on the tasks performed to the Audit Committee, which are presented to the Board of Directors, as well as a plan that aims at handling or limiting violations, if any.

B. How the internal auditor system dealt with any major problems at the company:

The internal auditor has dealt with transparency and professionalism with all the tasks entrusted to it by the Board of Directors and what is required by law to this matter, and to inform the Board of Directors with all the details required.

In 2022, the company didn't face any issues that require the intervention of the internal control Department, which in case of occurrence, the Internal Control Department will deal with them in accordance with the nature of the problem and report to the Board of the facts and solutions.

E. Number of reports issued by the internal control system to the company's Board of Directors:

The internal auditor has specifically reported to the Audit Committee the progress on updating the internal controls policies and procedures carried out during the year.

The internal control department completed 17-audit engagements and issued the following reports during 2022:

- 13 reports for compliance with rules, regulations, policies, procedures.
- 4 reports for information security, and information technology.

Internal Auditor		Date of Meeting			
Meetings	28/02/2022	27/07/2022	02/11/2022	12/07/2022	02/10/2022

9. Details of the violations committed during 2022

ASCANA didn't commit any violations during 2022 or during the previous years.

10. Contribution made by the company during 2022 in developing the local community

The company follows an environmental and social policy that stems from its interest in preserving the safety of the local environment by reducing the use of pollution-reducing tools, reducing the amount of waste, recycling, and reusing, as well as the optimal use of resources. The company has also implemented a special system to conserve energy and reduce energy consumption within the office premises.



In addition to the above, the company has several social, charitable, sports, and environmental contributions. In 2022, the company supported and sponsored several activities for governmental, social, educational, and environmental agencies, translating it into the concept of community service.

At the local and sports level, the company is considered one of the main sponsors of equestrian racing events in Dubai under a cash contribution as one of the sponsors and in the form of awarding prizes to the winners.

At the social level Takaful, the company has provided the Zakat legitimacy of charitable organizations.

The company also through the inspection department in the Motor Department has issued its instructions to conduct the optional examination and free inspection of its customers on vehicles to be insured as an additional service to ensure that it is free from defects harmful to public health or the environment.

10. 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 fiscal year 2022.

ASCANA		
Month	Open	Close
Jan-22	1.79	1.63
Feb-22	1.63	1.63
Mar-22	1.63	1.72
Apr-22	1.72	1.85
May-22	1.85	2.12
Jun-22	2.12	2.12
Jul-22	2.12	2.12
Aug-22	2.12	2.04
Sep-22	2.04	2.00
Oct-22	2.00	2.00
Nov-22	2.00	1.85
Dec-22	1.85	1.85

B-Statement of the company comparative performance with the general market index and sector index to which the company belongs during 2022.

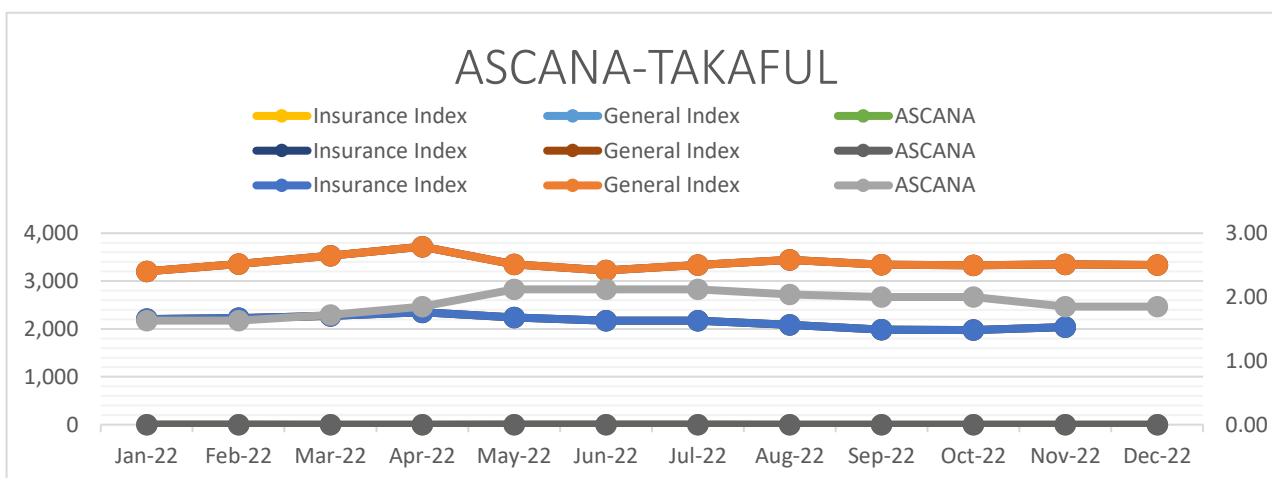
Month	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Insurance Index	2,208	2,223	2,275	2,349	2,242	2,174	2,175	2,087	1,987	1,976	2,036	
General Index	3,203	3,355	3,527	3,720	3,347	3,223	3,338	3,443	3,339	3,332	3,352	3,336
ASCANA	1.63	1.63	1.72	1.85	2.12	2.12	2.12	2.04	2.00	2.00	1.85	1.85



C. Statement of the shareholder's ownership distribution as of 31/12/2022 individual, companies, government) classified as follows: Local, Gulf, and Foreign

Local	No of Shares	Shareholding Ratio %
Company	28,384	0.02%
Individual	153,971,616	99.98%
Grand Total	154,000,000	100.00%

E. Statement of the shareholders owning 5% or more of the company's capital as of 31/12/2022 according to the following schedule:



Serial No.	Names of the shareholders	Number of shares Held	% of Shares Held of the Company's capital
1	H. H Sheikh Butti Bin Maktoum Bin Juma Al Maktoum	28,644,000	18.60%
2	Ahmad Mohammed Amin Al Kazim	14,989,093	9.61%
3	Majed Mohammed Amin Al Kazim	39,019,711	25.34%
4	Fawzia Abdul Razzaq Al Kazim	7,937,702	5.15%
5	Rehab Mohammed Amin Al Kadhim	16,435,094	10.67%
6	Rawia Mohammed Amin Al Kazim	16,435,094	10.67%



D. Statement of how shareholders as distributed according to the volume of property as on 31/12/2022.

Share(s) Owned	No of Shareholders	No. of Share	% Of the shares held of the capital
1-Less than 50,000	21	199,799	0.13%
2-50,000 - 500,000	4	733,000	0.47%
3-500,000-5,000,000	10	29,795,070	19.35%
4-Above 5Million	6	123,272,131	80.05%
Grand Total	41	154,000,000	100.00%

F. Statement of measures taken regarding the controls of investor relationship and an indication of the following:

The Company has updated and modernized its investor relations sections on our website to upload any disclosed information and any other information related to the shareholders rights, such as corporate governance reports, Financials Shareholders Structure, Contact details of the investor relations office in accordance with the requirement and regulation of securities and commodities authority.

Investor relations contact details:

Ms. Rabiaa Bent Allala: Investor relations.

Email: Rabiaa@ascana.net

Contact Number: +971 (04) 282 4403 Ext-165

G. Statement of the important disclosures that were presented at the AGM held during 2022 and the measures taken in their regards.

Article of Association amended.

Consent to amend Article (7) of the company's Articles of Association for the purpose of allowing non-nationals and/or citizens of the Gulf Cooperation Council to own 49% , to read as follows: "all the company's shares are nominal, and the participation rate of nationals and/or citizens of the Gulf Cooperation Council, at any time throughout the period of the company existence, must not be less than 51% of the share capital, and the shareholding of non-nationals of the United Arab Emirates or Gulf Cooperation Council countries may not exceed 49%.

H. The name of the reporter for the board meetings and the date of his appointment

A special decision was taken to amend the article of association to comply with Federal Law No. (26) of 2020 amending some provisions of Federal Law No. (2) of 2015. All procedures related to this decision have been taken for approval by the respected Securities and Commodities Authority. All procedures related to this decision and the Board of Directors have been taken by the Securities and Commodities Authority.

Board of Directors Secretary:



- Name of the Board Secretary and the date of her appointment
Ms. Rabiaa Hannachi, appointed on 11/07/2017
- **Qualification and experience:**
Certified Board of Directors Secretary from Hawkamah Institute (2018)
Board of Director secretary 2018
BA in Economy 2001

I. Detailed statement of major and important disclosures that the company encountered during 2022.

No disclosures

J. Statement of Emiratization percentage in the company at the end of 2020, 2021, & 2022

Year	Emiratization Ratio
2020	6%
2021	7%
2022	10%

K. Statement of innovative projects and initiatives carried out by the company or being developed during 2022.

The company has submitted an innovation project related to the creation of a department called the Department of Happiness, the purpose of which is to consider customer dealings, respond to their requests and provide appropriate services to them, as well as for the company's employees.

Chairman

Audit Committee

Nomination& Remuneration Committee

Internal Auditor

Date 01/03./2023

Date02/03/2023

Date02/03/2023

Date02/03/2023