الأنصاري للخدمات المالية ش.م.ع
AL ANSARI FINANCIAL SERVICES P.J.S.C.

Together Towards Tomorrow

2023 ANNUAL REPORT

aafs.ae

AL ANSARI FINANCIAL SERVICES

2023 **Annual Report**

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OVERVIEW

At a glance

Al Ansari Financial Services PJSC is a leading integrated financial services group headquartered in Dubai, United Arab Emirates (UAE)

Over the course of the last five decades, Al Ansari Financial Services, through its subsidiary Al Ansari Exchange LLC, has played a pivotal role in shaping the financial landscape, facilitating the mobility of money for both individual consumers and corporate entities.

At its core, Al Ansari Financial Services specialises in a comprehensive range of financial solutions, including cross-border payments, foreign exchange solutions, payment technologies, cash management and bill collection services, prepaid cards, and access to the Wage Protection System (WPS), the government programme that oversees payments of workers' salaries in the UAE.

The Group's successful listing on the Dubai Financial Market on 6 April 2023 marked a significant milestone, paving the way for continued growth and expansion.

Under the umbrella of the Group, several subsidiaries have thrived, each contributing to the collective strength and diversity of Al Ansari Financial Services.

Established in 1966, Al Ansari Exchange stands as the pioneering exchange house in the UAE, boasting the largest network for outward remittances and foreign exchange with over 250 branches (as of December 2023).

Launched in 2011, CashTrans stands as a trusted pillar in integrated cash management solutions, serving leading financial institutions, private companies and corporations, ensuring secure cash handling across the UAE.

Established in 2017, WorldWide CashExpress capitalises on its extensive network to offer fast and reliable international money transfer services, fostering global financial connectivity.

Marking a strategic expansion in 2002, Al Ansari Exchange (Kuwait) has become a key player in Kuwait's foreign exchange and money transfer market. The ongoing acquisition strengthens the Group's commitment to growth while upholding its legacy of excellence.

The Group's newest venture, Al Ansari Digital Pay, is positioned to launch a revolutionary digital wallet targeting the unbanked population, aligning with the UAE's vision for a cashless society and promoting financial inclusion.

Al Ansari Financial Services operates as a 90% owned entity under the ownership of Al Ansari Holding LLC, ensuring a stable foundation for sustained success.

With a rich history and a sterling reputation built on service innovation and proprietary technologies, the Group and its subsidiaries continue to build an ecosystem that enables greater and easier mobility of money.

DOMINANT PRESENCE & SCALE IN HOME MARKET

+256
PHYSICAL BRANCHES

+4,600
EMPLOYEES

2.5X
BRANCHES COMPARED TO NEXT LARGEST PLAYER IN THE UAE (2023)

UNPARALLELED GLOBAL REACH & SCALE

+250
CORRESPONDENT BANKS AND PARTNERS' NETWORK

History & milestones

Founded in 1966 by the Late Ali Abualhassan Al Ansari, the inaugural Al Ansari Exchange branch emerged at the Abu Dhabi Central Market. In the midst of the city's expansion, this bustling market became the primary nexus for trade, drawing in merchants and residents alike seeking a variety of goods. Simultaneously, Dubai's business epicentre was the Souq for several years, boasting approximately 300 shops along the Deira side of the creek.

In December 1971, the formation of the United Arab Emirates sparked and propelled the growth of Al Ansari Exchange. The company has in turn spearheaded numerous advancements for the nation, including an electronic system for its financial transactions, global money transfer services, travel cards, and a mobile app for seamless money transfers.

Under the stewardship of its Chairman, Mr. Mohammed Ali Al Ansari, and other members of the Al Ansari family, pivotal roles have been played since inception, transforming the business into a household name and positioning it as a leader in the remittance and foreign exchange industry within the region. As the business continues its expansion, this steadfast commitment remains centred on addressing evolving customer needs and preferences. This commitment is evident in strategic investment in digital channels, complemented by a sustained physical presence for in-person interactions.

Proud of the accomplishments achieved to date, Al Ansari Financial Services looks forward to the ongoing journey, emphasising its dedication to delivering comprehensive financial services and adapting to the dynamic financial industry landscape. This overview is presented in the annual report, showcasing the company's growth, resilience, and unwavering commitment to meeting the needs of valued customers.

HIGHLIGHTS

1966
- Inaugurated 1st UAE branch of Al Ansari Exchange in Abu Dhabi

1987
- Established integrated electronic system for financial transactions

1999
- Launched first rewards programme for finance sector

2003
- Standardised all branches
- Unveiled new identity

2004
- Launched Cash Express

2010
- Inaugurated 100th UAE branch of Al Ansari Exchange in Dubai
- Launched PayPlus, to support the UAE's Wage Protection System

2011
- Launched CashTrans

2012
- Signed MoU with Bill & Melinda Gates Foundation to collaborate on global health

2013
- Voted UAE Superbrand for 8th consecutive year

2016
- Launched e-Exchange

2017
- Launched Worldwide Cash Express

2019
- Introduced Visa Platinum TravelCard with 17 currencies

2020
- Became Visa Principal Member
- Was rated '5A1' by Dun & Bradstreet for high credit and minimal credit risk

2021
- Hailed as the best fintech mobile app in the UAE

2022
- Introduced CashTrans' cash-in-transit services to third parties
- Introduced Smart Counters across branches in the UAE

2023
- Listed on Dubai Financial Market
- Inaugurated 250th branch of Al Ansari Exchange in UAE

Geographical footprint

Omni-channel presence

Al Ansari Financial Services' integrated financial services platform caters to individual and corporate customers with omni-channel services that are made available to them at physical locations and on digital platforms, with personal attention and professional assistance as required.

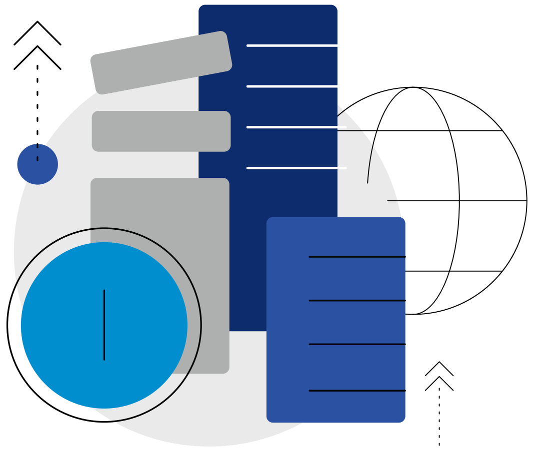
Branches

The Al Ansari Financial Services has a total of 256 operational branches across the seven emirates of the UAE (as of 31 December 2023)

Emirates	Branches
Abu Dhabi	48
Al Ain (Abu Dhabi)	14
Dubai	117
Sharjah	42
Ajman	17
Ras Al Khaimah	9
Fujairah	6
Umm Al Quwain	3

Service Channels

Mobile app
Online platform
Smart counters
Relationship managers



Cross-feeding ecosystem

Combining market needs, regulatory stipulations, and technology infrastructure, the Al Ansari Financial Services ecosystem involves various players and processes to facilitate efficient and cost-effective transfer of funds across borders through traditional and digital means.

Remittance ecosystem

Remittances
Wage Protection System (WPS)
Worldwide CashExpress

Bank notes ecosystem

Prepaid cards
Bank notes
CashTrans

Highlights of 2023

Investor relations

- Declared intention to debut on the Dubai Financial Market in March, followed this with an increase in shares allocated to retail investors, and successfully completed IPO in April, raising AED 773 million
- Approved a substantial AED 300 million interim cash dividend at the inaugural General Assembly Meeting

Customer commitment

- Rolled out over 10 promotional offers through the year, featuring enticing rewards such as cash prizes, a dream home, gold, luxury cars, Apple and Samsung products and smart TVs, ensuring unparalleled value for money for our customers.
- Partnered with Dubai Insurance to facilitate subscriptions to the Involuntary Loss of Employment Insurance scheme and promote financial security.
- Enrolled 2 million individual customers in the innovative PLUS Rewards loyalty programme
- Teamed with cross-border payment hub Tranglo to optimise seamless remittance experiences.
- Collaborated with the Ministry of Interior's Fazaa programme to drive social impact and elevate customer experiences.
- Partnered with Zain FinTech to provide technology-driven solutions to customers around the world.
- Opened momentous 250th branch in the UAE.
- Inaugurated a state-of-the-art cash management centre for CashTrans in Dubai

Strategic expansion

- Completed comprehensive corporate restructuring on schedule and solidified identity as Al Ansari Financial Services
- Secured regulatory in-principal approvals for Al Ansari Digital Pay
- Received approval to acquire a controlling stake in a leading exchange company in Oman, in line with geographic expansion plans

Emiratisation initiative

- Maintained alignment with the national Emiratisation objectives by employing over 360 UAE nationals within the stipulated 9 months.
- Celebrated Emirati Women's Day by recognising the achievements of UAE national women around the world.

Employee engagement

- Actively participated in International Fraud Awareness Week to raise awareness levels and empower employees through learning and education.
- Organised a competitive and popular inter-department corporate badminton tournament.
- Conducted free eye check-ups and general health screening for all employees.
- Organised employee visit to Dubai Health Authority's Seniors Happiness Centre as part of corporate volunteering initiatives

Sustainable finance

- Inaugurated 25 new branches of Al Ansari Exchange as part of our ongoing commitment to foster financial inclusion and accessibility.
- Partnered with AAFAQ Islamic Finance PJSC to offer diverse and convenient options to customers and expand financial accessibility.
- Fostered financial inclusion for the Nepali community in the UAE by partnering with NIC Asia Bank to simplify cross-border transactions.
- Participated in DFM's Carbon Credits Trading pilot programme during COP28.

Community relations and social outreach

- Organised blood donation drive in association with Dubai Health Authority
- Sponsored and distributed 10,000 iftar meals across the UAE during Ramadan
- Established a space for visitors at the Philippine Migrant Workers Office in Dubai

Awards and accolades

- Our Group CEO, Mr. Rashed Ali Al Ansari and a distinguished member of our Board of Directors, Ms. Raja Al Mazrouei, have both been honoured by Forbes Middle East as part of the Top 100 CEOs list.
- Our Group Chief Human Resources Officer, Georgette Yousef, was awarded the prestigious Emirates Women Award in the Professional Category by the Dubai Quality Group
- Won in the prestigious Gold category of the Sheikh Khalifa Excellence Award
- Received two honours at the MEA Finance Leaders in Payments Awards 2023: Best User Experience in Payments and Best Remittance and Foreign Exchange Service Provider
- Won award for Best Mobile Remittance App at FXB Payment Summit & Awards
- Distinguished as Highest Remittance Sending Financial Institution to Pakistan, by the Pakistan Remittance Initiative

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STRATEGIC REVIEW

Chairman's statement

Mr. Mohammad Ali Al Ansari
Chairman

2023 HIGHLIGHTS

Listed on Dubai Financial Market in April 2023

Distributed our first interim dividend of **AED 300 million** in November 2023

The Board will recommend a dividend of **AED 300 million** (4.0 fils per share) to be paid in April 2024

The Board will deliver on their commitment to distribute **AED 600 million** (8 fils per share) in dividends, resulting in an annual dividend yield of 7.74% based on the IPO share price of AED 1.03

Recorded net profit of **AED 495 million** for 2023

Dear Shareholders and Stakeholders,
It has truly been a transformative year for Al Ansari Financial Services PJSC, underscored by our triumphant debut on the Dubai Financial Market (DFM). This cements our essential role in the mobility of money within and outside the UAE, and our leading position as the UAE's largest remittance and foreign exchange company.

The expansive reach, expert capabilities, and proven track record of Al Ansari Financial Services have not only reaffirmed our pivotal role but also positioned us as a catalyst in advancing the UAE's vision for a diversified and digital economy.

Our commitment extends to supporting the lives and activities of residents and tourists. We are equally proud to be a trusted partner to local businesses and international institutions, supporting their requirements for cross-border money transfer, currency exchange and end-to-end cash management.

Aligned with the growth strategies of the UAE, we actively support initiatives such as the Dubai Economic Agenda D33, Dubai Industrial Strategy 2030, Operation 300 Billion – the national strategy for industry and advanced technology, the visionary 'We the UAE 2031' socio-economic plan, and the UAE Centennial 2071 long-term and full-vision plan.

A year marked by significant achievements

In 2023, the industry faced the challenge of navigating uncertainties in global financial markets. In contrast, we demonstrated resilience on all fronts. The commitment of our employees, the strategic acumen of our management team, and our ongoing collaboration with business partners and customers allowed Al Ansari Financial Services to address various challenges and achieve significant milestones.

Successful listing

On 6 April 2023, we took the important strategic step to begin publicly trading on DFM. The UAE Retail Offer, which was increased from 5.0% to 7.5% of the 750 million ordinary shares on offer, received very high demand with an oversubscription rate of approximately 44 times.

Since the listing, I am proud to announce the Group has recorded an AED 495 million net profit for the financial year 2023, as a result of well-executed strategies and prudent financial management.

Distribution of the first interim cash dividend

With continuing focus on implementing corporate governance best practices, and maintaining prudent financial management in consideration of rising interest rates, we remain committed to creating value for our shareholders. In accordance with our dividend policy, the Board of Directors and shareholders approved the distribution of the first interim dividend payment of AED 300 million (4.0 fils per share) in November 2023.

Following the Board of Directors' meeting scheduled for 13 February 2024, the Board will recommend a final dividend payment of AED 300 million (4.0 fils per share) to be distributed in April 2024 for the second half of 2023, subject to shareholder approval at the upcoming Annual General Meeting, and regulatory approvals.

The Group will therefore deliver on their commitment to distribute AED 600 million (8 fils per share) in dividends, resulting in an annual dividend yield of 7.74% based on the IPO share price of AED 1.03.

This is a testament to our ability to reward our shareholders as we continue to deliver strong performance. I am pleased to say we are on track to continue to distribute future dividends, in line with our dividend policy to pay out at least 70% of the net profit generated (paid semi-annually).

Capitalising on the country's growth

In the midst of global challenges, the UAE has demonstrated exceptional economic resilience and strength throughout 2023. While many other major markets grapple with economic downturns and volatility, the UAE remains a promising destination for investment. Despite facing worldwide inflationary pressures, geopolitical tensions, and disruptions in the supply chain that have strained international markets, the UAE has sustained its economic momentum. In 2023, the travel and tourism sector contributed AED 159 billion to the UAE's GDP (12.1% of GDP). Projections foresee annual growth reaching AED 264.5 billion, or 12.4% of the GDP, by 2027. Directly supporting 317,500 jobs (5.4% of total employment), it is expected to provide 410,000 jobs (5.9% of total employment) by 2027, highlighting its vital role in economic growth and employment in the UAE.

In the country's capital, Abu Dhabi, a surge in business activities was revealed in its Business Activity Report for 2023, with the issuance of around 25,000 new economic licenses worth AED 210 billion and active licences growing 10.9% from last year. In the tourism industry, new licenses reached 219, a growth of 22.35% compared to 2022.

Dubai's launch of the International Growth Initiative is powering the global expansion of small and medium-sized enterprises (SMEs). The number of SMEs, which contribute 63.5% of the non-oil GDP, is projected to hit 1 million by 2030. The emirate's travel, tourism, retail and wholesale sectors show robust growth, as reported by October PMI data from S&P Global.

The country's adept handling of trade complexities and its ability to maintain a stable and growing economy have solidified its standing as a key player in the global financial market. Our commitment is aligned with supporting the country's growth strategy and meeting the needs of our customers and stakeholders, by enabling the mobility of money both locally and globally. We achieve this by developing a global platform that offers cross-border payments, foreign currency exchange solutions, access to the Wage Protection System (WPS) in the UAE, as well as services like bill payment, pre-paid multicurrency cards, and payment technology solutions for consumers and businesses in the UAE's expanding payments and foreign currency exchange and remittance markets.

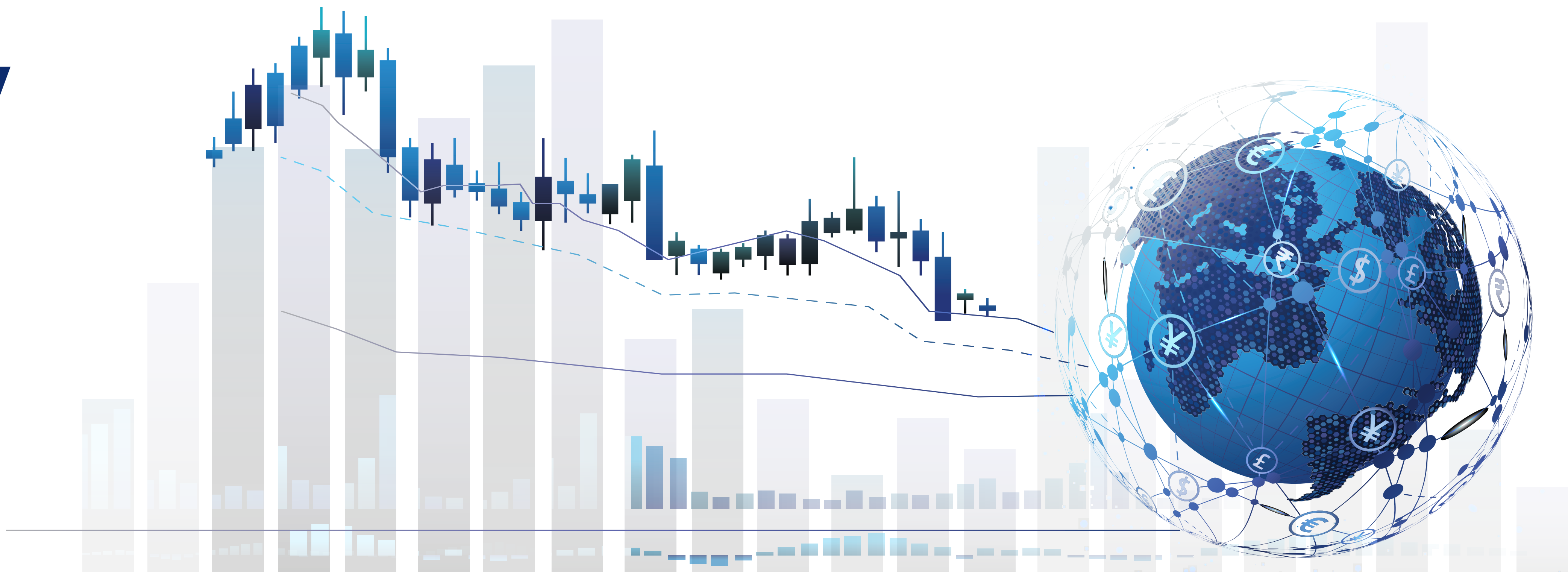
Meanwhile the Gulf Cooperation Council's (GCC's) GDP growth is anticipated to strengthen to 3.7% in 2024, underscoring the resilience of the region in general.

Forward looking

As we look forward to 2024, we are strategically positioned to capitalise on the opportunities arising from the UAE and the region's favourable macroeconomic, tourism, and financial sector growth dynamics.

On behalf of the Board and our dedicated employees, I express gratitude to the visionary leadership of the country and their continued investment in its growth. Additionally, we extend our appreciation to our shareholders for their unwavering trust in Al Ansari Financial Services.

Market overview and outlook



Al Ansari Financial Services: A Catalyst for Growth in the UAE and the Gulf Region

Al Ansari Financial Services is strategically positioned as one of the leading integrated financial services groups in the UAE, enabling the mobility of money locally and globally.

The Group operates in one of the most rapidly developing countries globally that is a regional hub for trade, tourism and real estate

Economic Landscape Overview – UAE (Abu Dhabi and Dubai) and GCC

The United Arab Emirates (UAE) stands poised for continued economic growth in 2024, as indicated by forecasts from the World Bank and PwC. According to the World Bank Gulf Economic Update (GEU) report in 2023, the Gulf Cooperation Council (GCC) region is expected grow by 2.5% in 2023 and 3.2% in 2024. In UAE, real GDP is projected to grow by 2.8% in 2023 to reflect a decline in oil activity growth of 2.5% while a strong non-oil sector growth of 4.8% will soften the contraction in oil activities, driven by robust domestic demand, particularly in the tourism, real estate, construction, transportation, and manufacturing sectors.

Concurrently, PwC's report in 2023 underscores the GCC region's relative insulation from the global economic turbulence, supported by oil prices and strong sovereign and corporate balance sheets. Despite the anticipated global growth slowdown, the GCC is growth in the GCC is expected to be sustain resilient growth at 3.2%, enabling further reinvestment in advancing National Visions.

The country's capital, Abu Dhabi, achieved an impressive 7.7% growth in its non-oil GDP, as highlighted in preliminary estimates released by the Statistics Centre Abu Dhabi (SCAD). This robust performance contributed to an overall economic growth of 1% YoY (Year-on-Year), reaching a substantial AED 290.5 billion ($79.11 billion). Notably, Abu Dhabi sustained a commendable 2.8% increase in real GDP during the initial nine months of 2023, compared to the corresponding period in the previous year. Moreover, the emirate witnessed an exceptional 8.6% surge in non-oil activities, according to data provided by the Abu Dhabi Media Office.

Furthermore, the Business Activity Report for 2023, issued by the Abu Dhabi Department of Economic Development, underscores the sustained annual growth of key indicators. This growth highlights the appeal of Abu Dhabi's business ecosystem and its ability to attract quality investments. Strengthened by the emirate's strong economic expansion, particularly within non-oil sectors that contribute a substantial 52.8% to Abu Dhabi's GDP, the report affirms the resilience and dynamism of the local business landscape.

Delving into Dubai's economic landscape, the emirate has showcased robust growth, with the gross domestic product expanding by 3.3% between January and September 2023, as per data released by the state news agency WAM. This growth stands as a testament to Dubai's economic vibrancy and ability to weather challenges.

The tourism sector, a pivotal contributor to Dubai's economic tapestry, continues to witness strategic expansion. With an ambitious goal of contributing AED 450 billion to the GDP by 2031, the sector has demonstrated resilience, hosting 15.37 million overnight international visitors in the first 11 months of 2023. This notable figure signifies a remarkable 20% annual increase, showcasing the emirate's tourism sector's strong rebound after navigating the complexities posed by the Covid-19 pandemic.

Dubai's aspirations to emerge as a global financial services hub are increasingly evident. The emirate is actively progressing on this trajectory, signalling its intent to play a prominent role in the international financial landscape. The city state, widely regarded as the trade and tourism hub of the Gulf region, also launched a 10-year economic plan known as D33 in January last year, aiming to double the size of the economy and make Dubai one of the top four global financial centres within a decade.

The economic landscape of the GCC and the UAE in 2024 appears promising, marked by GDP growth, tourism resilience, strides in the financial sector, and a flourishing real estate market.

Zooming in on Remittances – Global Trends, GCC and UAE

The economic landscape in 2024 unfolds against a backdrop of global trends that interweave with promising growth scenarios in the GCC and the UAE. These global trends, particularly in remittances, underscore the interconnectedness of economies across regions. To be able to properly analyse the market and understand the dynamics, it is worth looking at the remittance market, the biggest contributor to our Operating Income.

Global Trends – Remittances*

The World Bank reported that remittances to low and middle-income countries (LMICs) experienced a moderate growth of 3.8% in 2023, signalling a moderation from the robust gains of the previous two years. The resilience of labour markets in advanced economies and GCC countries played a pivotal role, resulting in an estimated USD 669 billion in remittance flows to LMICs.

However, global economic dynamics pose challenges. Weakening global activity, and potential labour market declines in high-income countries are anticipated to further reduce remittance growth to 3.1% in 2024. Inflation and high remittance costs, averaging 6.2% to send USD 200, are squeezing migrants' ability to send money home, highlighting the economic intricacies tied to cross-border financial transactions.

Regional Highlights - Remittance Flows

Top recipients include India (USD 125 billion), Mexico (USD 67 billion), China (USD 50 billion), the Philippines (USD 40 billion), and Egypt (USD 24 billion). Notably, the United States retains its position as the largest source of remittances, followed by the UAE.

It is worth mentioning that the GCC accounts for more than a quarter of worldwide outward remittance flows worth USD 121 billion in 2022 (KNOMAD/World Bank Database), comprising the following contributing countries: United Arab Emirates (7.9%), Saudi Arabia (7.8%), Kuwait (3.5%), Qatar (2.4%), Oman (1.8%) and Bahrain (2.2%).

Region-specific insights reveal a diverse landscape

- **East Asia & Pacific:** Remittances, excluding China, grew by an estimated 7% to USD 83 billion in 2023, buoyed by sustained growth in flows to the Philippines, reflecting well-diversified host destinations for migrants.
- **Middle East & North Africa:** Remittances to the region are expected to decline by approximately 5.3% to USD 61 billion in 2023, driven by a sharp drop in flows to Egypt, where discrepancies between official and parallel exchange rates likely contributed to unrecorded remittances.
- **South Asia:** Remittance flows to South Asia grew by an estimated 7.2% in 2023, reaching USD 189 billion. Although tapering off from the over 12% increase in 2022, the surge is entirely attributable to remittance flows to India, expected to exceed previous forecasts by USD 14 billion and reach USD 125 billion in 2023.
- **Sub-Saharan Africa:** Despite an overall modest growth of 1.9%, notable progress in countries like Mozambique, Rwanda, and Ethiopia signals the region's potential for further remittance inflows with continued stability and development.
- **Europe & Central Asia:** Remittance flows experienced a measured decline (-1.4%) in 2023, primarily attributed to lingering weaknesses in flows to Russia and Ukraine, compounded by a high base effect from the previous year.

Overall Impact and Opportunities

Remittances persist as a vital source of external finance for developing countries, surpassing foreign direct investment and official development assistance. There exists untapped potential in leveraging diaspora savings for development and debt management through the structuring of diaspora bonds.

In synthesis, the economic landscape of the GCC and the UAE in 2024 unfolds within the context of global trends, reflecting a narrative of economic optimism and dynamism fuelled by GDP growth, tourism resilience, strides in the financial sector, and a flourishing economy.

*World Bank Group Knomad Report Migration and Development Brief no 39

GCEO message

Mr. Rashed Ali Al Ansari
Group Chief Executive Officer

Dear Shareholders and Stakeholders,
As we turn the page on 2023, I am proud to present our first annual report, reflecting a year defined by both resilience and continued progress. While the global landscape presented undeniable challenges, we navigated them with agility, unwavering commitment, and dedication to our long-term strategic vision.

Growth Amidst Turmoil

While outward remittances faced temporary headwinds due to parallel exchange rate complexities in key markets, our diversification and customer-centric approach proved effective in mitigating and minimising negative impacts on net profit. Non-remittance operating income across all verticals saw a remarkable 9% year-on-year increase, fuelled by stellar performances in Bank Notes and Wages Protection System (WPS). Notably, corporate transaction value surged by 19.2%, solidifying our success in expanding into the business-to-business (B2B) segment.

Adapting and Innovating

Recognising the changing market dynamics, we embraced agility and innovation. Our total number of transactions surpassed 49 million, representing an 8.5% year-on-year rise, demonstrating our responsiveness and customer loyalty. Digital channels witnessed a 27.5% year-on-year transaction growth, highlighting the success of our digital transformation efforts. Additionally, we inaugurated our state-of-the-art CashTrans Cash Management Centre, further bolstering our operational efficiency and service offerings.

In a notable achievement, Al Ansari Exchange, a subsidiary of Al Ansari Financial Services and the largest outward personal remittance and foreign exchange company in the UAE, received a remarkable 99% customer satisfaction rating for the fiscal year 2023. This is a testament to the company's dedication to excellence and customer-centric values. By prioritising continuous improvement and embracing digital innovation, the company remains at the forefront of delivering unparalleled value to its customers.

Building for the Future

Recognising that sustainable growth is contingent upon future investments, we are pleased to report the expansion of our branch network by 25 outlets in 2023, culminating in a total of 256 branches by the end of the year. We are on the exciting verge of introducing our digital wallet through Al Ansari Digital Pay, heralding a new era in our digital journey and reinforcing our dedication to delivering seamless financial solutions. We firmly believe in offering an omnichannel solution that caters to our entire customer base: our commitment extends to investing not only in our physical branch infrastructure but also in enhancing our digital solutions to ensure a comprehensive and inclusive financial experience for all.

Financial Performance and Shareholder Value

Despite temporary market fluctuations, we remained fiscally responsible and committed to delivering shareholder value. Our EBITDA (earnings before interest, taxes, depreciation, and amortisation) margin held steady at near 50%, showcasing our operational efficiency. We distributed an interim dividend, and have plans for another in April 2024, underscoring our unwavering commitment to rewarding our investors.

Confidence in Our Path

Our 6-pillar growth strategy remains the cornerstone of our success. We are aggressively expanding our physical network, diversifying geographically, innovating through digital channels, optimising margins, growing our corporate cross-border business, and strengthening CashTrans. Each pillar is witnessing promising progress, positioning us for long-term success.

The Road Ahead

The UAE's economic resilience and its ongoing diversification initiatives inspire immense confidence. We are proud to be a part of this vibrant landscape, playing a vital role in financial inclusion and facilitating the mobility of money within and beyond the UAE. With resolute focus on execution, innovation, and customer service, we are confident in our ability to overcome any hurdle and emerge even stronger. We are committed to delivering consistent value to our stakeholders and contributing to the nation's vibrant economic future.

Thank you for your continued support and trust.

Strategy

Clearly defined growth strategy, centred around **six core pillars**

Al Ansari Financial Services' (AAFS) strategic road map is built to unlock shareholder value by exploring various growth and expansion opportunities, including inorganic growth through the acquisition of businesses to broaden our customer base and gain access to new markets

All our strategic initiatives are designed to reinforce our market leadership in the financial services industry by meeting evolving customer needs and maintaining sustained growth. In turn, these strategies are anchored by customer-centricity, market insights and technological advancements.

By constantly diversifying our service offerings, embracing digital transformation and enhancing profitability, AAFS is well positioned to optimise our presence in the UAE and expand regionally across the Gulf Cooperation Council (GCC).

The Group's IPO of 2023 hinged on a six-pillar growth strategy and demonstrable progress has been made on each pillar.

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UAE branch network expansion

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Increase margins without compromising competitiveness

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Focus on end-to-end cash management

STRATEGIC PILLAR 01

UAE branch network expansion

The Group emphasises the significance of physical branches in driving its growth, particularly to serve low-income expatriate customers who prefer face-to-face interactions. A report by Edgar, Dunn & Company's (EDC) confirms that 80% of remittances will remain conducted face-to-face in physical branches until 2027.

25
New branches in 2023

256
Strategically located outlets

The Group also aims to expand its customer base and cross-sell digital services through its branch network. Complementing the strategy of physical expansion, branches are strategically opened and relocated based on market conditions.

The UAE's high-growth economy and favourable market forecasts for remittances and bank notes support the Group's optimistic outlook. With its market-leading position, pricing power, and scale, AAFS aims to capture growth in the remittances market amidst ongoing market consolidation. The dynamic pricing model and strategic branch locations contribute to the Group's continuing success.

Objective
AAFS aims to open 300 branches in the mid-term, guided by the company's assessment of market demand.

Achievements

- In 2023, we opened 25 new branches, bringing our total UAE network to 256 strategically located outlets. This enhanced presence ensures we are available to serve our customers where they need us most.
- The Group has also received in-principal approval from the Central Bank of the UAE (CBUAE) to open another 15 branches in 2024.

STRATEGIC PILLAR 02

Geographic Expansion

In December 2023, the World Bank reported a 3.8% growth in remittance flows to low- and middle-income countries (LMICs). In the said year, remittance flows to LMICs are estimated to have reached $669 billion, supported by resilient labour markets in advanced economies and GCC countries, empowering migrants to send money back home.

$669 billion
remittance flows to low- and middle-income countries

Buoyed by the region's significant share of global outward remittance flows, which amounted to approximately 25% in 2022, according to a World Bank report, our regional expansion plan is closely aligned with our overall growth strategy. This plan supports our objective of expanding our footprint in countries with resilient economies and significant expatriate populations.

Objective
The Group's objective is to strategically grow its market share beyond the UAE through its subsidiary, Worldwide Cash Express. Distinguished by an extensive agent network, competitive pricing and a broader range of payout methods, it aims to set itself apart from competitors in key receiving countries.

Achievements
We are leveraging Worldwide Cash Express to achieve this objective, specifically eyeing Saudi Arabia and other attractive markets.

Kuwait:

- We are marking progress towards the complete acquisition of Al Ansari Exchange Kuwait (AAEK), which will make us the country's fourth-largest player.
- Oman Exchange Kuwait's integration into AAEK is underway, paving the way for full acquisition in Q1 2024. We anticipate value-accretive results from this acquisition starting in Q2 2024.

Oman:

- Discussions are ongoing to acquire a significant controlling interest in a prominent Omani exchange company, and the market will be informed about any major development.

STRATEGIC PILLAR 03

Investing in the Group's digital offering

The Group anticipates a significant surge in digital transactions, projecting them to constitute about 20% of the overall personal outward remittance transactions by 2027, up from 15% in 2022. Recognising the cost implications, as the branch network currently contributes to approximately 60% of the Group's operating expenses, the shift towards digital channels is expected to enhance margins.

1.2 million
customers on Al Ansari exchange app

20%
remittance income generated through Al Ansari Exchange App

To augment customer satisfaction and retention, the Group plans to further invest in smart counters, employing an omnichannel approach. This strategy aims to reduce wait times, enhance efficiency—particularly during peak periods—and encourage customers to interact with automated systems, potentially driving increased mobile app usage and creating cross-selling opportunities.

Furthermore, the Group is committed to expanding its digital product offerings, to facilitate digital payments and strengthen the Group's position in the digital landscape.

Objective
The Group is strategically focused on bolstering its digital capabilities by investing in the Al Ansari Exchange App, and smart counters at branches. Additionally, it aims to create a comprehensive digital marketplace ecosystem to offer a wide array of financial services. The expansion of pre-paid card offerings further enhances the Group's commitment to providing versatile and secure payment solutions, aligning with evolving customer preferences in the digital era.

Achievements

- In the year 2023, an impressive 20% of the Group's remittance income was successfully generated through its Al Ansari Exchange App, solidifying AAFS as a trailblazer in providing convenient and accessible financial services via a mobile app. This achievement underscores our commitment to ongoing investment to sustain competitiveness. The app has previously earned recognition as the top FinTech app in the UAE in 2021.
- By December 2023, the app had garnered a substantial user base of 1.2 million customers. Its contribution to remittance volumes for the year reached 15%, mirroring the performance of the previous year. Remarkably, digital channels, including the app, contributed 11% annually to income while constituting only 2% of direct expenses.
- In another significant milestone, the Group secured initial approval from CBUAE for store value facilities, and a retail payment service provider license. This milestone paves the way for the upcoming launch of Al Ansari Digital Pay. The strategic move to digitise the Wage Protection System business is anticipated to enhance cross-selling opportunities by retaining client funds in the digital realm, and facilitating the transition of unbanked clients towards digital remittances.

STRATEGIC PILLAR 04

Increase margins without compromising competitiveness

The Group maintains a dynamic pricing strategy, strategically setting competitive prices that are based on prevailing market conditions. By leveraging its market position and pricing analysis in relation to competitors and the broader market in the UAE, the Group sees an opportunity to enhance prices and consequently improve overall margins without compromising the competitiveness of its offerings to customers.

As highlighted in an EDC Report, with data sourced from averages in the second quarter of 2022, the Group observes that the average cost of remitting USD 500 in the UAE stands at 1.9%. This figure is significantly below the global average of sending remittances to developing regions in the second quarter of 2023 at 6.2% as announced in the World Bank report, and also the United Nations' goal of reducing worldwide remittance costs to 3.0% by 2030.

Additionally, the Group believes it can justifiably raise prices considering the high-quality services it provides in terms of speed, reliability, and overall customer experience. With a track record of maintaining customer satisfaction at a high level, the Group envisions growing its margins without compromising positive customer experience. It is also worth noting that the Group has not increased prices over the past five years, emphasising its commitment to delivering value while exploring avenues for increased profitability in the future.

Objective
The objective is to raise remittance fees for transactions done in branches to be able to cover costs associated with new governance requirements, market conditions, inflation, operational costs, and the need for continued investment in service quality and innovation.

Achievements

- The Foreign Exchange and Remittance Group (FERG) announced an approved fee adjustment for exchange houses, allowing a minimum increase of 15%. This industry-wide decision directly supports our ability to achieve sustainable profitability without compromising market share.

STRATEGIC PILLAR 05

Corporate cross-border remittances

The EDC Report estimates the size of the SME (small and medium enterprises) market for cross-border remittance at almost three times the size of the personal outward remittance market, with a serviceable market size of over AED 575 billion expected by 2027—a significant increase from the AED 482 billion market size of 2021.

c.370K
SMEs active in the UAE

190K
Registered SME customers for WPS offers a valuable cross-selling tool

The Group's current B2B offering centres on the government's Wage Protection System (WPS), boasting 163,438 registered corporate customers, mainly SMEs, as of December 2023. Despite being a low-fee, high-volume service, WPS serves as a valuable cross-selling channel. AAFS recognises its immense potential for the SME market, especially for cross-border remittances. The SME cross-border remittance market, primarily served by banks, often leaves customers dissatisfied with service, attention and competitive terms, creating ample opportunities for increased market penetration.

The SME cross-border remittance market presents a substantial growth opportunity, and to capture this, AAFS has established a dedicated department to serve existing customers and expand the customer base. Currently manned by more than 80 corporate relationship managers, the department capitalises on existing WPS relationships to expand remittance capabilities for SMEs and other corporates.

Objective
To leverage AAFS's established position in the WPS by strategically expanding our B2B offering into the SME cross-border remittance market, aiming to enhance customer satisfaction, capture a significant share of the market and maximise revenue growth.

Achievements
- The Group is pleased to report significant progress in this area, marked by a substantial rise in new corporate clients. Notably, the value of corporate remittances surged to AED 5.5 billion in 2023, reflecting this segment's impressive growth trajectory.

STRATEGIC PILLAR 06

Focus on end-to-end cash management

With an estimated AED 334 million in operating income recorded in 2021, the EDC Report forecasts that the end-to-end cash management market will grow at a 4% CAGR, reaching AED 422 million by 2027.

50
Armored Vehicles

1
Cash Processing Facility

256
Cash Hubs

Key customers in the UAE currently manage their cash logistics requirements through banks, which rely on outsourced partners for the transportation and processing of cash-related activities. While most exchange houses in the country outsource their cash-in-transit needs to dedicated providers, AAFS identifies multiple market opportunities through its comprehensive vertical integration of services.

Objective
The Group intends to target the end-to-end cash management market through its subsidiary, CashTrans, which has thus far focused on serving Al Ansari Exchange's cash management rather than third-party customers.

Achievement
- In 2023, the group inaugurated a state-of-the-art Cash Management Centre in Dubai, with a daily cash processing capacity of 2.4 mn notes (value of approximately AED 720 mn).
- Our final pillar is the expansion of our CashTrans business by continuing and expanding investments in central warehouses, vehicles and a dedicated ERP system. We inaugurated a state-of-the-art Cash Management Centre in Dubai to provide convenient access to a range of cash vault services that include the import and export of banknotes. This is in addition to the service of transferring money and valuables locally, and sorting, keeping and depositing them for companies and institutions throughout the UAE.
- We now operate 50 armoured vehicles, 256 cash hubs and 1 processing facility. In 2023, the number of external customers using CashTrans more than doubled to 40, and the number of trips processed increased by 33.5%. This impressive growth highlights the increasing demand for our innovative cash management solutions.

GCFO message

Navigating Challenges, Maintaining Stability, and Building for the Future

Mr. Faisal Anwar
Group Chief Financial Officer

Dear Shareholders and Stakeholders,
I am pleased to present the highlights of our financial performance for the full year 2023. While the global landscape presented certain challenges, we navigated them with prudence and maintained a robust financial position, laying the groundwork for future growth.

Key Achievements

Diversified Revenue Streams
Despite an 8% YoY (year on year) decrease in remittance operating income, we achieved a 9% increase YoY in non-remittance operating income by diversifying our revenue streams. Banknotes volumes grew by 14.3% YoY, Wage Protection System (WPS) volumes grew by 23% YoY, and prepaid cards exhibited a 32.2% YoY surge in volume, mitigating the decline in remittances.

Strong Commission Growth
Net commission on all products increased by 8%, mirroring our overall transaction growth of 8.5%. This demonstrates our ability to generate income from diverse sources and our focus on customer-centric solutions.

Interest Income Surge
We capitalised on rising interest rates, earning significantly higher interest on overnight call accounts placed with the Central Bank of the UAE (CBUAE). This contributed substantially to our overall income.

Expansion with Efficiency
We opened 25 new branches during the year, leading to a 13% YoY increase in employee headcount and an 81% YoY rise in our Emirati national workforce. Despite these investments, we maintained a steady EBITDA (earnings before interest, taxes, depreciation, and amortisation) margin of nearly 50%, exceeding the industry average.

Robust Balance Sheet
We remain financially strong with a growing asset base, ample liquidity, and a 18% debt-to-equity ratio. This strong foundation positions us well for future expansion and investment opportunities.

Commitment to Shareholder Value
We delivered on our promise of minimum annual dividends, distributing AED 300 million in 2023 and we expect to deliver another AED 300 million in April 2024. Moving forward, we are committed to distributing at least 70% of our net profit on a semi-annual basis, with the potential for even higher dividends in the absence of suitable investment opportunities.

Looking Ahead

The future holds boundless possibilities, and we are prepared to seize them. We stand firmly upon a foundation of diversified revenue, operational efficiency, and unwavering customer focus. We are actively building upon this base, strategically expanding our physical and digital presence while solidifying our leadership in corporate cross-border remittances. These proactive initiatives, aligned with our long-term vision, will propel us towards sustainable growth and enduring value creation for all our stakeholders.

On a final note, and as a newly listed entity, I would like to reaffirm Al Ansari Financial Services' commitment to maintaining the highest standards of transparency and investor relations. We welcome all shareholders to engage with us regularly to ensure we are not only meeting but also surpassing your expectations.

Thank you for your continued support and trust. We remain committed to delivering consistent value and contributing to a brighter future.

03

ENVIROMENT, SOCIAL & GOVERNANCE

ESG Framework at a glance

We place sustainability and environmental, social and governance (ESG) at the core of our operating model. **The three core pillars of our ESG Framework are Environment, Social** (customers and communities, and Our people) and **Governance.**

These are supported by national strategies and plans such as the: UAE Centennial 2071, 2030 Dubai Integrated Energy Strategy, UAE Net Zero 2050, UAE Clean Growth Strategy 2015-2030 and 'We the UAE 2031' vision, and international aspirations such as the UN Sustainable Development Goals

01 ENVIRONMENT

1. Waste management
2. Operational efficiency
3. Energy efficiency

02 SOCIAL

Customers and Communities

1. Customer centricity
2. Financial inclusion
3. Investing in communities:
   · Health
   · Education
   · Philanthropy
   · Disaster recovery

Our People

1. Learning and Development
2. Employee Engagement and Well-being
3. Diversity, Equity and Inclusion
4. Emiratisation
5. Talent Development

03 GOVERNANCE

1. Ethical Practices and policies
2. Anti Corruption
3. Robust Governance structure

01 Environment

Al Ansari Financial Services recognises its ongoing role in safeguarding the environment. Our commitment to initiatives aimed at mitigating climate change not only contribute to the well-being of our communities but also strengthens our business resilience in the face of crises.

We align our business practices with sustainability and responsible corporate citizenship by consistently serving our customers, reducing our environmental footprint, and safeguarding long-term company values.

1. Waste Management

To address waste responsibly, the Group has established a waste collection contract with a dedicated service partner. This partnership focuses on segregating waste at source to reduce landfill contributions and enhance recycling efficiency.

2.Operational Efficiency

ERP System Implementation

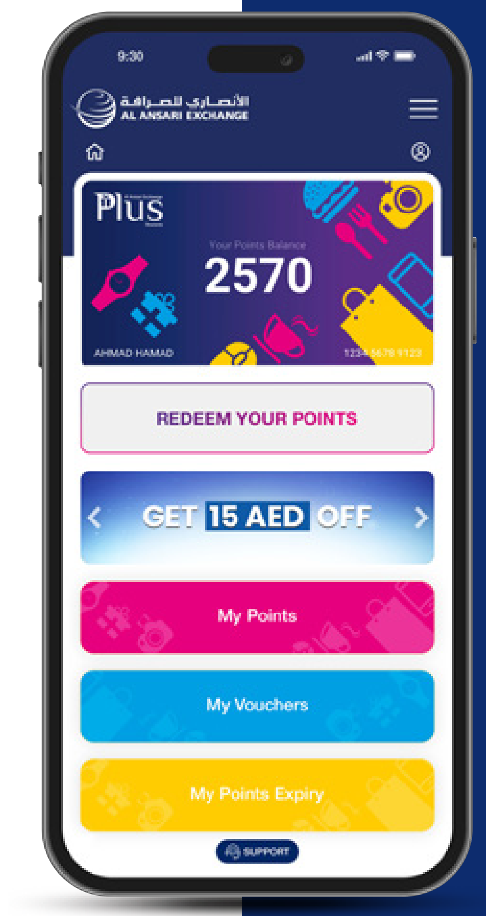
In the pursuit of operational efficiency and sustainability, Al Ansari Financial Services successfully implemented an Enterprise Resource Planning (ERP) system in 2023. This initiative digitised various processes, including procurement, logistics, support services, and finance, resulting in a 30% reduction in paper usage within the organisation. The ongoing effort will be extended to digitise remaining processes in areas such as Leasing, Projects, and Fleet Management.

Al Ansari Exchange App

We recognise that environmental responsibility goes hand-in-hand with financial empowerment, and our mobile app serves as a powerful tool for both. By promoting digital transactions, the app reduces the need for physical branches, and associated environmental impacts which include:

- **Lowered energy consumption:** Reduced branch visits translate to decreased energy use for lighting, cooling, and equipment.
- **Less paper usage:** By eliminating the need for printed receipts and transaction slips, the app minimises paper waste.
- **Reduced transportation emissions:** Fewer branch visits translate to fewer car trips, minimising carbon footprint from both, individual commutes and company logistics.
- **Enhanced efficiency:** Digital processes streamline operations, leading to optimised resource utilisation and reduced waste generation.

Furthermore, the app's accessibility extends financial services to remote areas and unbanked populations, often those most vulnerable to environmental challenges. By facilitating digital money transfers and bill payments, the app empowers individuals and communities, fostering economic development and environmental resilience.



3. Energy Efficiency
All Al Ansari Exchange branches under the umbrella of Al Ansari Financial Services have transitioned to energy-efficient LED. The implementation of LED lights at these branches has resulted in a commendable 50% reduction in electricity for lighting consumption. This not only signifies a substantial cost-saving measure but also underscores our commitment to sustainable practices and environmental stewardship.

Participation in Voluntary Cancellation Project

In addition to our ongoing commitment to environmental sustainability, Al Ansari Financial Services proudly participated in the Voluntary Cancellation pilot project initiated by the Dubai Financial Market. Through our active involvement in this noteworthy initiative, we have successfully offset 715 Certified Emission Reductions (CERs), equivalent to 715 tonnes of CO2 emissions.

This impactful contribution underscores our dedication to taking concrete actions that go beyond operational changes, aligning our commitment to the environment with global initiatives. By voluntarily cancelling these emissions credits, the Group demonstrates a proactive stance in mitigating climate change, and collaborative efforts to build a more sustainable future.

Our involvement in Voluntary Cancellation also serves as a testament to our ongoing efforts to reduce our carbon footprint and contribute meaningfully to the broader environmental goals set forth by global sustainability initiatives. As we continue to integrate sustainable practices into our business model, such initiatives exemplify our commitment to environmental stewardship and corporate responsibility.

ECO-FRIENDLY SOLUTIONS FOR 2024

Al Ansari Financial Services continues to identify and implement eco-friendly solutions for the benefit of the environment

Digitisation and Paper Usage Reduction
Leveraging the ERP system and email for approval processes, to minimise paper consumption.

The Group is engaged in discussions with the Central Bank of the UAE (CBUAE) to implement a groundbreaking initiative – the adoption of electronic receipts (eReceipts) for all our transactions. This strategic move will align with our commitment to digital transformation, operational efficiency, and environmental sustainability.

Plastic Reduction Measures
Installing water dispensers and providing glass tumblers to discourage the use of plastic bottles.

Energy Conservation Practices
Implementing measures across the Group to conserve electricity, including but not limited to:
Installing motion sensor lights in common areas to optimise energy usage.
Exploring the use of solar photovoltaic technologies wherever applicable.

Waste Segregation
Introduction of additional waste bins in designated areas to separate biodegradable and non-biodegradable wastes.

Green Commuting Initiatives
Campaigns promoting green options for commuting, such as walking, biking, carpooling, and the use of public transport.
Incentives for employees who choose eco-friendly transportation modes.

Staff Education
Educational programmes to raise awareness among staff regarding eco-friendly practices and sustainability.

02 Social

At Al Ansari Financial Services, we believe our success is inextricably linked to the well-being of our communities and the individuals within them. As one of the leading financial services groups in the UAE, we understand the power we hold to drive positive social and economic change.

Our comprehensive social framework, 'Empowering People, Strengthening Communities,' fuels our efforts across two main areas of focus: Our Customers and Communities, and Our People, together forming the cornerstone of our ESG social agenda and long-term business strategy.

Our Customers and Communities

Our commitment to community development and to our customers is manifested in several ways:

Customer Centricity

Our customers are the heart of our business. We strive to deliver exceptional experiences at every touchpoint, empowering all our customers to manage their finances effectively.

Al Ansari Exchange earned an impressive 98.97% customer satisfaction rating in 2023, with over 8.4 million responses from customers participating in the survey. By prioritising customer needs and embracing digital tools, the company strives for continuous improvement and aims to achieve 100% satisfaction, solidifying its position as a leader in customer-centric financial services.

ISO 9001 2015 CERTIFIED

Two of our subsidiaries, Al Ansari Exchange, and CashTrans, have maintained conformance with international Quality Management Systems (QMS) standards with ISO 9001:2015 certification, demonstrating continuous improvement for exceeding customers' expectations.

Financial Inclusion

Al Ansari Financial Services plays a crucial role in financial inclusion, by striving to make financial services accessible to the unbanked and underbanked, and by promoting financial literacy.

Through initiatives such as the Wage Protection System (WPS), facilitating salary payments for domestic workers, promoting savings via National Bonds, and enabling payment of unemployment insurance premiums, we also empower individuals to engage actively in the economic ecosystem.

Our role as cash collection partners for airline tickets, bill payments, and other services extends opportunities to the unbanked population, granting them access to services traditionally limited to those with digital payment and banking access.

Remittances

The lifeblood of Al Ansari Financial Services, acts as a powerful catalyst for positive change, injecting vital resources into low- and middle-income countries, often accounting for a significant portion of their GDP.

Recognising remittances as a cornerstone of global development, Al Ansari Financial Services aims to deliver seamless and affordable remittance solutions and ensure that customers receive their funds quickly and securely, through Al Ansari Exchange. This aligns with the Group's objective of driving financial inclusion, today and for future generations.

Going beyond customer satisfaction, the Group champions financial inclusion by directly aligning with several UN Sustainable Development Goals (SDGs):

- We serve the unbanked and underbanked and empower them (SDG 1: No Poverty, SDG 5: Gender Equality)
- We play a role in injecting vital resources into developing economies and help fuel their growth (SDG 8: Decent Work and Economic Growth)
- Our main source of income, remittances, stands strong even during crises, promoting resilience and fostering a more equitable future (SDG 10: Reduced Inequalities)
- We contribute to improved wellbeing by supporting families and communities through reliable and affordable remittance services. (SDG 3: Good Health and Well-being)

Investing in Communities

Since the inception of our first business in 1966, giving back to the community has been a core belief and a top priority for our Group. Our goal is to provide communities with the tools needed to prosper. Through philanthropy and social impact initiatives, we demonstrate our care and commitment to supporting and uplifting the communities in which we live and operate.

We actively support local and global initiatives mainly serving the corridors where we operate, and address critical needs in areas like education, healthcare, and disaster recovery as well as general philanthropic investments.

Fraud Prevention

Upholding our commitment to customer satisfaction, we make it a priority to safeguard our customers' interests with proactive measures.

Since January 2023, our comprehensive fraud awareness campaigns encompassed 14 Facebook posts, 14 Instagram posts, 4 rounds of emailers sent to over 6 million customers, and push notifications distributed to over 8 million Al Ansari Exchange App customers across 5 rounds.

These initiatives are designed to educate and empower our customers, enabling them to identify and mitigate fraudulent activities effectively. By doing so, we ensure their financial well-being and peace of mind.

GOALS FOR 2024

Approve a CSR policy allowing for the allocation of 2% of the Group's net profit to social investments

Maintain a customer satisfaction rate above 98%

Maintain compliance with regulatory Emiratisation requirements; achieve 18% Emirati workforce integration

Continue to invest strategically in sector-aligned community projects that deliver lasting impact, and foster long-term partnerships with select community partners.

Enhance the volunteering culture

Monitor and analyse the impact of our initiatives and fundraising activities

Invest in solutions that support financial inclusivity

Our People: Learning and Development

We are committed to fostering a continuous learning environment that empowers our employees to thrive and develop, both for their personal career aspirations and the success of the Group. This commitment extends beyond organisational boundaries, and recognises the positive impact skilled individuals can have on the wider economy.

Cultivating Diverse Skillsets

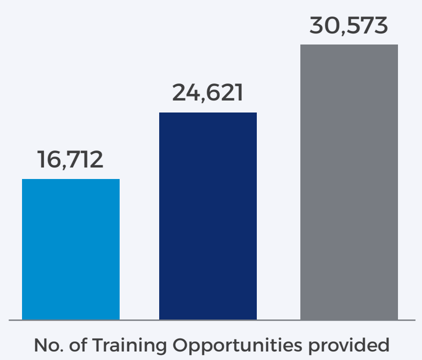
We provide comprehensive training and development programmes designed to enhance both hard and soft skills. This includes essential job-related knowledge, as well as training in critical areas such as:

- **Anti-Money Laundering:** Ensuring compliance with CBUAE regulations, and safeguarding against financial crimes.
- **Risk and Fraud Prevention:** Recognising and mitigating potential risks and fraudulent activities.
- **Counterfeit Detection:** Protecting our customers and the financial system from counterfeit currency and documents.
- **Advanced Customer Service:** Equipping employees with essential skills to enhance service delivery, and ensuring compliance with Consumer Protection Regulations as per CBUAE guidelines.
- **Personal Financial Management:** Providing employees with skills for effective financial management, including planning, budgeting, credit, investments, and retirement.

Diverse Training Opportunities

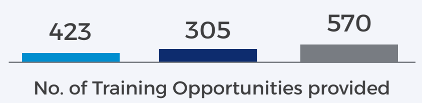
We offer a comprehensive suite of training opportunities to empower our workforce with the skills they need to excel:

Online training
Providing flexibility and convenience for self-paced learning.



Classroom training
Fostering interactive learning experiences.

External training
Accessing specialised expertise for niche skill development.



2021 2022 2023

Employee Engagement and Well-being

Employee Well-being

We are dedicated to fostering a culture of wellbeing and safety, and are committed to providing our people with the support they need to stay healthy and safe. Going beyond regulatory requirements, we provide insurance to dependents of employee working in all emirates, not just Abu Dhabi (where it is mandatory).

We also conduct training programmes that create a safer and more inclusive workplace for all. In 2023, we trained 154 employees, totalling 1,228 training hours in the following:

- **Fire Warden Training:** Equipping employees with the knowledge and skills to identify and respond to fire emergencies effectively.
- **First Aid Training:** Enabling staff to respond promptly and efficiently to medical emergencies.

Employee Well-being Programme

In 2023, we held 6 sports activities, 3 health check-ups and 2 CSR drives for employees, and arranged 5 giveaways and 8 employee discounts to promote a culture of wellness and satisfaction.

Employee Engagement and Recognition

At Al Ansari Financial Services, we believe engaged employees are the foundation of a thriving organisation and understand their needs and aspirations through a multi-faceted approach

- **Employee Engagement Surveys:** In collaboration with Kincentric, we conduct comprehensive surveys across various departments to gain valuable insights into employee sentiment, and to identify areas for improvement. This data-driven approach allows us to tailor initiatives that directly address employee needs and foster a positive work environment.
- Our employee engagement rate, as reported by Kincentric, has consistently remained within the 'Moderate Zone' over the last three years, when compared to the global financial sector. Notably, 95% of our employees have actively participated in the survey in 2023.

Fikrati Programme

Harnessing the collective creativity of our employees drives operational excellence and efficiency and this philosophy fuels Fikrati, our in-house innovation programme. Fikrati empowers employees to submit ideas that enhance operations across all departments.

- **Idea generation and recognition:** We encourage participation, fostering a culture of continuous improvement. In 2023, 448 innovative ideas were submitted on the Fikrati system, demonstrating our employees' enthusiasm.

- **Reward and implementation:** Chosen ideas are recognised and rewarded with monetary incentives, ensuring motivation and appreciation for impactful contributions. We actively implement feasible suggestions, and transform winning employee ideas into real-world solutions.

Recognition Programmes

We celebrate individual and team achievements through various recognition programmes. Our 'Employee of the Month' programme recognises outstanding contributions from our frontline workforce, while 'Loyalty Awards' recognise and reward employees for their commitment demonstrated throughout the tenure.

In 2023, we awarded 930 employees, acknowledging their dedication and motivating others to excel.

Diversity, Equity and Inclusion

We are committed to fostering a workplace that celebrates and benefits from the unique perspectives and experiences of all individuals. 2023 marks a significant step forward with the development of our 'Gender Diversity and Inclusion Policy' which is set to be approved at the next Annual General Meeting. This policy outlines our commitment to creating an equitable environment where all employees feel empowered and valued, regardless of their gender identity.

We have also strengthened our commitment to respectful and professional interactions through a refreshed 'Code of Conduct'. This code explicitly prohibits any inappropriate treatment based on legally protected statuses, ensuring a safe and inclusive space for all.

We are proud to report that in 2023, our workforce represents a diverse tapestry of 27 nationalities, demonstrating our commitment to inclusivity. Concurrently, our female-to-male employee ratio has reached 33%, signifying progress towards greater gender balance within the organisation.

In other measures, we have introduced HRMS MyQuery as a platform for employee grievance management and implemented a whistleblowing channels for employees to report any incidents that endanger health and safety, including physical, mental, and sexual harassment. These initiatives underscore our commitment to providing avenues for employees to voice their concerns and ensure a safe and respectful workplace environment.

Emiratisation

In line with the UAE government's mandate, we are proud to report that approximately 13.34% of our workforce across the group are Emiratis, supported by under government initiatives such as NAFIS and the Dawamee programme.

Talent Development

We believe in nurturing the next generation of talent and empowering our current workforce through hands-on learning experiences. This commitment is reflected in our two strategic internship programmes:

Back-Office Internship Programme

This programme allows students to gain valuable on-site skills and experience by working in our back-office departments. We are also able to cultivate a pipeline of future talent while providing students with multiple opportunities:

- Develop technical and professional skills relevant to their chosen field.
- Gain exposure to real-world business operations and understand the company culture.
- Network with experienced professionals and explore career possibilities within our organisation.

Employee Frontline Experience Programme

This programme offers current employees the chance to broaden their understanding of our business through several aspects, and serve as frontline personnel:

- Cross-functional collaboration and knowledge sharing between departments.
- Improved customer service through increased employee empathy, understanding of frontline challenges and customer expectations.
- Employee engagement and development with opportunities for personal and professional growth.

In 2023, we welcomed 3 students to our Back-Office Internship Programme and 9 employees participated in the Frontline Experience Programme. We are proud to contribute to their development and excited to see them play a vital role in our future success.

03 Governance

Al Ansari Financial Services was listed on the Dubai Financial Market (DFM) in April 2023.

With an independent Board, institutional controls and clearly defined policies, the Company's 's robust corporate governance is based on the principles of transparency and disclosure. Effective governance is key to the success of the Company and its subsidiaries.

Al Ansari Financial Services is regulated by the Securities and Commodities Authority (SCA) and is subject to all SCA rules and regulations which set out standards of supervision expected from the Company's directors and officers.

The Company's Board of Directors (the Board) is committed to maintaining appropriate standards of corporate governance that are in line with international best practices.

Governance Overview

The Board of the Company is structured with 3 committees composed by the Board which are the Audit, Nomination and Remuneration, and Executive committees. The Board adheres to specific rules on composition, mandating the inclusion of at least one female member. The Governance Framework not only defines the overall governance structure but also coordinates related policy documents and establishes rules facilitating the Board and officers in fulfilling their duties as per applicable laws and regulations.

As part of our commitment to transparency and accountability, the Company plans to release an annual Governance Report at the end of each financial year. This report, summarising our governance efforts, will be submitted to SCA and DFM. Demonstrating our dedication to international corporate governance standards, the Company has implemented a robust set of Group measures and policies to prevent corporate malfeasance.

In fostering a culture of ethical conduct, our **Whistleblowing Policy** provides secure channels for the detection and reporting of unethical, corrupt, and illegal behaviour. The Company is dedicated to cultivating an environment where all stakeholders feel encouraged to report instances of perceived corruption or improper business practices within the company or involving third parties associated with the Group.

Additionally, our **Insider Trading Policy** outlines guidelines for individuals with access to insider information, encompassing Board Members, employees, and independent contractors. This policy strictly prohibits the trading of the Company's securities based on insider information non-public information pursuant to the rules of SCA and DFM in this regard. Furthermore, it mandates the regular submission of an updated register of insiders with access to sensitive company information to the SCA and DFM, ensuring compliance with regulatory requirements.

We also maintain a **Clear Desk, Clear Screen Policy**. This reflects our dedication to preserving the confidentiality and integrity of materials within our workplace. All employees are required to remove all confidential and sensitive materials from their workspaces when inactive or securely lock away such materials, particularly when vacating their workstation. This ensures that sensitive information remains protected at all times and minimises the risk of unauthorised access or data breaches.

Al Ansari Exchange, the leading remittance and exchange company in the UAE and a subsidiary of Al Ansari Financial Services, is governed by the Central Bank of the UAE and currently has these governance structures and policies in place:

Fraud Prevention Framework and Policy

At Al Ansari Exchange, we create and nurture a culture of integrity and are committed to safeguarding our business, customers, employees and business partners from fraud. We established our Fraud Prevention Framework and Policy to facilitate the development of controls that will support fraud prevention and detection. This also defines our duties in reporting fraud or suspected fraudulent activities.

Market Conduct Compliance Policy

We are determined to continuously enhance the business to maintain fair market conduct. Our policy goes beyond compliance with regulatory requirements as we ensure fairness, transparency and satisfactory customer experience on top of the consumer protection regulations and standards.

Business Continuity Management Policy, Procedures & Framework

Our Business Continuity Management is paramount for swift business recovery post-disruption. By identifying potential threats and assessing their impacts, we enhance organisational resilience. This comprehensive framework safeguards stakeholders' interests, reputation, and value-creating activities, demonstrating our unwavering commitment to operational excellence and continuity in challenging times.

Conduct Risk Framework

With our customers at the heart of every strategic and tactical decision we make, this framework was designed to manage conduct risk and ensure compliance with consumer protection regulations and standards. We always aim to protect our consumers' interests when they deal with financial products and services.

Gifts, Hospitality and Entertainment Policy

We uphold ethical business practices, strictly prohibiting bribery and corruption. While recognising the value of fostering positive relationships through Gifts, Hospitality, and Entertainment (GHE), we emphasise transparent and ethical conduct. This policy outlines acceptable GHE practices and guides employees on appropriate behaviour. It works in tandem with our Fraud Prevention Framework & Policy, overriding relevant sections on bribery and corruption prevention.

Consumer Protection Governance Framework
Through our Customers First philosophy, we seek to continuously develop our customers' trust in the financial services we provide. In accordance with the consumer protection regulation, this framework establishes a governance structure for the assurance and evidence of oversight of conduct risks within our business.

Enterprise Risk Management Framework
Our organisational and operational resilience are integral parts of our success. To address this, as well as emerging trends and requirements, we have developed a standard approach to implementing risk management at the enterprise level. This framework adheres to existing regulatory requirements and international standards.

Anti-Money Laundering Policy
We are committed to combatting money laundering and terrorist financing in accordance with the requirements of the Central Bank of the United Arab Emirates and international best practices in Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF).

To ensure the integrity of our business, we have adopted strong AML and compliance policies along with our state-of-the-art IT infrastructure and AML solutions. Moreover, Al Ansari Exchange has dedicated a team of highly trained Unit Compliance Officers in each branch to serve as point of contact for regulatory compliance concerns.

Privacy Policy
To strengthen the trust and confidence on which our business has been built, we prioritise our customers' data privacy and protection a priority. Any information given to us in person, over the phone, through our website, or through any of our digital channels is strictly private and confidential. Al Ansari Exchange and our employees adhere to strict confidentiality obligations.

Policies on IT, Internet, Email and Computer Usage
The safe and secure usage of information, equipment and other technological resources related to or owned by Al Ansari Exchange is safeguarded by relevant policies. Our business information and customer information are protected with confidentiality and integrity.

Policies on Violations and Penalties, Employee Separation, Hiring Relatives, and Other Disciplinary Rules and Procedure.
We support and encourage our people to be satisfied, productive and secure in their work. With this strategy, we built a structure to protect our people's rights from the time they join the organisation until they leave. We implement thorough background checks on all employees before they join, including police clearance, AML sanctions checks, reference checks and verification against CBUAE's Persona Non-Grata system. Additionally, in cases where employment termination arises due to integrity issues, we diligently report such instances to regulators and law enforcement authorities as mandated by regulatory requirements. This approach ensures the protection of our employees' rights throughout their tenure with us, which fosters a work environment built on trust and integrity.

The Recruitment Policy at Al Ansari Financial Services emphasises fairness, consistency and transparency in fostering diversity and ensuring equal opportunities for all. This policy establishes a solid framework for attracting, selecting, and onboarding top talent, while strictly prohibiting any form of discrimination based on race, colour, gender, religion, national or social origin or disability. It guarantees that every role within the organisation is meticulously filled with skilled individuals, in strict adherence to UAE Federal Decree Law No. (33) of 2021, Ministry of Human Resource and Emiratisation regulations, employment agreements, and pertinent company policies.

Similarly, we maintain a **Succession Plan Policy** which delineates an objective framework for identifying critical positions within the organisation and developing potential successors in order to build a leadership pipeline within the organisation. It also supports the maintenance of business continuity by proactively identifying an able successor in case a critical role-holder becomes unavailable.

04

CORPORATE GOVERNANCE

Corporate Governance Overview

At Al Ansari Financial Services P.J.S.C (the "**Company**"), we are committed to maintaining a world-class corporate governance framework that not only ensures compliance with local laws and regulations but also positions us as a resilient and risk-conscious financial institution.
This commitment enhances our ability to create sustained value for all stakeholders. Our approach is rooted in our core values of integrity, respect, and discipline in every facet of our corporate governance framework in accordance with the Joint Stock Companies Governance Guide ("**Governance Guide**").

Our dedication to compliance extends beyond mere adherence to regulations. It is a strategic initiative to effectively manage all compliance risks, making us better equipped to navigate the dynamic financial landscape. By staying fully compliant with regulatory requirements, we instil confidence in our stakeholders, demonstrating our commitment to ethical conduct and responsible business practices.

The Company upholds a set of core values — integrity, teamwork, customer excellence, innovation, social commitment and strategic leadership — which serve as the foundation for our governance practices. We extend these values to our employees, customers, and suppliers, emphasising the importance of respecting human rights.

As one of the leading integrated financial institutions in the region, we recognise and embrace the expectations of our diverse stakeholders. To maintain our position, we are committed to adhering to leading practices in corporate governance, ensuring that we not only meet regulatory requirements but also fulfil our fiduciary responsibilities.

01 Procedures taken to complete the corporate governance system during 2023, and method of implementing thereof

The Board of Directors (the "**Board**") adopted the Board Charter of Al Ansari Financial Services PJSC's (the Company), which complies with all main requirements and provisions of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning approval of Joint Stock Companies (the Governance Guide).
The Governance Guide provisions were implemented as follows:

Board of Directors

The composition of the Board of Directors is in compliance with the requirements of SCA Governance Guide, the Federal Law by Decree No. 32 of 2021 concerning Commercial Companies, the Articles of Association of the Company ("**AOA**"), as well as the relevant applicable laws and regulations.
The BOD is charged with the following responsibilities and duties:

1. Setting the Company's overall strategy and main work plans, and reviewing these continuously
2. Adopting the strategy and main objectives of the Company, and supervising implementation thereof
3. Ensuring the establishment of a compliance function to oversee compliance with applicable laws, regulations and decisions as well as regulatory requirements, internal policies, regulations and procedures established by the Board.
4. Evaluating the overall performance and effectiveness of the Board, its committees and members and taking corrective actions as appropriate.
5. Recommending the remuneration policy of the Board for approval by shareholders
6. Ensuring that the Company carries out its Objectives as described in the Articles of Association by determining the frameworks, policies and practices which govern, control and monitor the management of the operations and risks of the Company to enable it to achieve these objectives.
7. Providing clear, objective and appropriate guidelines for the management of the business and making its collective knowledge and experience available to the Company.
8. Applying corporate governance regulations and criteria in accordance with the Corporate Governance (CG) Code which applies to all listed public joint stock companies in the UAE.
9. Delegating matters which it thinks appropriate to its own Committees, members of the Board, or to Senior Executive Management.
10. Confirming the independent status of the Independent Non-Executive Directors during the year 2023 and ensuring that the legal requirements regarding the minimum number of independent Board members have been satisfied.

Committees of the Board of Directors

The Board established the following three (3) committees and each Board committee acts in accordance with relevant charter/policy, approved by the Board:

a. **Audit Committee**
b. **Nomination and Remuneration Committee**
c. **Executive Committee**

Hereafter is a summary of some key procedures that form an integral part of our governance framework:

1. Enhancing the corporate governance function within Al Ansari Financial Services, with the addition of skilled and experienced governance professionals.
2. Adhering to the governance requirements in accordance with the Governance Guide in respect to 'business as usual' operations.
3. Enhancing several key disclosures for further transparency, including enhanced disclosures on Board composition and structure, remuneration of Board and executive members, related party transactions and conflicts of interest.
4. Developing detailed charters for the Board Audit Committee and the Board Nomination and Remuneration Committee terms to reflect current regulations and best practice, and to keep the composition and scope of each Board Committee under annual review.
5. Developing a comprehensive 'Whistle Blowing' policy that sets out the processes to be followed when any incident is reported.
6. Arranging external training courses for all Board members to enable them to keep abreast of the latest developments in corporate governance and the evolving roles of the Board members.
7. Recommending the policy of the Board and the executive management recommended by the Nomination and Remuneration Committee and raising it to the General Assembly for approval by the shareholders.
8. Recommending the dividends policy and raising it to the General Assembly for approval by the shareholders.
9. Prepare evaluations of the performance of the Board members, its committees, and, in accordance with the requirements of the Governance Guide.
10. Preparing evaluations to ensure that the independent Board Members maintain their independence, in accordance with the requirements of the Governance Guide.

02 Ownership and transactions of Board of Directors, their spouses and their children's transactions in company securities during 2023

Name	Designation/ Relationship	No of owned shares as of 31/12/2023	Total Sale Transaction	Total Purchase Transaction
Mr. Mohammad Ali Al Ansari	Chairman	3,600,000	1,500,000	5,100,000
Mr. Fuad Ali Al Ansari	Member of the Board	48,099,026*		48,099,026*
Mr. Eisa Ali Al Ansari	Member of the Board	10,137,660		10,137,660
Mr. Rashed Ali Al Ansari	Member of the Board	17,889,048		17,889,048
Mr. Hamed Mohammad Ali Al Ansari	Son of Mohammad Ali Al Ansari	94,060		94,060
Mr. Hamdan Rashed Ali Al Ansari	Son of Rashed Ali Al Ansari	1,017,560		1,017,560
Mr. Youssef Rashed Ali Al Ansari	Son of Rashed Ali Al Ansari	1,017,560		1,017,560
Mr. Nabeel Rashed Ali Al Ansari	Son of Rashed Ali Al Ansari	1,017,560		1,017,560
Ms. Abeer Al Redha	Wife of Rashed Ali Al Ansari	1,017,560		1,017,560

* Shares owned by FAN Investment LLC, sole proprietorship which is fully owned by Mr. Fuad Al Ansari

03 Composition of the Board of Directors

Formation of the Current Board

Experience & Qualifications and Memberships of Board of Directors

Mr. Mohammad Ali Al Ansari
Non-executive Director and
Chairman of the Board

Date of Appointment: 1982

Career and Experience:
Mr. Mohammad A. Al Ansari serves as the Chairman of Al Ansari Financial Services PJSC, a publicly listed conglomerate that oversees several prominent entities in the financial sector including Al Ansari Exchange, CashTrans, WorldWide CashExpress, and Al Ansari Exchange in Kuwait.

Under his leadership, the group has become one of the essential driving forces in the financial services industry, delivering exceptional value and innovation to millions of consumers in the UAE and beyond.

Mr. Mohammad A. Al Ansari also serves as the founding chairman of the Foreign Exchange and Remittance Group (FERG), a nonprofit association for exchange companies in the UAE established in conjunction with the Central Bank of the UAE. He pursued his higher education in the United States and returned to the UAE in the early 1980s to take the reins of his family's businesses.

Board Appointments to other Public Joint Stock Companies: None

Mr. Fuad Ali Al Ansari
Non-executive Director and
Vice Chairman of the Board

Date of Appointment: 1995

Career and Experience:
Mr.Fuad Ali Al Ansari serves as the Vice Chairman of the Al Ansari Financial Services PJSC. He joined the Group in 1995, and led the organisation's digitalisation efforts through overseeing the development of automated systems to process the volume of transactions. Prior to joining the Group, he had a decade-long tenure in Abu Dhabi Company for Onshore Oil Operations (ADCO).

Mr. Fuad Ali Al Ansari earned his bachelor's degree in Mechanical Engineering from the University of Pittsburgh, U.S.A.

Board Appointments to other Public Joint Stock Companies: None

Mr. Eisa Ali Al Ansari
Non-executive director

Date of Appointment: 1995

Career and Experience:
Mr. Eisa Al Ansari has over 27 years of experience with the Group.

He has spearheaded the company's efforts to bring the Al Ansari Exchange brand to the forefront of the industry and to grow the organisation from only 10 branches to the UAE's largest exchange company over the years. He has played a crucial part in standardising the customer experience which enabled Al Ansari Exchange to receive many awards in recognition such as Dubai Quality Award and Sheikh Khalifa Excellence Award. Mr. Eisa Ali Al Ansari earned his Bachelor of Science degree in Electrical Engineering in the US.

He also undertook executive education in the fields of financial and business management skills at the Michigan School of Business.

Board Appointments to other Public Joint Stock Companies: None

Mr. Marcello Baricordi
Independent non-executive director

Date of Appointment: 2023

Career and Experience:
Mr. Marcello is a Senior Executive with 25+ years of experience in accelerating growth especially for Multinationals across Emerging Markets and Payments. Marcello brings the experience of Senior Roles at Network International (Group President Processing), Visa International (General Manager MENA) and First Data (Managing Director Italy, currently FISERV).

Mr. Marcello holds a Laurea in Business Administration from the University of Venice Italy and a corporate governance diploma and ESG certificate from the Corporate Governance Institute.

Board Appointments to other Public Joint Stock Companies:
Mr. Marcello is currently helping companies to accelerate growth in the region as Member of the Advisory Board for Strands LLC (Barcelona) and Member of The Board at Enza Group (Abu Dhabi) and as Senior Advisor for Kearney in the Middle East.

Mr. Rashed Ali Al Ansari

Executive director and Chief Executive Officer

Date of Appointment: 2010

Career and Experience:
Mr. Rashed Ali Al Ansari is the Chief Executive Officer of the Group. He joined the Group in 2010. He also holds the role of the CEO of Al Ansari Exchange since 2010, the UAE's largest foreign exchange and remittance company with a network consisting of more than 250 branches. Previously, Rashed Al Ansari was the CEO and Vice President of Dubai Industrial City for three and a half years, responsible for the day-to-day management and setting the strategic direction for the industrial township. He has also founded various strategic projects such as Dubai Industrial Academy and Transpark Logistics. In 2005, he was appointed as a board member of the Dubai Mercantile Exchange, a joint venture between the government of Dubai and the New York Mercantile Exchange. Prior to that, he held positions at Dubai Holding and The Executive Office in Dubai.

Mr. Rashed Al Ansari holds a bachelor's degree in engineering from the University of Bradford and a master's degree in business administration from Leeds University Business School in the UK. He is an associate member of the Institute for Mechanical Engineering in the UK, a member of the Urban Land Institute, and a member of the Mohammed Bin Rashid Leadership Program. In June 2021, Rashed Al Ansari was appointed as a member of Dubai Chamber's Advisory Council. On the social front, Mr. Al Ansari actively participates in many local and international education and health related humanitarian programs. He also serves on the UAE advisory board for The Rosalynn Carter Fellowships for Mental Health Journalism.

Board Appointments to other Public Joint Stock Companies: None

Mr. Nitin Khanna

Independent non-executive director

Date of Appointment: 2023

Career and Experience:
Mr. Nitin Khanna has over 40 years of experience in the Middle East region, mainly with PricewaterhouseCoopers (PwC). Whilst with PwC, he held several senior positions including serving on the Middle East leadership and Deals leadership teams, heading Transaction Services and the Corporate Finance practices of the firm in the region.

He is an advisor to several subsidiaries of Transmed Holdings and is a senior partner of Nucleus Consulting FZC. He currently serves as a Board member of certain Bukhatir Group companies

He is also the Chairman of the Strategy Committee of Al Ghurair First LLC, a Saif Al Ghurair Group Company.

He pursued a bachelor's degree in economics from Delhi University, India and is a chartered accountant from the Institute of Chartered Accountants of India.

Board Appointments to other Public Joint Stock Companies:
He currently serves as a member of the executive committee of Bin Dawood Holdings Ltd (BDH), a company listed on the Saudi Tadawul Exchange. Until May 2022, he was an independent non-executive director of BDH. He continues to act as a Director of Future Tech Retail, a wholly owned subsidiary of BDH engaged in making technology related investments and is a Board Member of FTR France and Barcode Influencer Marketing Private Limited, which are indirect subsidiaries of BDH.

Ms. Raja Al Mazrouei

Independent non-executive director

Date of Appointment: 2023

Career and Experience:
Named among the global "Top 100 Women in FinTech" by Innovate Finance, Raja Al Mazrouei has been a key figure in solidifying the United Arab Emirate's UAE's position as one of the top 10 global fintech hubs.

A natural visionary, Ms. Raja is committed to scaling the latent potential of each individual and fearlessly broadening the boundaries of what is considered possible. Raja's career in FinTech was launched with an MBA in Global Leadership and Management from the United Arab Emirates University in 2005. Since then, she has held senior executive positions within the IT, operations, and marketing teams at Dubai Holding, National Bonds Corporation, and Dubai International Financial Center.

She has expanded her credentials by completing programs at Harvard Business School, London Business School, University of California at Berkeley, Singularity University, and Hawkamah Institute for Corporate Governance.

In 2017, Ms. Raja helped launch FinTech Hive, a collaborative community encompassing over 200 FinTech, RegTech, and InsurTech firms operating at the DIFC. As Executive Vice President, Raja recruited over 1000 startups and oversaw their integration into the UAE economic scene, running acceleration programs for early stage, growth stage, and scale-ups. Her fearless forward thinking has inspired countless individuals, helping to make FinTech Hive one of the region's most successful technology hubs and one of the world's top financial innovation labs. Ms. Raja's contributions as a pioneer in the field have been widely recognised. In addition to the recognition from Innovate Finance, she has been named among the "50 Most Influential Women in Middle East Finance" by Dow Jones' Financial News and the "Top 100 Power Businesswomen in the Middle East" by Forbes. Additionally, she served as the Vice President of the Harvard Business School Club of the Gulf Cooperation Council, a non-profit fostering the professional and personal growth of over 1,200 Harvard Business School alums in the Gulf region. Ms. Raja's entrepreneurial vision and passion for innovation, combined with her commitment to the growth and development of individuals and institutions alike, have made her a significant contributor to the dynamic success of FinTech in the UAE, the Gulf region, and beyond.

Board Appointments to other Public Joint Stock Companies:
She also helps shape the future of financial services in the region by serving on various boards, including the Harvard Business School MENA Advisory Board and the boards of Zand Digital Bank, National Cement Company, Etihad Credit Insurance, Al Masraf Arab Bank for Investment and Foreign Trade and a trustee member of Mohammad Bin Rashid School of Government.

The percentage of female representation on the Board for 2023

Al Ansari Financial Services is committed to supporting gender diversity. Ms Raja Al Mazrouei was appointed as the female representative on the Board of Directors for the year 2023.

Remunerations Statements

Total remunerations paid to Board members for 2022:
Al Ansari Financial Services was established in April 2023 and hence Board remuneration for 2022 is considered as Nil.

Total remuneration of the Board members, which is proposed for 2023, and will be presented in the Annual General Meeting:
The Board remuneration proposal for 2023 of AED 622,500/- (including Sitting Fees), will be presented to the shareholders at the Annual General Assembly for approval.

Details of the allowances for attending sessions of the committees emanating from the Board, which were received by Board members for fiscal year 2023:

- The Board members are entitled to a Sitting Fee for attending the Board committees meetings.
- The proposed Sitting Fees are outlined in the table below and will be presented to the shareholders at the Annual General Assembly, for approval

Number of meetings attended				
Director Name	Sitting fee in AED	Audit Committee	Nomination & Remuneration Committee	Total in AED
Ms. Raja Al Mazrouei	10,000	-	-	0
Mr. Nitin Khanna	10,000	3	-	30000
Mr. Marcello Baricordi	10,000	3	-	30000
Total				**60,000**

Note: The Nomination and Remuneration Committee did not hold any meetings in 2023 since the listing on Dubai Financial Market occurred only on 6 April 2023. However, the first meeting of the NRC was held on January 2024.

Details of additional allowances, salaries or fees received by a Board member other than allowances for attending committees, and their reasons:
The Board members did not and will not receive any additional allowances, salaries or fees other than the allowances for attending the Committees' meetings.

Number of the Board meetings held during 2023

The Board held 5 meetings since its listing date on 6 April 2023 to 31 December 2023.

Date of Board meeting	No. of attendees in person	No. of attendees by proxy	Names of absent members
May 10, 2023	7	N/A	N/A
August 9, 2023	7	N/A	N/A
October 5, 2023	7	N/A	N/A
November 8, 2023	6	N/A	1 (Mr. Eisa Al Ansari)
December 19, 2023	7	N/A	N/A

04 Committees

1. Audit Committee

a. **The Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and for ensuring its effectiveness:** Mr. Nitin Khanna, the Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, as well as the review of its work mechanism and for ensuring its effectiveness.

b. **Names of Audit Committee members with competences and assigned tasks**

Name	Category in BOD	Position in the Committee
Mr. Nitin Khanna	Independent non-executive	Chairman
Mr. Fuad Al Ansari	Vice Chairman, non-executive	Member
Mr. Marcello Baricordi	Independent non-executive	Member

The primary function of the Audit Committee is to review and monitor the integrity of the Company's interim and annual financial statements. In this context, its responsibilities include ensuring the independence and effectiveness of the external audit function by reviewing the scope and quality of work carried out by both internal and external audit and being involved in the appointment of external auditors and in overseeing the relationship with them. The Audit Committee also provides independent oversight to the Board in relation to the Group's governance, risk management and internal control practices, including a review of related party transactions to ensure they have been conducted on an arm's length basis.

c. **Number of meetings held by the Audit Committee during 2023:**
The Audit Committee held three (3) meetings in 2023 after the listing on Dubai Financial Market summarised as follows

Meeting	Date
First	10 May 2023
Second	9 August 2023
Third	8 November 2023

Name	Attendance
Mr. Nitin Khanna	100%
Mr. Marcello Baricordi	100%
Mr. Fuad Al Ansari	100%

2. Nomination and Remuneration Committee

a. **The Nomination and Remuneration Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and for ensuring its effectiveness**
Mr. Marcello Baricordi, the Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, as well as the review of its work mechanism and for ensuring its effectiveness.

b. Names of Nomination and Remuneration Committee members with competences and assigned tasks

Name	Category in BOD	Position in the Committee
Mr. Marcello Baricordi	Independent non-executive	Chairman
Ms. Raja Al Mazrouei	Independent non-executive	Member
Mr. Eisa Al Ansari	Non-Independent non-executive	Member

The Nomination and Remuneration Committee primarily oversees the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, monitoring the independent status of the independent non-executive directors.

It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as directors or committee members as the need may arise.

In addition, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the remuneration policy and determining the individual remuneration and benefits package of each of the Company's directors and senior management.

c. Number of meetings held by the Nomination and Remuneration Committee during 2023
The Nomination and Remuneration Committee did not hold any meetings in 2023 since the listing on Dubai Financial Market occurred only on 6 April 2023.

Note: The first meeting of Nomination & Remuneration Committee was held in January 2024

3. Committee for monitoring insider register

- **Acknowledgment by the Committee Chairman or authorised person of his responsibility for the Committee system at the Company, review of its work mechanism, and for ensuring its effectiveness.**
  The Board of Directors sets out the insider policy guidelines for those with access to insider information, including Board Members, employees and independent contractors. The policy strictly prohibits trading of Al Ansari securities based on non-public information and requires Al Ansari Financial Services to regularly submit to SCA and DFM an updated register of insiders who have access to sensitive company information.

- **The Board Secretary Mr. Faisal Anwar has been appointed for following up on and supervising the transactions of insiders.**
  Faisal Anwar acknowledges his responsibility for the follow-up and supervision system on transactions of insiders in the Company, review of its work mechanism, and for ensuring its effectiveness.

- **Names of members of the Supervision and Follow-up Committee of insider transactions, clarifying their competences and tasks assigned to them.**
  The Investor Relations team play the role of supervision on the Al Ansari Financial Services insider register as well as updating employees on the blackout periods.

- **A summary of the committee's work report during 2023. (In case the committee was not formed, the reasons should be explained).**
  Since its inception, the Company has considered Al Ansari Financial Services' Board of Directors, employees who have access to material information as well as temporary auditors, as insiders.

The Investor Relations team is committed to upholding the highest standards of corporate governance and market integrity. To this end, we have implemented a comprehensive process for overseeing and monitoring insider trading transactions:

Insider Identification and Registration:
We maintain a comprehensive and up-to-date list of all individuals classified as insiders under DFM regulations. This list is developed in close collaboration with other teams, ensuring all individuals with access to non-public information are properly identified. We then register these individuals on the DFM's dedicated insider trading monitoring system.

Restricted Trading Windows:
We establish clear blackout periods around sensitive events, prohibiting insider trading during these times. This helps ensure fair and efficient markets by preventing insiders from taking advantage of non-public information. The blackout periods are communicated through emails to all insiders.

Pre-clearance Process:
Insiders are required to submit all trade intentions to Investor Relations for prior approval. This thorough review process helps identify potential conflicts of interest and ensures compliance with applicable regulations and company policies.

- **(In case the committee was not formed, the reasons should be explained).**
  As the committee establishment is not mandatory as per SCA rules, the Company did not form an insider committee.

4. Committee for monitoring insider register

The Board has also approved forming a Board Executive Committee (BEC) and the terms of reference of the committee.

a. Acknowledgment by the Committee Chairman or authorised person of his responsibility for the Committee system at the Company, review of its work mechanism, and for ensuring its effectiveness.
Mr. Mohammad Ali Al Ansari, Committee Chairman acknowledges his responsibility for the committee system in the Company, as well as the review of its work mechanism and for ensuring its effectiveness.

The Board approved the appointment of following members:

Name	Position in the Committee
Mr. Mohammad Ali Al Ansari	Chairman
Mr. Fuad Ali Al Ansari	Member
Mr. Eisa Ali Al Ansari	Member
Mr. Rashed Ali Al Ansari	Member

b. A summary of the Board duties that were performed by a board member or an executive member during 2023 based on a delegation of authority detailing date of authority and period of delegation
Following the Group's listing on the Dubai Financial Market (DFM) in April 2023, the Board of Directors, during its meeting held on 9 August 2023, approved a Delegation of Authority (DOA) to the Executive Committee. This delegation aimed to:

- **Ensure efficient decision-making:** By streamlining approvals and avoiding unnecessary procedures, the DOA facilitates operational efficiency.
- **Maintain proper controls:** The framework ensures critical decisions undergo adequate scrutiny and are exercised in the best interests of the business.

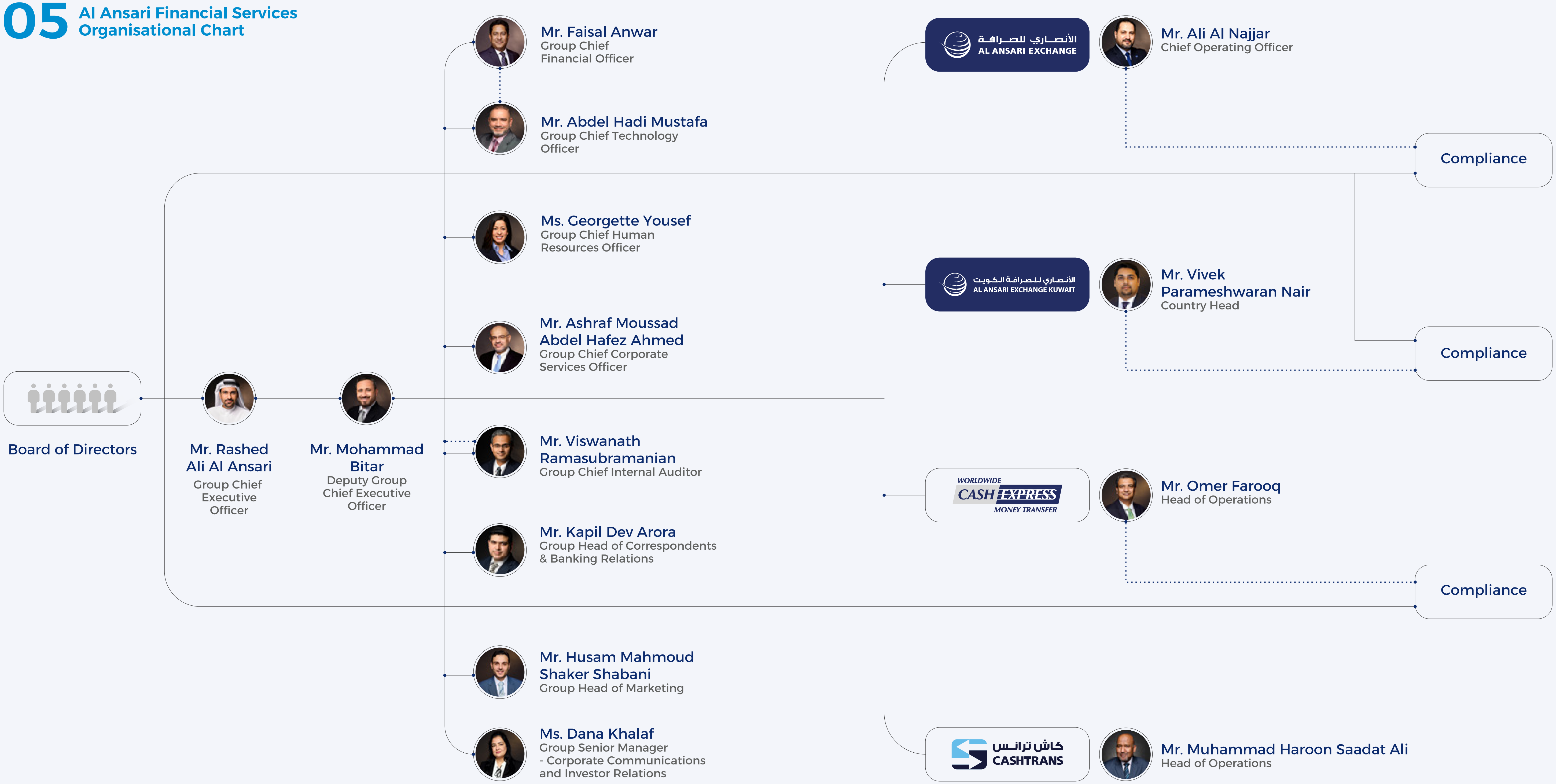
c. **Transaction with related parties**

Please refer to Note 9 in the notes to the audited financial statements, as it provides the key related party transactions as such term is defined in the International Financial Reporting Standards (IFRS) and which are already reflected in the consolidated financial statements for the year 2023, and carried out during the year in the normal course of business on the terms agreed between the parties

Senior Management Compensation

Name	Position	Year of Appointment	Total Salaries and allowances 2023 (AED)	Total Bonuses Paid for 2023 (AED)	Any other Cash/ in-kind bonuses for 2023 or due in the future
Mr. Rashed Ali Al Ansari	Group Chief Executive Officer	2010	1,440,000.00	-	
Mr. Mohammad Bitar	Deputy Group Chief Executive Officer	2018	1,320,000.00	220,000.00	

05 Al Ansari Financial Services Organisational Chart



06 External Auditor

a. An overview of the company's auditor

The external auditors, Deloitte & Touche (ME), were appointed by the shareholders at the Constitutive General Assembly meeting held on 30 March 2023. The Audit Partner at Deloitte & Touche (ME) who is in charge of the external audit shall rotate every 3 years, whereas External audit firms may only be appointed for a maximum of 6 consecutive years.

b. Fees and costs for audit or services provided by the external auditor: AED 705,000/-

Audit Firm Name	Deloitte & Touche (ME)
Audit Engagement partner	Mr. Ali Abdul Aziz
No of years spend as auditor of the company	First year of audit
Total Fees for 2023 in AED	AED 705,000/-
Details of nature of other services presented if available	Agreed-upon procedures in respect of compliance with the Anti-Money Laundering Compliance Standards stipulated in The Standards for the Regulations Regarding Licensing and Monitoring of Exchange Business (the "Standards") dated February 2018 issued by the Central Bank of the UAE (the "Central Bank")
Fees of services provided other than the auditing	AED 110,220/- *
Details of other services provided by any other external auditor	Name: KPMG Lower Gulf Limited Details of Services: Tax advisory services – Corporate Tax assessment and implementation plan

* Deloitte has been appointed for conducting Agreed Upon Procedures relating to AML CFT requirements for 2023 of Al Ansari Exchange as required by CBUAE regulations, though the work is being conducted in 2024.

c. Reservations that the auditor included in the interim and annual financial statements for 2022:

(no reservations or concerns).

07 Internal Control System

Acknowledgment by the Board of its responsibility for the Company internal control system, review of its work mechanism, and for ensuring its effectiveness

The Board acknowledges its responsibility for the company internal control system and for reviewing its work mechanism and ensuring its effectiveness.
The Group's internal control system comprises of three lines of defence, which incorporates the tenets of segregation of responsibilities, controls, monitoring and reporting.

- The first line of defence comprises of the Business Units that are responsible for customer onboarding, transaction processing and product development. The first line of defence also includes the support functions such as Information Technology, Human Resources, Corporate Services, Correspondents and Banking Relations and Marketing, that assist the Business Units in performing their responsibilities. They are responsible and accountable for ongoing management of risks, which includes assessment, control and mitigation of risks.

- The second line of defence includes the Compliance & AML, Risk Management and Finance functions. These functions complement the risk management activities of the business functions through their control, monitoring and reporting responsibilities. They are also responsible for assessing risks independent of the business functions and reporting to the Senior Management. They coordinate with the business function heads in identifying risk partners and in documenting the underlying product, process and system related risks.

- The third line of defence is an independent and effective Internal Audit function, which reports to the Board Audit Committee. They provide independent review and objective assurance on the quality and effectiveness of the Group's internal control system including the first and second lines of defence.

The internal control system is designed by following a multi-tiered approach and is implemented across the Group. The internal control system depends on assigning accountability, clear delegation of authority and enhanced collaboration within the various business, support and control functions. The internal control system facilitates the alignment of objectives, resources and the processes. It is based on the clear identification of responsibilities, and governed by policies and procedures that are implemented to serve the business, support and control functions across the Group.

The Internal Audit function reports on a quarterly basis to the Board Audit Committee, which reports any significant matters, as and when required, to the Board. The Audit Committee plays a key role in assessing and assuring the quality and integrity of disclosures, financial statements, financial reporting and compliance to regulatory requirements. The Audit Committee reviews the effectiveness of the Group's internal controls and corporate governance environment and provides oversight of the Internal Audit and External Audit.

The Compliance & AML and Risk Management functions report on a quarterly basis to a management-level committee, which reports any significant matters, as and when required, to the Board. The Finance function reports directly to the Group Chief Executive Officer and presents the financial results on a quarterly basis to the Board Audit Committee and the Board.

The Board Nomination and Remuneration Committee oversees nomination of Board members and their remuneration, in addition to senior management remuneration, bonus, incentives and other benefits.

Name of the department director, his qualifications and date of appointment

The Internal Audit Department is headed by Mr. Viswanath Ramasubramanian who was appointed as Chief Internal Auditor on 1 October 2019.

Viswanath has over 30 years of experience in leading internal audit, regulatory compliance, banking operations, governance, risk management, fraud investigation and business advisory services in banking and financial services industry spanning across the Middle East and Asia Pacific region. Viswanath's former appointments include Union National Bank, RSM International, KPMG, Deutsche Bank, Societe Generale, etc., where he held several key positions.

He is a Chartered Accountant from The Institute of Chartered Accountants of India. He is also a Certified Financial Crime Specialist, a Certified Information Systems Auditor and a Certified Internal Auditor.

Name of compliance officer, his qualifications and date of appointment

Compliance Officer Mr. Akhtaruzzaman Khan joined the Company on 15 July 2023. He has more than 20 years of experience in AML/ CFT laws, policies and procedures, risk management, and corporate governance. He has an Executive MBA from Sighania Singhania University in India and is a certified Anti Money Laundering Specialist and Global Sanctions Specialist by ACAMS.

How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in annual reports and accounts. (In case of the absence of major problems, it must be mentioned that the Company did not face any problems)

Al Ansari Financial Services PJSC was formed in April 2023 and did not face any such problems during 2023.

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

The Internal Audit Department issued and submitted 3 reports to the Audit Committee since the Company's listing on 6 April 2023. A quarterly report is issued and submitted to the Audit Committee to include internal audit activities, ethics and fraud investigation cases and audit plan status.

08 Details of violations committed during 2023, explaining their causes, how to address them, and how to avoid their recurrence in the future

The Company did not commit any violations of the Governance Guide during 2023.

09 Corporate Social Responsibility and Environmental Protection

Month 2023	Initiative	Value (AED)
January before listing	Annual Blood Donation Campaign	In Kind
January Before listing	World NTD Day strategy	No Value
March Before listing	Ramadan Iftar meals	150,000
June	Portacabin for visitors of the Philippine Migrant Workers Office in Dubai	150,000
June	Assistance to Senior Happiness Center	In Kind
November	Partnered with Dubai Financial Market in their pilot project Voluntary Carbon Credit Market	10,000

10 General Information

a. A statement of the company's share price in the market (closing price, highest price and lowest

Trading of AL ANSARI shares on the Dubai Financial Market started on 6 April 2023. The activity and performance of its shares, as well as the shareholders structure since its listing for the year ended 31 December 2023 are defined hereafter

Share Price 2023	High	Low	Close (Last Price)
April	1.25	1.16	1.19
May	1.30	1.17	1.21
June	1.27	1.18	1.22
July	1.23	1.18	1.19
August	1.29	1.18	1.19
September	1.20	1.16	1.17
October	1.19	1.08	1.15
November	1.16	1.06	1.08
December	1.08	1.04	1.06

b. Company's comparative performance with the general market index and sector index during 2023

Month	Al Ansari	DFMGI	Financial
April	1.19	3,544.79	2,486.880
May	1.21	3,576.63	2,498.110
June	1.22	3,791.99	2,623.580
July	1.19	4,059.27	2,830.140
August	1.19	4,082.87	2,806.390
September	1.17	4,163.58	2,873.740
October	1.15	3,877.08	2,725.040
November	1.08	3,992.36	2,793.620
December	1.06	4,059.80	2,823.680

c. Shareholder ownership distribution at 31 December 2023 (individuals, companies, government) classified as follows: local, GCC, Arab and foreign

	Holdings	%Share
Totals	7,500,000,000	100.00%
Institutional	7,201,239,761	96.02%
-	981,357	0.01%
Bank	18,588,069	0.25%
Company	7,168,814,800	95.58%
Government	12,855,535	0.17%
Institution (sole property)	0	0.00%
Retail	298,760,239	3.98%
Individual	298,760,239	3.98%

	Holdings	%Share
Totals	7,500,000,000	100.00%
Institutional	7,197,143,372	95.96%
-	1,698,138	0.02%
Bank	18,642,569	0.25%
Company	7,163,947,130	95.52%
Government	12,855,535	0.17%
Institution (sole property)	0	0.00%
Retail	302,856,628	4.04%
Individual	302,856,628	4.04%
ARB	27,994,577	0.37%
FGN	32,632,548	0.44%
GCC	40,845,820	0.54%
UAE	201,383,683	2.69%

d. Shareholders holding 5% or more of the Company's capital as at 31 December 2023

Al Ansari Holding LLC owns 90%

e. Shareholder distribution by the size of ownership as at 31 December 2023

Category	Number of Investors	Owned Quantity	Owned Quantity %
Less Than 50,000	11,744	31,680,670	0.422
Between 50,000 and 500,000	499	75,728,239	1.010
Between 500,000 and 5,000,000	115	172,027,836	2.294
Greater than 5,000,000	21	7,220,563,255	96.274

f. Investor relations

Name Ms. Dana Khalaf
Contact details Mobile +97150 4595597
Dana.khalaf@alansari.ae
IR Webpage https://aafs.ae/investor-relations/

g. Special decisions presented in the General Assembly during 2023 and the procedures taken in their regard

The Company held its first General Assembly on 1 November 2023. The General Assembly resolved by special resolution the amendment of Article 14 of the Company's articles of association which was subsequently approved by SCA and published in the official gazette on 29 December 2023.

h. Board Secretary and date of appointment

The Board appointed Mr. Faisal Anwar as Company Secretary effective 6 April 2023.
Mr. Faisal Anwar is also the Group Chief Financial Officer. He leads the organisation's financial growth strategies, budgeting and forecasting, business performance and analysis, systems implementation and tax. In addition to that he leads both Legal and Risk Management functions. Prior to joining the Group, Faisal held several key positions at Mattex Group, Majid Al Futtaim, KPMG and PricewaterhouseCoopers. He has over 30 years of experience in various sectors including financial services, commercial banks, asset management companies, manufacturing and energy. Faisal is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of Pakistan since 1997.

i. Major events experienced by the Company in 2023

A detailed statement of the material events and important disclosures that occurred during the year 2023.

Al Ansari Financial Services debuts listing of its shares on the Dubai Financial Market (DFM)	6 April 2023
Al Ansari Exchange on track to open 15 new branches	12 June 2023
Al Ansari Financial Services secures approval to acquire controlling stake in leading exchange company in Oman	7 August 2023
Al Ansari Exchange partners with Fazaa to drive social impact and elevate customer experiences	30 August 2023
Al Ansari Financial Services clinches two prestigious awards at MEA Finance Leaders in Payments Awards 2023	15 September 2023
Al Ansari Exchange crowns 10th millionaire of Summer Promotion	18 Sep 2023
Al Ansari Financial Services leads the way in Emiratisation: Employs over 360 Emiratis in 9 months	10 October 2023
Zain FinTech and Al Ansari Financial Services partnership aims to revolutionise the region’s financial landscape	25 October 2023
Al Ansari Financial Services’ CashTrans launches state-of-the-art Cash Management Centre in Dubai	30 October 2023
AED 300 million interim cash dividend approved in Al Ansari Financial Services’ inaugural General Assembly Meeting	2 November 2023
Al Ansari Exchange inaugurates its 250th branch in the UAE	6 November 2023
Al Ansari Digital Pay receives regulatory in principle approval to launch a digital wallet targeting the unbanked population	20 November 2023

j. Details of transaction done on behalf of the company with third parties during 2023 that are worth 5% of the company’s capital or more

No transactions amounted to 5% of the company’s capital or more.

k. The Company’s Emiratisation rate

The percentage of UAE nationals employed by Al Ansari Financial Services is 13.34% as of 31 December 2023.

l. New projects and initiatives

2023 marked a significant year for Al Ansari Financial Service PJSC (the Group) in the realm of corporate governance. Demonstrating a commitment to robust and effective practices, the Group undertook a comprehensive review and enhancement of its governance policies and procedures throughout the year. This initiative ensured alignment with current regulations and solidified the Group's commitment to responsible and transparent operations.
Beyond policy review, the Group actively pursued key governance projects and initiatives. This included the implementation of an additional whistleblowing channel, designed to facilitate the efficient and timely reporting of potential misconduct. This demonstrates the Group's dedication to fostering an environment of integrity and ethical conduct.

Looking ahead, the Group has identified key areas for further governance enhancement in 2024.

- **Governance Framework**
- **Delegations of Authority**
- **Powers of Attorney**

By continuously evaluating and improving its governance practices, Al Ansari Financial Service PJSC remains steadfast in its commitment to excellence and inspires confidence in its stakeholders.

Mr. Mohammad Ali Al Ansari
Chairman of the Board

Mr. Nitin Khanna
Audit Committee Chairman

Mr. Marcello Baricordi
Nomination and Remuneration Committee Chairman

Mr. Viswanath Ramasubramanian
Group Chief Internal Auditor

05

CONSOLIDATED FINANCIAL STATEMENTS

Al Ansari Financial Services P.J.S.C.

Consolidated Financial Statements

For the year ended 31 December 2023

Contents

Discussion report and analysis of the Board of Directors

Al Ansari Financial Services PJSC

Date	13 February 2024
Name of the Listed Company	Al Ansari Financial Services PJSC (the Company)
The period of the financial statements covered by the report	Annual Financials (1 January 2023 – 31 December 2023)
Overview of the main results during the financial period Securities issued during the financial period	**Income*** – AED 1,162 million (2022: AED 1,170 million), a nominal decline of 0.7% **Operating Income*** – AED 1,132 million (2022: AED 1,154 million), a nominal decline of 1.9% **Net profit***– AED 495 million (2022: AED 588 million), a decline of 15.8% **EBITDA*** - AED 563 million (2022: AED 645 million), a decline of 12.7% **Earnings per Share***– AED 0.0660 (2022: 0.0784) **Total Assets** – AED 3,094 million (2022: AED 2,763 million) **Total Equity** – AED 1,801 million (2022: AED 1,606 million) * Continuing operations only (Does not include discontinued operations)
Securities issued during the financial period	Al Ansari Holding LLC (the Parent Company) offered 10% of the shares of the Company to the general public in an Initial Public Offering and the Company was listed on Dubai Financial Market on 6th April 2023. * Continuing operations only (Does not include discontinued operations)

Summary of the most important non-financial events and developments during the financial period

- Al Ansari Holding LLC (the Parent Company) offered 10% of the shares of the Company to the general public in an Initial Public Offering and the Company was listed on Dubai Financial Market on 6th April 2023
- Opened additional 25 physical branches across UAE during the year
- Al Ansari Digital Pay (wholly owned subsidiary of the Company – under incorporation) received the initial approval of a Store Value Facilities and Retail Payment Service Provider license from the Central Bank of the UAE.
- Inaugurated the state-of-the-art CashTrans Cash Management Centre in Dubai, providing access to optimised Cash Processing, Sorting and Vaulting services for companies and institutions throughout the UAE.
- Secured regulatory approval for the acquisition of majority stake in an Oman-based Exchange house.

Summary of operational performance during the financial period

Income

- **Net gain on currency exchange** for the year 2023 was AED 542 million (2022: AED 607 million), decreased by 11% mainly attributed to 13% decline in Outward Personal Remittance volumes to India, Egypt and Pakistan.
- **Net commission income** for the year 2023 was AED 590 million (2022: AED 547 million), increased by 8% in line with the overall transaction growth of 8.5% on all products.

Expenses

- **Salaries and benefits** for the year 2023 were AED 451 million (2022: AED 407 million), increased by 11% due to 13% rise in number of employees on account of opening 25 additional branches and increase of Emirati Nationals to support of the Government's Emiratization initiative.
- **Other expenses** for the year 2023 were AED 216 million (2022: AED 175 million), increased by 23% due to opening of 25 additional branches and finance cost paid to utilization of bank borrowings.

Summary of profit and loss during the financial period

	2023 AED million	2022 AED million
Operating income	1,132	1,154
Interest and other income	30	16
Less: Salaries and benefits	(451)	(407)
Less: Other expenses	(216)	(175)
Net profit for the year *	495	588

* Continuing operations only (Does not include discontinued operations)

Summary of financial position as at the end of the financial period

Total Assets: AED 3,094 million (2022: AED 2,763 million)

Cash and bank balances: AED 2,715 million (2022: AED 2,433 million)

Total Equity: AED 1,801 million (2022: AED 1,606 million)

Summary of cash flows during the financial period

Net cash generated from operating activities: AED 712 million (2022: AED 667 million)

Net cash generated from investing activities: AED 121 million (2022: AED 246 million used in investing activities)

Net cash used in financing activities: AED 396 million (2022: 876 million)

Main performance indicators

Total Transactions increased by +8.5% YoY.

Bank Notes transactions have witnessed a consistent growth in volumes marking +14.3%.

Wage Protection System (WPS) transaction volumes saw a growth of 22.8%.

Prepaid Cards exhibited a 322% YoY surge in volume growth.

Corporate Business Registered a notable 19.2% YoY increase in the value of transactions.

Digital channels reported an increase 27.5% YoY growth in the number of transactions.

Expectations for the sector and the company's role in these expectations

The Foreign Exchange and Remittance Group (FERG) announced on Monday, 12 February 2024 that exchange houses under the jurisdiction of UAE authorities have received approval to implement a minimum fee increase of 15%.

FX margins are expected to remain competitive for a foreseeable future.

Expectations regarding the economy and its impact on the company and the sector

With the advent of corporate tax, UAE's position as one of the leading global business hub will be secured and hasten UAE's development to achieve its strategic economic objectives. However, Inflation and higher interest rates may challenge the progress in short-term.

Expansion through acquisition and diversification through investment in technology and new products will be core strategy of the Company.

Future plans for growth and changes in operations in future periods

Plan for geographical expansion in GCC through acquisitions.

Introduction of Digital Wallet by Quarter 2 of 2024

The size and impact of current and projected capital expenditures on the company	Capex-light business model able to generate strong growth with limited capex requirements (Expected to be 2.5%-3.5% of total revenues for YE 2024)
The developments of the implementation of projects, plans and transactions and deals that were discussed by the company's board of directors in the report for the previous fiscal year	N/A
The name of the chairman of the company or the authorized signatory	**Mr. Mohammad Ali Al Ansari**
Signature and date	
Company's Seal	

Directors' report for the year ended 31 December 2023

The Board of Directors is pleased to submit its report on the activities of Al Ansari Financial Services P.J.S.C. (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2023 together with the consolidated audited financial statements.

Board of Directors:

The Board of Directors of the Company comprises:

Mr. Mohammad Ali A. Al Ansari	Group Chairman, Non-executive Director
Mr. Fuad Ali A. Al Ansari	Group Vice Chairman, Non-executive Director
Mr. Eisa Ali A. Al Ansari	Non-executive Director
Mr. Rashed Ali A. Al Ansari	Group Chief Executive Officer, Executive Director
Mr. Nitin Khanna	Independent, Non-executive Director
Ms. Raja Al Mazrouei	Independent, Non-executive Director
Mr. Marcello Baricordi	Independent, Non-executive Director

Principal activities

The Group is engaged in the business of buying and selling of foreign currencies and travellers' cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection", providing special financial products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

Financial performance

During the year ended 31 December 2023, the Group reported income of AED 1,162 million (2022: AED 1,170 million) and profit for the year of AED 495 million (2022: AED 595 million).

Dividend

On 13 February 2024, the Board of Directors proposed to distribute a cash dividend of AED 300 million to the shareholders (AED 0.04 per share). The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in March 2024.

Auditors

The consolidated financial statements for the year ended 31 December 2023 have been audited by Deloitte & Touche (M.E.) who being eligible, have offered themselves for reappointment.

Outlook

The Group's strategic road map is built to unlock shareholders' value by exploring various growth opportunities to broaden our customer base and gain access to new markets. The Group's strategic initiatives are designed to reinforce our market leadership in the financial services industry by fulfilling the ever-evolving customer needs and maintaining sustained growth. In turn, these strategies are anchored by customer-centricity, market insights and technological advancements. By constantly diversifying our service offerings, embracing digital transformation and enhancing profitability, the Group is well positioned to optimise its presence in the UAE and across the region.

Mr. Mohammad Ali Al Ansari
Group Chairman
On behalf of the Board of Directors
Al Ansari Financial Services P.J.S.C.
13 February 2024

Deloitte.

Deloitte & Touche (M.E)
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www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al Ansari Financial Services P.J.S.C
Dubai, United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Al Ansari Financial Services PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Money exchange, remittances and other services revenue and IT systems and controls

The group recognised revenue of AED 1,132 million from money exchange, remittances and other services. The Group provides these services to its customers through a wide range of branch networks, digital channels and smart counters.

The calculation and recording of money exchange and remittance services is automated and relies on complex IT systems.

We identified IT systems and controls over the Group's recording of revenue as key audit matter due to the extensive volume and variety of transactions which are processed daily by the Group and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.

Refer to notes 3 and 29 in the consolidated financial statements for more details relating to revenue recognised during the year.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

The Shareholders of Al Ansari Financial Services P.J.S.C, Dubai, United Arab Emirates (Continued)
Key audit matters (Continued)

How our audit addressed the key audit matter

We performed the following procedures, inter alia, in relation to this matter.

We evaluated the design and tested the operating effectiveness of certain internal controls related to the money exchange and remittance revenue process.

We involved IT professionals with specialised skills and knowledge who assisted in:

- Testing IT general and automated controls over access security, program changes, data center and network operations.
- Identifying the relevant systems used to calculate and record money exchange and remittance revenue transactions;
- Testing the general IT controls over certain systems and Information Produced by the Entity (IPEs), including testing of user access controls, change management controls, and IT operations controls; and
- Testing automated application controls including system interfaces and the calculation and recording of money exchange and remittance revenue transactions to the Group's general ledgers.

In addition, we performed the substantive procedures described below:

- Using data enabled audit techniques, we recalculated the revenue recorded in relation to an extensive sample of trades, and agreed these to the underlying accounting records.
- We tested a sample of money exchange and remittance revenue transactions by comparing the amounts recognised to source documents.

We also assessed the disclosure in the financial statements relating to this matter against the requirements of IFRSs.

Other Matter

The financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2023.

Other information

The Board of Directors and management is responsible for the other information. The other information comprises the Director's Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after the date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

The Shareholders of Al Ansari Financial Services P.J.S.C, Dubai, United Arab Emirates (Continued)

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT

The Shareholders of Al Ansari Financial Services P.J.S.C, Dubai, United Arab Emirates (Continued)
Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021.
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- The Group has not purchased or invested in any shares during the financial year ended 31 December 2023;
- Note 9 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- There are no social contributions made during the year; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2023, any of the applicable provisions of the UAE Federal Decree 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 2023.

Deloitte & Touche (M.E.)

Mr. Firas Anabtawi
Registration No.: 5482
13 February 2024
Dubai , United Arab Emirates

Consolidated statement of financial position

		As at 31 December	
ASSETS	**Note**	**2023 AED'000**	**2022 AED'000**
Non-current assets			
Right-of-use assets	5	92,031	67,235
Property and equipment	6	71,926	53,404
Restricted deposits with banks	7	51,259	50,356
		215,216	**170,995**
Current assets			
Cash on hand and in transit	8	1,137,784	1,051,113
Due from banks	8	1,577,329	1,382,261
Due from exchange houses and agents	8	46,363	64,863
Due from related parties	9	22	217
Prepayments and other receivables	10	117,454	94,001
		2,878,952	**2,592,455**
Total assets		**3,094,168**	**2,763,450**
LIABILITIES AND EQUITY			
LIABILITIES Non-current liabilities			
Lease liabilities	11	44,550	23,658
Provision for employees' end-of-service benefits	12	45,851	41,853
		90,401	**65,511**
Current liabilities			
Trade and other payables	13	742,103	644,712
Due to banks	14	20,376	10,824
Due to exchange houses and agents	14	72,560	52,641
Due to related parties	9	4,163	817
Bank borrowings	15	325,000	348,750
Lease liabilities	11	38,146	33,965
		1,202,348	**1,091,709**
Total liabilities		**1,292,749**	**1,157,220**
EQUITY			
Share capital	17	75,000	75,000
Statutory reserve	18	37,500	-
Acquisition reserve	19	286,143	286,143
Retained earnings		1,402,776	1,245,087
Total equity		**1,801,419**	**1,606,230**
Total liabilities and equity		**3,094,168**	**2,763,450**

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 February 2024 and signed on its behalf by:

Mr. Mohammad Ali Al Ansari
Group Chairman

Mr. Faisal Anwar
Group Chief Financial Officer

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	2023 AED'000	2022 AED'000
Continuing operations			
Income			
Net gain on currency exchange		541,678	607,070
Net commission income	20	590,424	547,410
Interest income		25,179	11,484
Other income		5,195	4,339
		1,162,476	**1,170,303**
Expenses			
Salaries and benefits	21	(450,725)	(406,607)
General and administrative expenses	22	(116,449)	(99,951)
Depreciation and amortisation	23	(85,014)	(70,585)
Provision for expected credit losses	8.4	(240)	(2,000)
Finance cost	24	(13,327)	(2,306)
Bank charges		(1,532)	(1,196)
Profit from continuing operations		**495,189**	**587,658**
Profit from discontinued operations	25	-	7,637
Net profit for the year		**495,189**	**595,295**
Other comprehensive income		-	-
Total comprehensive income for the year		**495,189**	**595,295**
Net profit attributable to:			
Shareholders of the Company		495,189	594,859
Non-controlling interest		-	436
		495,189	**595,295**
Basic and diluted earnings per share (AED)	26	0.0660	0.0793

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

Consolidated statement of equity for the year ended 31 December 2023

	Share capital	Statutory reserve	Acquisition reserve	Shareholders' current account	Retained earnings	Total Shareholders' equity	Non-controlling interest	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2022	50,000	-	1,381,043	96,934	983,980	2,511,957	14,513	2,526,470
Total comprehensive income for the year	-	-	-	-	594,859	594,859	436	595,295
Dividend declared and paid (note 28)	-	-	(1,069,900)	-	(333,752)	(1,403,652)		(1,403,652)
Distribution from current account	-	-	-	(96,934)	-	(96,934)	-	(96,934)
Increase in share capital through transfer from acquisition reserve	25,000	-	(25,000)	-	-	-	-	-
Sale of subsidiaries	-	-	-	-	-	-	(14,949)	(14,949)
At 31 December 2022	75,000	-	286,143	-	1,245,087	1,606,230	-	1,606,230
At 1 January 2023	**75,000**	-	**286,143**	-	**1,245,087**	**1,606,230**	-	**1,606,230**
Total comprehensive income for the year	-	-	-	-	495,189	495,189	-	495,189
Dividend declared and paid (note 28)	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Transfer to statutory reserve (note 18)	-	37,500	-	-	(37,500)	-	-	-
At 31 December 2023	**75,000**	**37,500**	**286,143**	-	**1,402,776**	**1,801,419**	-	**1,801,419**

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

Al Ansari Financial Services P.J.S.C.

Consolidated statement of cash flows for the year ended 31 December 2023

	Note	2023 AED'000	2022 AED'000
Operating activities			
Net profit for the year		495,189	595,295
Adjustments for:			
Depreciation and amortisation	23, 25	85,014	75,475
Provision for expected credit losses	8.4	240	2,000
Provision for employees' end-of-service benefits	12	7,189	6,731
Finance cost	24	13,327	2,306
Gain on disposal of property and equipment		(379)	(119)
Operating cash flows before settlement of employees' end-of-service benefits and changes in working capital		**600,580**	**681,688**
Payment for employees' end-of-service benefits	12	(3,191)	(3,664)
Changes in working capital:			
Due from exchange houses and agents		18,500	49,548
Due from related parties		195	9,529
Prepayment and other receivables		(23,453)	(13,592)
Trade and other payables		97,391	81,410
Due to exchange houses and agents		19,919	(654)
Due to related parties		3,346	(107,527)
Restricted deposits with banks		(903)	(29,621)
Net cash generated from operating activities		**712,384**	**667,117**
Investing activities		-	-
Payment for purchase of property, equipment		(45,193)	(30,955)
Fixed deposits having maturities longer than three months		165,195	(196,925)
Proceeds from sale of property and equipment		1,331	163
Net cash and cash equivalents transferred upon sale of subsidiaries		-	(18,133)
Investment properties		-	(106)
Investments at fair value through profit or loss		-	(4)
Net cash generated from / (used in) investing activities		**121,333**	**(245,960)**
Financing activities			
Dividends paid	28	(300,000)	(1,077,852)
Lease liabilities paid	11	(62,963)	(58,514)
Proceeds from bank borrowings	15	325,000	357,510
Repayment of bank borrowings		(358,132)	-
Disbursements from shareholders' current account		-	(96,934)
Net cash used in financing activities		**(396,095)**	**(875,790)**
Net increase / (decrease) in cash and cash equivalents		437,622	(454,633)
Cash and cash equivalents at the beginning of the year		2,226,625	2,681,258
Cash and cash equivalents at the end of the year	27	**2,664,247**	**2,226,625**

The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

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

1 Legal status and principal activities

Al Ansari Financial Services P.J.S.C. (the "Company") is a public joint stock company with trade license number 758204 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 9 May 2016. The legal status of the Company was converted to a public joint stock company on 3 April 2023 by virtue of a resolution of the Company's shareholders.

Pursuant to a resolution dated 8 March 2023, the shareholders approved the listing of the Company's shares on Dubai Financial Market whereby 10% of its shares were offered to the general public in an Initial Public Offering ("IPO"). The shares of the Company were listed on Dubai Financial Market on 6 April 2023.

As of the reporting date, Al Ansari Holding LLC (the "Parent Company") held 90% of the issued share capital whereas the remaining 10% is held by the general public.

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (together referred to as the "Group").

Name of the subsidiary	Percentage holding	
	2023	2022
Al Ansari Exchange L.L.C.	100%	100%
Worldwide Cash Express Limited	100%	100%
Blue Horizon on Demand Labours Supply Services L.L.C.	100%	100%
Cash Trans Money & Valuables Transport Services L.L.C.	100%	100%

All the subsidiaries mentioned above are incorporated in the United Arab Emirates.

The Group is engaged in the business of buying and selling of foreign currencies and travellers' cheques, cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection" (WPS), providing special financial products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2023.

The Group has not made any social contributions during the year.

The registered office of the Group is at P.O. Box 6176, Dubai, UAE.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of laws of the United Arab Emirates.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for derivatives measured at fair value, and on a going concern basis.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying IFRS Accounting Standards. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Certain comparative information has been reclassified to conform with the current year's presentation. The restatements did not have any impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

(c) Functional and presentation currency

The functional currency of the company and presentation currency of the Group is UAE Dirham ("AED"), the currency of the primary economic environment in which the Group operates.

All values have been rounded to the nearest thousand ("000"), unless otherwise disclosed.

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

2. Basis of preparation (Continued)

(d) Basis of consolidation Subsidiary

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The stand-alone financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any realised or unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

3 Material accounting policy information

3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements

During the year ended 31 December 2023, the Group has adopted a number of amendments to IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2023.

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS	Summary
IFRS 17 Insurance Contracts	IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.
Amendments to IFRS 17 Insurance Contracts	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Requirement that an entity which on initial recognition recognises losses on onerous insurance contracts issued also recognises a gain on reinsurance contracts held.

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

3 Material accounting policy information (continued)

3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements (continued)

New and revised IFRS	Summary
Amendments to IFRS 17 Insurance Contracts	• Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
Amendment to IFRS 17 Insurance Contracts Initial Application of IFRS 17 and IFRS 9 - Comparative Information	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 12 Income Taxes relating to International Tax Reform - Pillar Two Model Rules	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Al Ansari Financial Services P.J.S.C.

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

3 Material accounting policy information (continued)

3.2 New and revised IFRSs issued but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 16 Leases relating to Lease Liability in a Sale and Leaseback. The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Group anticipates that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is unlikely to have a material impact on the consolidated financial statements of Group in the period of initial application.

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

3 Material accounting policy information (continued)

3.3 Revenue recognition

Income mainly comprises of net commissions and / or net gain on currency exchange earned on remittances, sale and purchase of bank notes and issuance and reload of prepaid cards and fees generated from provision of other services (wages protection, bill payments, cash collections, and transportation of cash and valuables) offered by the Group.

Sale or purchase of a currency contract has only one performance obligation. Net gain on currency exchange is recognised when the transaction is executed.

Commission income is earned primarily from fees charged to customers for each transaction and includes only one performance obligation that is satisfied at a point in time when the related services are performed, and instruments are issued / accepted. Commission expense is recognised when the remittances are processed.

The Group recognises revenues on a gross basis, except for commissions earned from third-party remittances, as the Group is considered the principal in these transactions.

3.4 Interest income / expense

Interest income and expense for all interest-bearing financial instruments are recognised in the consolidated statement of profit or loss and other comprehensive income on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

When calculating effective interest rates, the Group estimates cash flows after considering all contractual terms of the financial instruments excluding future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis to write off cost of furniture & equipment over their estimated useful lives as follows:

Class of assets	Life (years)
Furniture	4
Fixtures	5 years or lease term, whichever is lower
Computers, software, and office equipment	4
Motor vehicles	3-5

Useful life, residual values and depreciation method are reassessed at each reporting date with the effect of any change in the estimate, accounted for prospectively.

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

3.6 Capital work in progress (CWIP)

Capital work in progress, representing expenditure incurred in respect of renovation and setting up of new branches, is stated at cost less impairment loss, if any. CWIP is transferred to property and equipment once set up is completed.

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

3 Material accounting policy information (continued)

3.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are measured at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets (except goodwill) that incurred impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Financial instruments

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's financial assets include cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

3 Material accounting policy information (continued)

3.8 Financial instruments (Continued)
Financial assets (Continued)
Classification of financial assets (Continued)

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as measured at FVTPL. In addition, debt instruments that meet either the amortised cost or the FVTOCI criteria may be designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments that are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss and other comprehensive income.

The Group does not have financial assets classified as measured at FVTPL.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on due from banks, due from exchange houses and agents, due from related parties and other receivables as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The management has used the forward-adjusted loss rate associated with the credit default swap (CDS) spread which is a market indication of credit risk to determine the expected credit loss provision.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based

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

3 Material accounting policy information (continued)

3.8 Financial instruments (Continued)
Financial assets (Continued)
Classification of financial assets (Continued)
(iii) Financial assets at FVTPL (Continued)
Impairment of financial assets (Continued)

on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to an irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies in which the Group operates.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

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

3 Material accounting policy information (continued)

3.8 Financial instruments (Continued)
Financial assets (Continued)
Classification of financial assets (Continued)

(iv) Write-off policy
The Group writes off a financial asset when there is strong evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as measured at FVTOCI the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the consolidated statement of profit or loss and other comprehensive income. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to to the consolidated statement of profit or loss, but is transferred to retained earnings.

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

Financial liabilities at FVTPL
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as measured at FVTPL the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in the consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is recognised in the consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in the consolidated statement of other comprehensive income are not subsequently reclassified to the consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Al Ansari Financial Services P.J.S.C.

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

3 Material accounting policy information (continued)

3.8 Financial instruments (Continued)
Financial liabilities (Continued)
Financial liabilities at FVTPL (Continued)

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as measured at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not designated as measured at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents
For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash in transit, due from banks and fixed deposits having original maturity of less than three months, less due to banks. Restricted deposits with banks are not considered to be a part of cash and cash equivalents as these are the funds placed by the Group in accordance with the correspondence arrangements with various corresponding banks and are not available to the Group for its day-to-day operations.

3.10 Deposit with tax authorities
Other receivables include deposit with tax authorities related to taxes other than income tax. This is recognised as an asset in the consolidated statement of financial position and is measured at amortised cost. The deposit is a right to obtain future economic benefits, either by receiving a refund or by utilising the deposit to settle a tax liability.

3.11 Foreign currencies
Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at exchange rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to AED at the foreign exchange rates prevailing at the date of the transaction. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

3.12 Provision for employees' end-of-service benefits
A provision is made for the full amount of end-of-service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The provision for end of service benefits is disclosed as a non-current liability.

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

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

3 Material accounting policy information (continued)

3.13 Value Added Tax (VAT)

The Group recorded a VAT payable net of payments in the accompanying consolidated financial statements at the applicable rate of 5%. Sales revenue represents the invoiced value of services, net of VAT. All the VAT returns of the Group remain subject to examination by the tax authorities for five years from the date of filing.

3.14 Provisions and contingent liabilities

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

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

In all those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised.

3.15 Related party transactions

Related party transactions are transfers of resources, services or obligations between the Group and a related party, regardless of whether a price is charged. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). All of the related party information required by IAS 24 that is relevant to the Group has been presented in note 9.

3.16 Leases

The Group's leasing activities and the basis of accounting

The Group leases mainly offices and branch locations. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Rental contracts may contain both lease and non-lease components.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

i. fixed payments of lease and non-lease components (including in-substance fixed payments), less any lease incentives receivable

ii. variable lease payment that are based on an index or a rate

iii. amounts expected to be payable by the lessee under residual value guarantees

iv. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

v. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted based on the incremental borrowing rate determined by the Group, being the rate at which the lessee would have to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Future cash outflows to which the Group is potentially exposed to and that are not reflected in the measurement of lease liabilities includes the following:

i. variable lease payments;

ii. extension options and termination options;
iii. leases not yet commenced to which the lessee is committed;

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

3 Material accounting policy information (continued)

3.16 Leases (Continued)

The Group's leasing activities and the basis of accounting (Continued)

Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability

ii. as applicable, any lease payments made at or before the commencement date less any lease incentives received, and

iii. as applicable, any initial direct costs.

Leases of low value assets mainly comprise office equipment (scanner and printer machines). Other short-term leases include vehicles rented for business purpose.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

Variable lease payments

Impact of leases containing variable payment terms that are linked to sales generated or any other type of variable aspects are found to be immaterial with the Group.

Extension and termination options

Extension and termination options are included in a number of leases. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Some extension and termination options held are exercisable by the Group, others require both the lessee and the lessor to mutually agree before an option to extend or early terminate is exercised. Approximately, AED 6.94 million (2022: AED 6.90 million) of the total lease payments included in the calculation of the lease liability in 2023 were subject to auto renewal.

3.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs which are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities in case settlement is due within 12 months. Otherwise, they are classified as non-current liabilities.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash payment is estimated taking into account all the contractual terms of the instrument.

3.18 Earnings per share

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

3.19 Dividend distribution

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

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

3 Material accounting policy information (continued)

3.20 Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Senior Management Committee.

3.21 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

4 Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described below.

(i) Expected Credit Loss (ECL) on financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3.9. The Group reviews its financial assets to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from an asset or group of assets. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

(ii) Useful lives of property and equipment

The cost of property and equipment is depreciated over the estimated useful lives. Depreciation is based on the expected usage of the asset and expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial. The estimated useful life is monitored and adjustments are made prospectively, if factors indicate that such adjustments are appropriate.

(iii) Classification and measurement of financial assets

The classification and measurement of financial assets depend on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial asset assessed.

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

4 Significant accounting estimates and judgments (continued)

(iv) Lease term and practical expedients applied

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of AED 44.22 million (2022: AED 32.41 million) have not been included in the lease liability because the Group is not reasonably certain that the leases will be extended. The assessment is reviewed at each reporting period if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Group.

(v) Other provisions

Management has applied judgement in recognising certain provisions. Management has based their judgement on experience and their judgement is supported by external experts.

5 Right-of-use assets

	2023 AED'000	2022 AED'000
Right-of-use assets – Properties	**92,031**	**67,235**
The movement in right-of-use assets during the year:		
As at 1 January	67,235	49,524
Additions – new leases (5.1)	84,091	69,657
Depreciation expenses (note 23)	(59,295)	(51,946)
As at 31 December	**92,031**	**67,235**

5.1 Additions include AED 20.03 million in respect of a lease agreement entered into with a related party, Al Ansari Real Estate LLC, for a fixed term of six years in relation to renting the head office premises of the Group (note 9).

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

6 Property and equipment

	Building	Furniture and fixtures	Computers, software, and office equipment	Motor vehicles	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost						
At 1 January 2022	23,665	99,812	74,712	8,843	2,598	209,630
Additions	-	4,857	13,459	1,050	11,589	30,955
Transfers	-	9,850	-	-	(9,850)	-
Disposals and write-offs	-	(903)	(5,556)	-	-	(6,459)
Sale of subsidiaries	(23,665)	(2,221)	(6,476)	(270)	-	(32,632)
At 31 December 2022	-	111,395	76,139	9,623	4,337	201,494
Additions	-	13,901	16,802	6,224	8,266	45,193
Transfers	-	11,031	-	-	(11,031)	-
Reclassification	-	(1,498)	1,498	-		-
Disposals and write offs	-	(5,266)	(6,643)	(2,600)		(14,509)
At 31 December 2023	-	**129,563**	**87,796**	**13,247**	**1,572**	**232,178**
Accumulated depreciation and amortisation						
At 1 January 2022	4,931	80,230	58,049	5,767	-	148,977
Charge for the year	435	9,411	8,400	940	-	19,186
Disposals and write-offs	-	(865)	(5,550)	-	-	(6,415)
Sale of subsidiaries	(5,366)	(2,085)	(5,947)	(260)	-	(13,658)
At 31 December 2022	-	86,691	54,952	6,447	-	148,090
Charge for the year	-	13,408	10,744	1,567	-	25,719
Reclassification	-	(1,273)	1,273	-	-	-
Disposals and write-offs	-	(4,392)	(6,565)	(2,600)	-	(13,557)
At 31 December 2023	-	**94,434**	**60,404**	**5,414**	-	**160,252**
Net book amount						
As at 31 December 2023	-	**35,129**	**27,392**	**7,833**	**1,572**	**71,926**
As at 31 December 2022	-	24,704	21,187	3,176	4,337	53,404

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

7 Restricted deposits with banks – non-current

	2023 AED'000	2022 AED'000
Restricted deposits with banks inside UAE (note 7.1)	41,342	40,476
Restricted deposits with banks outside UAE (note 7.2)	9,917	9,880
	51,259	**50,356**

7.1 Restricted deposits with banks inside UAE, denominated in AED, are held as margins with banks against bank guarantee arrangements.

7.2 Restricted deposits with banks outside UAE, denominated in USD, are held as margins held against remittance arrangements and multi-currency travel card program.

8 Cash on hand and in transit, due from banks, exchange houses and agents

	2023 AED'000	2022 AED'000
Cash in hand and in transit		
Cash on hand	1,099,158	1,023,530
Cheques on hand	26,175	5,780
Cash in transit	12,451	21,803
Total amount of cash on hand and in transit	**1,137,784**	**1,051,113**
Due from banks		
Balances with banks inside UAE		
- Current accounts (note 8.1)	895,106	783,448
- Fixed deposits (note 8.2)	336,730	201,925
- Advances to banks against credit card collections	7,739	5,218
- Credit card receivables	31,228	23,380
	1,270,803	**1,013,971**
Balances with banks outside UAE		
- Current accounts	312,766	374,290
Balances with banks outside UAE	312,766	374,290
Less: Provision for expected credit losses (note 8.4)	(6,240)	(6,000)
	306,526	**368,290**
Total amount due from banks	**1,577,329**	**1,382,261**
Due from exchange houses and agents		
Balances with exchange houses and agents inside UAE	99	68
Balances with exchange houses and agents outside UAE	46,264	64,795
Total amount due from exchange houses and agents	**46,363**	**64,863**
Total balance of cash on hand and in transit, due from banks, exchange houses and agents	**2,761,476**	**2,498,237**

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

8 Cash on hand and in transit, due from banks, exchange houses and agents (Continued)

8.1 Current accounts include AED 250 million (2022: AED 180 million) placed in interest bearing call account with the Central Bank of UAE.

Current accounts include funds received from prepaid travel card customers which represents funds where the use of associated deposits and cash is restricted solely to the settlement of the related liabilities. (note 13.1)

8.2 The Group has placed certain fixed deposits, at commercial market interest rates, with Banks in the UAE for a tenure of 3 months and 6 months (2022: 12 months).

8.3 Due from banks, due from exchange houses and agents are regularly assessed for credit quality considering the credit rating assigned to them by international or respective country's rating agencies and the country risk.

	2023 AED'000	**2022** AED'000
Assessed high rated externally (A1-Baa3)	1,391,871	1,089,627
Assessed medium to low rated externally (Ba1-B3)	19,305	124,063
Assessed very low rated externally (Caa1-C)	38,546	50,527
Unrated externally, assessed high rated internally	78,045	132,941
Unrated - others	102,165	55,966
	1,629,932	**1,453,124**

8.4 None of the balances with banks and exchange houses and agents at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the banks and exchange houses, management have assessed that the expected credit loss on these balances is AED 6.24 million (2022: AED 6 million).

The movement of provision for expected credit losses during the year:

	2023 AED'000	**2022** AED'000
As at 1 January	6,000	4,000
Provision during the year	240	2,000
As at 31 December	**6,240**	**6,000**

8.5 Concentration of balance of cash on hand and in transit, due from banks, exchange houses and agents by geographical area:

	2023 AED'000	**2022** AED'000
UAE	1,264,662	1,008,037
Philippines	99,446	105,734
India	67,552	61,230
Other Middle East countries	63,134	132,014
Pakistan	47,513	39,663
Bangladesh	17,769	14,907
USA	4,060	5,707
Europe	2,910	6,969
Other locations	56,646	72,863
	1,623,692	1,447,124
Cash on hand - UAE	1,099,158	1,023,530
Cheques on hand – UAE	26,175	5,780
Cash in transit – UAE	12,451	21,803
	2,761,476	2,498,237

The geographical information shown above has been classified by location of cash and cheques in hand and cash in transit, the respective branches of the banks, exchange houses and agents.

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

8 Cash on hand and in transit, due from banks, exchange houses and agents (Continued)

8.6 Currency wise composition of cash and cheques in hand and in transit, balance due from banks, exchange houses and agents:

	2023 AED'000	2022 AED'000
Local currency	1,367,577	890,106
Foreign currency	1,393,899	1,608,131
	2,761,476	**2,498,237**

8.7 Due to the nature of the Group's business, the ageing of amounts due from banks and due from exchange houses, other than fixed deposits, is within 30 days.

9 Related party disclosures

The Group enters into transactions with other entities that fall within the definition of a related party as defined in the International Accounting Standard 24: *Related Party Disclosures.*

Related parties comprise parent company, jointly controlled, or significantly influenced entities (together referred as "Group entities"), shareholders, directors, key management personnel and their associated entities.

These transactions are entered into in the normal course of business and mainly include foreign exchange and remittance arrangements and rental of premises. Management decides on the terms and conditions of the transactions and services received or rendered from / to related parties based on arm's length principle.

The significant transactions included in these consolidated financial statements are as follows:

	2023 **AED'000**	2022 AED'000
Transactions with related parties (companies under common control)		
Commission and exchange income earned – Al Ansari Exchange Kuwait	2,401	3,482
Interest paid – Group entities	-	432
Right-of-use asset for head office lease - Al Ansari Real Estate LLC (note 5.1)	20,031	-
Depreciation and finance cost on right of use asset for head office and branch lease - Al Ansari Real Estate LLC	**4,467**	**2,552**

9.1 Due from / to related parties (companies under common control)

	2023 AED'000	2022 AED'000
Due from related parties – Group entities	22	217
Due to related parties – Group entities	4,163	817

Due from related parties represent unsecured interest-free current accounts which have arisen in the normal course of business. The expected credit loss on amounts due from related parties is insignificant.

Due to related parties represent unsecured interest-free current accounts which have arisen in the normal course of business.

9.2 Remuneration to Board of Directors

The remuneration payable to Board of Directors shall be presented to the shareholders for approval in the next Annual General Meeting.

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

9 Related party disclosures (Continued)

9.3 Key management personnel

The total amount of compensation paid to key management personnel during the year is as follows:

	2023 AED'000	2022 AED'000
Salaries and other benefits	13,352	10,695

Key management personnel include the Group's Chief Executive Officer, Group's Deputy Chief Executive Officer, Group's Chief Financial Officer, Group's other C-Suite officers, and department heads.

10 Prepayments and other receivables

	2023 AED'000	2022 AED'000
Commissions and incentives receivables	28,782	14,010
Bills receivables	22,363	10,128
Security deposits	17,966	14,852
Deposit with tax authorities (note 10.1)	12,801	12,801
Positive value of overnight foreign currency forwards (note 30)	12,053	9,398
Prepaid expenses	8,722	7,868
Commission income receivable in relation to WPS	161	132
Other receivables (note 10.2)	14,606	24,812
	117,454	**94,001**

10.1 Deposit with tax authorities

Voluntary disclosures filed for tax periods from January 2018 to January 2019 – AED 0.97 million

On 29 March 2019, the Group filed voluntary disclosures as a result of applying an incorrect apportionment formula for allocating input tax into taxable and exempt supplies for the tax period January 2018 to January 2019. The Federal Tax Authority (FTA) accepted the voluntary disclosures but levied a penalty of AED 0.97 million, on the tax shortfall of AED 1.88 million, originating from using an inappropriate method of apportionment.

The Group has challenged the levy of these penalties on the grounds that the Group had a refundable tax position during the tax period January 2018 to December 2018 and therefore, any tax shortfall in January 2019 should have been adjusted with the excess refundable position.

On 30 August 2022, the Federal Court of First Instance decided the matter against the Group. The Group filed an appeal against the decision on 29 September 2022. However, on 16 November 2022, the Federal Court of Appeal upheld the decision of Federal Court of First Instance, against which the Group has filed an appeal with Federal Supreme Court which is pending hearing.

Tax assessment for tax periods from January 2018 to January 2019 – AED 6.53 million

During the year 2020, the FTA assessed that the share of income received from sending agents in relation to inward remittances is subject to the standard rate of tax based on the view that the recipients of the service reside in UAE. Accordingly, FTA had assessed short payment of VAT by the Group and related penalties amounting to AED 9.43 million. In 2021, the FTA reduced its original assessment to AED 6.53 million. The Group is of the view that receipt of such income should be zero rated in accordance with

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

10 Prepayments and other receivables (Continued)

10.1 Deposit with tax authorities (Continued)

Tax assessment for tax periods from January 2018 to January 2019 – AED 6.53 million (Continued)

VAT regulations on the basis that the services are provided to the sending agents who are non-resident persons at the time of providing such services and, accordingly, filed an appeal with Federal Court of First Instance.

On 8 February 2022, the Federal Court of First Instance decided the matter in favour of the Group. However, the FTA filed an appeal challenging the decision of the Court. On 1 February 2023, the Federal Court of Appeal upheld the decision of Federal Court of First Instance, against which FTA filed an appeal with the Federal Supreme Court. Further, on 22 November 2023, Federal Supreme Court decided the matter in favour of the Group. Accordingly, refund formalities are underway for the expected recovery of AED 6.53 million from FTA.

Voluntary disclosures filed for tax periods from February 2019 to October 2020 – AED 5.30 million

Further, as a result of above-mentioned tax assessment and to avoid further penalties, the Group filed voluntary disclosures in 2021 for tax periods from February 2019 to October 2020 and paid an additional AED 5.30 million (VAT and related penalties). The Group reserves the right to get a refund from FTA if the matter is decided by the Federal Supreme Court in the Group's favour.

10.2 Other receivables

Other receivables include advances to suppliers and landlords. These are primarily related to counterparties in the UAE.

11 Lease liabilities

	2023 AED'000	2022 AED'000
Non-current	44,550	23,658
Current	38,146	33,965
	82,696	**57,623**

The movement in lease liabilities during the year:

	2023 AED'000	2022 AED'000
As at 1 January	57,623	44,174
Additions	84,091	69,657
Finance cost on lease liability	3,945	2,306
Payments	(62,963)	(58,514)
As at 31 December	**82,696**	**57,623**

The maturity of leased liabilities based on contractual payments is explained in note 30.1.

12 Provision for employees' end-of-service benefits

	2023 AED'000	2022 AED'000
As at 1 January	41,853	39,381
Charge for the year	7,189	6,731
Sale of subsidiaries	-	(595)
Payments during the year	(3,191)	(3,664)
As at 31 December	**45,851**	**41,853**

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

13 Trade and other payables

	2023 AED'000	2022 AED'000
Travel card payables (note 13.1)	213,044	168,916
Payable balances in relation to WPS	167,667	130,122
Remittances payable (note 13.2)	122,500	114,234
Bills payable	32,373	28,136
Accrued expenses	59,795	59,068
Other payables	146,724	144,236
	742,103	**644,712**

13.1 Travel card payables represent money loads from customers which are placed with Abu Dhabi Islamic Bank and exclusively used for settlements to Visa International upon spending by the customers.

13.2 Represents pending settlements to beneficiaries for the remittances made by the customers.

14 Due to banks, exchange houses and agents

	2023 AED'000	2022 AED'000
Due to banks		
Balances with local banks	3,640	2,261
Balances with foreign banks	16,736	8,563
Total amount due to banks	**20,376**	**10,824**
Due to exchange houses and agents		
Balances with local exchange houses and agents	254	190
Balances with foreign exchange houses and agents (note 14.1)	72,306	52,451
Total amount due to exchange houses and agents	**72,560**	**52,641**
Total balance due to banks, exchange houses and agents	**92,936**	**63,465**

14.1 Due to exchange houses and agents include AED 16.15 million (2022: AED 12.78 million) payable to Western Union in lieu of remittance funding.

14.2 Currency wise composition of balances due to banks, exchange houses and agents:

	2023 AED'000	2022 AED'000
Local currency	20,039	39,414
Foreign currency	72,897	24,051
	92,936	**63,465**

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

15 Bank borrowings

	2023 AED'000	2022 AED'000
Term loan facility – secured (note 15.1)	-	298,750
Bank overdraft – secured (note 15.2)	325,000	-
Bank overdraft – unsecured (note 15.2)	-	50,000
	325,000	**348,750**

15.1 Term loan facility
On 24 November 2022, the Group arranged a term loan facility of AED 1,000 million, subsequently reduced to AED 500 million on 12 June 2023, from a local commercial bank for a period of three years with an initial drawdown of AED 300 million against the facility on 29 December 2022. The facility can be drawn in multiple tranches whereby each tranche is repaid in full along with the interest within 90 days of utilisation, with an option to rollover the principal amount throughout the term. As on the reporting date, the utilised tranche of term loan facility was repaid in full and not rolled over.

As per the facility agreement, each drawdown should be secured by way of pledge over fixed deposits for a similar amount by the Group or the Parent Company and carries interest at three-month EIBOR plus a fixed margin per annum.

15.2 Bank overdraft – secured and unsecured
The Group has arranged secured bank overdraft facilities with various banks for AED 350 million (2022: nil) and unsecured bank overdraft facilities for AED 350 million (2022: AED 50 million). These facilities are available to meet the working capital requirements of the Group and carry variable interest rates plus fixed margins. These facilities are repayable on demand and secured bank overdraft facilities are secured by account pledge over the margin deposits placed by the Group or the Parent Company.

As on the reporting date, the Group had un-utilised bank overdraft facilities of AED 375 million (2022: nil).

16 Contingencies and commitments

	2023 AED'000	2022 AED'000
Contingent liabilities		
Guarantees issued by banks in favour of Central Bank of the UAE ("CBUAE")	235,000	220,000
Financial institutions and business partners	11,826	11,826
Total guarantees arranged and issued (note 16.1)	**246,826**	**231,826**

16.1 The Group has arranged guarantees from local commercial banks, drawn in favour of certain correspondent banks and business partners as required under the terms of the respective arrangements.

16.2 Commitments in respect of capital expenditure incurred as at 31 December 2023 amounts to AED 1.33 million (2022: AED 3.70 million).

16.3 The Group is subject to litigations and claims in the normal course of its business with customers, suppliers, employees, infrastructure providers, government departments, etc. The Group expects that the outcome of these legal cases will not have a material impact on the Group's financial performance or financial position.

17 Share capital

As at 31 December 2023, the authorised issued and fully paid share capital of the Company comprised 7,500,000,000 ordinary shares of AED 0.01 each (2022: 7,500,000,000 ordinary shares of AED 0.01 each).

The share capital is 90% owned by Al Ansari Holding LLC and 10% by the general public.

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

18 Statutory reserve

In accordance with UAE Federal Law No. (32) of 2021 and Articles of Association of the Company, 10% of net profit of the Company is to be allocated every year to statutory reserve. This statutory reserve, as per the Articles of Association, is subject to maximum of 50% of the Company's issued share capital. This reserve is not available for distribution except as stipulated by the law.

During the year, the Company has allocated AED 37.50 million, being 50% of the Company's issued share capital as per the Articles of Association, from current year net profit to the statutory reserve.

19 Acquisition reserve

On 1 January 2018, the Company had entered into an equity acquisition arrangement with its shareholders whereby all the shareholders transferred their individual equity interest in the Group entities to the Company.

The fair value of the net assets, acquired at the effective date of control, were treated as acquisition reserve, a reserve distributable to the shareholders, as there was no consideration paid to the shareholders.

20 Net commission income

	2023 AED'000	2022 AED'000
Commission income		
Commission on remittances	483,433	453,828
Commission on collections	89,994	77,741
Other commissions	27,511	22,442
	600,938	**554,011**
Commission expense and discount	(10,514)	(6,601)
Net commission income	**590,424**	**547,410**

21 Salaries and benefits

	2023 AED'000	2022 AED'000
Salaries and wages	339,114	293,813
Staff bonuses and incentives	28,577	32,746
Leave salary and air tickets	37,155	32,852
Employees' end-of-service benefits	7,189	6,617
Other benefits	38,690	40,579
	450,725	**406,607**

22 General and administrative expenses

	2023 AED'000	2022 AED'000
Communication	20,632	16,835
Premises utilities, security, and maintenance	19,481	18,180
Marketing and promotions	17,193	15,738
VAT incurred but not recovered	11,646	8,183
IT related expenses	9,740	7,507
Cash transportation	7,541	6,223
License fees	5,854	5,291
Other expenses (note 22.1)	24,362	21,994
	116,449	**99,951**

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

22 General and administrative expenses (Continued)

22.1 Other expenses include short-term leases of vehicles in the amount of AED 2.92 million (2022: AED 2.44 million) and lease of low value assets in the amount of AED 1.01 million (2022: AED 0.96 million).

23 Depreciation and amortisation

	2023 AED'000	2022 AED'000
Depreciation and amortisation on:		
- Right-of-use assets (note 5)	59,295	51,946
- Property, equipment (note 6)	25,719	19,186
	85,014	**70,585**

24 Finance cost

	2023 AED'000	2022 AED'000
Finance cost on bank borrowings	9,382	-
Finance cost on lease liabilities	3,945	2,306
	13,327	**2,306**

25 Discontinued operations

On 30 September 2022, the Board resolved to carry out an internal restructuring of the Group whereby the entirety of the shares owned by the Company in Al Ansari Real Estate LLC and Al Ansari Financial Brokerage LLC ("the subsidiaries") were resolved to be sold to Al Ansari Holding LLC, the parent entity incorporated in 2022. These subsidiaries were sold on 24 November 2022 and 30 November 2022, respectively and are reported as discontinued operations. The sale of the subsidiaries was considered as a common control transaction as defined in IFRS 3 "Business Combination".

Financial information and cash flow information presented are for the year 2022:

	2022 AED'000
Net commission income	5,066
Rental income	14,974
Interest income	1,706
Other Income	1,125
	22,871
Salaries and benefits	(2,969)
General and administrative expenses	(6,807)
Depreciation and amortisation	(4,890)
Bank and finance charges	(568)
Profit from discontinued operations	**7,637**
Net cash flows used in operating activities	(10,784)
Net cash flows used in investing activities	(2,258)
Net cash flows generated from financing activities	8,760
Net cash flows used in discontinued operations	**(4,282)**

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

26 Earnings per share - basic and diluted

The basic and diluted earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year, adjusted in the case of diluted earnings by dilutive potential ordinary shares.

	2023	2022
Profit for the year attributable to the shareholders (AED '000)	495,189	594,859
Weighted average number of ordinary shares ('000)	7,500,000	7,500,000
Basic and diluted earnings per share (AED)	**0.0660**	0.0793

27 Cash and cash equivalents

	2023 AED'000	2022 AED'000
Cash on hand and in transit	1,137,784	1,051,113
Due from banks – gross	1,583,569	1,388,261
Due to banks	(20,376)	(10,824)
	2,700,977	**2,428,550**
Less: Fixed deposits having original maturity longer than three months	(36,730)	(201,925)
	2,664,247	**2,226,625**

28 Dividend

The Board of Directors has proposed a cash dividend of AED 0.04 per share amounting to AED 300 million at its meeting held on 13 February 2024.

During the year, the Company has paid a cash dividend of AED 0.04 per share amounting to AED 300 million based on the shareholders' approval at the General Meeting held on 1 November 2023 (2022: total dividend of AED 1,403.65 million, of which AED 1,077.85 million was paid in cash and balance of AED 325.80 million was adjusted against the receivable from the Parent Company).

29 Reporting segments

For management purposes, the Group is organised into business units based on relevant business activities and there is one reportable segment for the year 2023 (3 main reportable segments for the year 31 December 2022), as follows:

- Money Exchange and Remittances: The Group primarily provides cross-border and domestic remittances, purchase and sale of foreign currencies, processing of salaries, bill collections and sale of prepaid travel cards. The Group provides these services to its customers through a wide branch network, digital channels and smart counters.
- Lease of real estate properties: During 2022, the Group owned real estate properties and leased it to individuals and businesses for residential and commercial purposes.
- Securities brokerage: During 2022, the Group provided brokerage services in local securities traded on Dubai Financial Market (DFM) & Abu Dhabi Stock Exchange (ADX).

Al Ansari Financial Services P.J.S.C.

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

29 Reporting segments (Continued)

- Others (Un-allocated): Include businesses that individually do not meet the criteria of a reportable segment. These segments include operations and support functions.

The Senior Management Committee is the Chief Operating Decision Maker (CODM) and monitors the segment results for the purposes of making decisions in relation to resource allocation and performance assessment.

Information reported to the Senior Management Committee for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segment only. No information that includes the segments' assets and liabilities are reported to the Senior Management Committee.
The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue and profit is given. No single customer contributed 10% or more to the Group's revenue.

Geographical concentration of financial assets is explained in note 8.5 and note 30.1.

For the year ended 31 December 2023

	Money exchange and remittances AED'000	Lease of real estate properties AED'000	Securities brokerage AED'000	Others AED'000	Segment Total AED'000
Income	1,149,471	-	-	13,005	1,162,476
Expenses					
Salaries and benefits, general, administrative and other expenses	659,410	-	-	7,877	667,287
Segment profit for the year	490,061	-	-	5,128	495,189

For the year ended 31 December 2022

	Money exchange and remittances AED'000	Lease of real estate properties AED'000	Securities brokerage AED'000	Others AED'000	Segment Total AED'000
Income	1,160,242	-	-	10,493	1,170,735
Expenses					
Salaries and benefits, general, administrative and other expenses	(578,907)	-	-	(4,170)	(583,077)
Segment profit for the year	581,335	-	-	6,323	587,658
Profit from discontinued operations	-	5,656	1,981	-	7,637
Segment profit for the year	**581,335**	**5,656**	**1,981**	**6,323**	**595,295**

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

30 Financial risk management

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

- Credit risk
- Market risk
- Liquidity risk
- Operational risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risk, and the management of the Group's capital.

30.1 Risk management framework

Management sets out the principles for overall financial risk management. Periodic reviews are undertaken to ensure that Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures risk.

(a) Credit risk

Credit risk is the risk that a counter party to a financial asset fails to meet its contractual obligation and causes the Group to incur a financial loss. The Group is exposed to credit risk through its placements with banks, exchange houses and agents, receivable balances from other counterparties and cash in transit. The Group is not involved in extending any credit facility to its customers.

Credit risk is managed by the Group by dealing with reputable counter parties approved after a thorough due diligence by the management of the Group and monitoring exposure with each counterparty and average balances held with banks and intermediaries on a daily basis.

The Group monitors the split of due from banks and exchange houses across the counterparties against their risk profile to ensure that the counterparty credit risk is managed. The Group's funds are placed with various international and local banks of which 64% (2022: 56%) is placed with three local banks in the UAE.

Maximum exposure to credit risk

Credit risk exposure is limited to the carrying amount of the Group's financial assets as follows:

	2023 AED'000	2022 AED'000
Restricted deposits with banks	51,259	50,356
Cheques on hand (note 8)	26,175	5,780
Cash in transit (note 8)	12,451	21,803
Due from banks	1,583,569	1,388,261
Due from exchange houses and agents	46,363	64,863
Due from related parties	22	217
Other receivables (excluding prepayments)	108,732	86,133
	1,828,571	**1,617,413**

The credit quality analysis of total amount in respect of balance due from banks, exchange houses and agents, due from related parties, cash in transit and other receivables is as follows:

	2023 AED'000	2022 AED'000
Financial assets – gross	1,828,571	1,617,413
Less: Provision for expected credit losses (note 8.4)	(6,240)	(6,000)
Financial assets – net	**1,822,331**	**1,611,413**

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

30 Financial risk management (Continued)

30.1 Risk management framework (Continued)

(a) Credit risk (Continued)

Due to the nature of the Group's business, ageing analysis is not considered relevant and hence not provided. The geographical distribution of other receivables is as follows:

	2023 AED'000	2022 AED'000
Inside the UAE	96,679	76,735
Outside the UAE	12,053	9,398
	108,732	**86,133**

Geographical distribution of due from banks, exchange houses and cash in transit is provided in note 8.5.

(b) Market risk

The Group recognises market risk as the exposure created by potential changes in market prices and rates. The Group is exposed to market risk arising principally from customer driven transactions including foreign exchange positions. The objective of the Group's market risk policies and processes is to obtain the best balance of risk and return while meeting its customers' requirements.

(i) Interest rate risk

The Group is exposed to the risk that changes in interest rates would have an adverse effect on the value of its financial assets and liabilities.

To mitigate this risk, the Group manages its exposure through managing the duration of its interest-bearing portfolio. The substantial portion of the Group's assets and liabilities are repriced within one year.

(ii) Interest rate sensitivity of assets and liabilities

Interest rate risk is also assessed by measuring the impact of reasonable potential change in interest rates. A movement in interest rates of 100 basis points will have the following impact on the net profit for the year and net assets at that date:

	Net profit for the year AED'000	Equity AED'000
2023		
Fluctuation in yield by 100 bps	±314	±314
2022		
Fluctuation in yield by 100 bps	±822	±822

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. They are based on AED 639.32 million of interest bearing assets (2022: AED 432.20 million) and interest-bearing liabilities of AED 325 million as at 31 December 2023 (2022: 350 million).

The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

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

30 Financial risk management (Continued)
30.1 Risk management framework (Continued)
(b) Market risk (Continued)

(iii) Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group manages its currency risk by monitoring its daily foreign currency exposure. As the AED is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The Group has the following significant net exposures denominated in foreign currencies:

	Long/(short) 2023 AED'000	Long/(short) 2022 AED'000
United States Dollar	948,772	1,131,497
Saudi Riyal	88,030	73,524
Philippines Peso	30,360	51,648
Pakistani Rupee	13,055	18,498
Omani Riyal	30,127	31,687
Egyptian Pound	(603)	(7,553)
Bangladesh Taka	1,530	3,598
Indian Rupee	(4,345)	16,992
Others	40,267	80,915
	1,147,193	**1,400,806**

The table below calculates the effect of a reasonable potential movement of the AED currency rate against the various currencies, with all other variables held constant, on the statement of profit or loss and other comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

	Saudi Riyal	Philippines Peso	Pakistani Rupee	Omani Riyal	Egyptian Pound	Bangladesh Taka	Indian Rupee	Others	Profit impact
Sensitivity Percentage	1%	1%	1%	1%	1%	1%	1%	1%	1%
2023 AED'000 ±	880	304	130	301	(6)	15	(43)	403	1,984
2022 AED'000 ±	735	516	185	317	(75)	36	170	809	2,693

Foreign currency forwards – overnight

	2023 AED'000	2022 AED'000
Notional amount (short position)	**200,816**	**227,557**
Positive fair value of overnight forwards	**12,053**	**9,398**

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

30 Financial risk management (Continued)
30.1 Risk management framework (Continued)
(b) Market risk (Continued)

(iv) Price risk
Price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to any significant price risk.

(c) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining sufficient balance of cash and cash equivalents to meet the Group's financial obligations. Daily cash flow statements are prepared on the basis of projected purchases and sales of currencies, the maturity profile and interest flows from bank deposits. These are used by the Group to monitor and manage the liquidity structure of its assets and liabilities to ensure that an appropriate balance of cash and cash equivalents is maintained to meet liquidity requirements. Most of the Group's transactions are made on a back-to-back basis and its bank accounts are adequately managed and funded to meet commitments.

Treasury and finance departments work in close coordination to avoid any liquidity issues that can impact the operations of the Group. To avoid any liquidity concerns, the Group has also arranged term loan and bank overdraft facilities with banks (note 14).

The table below summarises the maturity profiles of the Group's undiscounted financial liabilities at 31 December 2023, based on contractual payment dates and current market interest rates.

	On demand AED'000	Less than 1 year AED'000	Between 2 to 3 years AED'000	Over 3 years AED'000
31 December 2023				
Trade and other payables	742,103	-	-	-
Due to banks	20,376	-	-	-
Due to exchange houses and agents	72,560	-	-	-
Due to related parties	4,163	-	-	-
Bank borrowings	325,000	-	-	-
Lease liabilities	-	39,182	32,991	10,403
Total	**1,164,202**	**39,182**	**32,991**	**10,403**

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

30 Financial risk management (Continued)

30.1 Risk management framework (Continued)

(c) Liquidity risk (Continued)

	On demand	Less than 1 year	Between 2 to 3 years	Over 3 years
	AED'000	AED'000	AED'000	AED'000
31 December 2022				
Trade and other payables	644,712	-	-	-
Due to banks	10,824	-	-	-
Due to exchange houses and agents	52,641	-	-	-
Due to related parties	817	-	-	-
Bank borrowings	50,000	300,000	-	-
Lease liabilities	-	35,499	21,385	3,082
Total	**758,994**	**335,499**	**21,385**	**3,082**

(d) Operational risk management

Operational risk is the risk of a direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other factors having an operational risk impact.

Management of the Group closely monitors the operations. A formal budgeting process is in place to monitor the performance of the Group.

Monthly branch wise profit or loss is prepared by the finance department for management's review.

IT Disaster recovery procedures, risk and compliance audits and internal audits also form an integral part of the operational risk management process.

30.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise its value.

The Group manages its capital structure and adjusts it, in light of changes in the economic conditions and in compliance with regulatory capital requirements. No changes were made to the objectives, policies or processes during the year ended 31 December 2023. As at 31 December 2023, the Group's capital is AED 1,801.42 million (2022: AED 1,606.23 million) and comprises paid up capital, reserves and retained earnings.

31 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

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

31 Fair value measurement (Continued)

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables. Financial liabilities consist of trade and other payables, due to banks, due to exchange houses and agents, due to related parties, bank borrowings and lease liabilities. Fair value of all financial assets and financial liabilities that are measured at amortised cost approximate their fair value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of financial assets and financial liabilities approximates their fair values.

Other receivables include forward contracts which are valued based on the difference between the contractual forward rate and the forward rate determined on the reporting date. Forward contracts are considered at level 2 of the fair value hierarchy.

32 Corporate tax in UAE

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

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision. The Group expects an effective tax rate in line with the CT base rate of 9%.

The CT Law is considered enacted for reporting purposes and the management has concluded that there is no deferred tax impact on reporting date.

The Group has not identified any material risks or uncertainties in the structure from a corporate perspective and will continuously monitor further developments that could impact the tax profile.