

INTEGRATED REPORT

2024



WELCOME

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present Sukoon Takaful PJSC's ("Sukoon Takaful's") 2024 Integrated Report.

2024 was a rewarding year for the company. With the legal name change, we were able to fully align ourselves with our parent company, Sukoon Insurance, and embrace the values it has espoused for over 50 years.

In 2024, Sukoon Takaful reported a revenue of AED 121.62 million along with a net profit of AED 18.99 million. Our solvency capital ratio is now at 174.10% (before dividend) which further underscores our exceptional ability to meet policyholder obligations. We continue to be A Rated by S&P. Our financial results are a clear reflection of a well-balanced portfolio, prudent underwriting and operation excellence.

Looking ahead, we will continue to strengthen our foundations, invest strategically in digitalisation, and put customers at the heart of everything we do.

I extend my sincere gratitude to our shareholders, employees, partners, and stakeholders for their unwavering support. I would also like to extend a special thanks to our esteemed Board for their visionary leadership throughout 2024.

As we enter the next chapter in our journey, I am confident that Sukoon Takaful will continue to grow and innovate in pursuit of delighting its customers at every interaction.



A handwritten signature in purple ink, which appears to be the signature of Saood Abdulaziz Abdulla Ahmad Al Ghurair.

Saood Abdulaziz Abdulla Ahmad Al Ghurair

Chairman
Sukoon Takaful

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

We have the pleasure in presenting you the financial results of Sukoon Takaful PJSC (formerly Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance) (the "Company") for the financial period ended 31 December 2024.

I am pleased to share with you the remarkable progress and positive results our company has achieved over the past year. Through the diligent efforts of our team and the implementation of strategic actions, we are delighted to inform you that Sukoon Takaful has reported a Net profit before tax attributable to shareholders reaching AED 20.85 million for the period ended 31 December 2024 against a net loss of AED 76.53 million in the same period last year.

This turnaround is a testament to the effectiveness of our strategic initiatives and the unwavering commitment of our team.

- **Underwriting Excellence:** We have implemented rigorous underwriting standards and enhanced our risk assessment processes. This has led to a more selective and profitable underwriting portfolio, reducing our exposure to high-risk policies.
- **Pricing Optimization:** Our pricing strategies have been refined to better reflect the risk profiles. By leveraging advanced analytics and market insights, we have achieved more accurate pricing, ensuring competitiveness while maintaining profitability.
- **Operational Efficiency:** We have streamlined our operations, reducing costs and improving efficiency across the board. This has allowed us to allocate resources more effectively and enhance our service delivery to policyholders.
- **Investment Portfolio:** In addition to our operational improvements, we have significantly revamped our investment portfolio. We have strategically reinvested to ensure a balance portfolio. This shift further strengthened our overall financial stability and strong solvency position.

As we move forward in 2025, we remain committed to sustaining this positive momentum. Our focus will continue to be on prudent risk management, new product offerings, and maintaining a strong financial foundation. We are confident that these efforts will drive long-term value for our shareholders and ensure the continued success of our company.

Total Assets of the company stood at AED 429.77 million as at 31 December 2024.

Total shareholders' equity of the company stood at AED 194.8 million as at 31 December 2024.

We appreciate the support of our stakeholders and would like to express our gratitude as we continue our transformative journey to supplant Sukoon Takaful firmly as a reference in the region in the takaful space.

We would also like to thank our management and employees of the Company for their sincere and dedicated contribution in this journey of returning the company to sustainable profitability.

May God; the Almighty; guide our steps.
On behalf of the Board,



Saood Abdulaziz Al Ghurair
Chairman
28 January 2025

INDEPENDENT

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUKOON TAKAFUL PJSC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sukoon Takaful P.J.S.C (formerly “Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance”) (the “Company”), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of takaful contract liabilities and re-takaful contract assets / liabilities</p> <p>As at 31 December 2024, the Company has takaful and retakaful contract liabilities and retakaful contract assets amounting to AED 182,022 thousand, AED 239 thousand, AED 51,920 thousand respectively (note 7).</p> <p>The Company applies the Premium Allocation Approach (PAA) to value its takaful contracts and this involves significant judgments in assessing the eligibility of the contracts to use PAA, estimating future cash flows, and determining the liability for the remaining coverage.</p> <p>Actuarial assumptions and models are essential to these valuations and the presence of estimation uncertainty involved in these assumptions can result in a high probability of material misstatement. The valuation of takaful contract liabilities, as well as retakaful contract assets and liabilities, is considered a key audit matter due to its significance to the financial statements as a whole.</p>	<p>The work that we performed to address this key audit matter, included the following procedures;</p> <ul style="list-style-type: none"> • We obtained an understanding of the Company's process for determining the key actuarial assumptions; • We assessed the competence, capability and objectivity of the management's appointed external actuary; • We evaluated the data used in actuarial calculations by substantiating it to source documentation; • We tested on a sample basis key inputs which includes contribution received, claims paid and commission income by comparing them to appropriate documentation, such as policy documents, reports from loss adjusters, re-takaful contracts etc; • We involved our actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the actuarial balances; • We evaluated the calculations, methodology and the underlying assumptions used in loss component assessment and risk adjustment; and • We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS.
<p>Valuation of investment properties</p> <p>As at 31 December 2024, the Company had investment properties carried at AED 75,540 thousand (note 12) under the fair value model which accounted for 18% of the total assets of the Company and a fair value gain of AED 8,030 thousand was recorded during the year based on the fair valuation performed by independent external valuers.</p> <p>The valuation of the investment properties was significant to our audit due to the use of estimates in the valuation techniques and valuation is highly judgemental and is based on certain key assumptions i.e. capitalization rates, market rents and occupancy etc.</p>	<p>The work that we performed to address this key audit matter, included the following procedures;</p> <ul style="list-style-type: none"> • We obtained from the management the fair valuation report performed by external valuers; • We evaluated the qualifications, competence and objectivity of the external valuers; • On a sample basis, we tested the underlying data used for the calculation of the fair values by comparing to supporting lease agreements; • We involved our valuation specialist to evaluate the methodology and assumptions used; and • We evaluated the key assumptions used in the fair valuation, specifically the capitalization rate, rental rates and occupancy. Compared these assumptions to externally derived data (where applicable) as well as forming our own assessment. • We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS.

Other Matter

The financial statements of the Company for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 31 January 2024.

Other Information

Other information consists of the information included in the Director's Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Company's Articles/Memorandum of Association and the UAE Federal Law No. 32 of 2021, Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities, Central Bank of the UAE Board of Director's Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- the Company has maintained proper books of account;
- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles/Memorandum of Association and the UAE Federal Decree Law No. (32) of 2021;
- the financial information included in the Directors' report is consistent with the books of account of the Company;
- investments in shares and stocks during the year ended 31 December 2024, if any, are disclosed in note 5 to the financial statements;
- note 9 reflects material related party transactions and the terms under which they were conducted;
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles/Memorandum of Association which would have a material impact on its activities or its financial position as at 31 December 2024; and
- note 25 reflects the social contributions made during the year, if any.

Further, as required by the Federal Decree Law No. 48 of 2023 and the related financial Regulations for Insurance Companies, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

For Ernst & Young



Ashraf Abu-Sharkh

Partner

Registration No: 690

28 January 2025

Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION

Assets	Notes	At 31 st December	At 31 st December
		2024 AED'000	2023 AED'000
Participants' Assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	1,654	1,625
Financial assets at amortized cost	5	16,795	-
Retakaful contract assets	7	51,920	17,166
Prepayments and other receivables	8	2,498	1,318
Due from shareholders	11	29,638	30,755
Bank balances and cash	6	90,426	107,717
Total Participants' Assets		192,931	158,581
Shareholders' Assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	17,595	28,614
Financial assets at amortized cost	5	66,376	-
Investments at fair value through profit or loss ("FVTPL")	5	545	557
Investment properties	12	75,540	67,510
Property, equipment and intangible assets	13	763	1,462
Deferred policy acquisition cost		8,765	4,956
Prepayments and other receivables	8	5,853	4,809
Bank balances and cash	6	51,406	96,446
Statutory deposits	10	10,000	10,000
Total shareholders' assets		236,843	214,354
Total Assets		429,774	372,935
Participants' liabilities and deficit			
Participants' liabilities			
Takaful contract liabilities	7	182,022	147,950
Retakaful contract liabilities	7	239	1,347
Other liabilities	14	10,670	9,284
Total participants' liabilities		192,931	158,581
Participants' deficit			
Qard Hassan against deficit in participants' fund	15	(164,254)	(159,125)
Less: Provision against Qard Hassan to participants' fund	15	164,254	159,125
		-	-
Total participants' liabilities and deficit		192,931	158,581

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONT.)

		31 st December	31 st December
	Notes	2024 AED'000	2023 AED'000
Shareholders' liabilities and equity			
Shareholders' liabilities			
Employees' end of service benefits	16	1,616	1,371
Due to participants	11	29,638	30,755
Other liabilities	14	10,789	6,907
Total shareholders' liabilities		<u>42,043</u>	<u>39,033</u>
Shareholders' equity			
Share capital	17	154,000	154,000
Statutory reserve	18	77,000	77,000
Retakaful reserves	19	1,105	695
Cumulative changes in fair value of FVTOCI investments	20	(4,468)	(4,960)
Accumulated losses		(32,837)	(51,414)
Total shareholders' equity		<u>194,800</u>	<u>175,321</u>
Total shareholders' liabilities and equity		<u>236,843</u>	<u>214,354</u>
Total liabilities, participants' fund and equity		<u>429,774</u>	<u>372,935</u>

These financial statements were approved by the Board of Directors on 28 January 2025 and were signed on their behalf by:



Saood Abdulalaziz Al Ghurair
Chairman



Mr. Ahmed M.A. Abushanab
Chief Executive Officer

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Notes	2024 AED'000	2023 AED'000
Attributable to participants			
Takaful revenue	7	121,616	126,584
Takaful service expenses		(84,105)	(152,272)
Takaful service result before retakaful contracts held		37,511	(25,688)
Allocation of retakaful contributions		(55,784)	(44,486)
Amounts recoverable from retakaful for incurred claims		52,561	28,402
Net expenses from retakaful contracts held		(3,223)	(16,084)
Takaful service result		34,288	(41,772)
Takaful finance expenses for takaful contracts issued	7	(2,357)	(1,098)
Retakaful finance income for retakaful contracts held	7	728	274
Net takaful income/(loss)		32,659	(42,596)
Investment income	23	5,615	3,103
Other income		2,511	1,471
Wakala fees	24	(44,229)	(31,293)
Mudarib share	24	(1,685)	(931)
Deficit for the year attributable to participants		(5,129)	(70,246)
Attributable to shareholders			
Investment income	23	20,151	1,610
Other income		820	1,785
Total investment and other income		20,971	3,395
Wakala fees	24	44,229	31,293
Mudarib share	24	1,685	931
		66,885	35,619
Expenses			
Policy acquisition costs		(13,863)	(16,857)
General and administrative expenses	25	(27,048)	(25,046)
Profit/(loss) for the year before Qard Hassan		25,974	(6,284)
Provision against Qard Hassan to participants		(5,129)	(70,246)
Profit/(loss) for the year attributable to shareholders before tax		20,845	(76,530)
Tax expense	22	(1,858)	-
Profit /(loss) for the period		18,987	(76,530)
Earning per share			
Basic and diluted profit/(loss) per share	27	0.123	(0.497)

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2024 AED'000	2023 AED'000
Attributable to shareholders			
Profit/(loss) for the year		18,987	(76,530)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Unrealised loss of equity investments designated at FVTOCI (net of tax)	5	(809)	(1,692)
Deferred Tax impact on the fair value movement		73	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Unrealised gain/(loss) on investments designated at FVTOCI	5	476	(924)
Realised loss on sukuk designated at FVTOCI re-classified to income statement		752	3,019
Total other comprehensive income for the year attributable to Shareholders		492	403
Total comprehensive income/(loss) for the year attributable to Shareholders		19,479	(76,127)

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital AED'000	Statutory reserve AED'000	Retakaful reserve AED'000	Cumulative changes in fair value of FVTOCI investments AED'000	Retained earnings/ (accumulated losses) AED'000	Total equity AED'000
Balance at 1 January 2023	154,000	77,000	479	(5,363)	25,332	251,448
Loss for the year	-	-	-	-	(76,530)	(76,530)
Other comprehensive income for the year	-	-	-	403	-	403
Total comprehensive income/(loss) for the year	-	-	-	403	(76,530)	(76,127)
Retakaful reserve (note 19)	-	-	216	-	(216)	-
Balance at 31 December 2023	154,000	77,000	695	(4,960)	(51,414)	175,321
Balance at 1 January 2024	154,000	77,000	695	(4,960)	(51,414)	175,321
Profit for the year	-	-	-	-	18,987	18,987
Other comprehensive income for the year	-	-	-	492	-	492
Total comprehensive income for the year	-	-	-	492	18,987	19,479
Retakaful reserve (note 19)	-	-	410	-	(410)	-
Balance at 31 December 2024	154,000	77,000	1,105	(4,468)	(32,837)	194,800

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December

	Notes	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit / (Loss) before tax for the year		20,845	(76,530)
Adjustments for:			
Depreciation of property and equipment	13	754	897
Amortisation of intangible assets		187	292
Unrealised loss/(gain) on financial assets at FVTPL		11	(42)
Realised gain on disposal of financial assets at FVTPL		-	(15)
Rental income		(5,832)	(7,798)
Dividends income from financial assets		(483)	(554)
Loss on disposal of financial assets at FVTOCI		752	3,019
Loss on sale of investment properties		-	3,181
Gain on sale of assets		-	(68)
(Gain) / loss on fair value of investment properties	12	(8,030)	6,475
Funding cost on lease liability		-	20
Amortisation of financial assets at amortised cost		(208)	-
Profit on wakala deposits and sukuk		(11,977)	(9,299)
Provision for employees' end of service indemnity	16	911	337
Operating cash flows before changes in working capital		(3,070)	(80,085)
Change in retakaful contract assets		(34,754)	61
Change in prepayments and other receivables		(1,680)	1,162
Change in deferred acquisition costs		(3,809)	4,027
Change in takaful contract liabilities		34,071	24,636
Change in retakaful contract liabilities		(1,107)	1,001
Change in other liabilities		3,879	1,121
Cash used in operating activities		(6,470)	(48,077)
Employees end of service benefits paid	16	(666)	(1,352)
Net cash used in operating activities		(7,136)	(49,429)

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (CONT.)

For the year ended 31 December

	Notes	2024 AED'000	2023 AED'000
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	13	(241)	(217)
Proceeds from sale of property and equipment		-	147
Purchase of other financial assets		(83,560)	(2,734)
Proceeds from sale of financial assets		11,221	41,876
Proceeds from sale of investment properties		-	83,475
Rental income received		5,964	7,942
Profit received on sukuk and wakala deposit		11,464	6,544
Dividend received		483	554
Change in wakala deposit with maturity more than 3 months		57,239	(145,144)
Net cash generated from / (used in) investing activities		2,570	(7,557)
Cash flows from financing activity			
Payment of lease liability		(526)	(526)
Net cash used in financing activity		(526)	(526)
Net change in cash and cash equivalents		(5,092)	(57,512)
Cash and cash equivalents at the beginning of the year		13,510	71,022
Cash and Cash equivalents at the end of the year	6	8,418	13,510

The accompanying notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. Legal status and activities

Sukoon Takaful P.J.S.C (formerly “Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance”) (the “Company”) is a public shareholding company and was registered in 1992. The Company is engaged in takaful and retakaful of all classes of business in accordance with the provisions of the United Arab Emirates (“UAE”) Federal Law No. 48 of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. The registered address of the Company’s registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company’s business from conventional insurance to Takaful insurance. The Board of Directors appointed an Internal Sharia Supervision Committee for overseeing the compliance with Sharia.

The Company started issuing short term takaful contracts from 1 February 2015 in connection family takaful and general takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Company only operates in United Arab Emirates, through its Dubai and Abu Dhabi offices.

During the year ended 31 December 2023, Sukoon Insurance P.J.S.C. (formerly known as Oman Insurance Company P.S.C.) has acquired 93.04% shareholding of the Company and additional 1.57% of the shares were acquired by Sukoon Insurance P.J.S.C. during the year ended 31 December 2024. The Company is a subsidiary of Sukoon Insurance P.J.S.C.

The ultimate parent of the Company is Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai.

Change of Company’s Name

During the year, in General Assembly meeting held on 29 March 2024, shareholders have approved the change of the legal name of the Company. After obtaining all the necessary regulatory approval the name of the Company has been changed to Sukoon Takaful P.J.S.C with effect from 14 June 2024.

2. Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. 32 of 2021, relating to commercial companies, and of UAE Federal Law No. 48 of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and the Insurance Authority Board of Directors’ Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies.

Adhering to the Article 3.3 of Section 7 of the Financial Regulations for Takaful Companies issued by Insurance Authority (FRTC) and the relevant Shariah Board decisions Company has not considered shareholders’ expenses. Only a Wakala fee was considered while applying the requirement of IFRS 17. Policy acquisition cost and general and administrative expenses accounts along with associated balance sheet items are part of the shareholders’ accounts and presented separately.

These financial statements are prepared in UAE Dirhams (“AED”) being the economic, functional and reporting currency, rounded to the nearest thousand.

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

These financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

- Financial assets at fair value through other comprehensive income ("FVOCI");
- Financial assets at fair value through profit or loss ("FVTPL"); and
- Investment properties measure at fair value.

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

2.1 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. the new and revised IFRS effective in the period did not have any significant impact.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IFRS 16 on lease liability in a sales and lease back	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

2.2 Standards issued but not effective

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

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

3. Material Accounting Policy Information

The significant accounting policies applied in the preparation of these financial statements are summarised below.

Takaful Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of takaful contracts, re takaful contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of contributions that relate to recovering takaful acquisition cash flows. In addition, investment components are no longer included in takaful revenue and takaful service expenses.

Classification and measurement

Under IFRS 17, the Company's takaful contracts issued, and retakaful contracts held are all eligible to be measured by applying the premium allocation approach (PAA) (called as "premium allocation approach" (PAA) for takaful company). The PAA simplifies the measurement of takaful contracts in comparison with the general model in IFRS 17.

The Company applies the PAA to simplify the measurement of all of its takaful and retakaful contracts. When measuring liabilities for remaining coverage. When measuring liabilities for outstanding claims, the Company discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Income and expenses from retakaful contracts other than takaful finance income and expenses are presented as a single net amount in profit or loss.

The measurement principles of the PAA is as below:

- The liability for remaining coverage reflects contributions received less deferred acquisition expenses less amounts recognised in revenue for takaful services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the contribution due date and the related period of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component; and
- Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

Presentation and disclosure

For presentation in the statement of financial position, the Company aggregates takaful and retakaful contracts issued and retakaful contracts held, respectively and presents separately:

- Groups of takaful and retakaful contracts issued that are assets;
- Groups of takaful and retakaful contracts issued that are liabilities;
- Groups of retakaful contracts held that are assets; and
- Groups of retakaful contracts held that are liabilities.

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

IFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expenses
- Takaful finance income or expenses
- Income or expenses from retakaful contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from takaful contracts
- Significant judgements, and changes in those judgements, when applying the standard.

Takaful and retakaful contracts classification

The Company issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its participants. As a general guideline, the Company determines whether it has significant takaful risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. takaful contracts can also transfer financial risk.

Takaful and retakaful contracts accounting treatment

Separating components from Takaful and retakaful contracts

The Company assesses its takaful and retakaful products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17.

Some retakaful contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the component of the retakaful contracts and are, therefore, non-distinct investment components which are not accounted for separately.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into two categories: onerous contracts and others. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for participants with different characteristics. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into two groups, as follows:

- A group of contracts that are onerous at initial recognition, if any
- A group of the remaining contracts in the portfolio

The profitability of groups of contracts is assessed by management by take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

Management determine the profitability groupings of each portfolio of contracts, collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

Below are some of the relevant facts and circumstances that the Company considers:

- Evaluation of expected combines ratios;
- Pricing information;
- Results of similar contracts it has recognised; and
- Environment factors, e.g., a change in market experience or regulations.

The Company divides portfolios of retakaful contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of retakaful contracts held, a group can comprise a single contract.

Recognition

The Company recognises groups of takaful contracts it issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a participant in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of retakaful contracts held;
- If the retakaful contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Company adds new contracts to the group when they are issued or initiated.

Contract boundary

The Company includes in the measurement of a group of takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contributions or claims outside the boundary of the takaful contract is not recognised. Such amounts relate to future takaful contracts.

Measurement – Premium Allocation Approach

Takaful contracts – initial measurement

The Company applies the contribution allocation approach (PAA) to all the takaful contracts that it issues and retakaful contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all contributions within the contract boundary.

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the contributions, if any, received at initial recognition, minus any takaful acquisition cash flows at that date, there is no allowance for time value of money as the contributions are mostly received within one year of the coverage period.

The Company measures its retakaful assets for a group of retakaful contracts that it holds on to the same basis as takaful contracts that it issues, however, adapted to reflect the features of retakaful contracts held that differ from takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Takaful contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as takaful revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Retakaful contracts

The subsequent measurement of retakaful contracts held follows the same principles as those for takaful contracts issued and has been adapted to reflect the specific features of retakaful held.

Takaful contracts – modification and derecognition

The Company derecognises takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of groups of takaful contracts issued that are assets, groups of takaful contracts issued that are liabilities, retakaful contracts held that are assets and groups of retakaful contracts held that are liabilities.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into a takaful service result, comprising takaful revenue and takaful service expense, and takaful finance income or expenses.

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in takaful finance income or expenses and in takaful service result respectively.

The Company separately presents income or expenses from retakaful contracts held from the expenses or income from takaful contracts issued.

Takaful revenue

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

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

Loss components

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

Takaful finance income and expense

Takaful finance income or expenses comprise the change in the carrying amount of the group of takaful contracts arising from:

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

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

Net income or expense from retakaful contracts held

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

Surplus/deficit in participants' fund

If the surplus in the participants' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between participants that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Company's Internal Sharia Supervision Committee. Any remaining surplus after the distribution will remain in the participants' fund.

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

On liquidation of the fund, the accumulated surplus in the participants' fund, if any, after meeting all obligations (including repayment of the outstanding amount of Qard Hasan), will be dealt with after consulting with the Company's Internal Sharia Supervision Committee. In case of an accumulated deficit, any Qard Hasan outstanding at the time of liquidation will not be repayable by the participants' fund and the shareholders' fund will forego such outstanding amount.

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

Property and equipment

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

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

Fair value is determined by open market values based on valuations performed by independent surveyors.

Leases

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

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

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

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

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

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

Wakala fees

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

Profit income

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

Rental income

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

Dividend income

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

Financial instruments

Recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'investment income' together with foreign exchange gains and losses. Impairment losses are included within "investment income" in the consolidated statement of profit or loss.

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

ii) Financial assets at fair value through other comprehensive income

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

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity.

When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement but is reclassified to retained earnings.

iii) Financial assets at fair value through profit and loss

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income on initial recognition. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

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

Fair value measurement

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

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective funding cost method.

Impairment and uncollectability of financial assets

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

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

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date. ECL are probability-weighted estimates of credit losses. They are measured as follows:

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

Offsetting financial instruments

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

Employee benefits

Short-term employee benefits

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

Provision for employees' end of service benefits

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

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Impairment of non-financial assets

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

Short term operating leases

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

Cash and cash equivalents

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

Provisions, contingent liabilities and contingent assets

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

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

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

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

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior period retained profits or losses. Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

Segment reporting

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

Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

Value added tax (VAT)

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

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

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

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Judgements and estimates

The preparation of this financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2023, except for the below judgements.

Takaful and retakaful contracts

When measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

For takaful acquisition cash flows, the Company is eligible and chooses to capitalise all takaful acquisition cashflows upon payments.

The effect of recognising takaful acquisition cash flows as an expense on initial recognition of group of takaful contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

Discount rates

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity contribution'). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting of future cash flows are listed below:

	1 Year		3 Years		5 Years		10 Years	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Takaful contracts issued	5.43	6.11	5.48	5.29	5.53	5.08	5.65	5.10
Retakaful contracts issued	5.43	6.11	5.48	5.29	5.53	5.08	5.65	5.10

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful contracts. The risk adjustment reflects an amount that a takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Fair value of unquoted securities

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

Investment properties fair value judgement

The Company values its investment properties at fair value on the basis of market valuations prepared by independent property valuers. The valuations are based on assumptions which are mainly based on market conditions existing at each reporting date. Therefore, any future change in the market conditions could have an impact on the fair value.

Expected credit losses

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

5. Investment in Financial Assets

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

	2024 AED'000	2023 AED'000
Investments measured at FVTOCI		
Unquoted U.A.E. equity securities (a)	270	247
Quoted U.A.E. Sukuk (b)	11,184	21,293
Unquoted outside UAE	7,795	8,699
	<u>19,249</u>	<u>30,239</u>
Attributable to:		
Participants	1,654	1,625
Shareholders	17,595	28,614
	<u>19,249</u>	<u>30,239</u>
Investments measured at FVTPL		
Unquoted U.A.E. equity securities (a)	545	557
Investments at Amortised Cost		
Quoted Sukuks (c)	83,203	-
Less: ECL	(32)	-
	<u>83,171</u>	-
Attributable to:		
Participants	16,795	-
Shareholders	66,376	-
	<u>83,171</u>	-

- The Company holds investments in unquoted equity securities of three entities as at 31 December 2024 (2023: three entities). Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the year ended 31 December 2023, and current market available information. (2023: financial statements for the year ended 31 December 2022). All the investments measured at FVTPL are attributable to Shareholders.
- Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company purchased quoted Sukuk amounting to AED Nil (2023: AED 2,734 thousand) while sold quoted sukuk amounting to AED 10,600 thousand (2023: AED 38,323 thousand).
- These Sukuks were purchased during the year and carry interests at the rates of 1.82% to 5.78% per annum. The Company holds these investments with the objective of receiving the contractual cash flows over the instrument's life. The Sukuks are redeemable at par from 2025 to 2046 based on their maturity dates.

The movement in the investments is as follows:

	<i>FVTOCI</i>		<i>FVTPL</i>		<i>Amortised cost</i>	
	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>
At the beginning of the year	30,239	68,444	557	4,053	-	-
Purchases during the year	-	2,734	-	-	83,560	-
Maturities / redemption	(57)	-	-	-	(565)	-
Amortisation	-	-	-	-	208	-
Sold during the year	(10,600)	(38,323)	-	(3,538)	-	-
Change in Fair value	(333)	(2,616)	(12)	42	-	-
Provision for expected credit losses	-	-	-	-	(32)	-
	19,249	<u>30,239</u>	545	<u>557</u>	83,171	<u>-</u>

There were no reclassifications between investments categories during the year ended 31 December 2024 and 2023.

	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Cash on hand	2	6
Bank balances:		
Wakala deposits	133,414	193,881
Current accounts	8,416	10,276
	141,832	<u>204,163</u>
<i>Attributable to:</i>		
Participants	90,426	107,717
Shareholders	51,406	96,446
	141,832	<u>204,163</u>

The profit rates on the Wakala deposits with banks range from 4.20% to 5.80% (2023: 4.60% to 5.85%). Wakala deposits amounting to AED 133,414 thousand (2023: AED 190,653 thousand) have maturity more than three months. All cash and bank balances are maintained within U.A.E.

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

	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Cash and bank balances (note 6)	141,832	204,163
Wakala deposits with maturity over 3 months	(133,414)	(190,653)
Cash and cash equivalents	8,418	<u>13,510</u>

7. Takaful and retakaful contracts

The breakdown of groups of takaful and retakaful contracts issued, and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 December 2024			31 December 2023		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
Takaful contracts issued						
Motor	-	(63,145)	(63,145)	-	(96,500)	(96,500)
Medical & group family takaful	-	(34,925)	(34,925)	-	(27,465)	(27,465)
General	-	(83,952)	(83,952)	-	(23,985)	(23,985)
Total takaful contracts issued	-	(182,022)	(182,022)	-	(147,950)	(147,950)
Retakaful contracts held						
Motor	9,106	-	9,106	1,565	(1)	1,564
Medical & group family takaful	4,593	-	4,593	8,698	(556)	8,142
General	38,221	(239)	37,982	6,903	(790)	6,113
Total Retakaful contracts held	51,920	(239)	51,681	17,166	(1,347)	15,819

The Company disaggregates information to provide disclosure in respect of major product lines separately: Motor takaful, medical and group family takaful, and general retakaful issued.

This disaggregation has been determined based on how the Company is managed. The roll-forward of the net asset or liability for takaful contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table on the next page.

7. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims measured under PAA

December 2024	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
Takaful contract liabilities at 1 January 2024	(30,788)	(20,783)	(93,461)	(2,918)	(147,950)
Takaful revenue	121,616	-	-	-	121,616
Takaful service expenses					
Incurred claims and other expenses	-	-	(189,362)	(103)	(189,465)
Losses on onerous contracts and reversals of those losses	-	3,287	-	-	3,287
Changes to liabilities for incurred claims	-	-	57,976	(132)	57,844
Takaful service expenses*					
Takaful service result	121,616	3,287	(131,386)	(235)	(128,334)
Takaful finance expenses	-	-	(2,358)	(235)	(6,718)
Total changes in the statement of profit or loss	121,616	3,287	(133,744)	(234)	(9,075)
Cash flows					
Contributions received	(166,750)	-	-	-	(166,750)
Claims and other expenses paid	-	-	141,753	-	141,753
Total cash flows	(166,750)	-	141,753	-	(24,997)
Net Takaful contract liabilities as at 31 December 2024	(75,922)	(17,496)	(85,452)	(3,152)	(182,022)

*Takaful service expense of AED 128,334 thousand consist of AED 84,105 thousand pertaining to Participants' operations and AED 44,229 thousand relating to Wakala charged by Shareholders to Participants.

7. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims measured under PAA (continued)

December 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
Takaful contract liabilities as at 1 January 2023	(46,074)	(13,800)	(62,281)	(1,159)	(123,314)
Takaful revenue	126,584	-	-	-	126,584
Takaful service expenses	-	-	-	-	-
Incurred claims and other expenses	-	-	(190,247)	(1,302)	(191,549)
Losses on onerous contracts and reversals of those losses	-	(6,983)	-	-	(6,983)
Changes to liabilities for incurred claims	-	-	15,426	(459)	14,967
Takaful service expenses*	-	(6,983)	(174,821)	(1,761)	(183,565)
Takaful service result	126,584	(6,983)	(174,821)	(1,761)	(56,981)
Takaful finance expenses	-	-	(1,100)	2	(1,098)
Total changes in the statement of profit or loss and other comprehensive income	126,584	(6,983)	(175,921)	(1,759)	(58,079)
Cash flows	-	-	-	-	-
Contributions received	(111,298)	-	-	-	(111,298)
Claims and other expenses paid	-	-	144,741	-	144,741
Total cash flows	(111,298)	-	144,741	-	33,443
Net takaful contract liabilities as at 31 December 2023	(30,788)	(20,783)	(93,461)	(2,918)	(147,950)

*Takaful service expense of AED 183,565 thousand consist of AED 152,272 thousand pertaining to Participants' operations and AED 31,293 thousand relating to Wakala charged by Shareholders to Participants.

7. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for retakaful contracts issued showing the assets for remaining coverage and the liability for incurred claims measured under PAA

December 2024	Assets for remaining coverage			Amounts recoverable on incurred claims			Total
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000		AED'000	
Opening retakaful contract (liabilities)/assets	(3,437)	24	19,882	697		17,166	
Opening retakaful contract (liabilities)/assets	(7,491)	306	5,638	200		(1,347)	
Net retakaful contract (liabilities)/assets as at 1 January 2024	(10,928)	330	25,520	897		15,819	
Allocation of retakaful contributions	(55,454)	(330)	-	-		(55,784)	
Amounts recoverable incurred claims and other expenses	-	-	60,081	659		60,740	
Amortisation of takaful acquisition cash flows	9,465	-	-	-		9,465	
Loss-recovery on onerous underlying contracts and adjustments	-	679	-	-		679	
Changes to amounts recoverable for incurred claims	-	-	(18,417)	94		(18,323)	
Amounts recoverable from retakaful for incurred claims	9,465	679	41,664	753		52,561	
Net income or expense from retakaful contracts held	(45,989)	349	41,664	753		(3,223)	
Retakaful finance income			728	-		728	
Total amount recognized in the statement of profit or loss and comprehensive income	(45,989)	349	42,392	753		(2,495)	
Cash flows							
Contributions received	79,150	-	-	-		79,150	
Claims and other expenses paid	(14,092)	-	(26,701)	-		(40,793)	
Total cash flows	65,058	-	(26,701)	-		38,357	
Net balance as at 31 December 2024	8,141	679	41,211	1,650		51,681	
Closing retakaful contract assets	8,465	679	41,130	1,646		51,920	
Closing retakaful contract liabilities	(324)	-	81	4		(239)	
Net retakaful contract (liabilities)/assets as at 31 December 2024	8,141	679	41,211	1,650		51,681	

7. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for retakaful contracts issued showing the assets for remaining coverage and the liability for incurred claims measured under FAA

	December 2023			Total			
	Assets for remaining coverage		Amounts recoverable on incurred claims	Assets for remaining coverage		Amounts recoverable on incurred claims	Total
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Excluding loss recovery component AED'000	Loss component AED'000	Total AED'000
Opening Retakaful contract (liabilities)/assets	(1,046)	821	16,945	507			17,227
Opening Retakaful contract (liabilities)/assets	(774)	2	426	-			(346)
Net retakaful contract (liabilities)/assets as at 1 January 2023	(1,820)	823	17,371	507			16,881
Allocation of retakaful contributions	(43,663)	(823)	-	-			(44,486)
Amounts recoverable from retakaful for incurred claims	7,947	-	23,208	11			31,166
Amounts recoverable incurred claims and other expenses	-	330	-	-			330
Loss-recovery on onerous underlying contracts and adjustments	-	-	(3,474)	380			(3,094)
Changes to amounts recoverable for incurred claims	7,947	330	19,734	391			28,402
Amounts recoverable from retakaful for incurred claims	(35,716)	(493)	19,734	391			(16,084)
Net income or expense from retakaful contracts held	-	-	275	(1)			274
Retakaful finance income	(35,716)	(493)	20,009	390			(15,810)
Total changes in the statement of comprehensive income	33,831	-	-	-			33,831
Cash flows	(7,223)	-	(11,860)	-			(19,083)
Contributions received	26,608	-	(11,860)	-			14,748
Claims and other expenses paid	(10,928)	330	25,520	897			15,819
Total cash flows	(3,437)	24	19,882	697			17,166
Net balance as at 31 December 2023	(7,491)	306	5,638	200			(1,347)
Closing retakaful contract assets/(liabilities)	(10,928)	330	25,520	897			15,819
Closing retakaful contract assets/(liabilities)							
Net retakaful contract (liabilities)/assets as at 31 December 2023							

8. Prepayments and other receivables

	2024 AED'000	2023 AED'000
Accrued profit	4,520	3,844
Prepaid expenses	2,121	1,133
Rent receivable (net)*	206	336
Advances and deposits	217	292
Other receivables	1,287	522
	<u>8,351</u>	<u>6,127</u>
Attributable to:		
Participants	2,498	1,318
Shareholders	5,853	4,809
	<u>8,351</u>	<u>6,127</u>

*The rent receivable is net of expected credit losses of AED 820,000 (2023: AED 700,000).

9. Related parties balances and transactions

Related parties represent the companies under common control, shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The Company has entered into the above transactions with the related parties which were made on substantially the same terms as those prevailing at the same time for the comparable transactions with third parties.

	2024 AED'000	2023 AED'000
Amounts due from related parties:		
<i>Related parties due to Shareholding</i>		
Others	24	-
Amounts due to related parties:	<u>24</u>	<u>-</u>
<i>Related parties due to Shareholding</i>		
Others	4,973	2,671

Amounts due from/to related parties were as follows:

All amount due from/to related parties are attributable to participants.

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

During the year, the Company entered into the following transactions with related parties till 31 May 2023 (prior to change in ownership):

	2024 AED'000	2023 AED'000
Transactions with related parties:		
Contribution written through a related party broker	-	3,363
Gross written contribution	-	1,107
Policy acquisition cost paid	-	507
Management expenses (net)	-	24
Claims paid	-	27

During the year, the Company entered into the following transactions with related parties from 1 January 2024 to 31 December 2024 (transactions disclosed in comparative period i.e. year 2023 are subsequent to change in ownership, which is from 1 June 2023 to 31 December 2023);

	2024 AED'000	2023 AED'000
Transactions with related parties:		
Retakaful share of ceded business and other retakaful arrangement	6,965	2,502
Commission on retakaful share of ceded business	59	5
Gross written contribution	2,188	3,070
Other transactions	1,959	672
Recovery claims	819	642
Expenses charged by Group head office	1,000	-

Key management personnel remuneration:

	2024 AED'000	2023 AED'000
Short-term benefits	784	613
Long-term benefits	23	61
Board of directors' remuneration	-	27

10. Statutory Deposits

	2024 AED'000	2023 AED'000
Held with a local bank in Dubai, UAE	10,000	10,000

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of Central Bank of U.A.E. in accordance with UAE Federal Law No 48 of 2023 (previously Federal Law No.6 of 2007).

11. Due from participants/due to shareholders

The balance consists of the net of Wakala fees balances that are due to the shareholders from the participants amounting to AED 29,638 thousand (2023: AED 30,755 thousand).

12. Investment properties

	<i>Land AED'000</i>	<i>Residential Building & Offices AED'000</i>	<i>Total AED'000</i>
2023			
At 1 January	9,500	151,141	160,641
Disposal during the year	(9,500)	(77,156)	(86,656)
Change in fair value during the year (note 23)	-	(6,475)	(6,475)
At 31 December	-	67,510	67,510
2024			
At 1 January	-	67,510	67,510
Disposal during the year	-	-	-
Change in fair value during the year (note 23)	-	8,030	8,030
At 31 December	-	75,540	75,540

On 31 December 2024, two independent and experienced professional valuers estimated the fair value of investment property at AED 75,140 thousand and AED 75,940 thousand respectively (31 December 2023: two independent and experienced professional valuers estimated the fair value of investment property at AED 66,925 thousand and AED 68,095 thousand respectively).

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

All investment properties are located in U.A.E. Details of the investment properties and information about the fair value hierarchy as at 31 December 2024 and 31 December 2023 are as follows:

	<i>31 December 2024</i>			<i>Fair value as at 31 December 2023</i>
	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Level 3 AED'000</i>
Investment properties	-	-	75,540	67,510

Investment properties are valued using income capitalisation method and market comparable. Income capitalization method considers a market rent that may be achieved based on the comparable evidence and deducting appropriate maintenance and vacancy rates to derive the Net Rent achievable which then capitalized at an appropriate risk yield to derive the Fair Value of the subject property. Sales comparison method considers the value of comparable properties in proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

Sensitivity analysis on the valuation of the properties is as below;

For the Income capitalization method, if the capitalization rate were to decrease / increase by 1% and considering all other assumptions to remain constant, the fair value would increase / decrease by 14.43%/-11.19% respectively. (31 December 2023: the fair value would increase / decrease by 13.22%/-12.31% respectively).

For the sales comparison method, if the prices of the comparable properties were to increase / decrease by 1% and considering all other assumptions to remain constant, the fair value would increase / decrease by AED 31 thousand (31 December 2023: the fair value would increase / decrease by AED 21 thousand).

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

	2024 AED'000	2023 AED'000
Rental income	6,685	8,701
Direct operating expenses	<u>(853)</u>	<u>(903)</u>
Net income from investment properties	<u>5,832</u>	<u>7,798</u>

13. Property, Equipment & Intangible Assets

2024	Furniture and fixtures AED'000	Motor vehicles AED'000	Right-of- use assets AED'000	Intangible assets AED'000	Total AED'000
<i>Cost</i>					
At 1 January	5,790	20	2,946	1,252	10,008
Additions during the year	<u>79</u>	<u>-</u>	<u>-</u>	<u>163</u>	<u>242</u>
At 31 December	<u>5,869</u>	<u>20</u>	<u>2,946</u>	<u>1,415</u>	<u>10,250</u>
<i>Accumulated depreciation/amortisation</i>					
At 1 January	5,236	16	2,450	844	8,546
Charge for the year	<u>257</u>	<u>1</u>	<u>496</u>	<u>187</u>	<u>941</u>
At 31 December	<u>5,493</u>	<u>17</u>	<u>2,946</u>	<u>1,031</u>	<u>9,487</u>
<i>Carrying value</i>					
At 31 December 2024	<u>376</u>	<u>3</u>	<u>-</u>	<u>384</u>	<u>763</u>

2023	Furniture and fixtures AED'000	Motor vehicles AED'000	Right-of-use assets AED'000	Intangible assets AED'000	Total AED'000
<i>Cost</i>					
At 1 January	5,698	270	2,946	1,127	10,041
Additions during the year	<u>92</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>217</u>
Disposal during the year	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(250)</u>
At 31 December	<u>5,790</u>	<u>20</u>	<u>2,946</u>	<u>1,252</u>	<u>10,008</u>
<i>Accumulated depreciation/amortisation</i>					
At 1 January	4,852	169	1,955	552	7,528
Charge for the year	<u>384</u>	<u>18</u>	<u>495</u>	<u>292</u>	<u>1,189</u>
Disposal during the year	<u>-</u>	<u>(171)</u>	<u>-</u>	<u>-</u>	<u>(171)</u>
At 31 December	<u>5,236</u>	<u>16</u>	<u>2,450</u>	<u>844</u>	<u>8,546</u>
<i>Carrying value</i>					
At 31 December 2023	<u>554</u>	<u>4</u>	<u>496</u>	<u>408</u>	<u>1,462</u>

At 31 December 2024, the cost of fully depreciated property and equipment that was still in use amounted to AED 5.50 million (2023: AED 5.16 million).

14. Other Liabilities

	2024 AED'000	2023 AED'000
Contribution reserve withheld	6,985	6,404
Accrued expenses	5,046	3,882
Deferred rental income	536	475
Lease liability	-	525
Current tax liability (note 22)	1,136	-
Deferred tax liability (note 22)	649	-
Others	7,107	4,905
	<u>21,459</u>	<u>16,191</u>
Attributable to:		
Participants	10,670	9,284
Shareholders	10,789	6,907
	<u>21,459</u>	<u>16,191</u>

15. Qard Hasan

	2024 AED'000	2023 AED'000
i. Deficit in participants' fund:		
As at 1 January	(159,125)	(88,879)
Deficit during the year	(5,129)	(70,246)
As at 31 December	<u>(164,254)</u>	<u>(159,125)</u>
ii. Qard Hasan from shareholders		
As at 1 January	159,125	88,879
Addition during the year	5,129	70,246
As at 31 December	<u>164,254</u>	<u>159,125</u>

The shareholders have funded the deficit in the participants' fund in accordance with the Company's policy through a Qard Hasan (profit free loan with no repayment terms).

16. Provision for employees' end of service indemnity

	2024 AED'000	2023 AED'000
Balance at the beginning of the year	1,371	2,386
Charged during the year	911	337
Paid during the year	(666)	(1,352)
Balance at the end of the year	<u>1,616</u>	<u>1,371</u>

17. Share capital

	2024 AED'000	2023 AED'000
Authorised and issued and fully paid: 154,000,000 ordinary shares of AED 1 each (2023: 154,000,000)	<u>154,000</u>	<u>154,000</u>

18. Statutory reserve

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. 32 of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to legal reserve has been made during the year as it has already reached 50% of the paid-up share capital (2023: 50%).

19. Retakaful reserve

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 410 thousand (2023: AED 216 thousand) based on the retakaful share of contribution at a rate of 0.5% was transferred from retained earnings to retakaful reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the UAE.

20. Investments revaluation reserve - FVTOCI

This reserve records gains and losses arising from changes in fair value of other financial assets measured at fair value through other comprehensive income. Movement in reserve is as below;

	2024 AED'000	2023 AED'000
Balance at the beginning of the year	(4,960)	(5,363)
Change in FV for the year	(333)	(2,616)
Deferred Tax Impact	73	-
Realised loss on re-classified to income statement	752	3,019
Balance at the end of the year	<u>(4,468)</u>	<u>(4,960)</u>

21. Gross written contributions

Details relating to gross written contributions are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

2024	Family takaful AED'000	Medical takaful AED'000	Motor AED'000	Others AED'000	Total AED'000
Direct written contributions	1,643	39,999	31,736	37,547	110,925
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	6,564	54,907	61,471
Total assumed business	-	-	6,564	54,907	61,471
Total gross written contributions	1,643	39,999	38,300	92,454	172,396
2023					
Direct written contributions	1,113	27,544	39,219	36,178	104,054
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	257	257
Total assumed business	-	-	-	257	257
Total gross written contributions	1,113	27,544	39,219	36,435	104,311

22. Corporate Tax

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

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

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law is considered 'substantively enacted' as at 31 December 2023 for the purposes of IAS 12, the Company considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the year ended 31st December 2024.

The major components of income tax expense in the statement of profit or loss and Other Comprehensive income:

	2024 AED'000
Statement of profit or loss	
<i>Current income tax:</i>	
Current income tax charge	1,136
<i>Deferred tax:</i>	
Relating to origination and reversal of temporary differences	722
Total Income tax expense reported in the statement of profit or loss	<u>1,858</u>
Other Comprehensive Income	
<i>Deferred tax related to items recognised in OCI during in the year:</i>	
Deferred tax asset on FV Loss on equity instruments designated at FVOCI	<u>(73)</u>

Reconciliation of the accounting profit to the tax expense for the year ended 31 December 2024 is as below;

	2024 AED'000
Accounting profit before tax	20,845
At United Arab Emirates' statutory income tax rate of 9%	1,876
Adjustments in respect of standard deduction as per the Law	(34)
Other adjustment	16
Income tax expense reported in the income statement	<u>1,858</u>
Effective tax rate	<u>8.91%</u>

Current and Deferred Tax reflected in the statement of financial position as follows;

	2024 AED'000
Deferred Tax Assets and Liabilities	
Deferred Tax Liability	(722)
Deferred Tax Assets	73
Deferred tax liability – net (note 14)	<u>(649)</u>
Current Tax	
Current tax liability (note 14)	<u>(1,136)</u>

23. Investment Income

	2024 AED'000	2023 AED'000
Profit on disposal of financial investments at FVTPL	-	15
Unrealised gain /(loss) on financial investments at FVTPL	(11)	42
Dividends from financial investments at FVTPL	-	23
Income from investment properties	5,832	7,798
Amortisation of investments at amortised cost	208	-
Profit on sukuk	1,842	1,488
Loss on sale of Sukuk at FVTOCI	(752)	(3,019)
Dividend from other financial assets	483	531
Income from wakala deposit	10,041	7,811
Loss on sale of investment properties	-	(3,181)
Profit on sale of asset	-	68
Profit on call account	93	-
Gain/(loss) on fair value of investment properties (note 12)	8,030	(6,475)
Expenses allocated to investment	-	(388)
	<u>25,766</u>	<u>4,713</u>
<i>Attributable to:</i>		
Participants	5,615	3,103
Shareholders	<u>20,151</u>	<u>1,610</u>
	<u>25,766</u>	<u>4,713</u>

24. Wakala fee and Mudarib's share

Wakala fees

Wakala fee for the year ended 31 December 2024 amounted to AED 44,229 thousand (2023: AED 31,293 thousand) the fee is calculated as percentage (range between 5% to 30%) of gross written contribution of AED 172,396 thousand (2023: AED 104,311 thousand) without any deduction of policy acquisition cost. Wakala fee is charged to the statement of income when incurred.

Mudarib's share

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

25. General and administrative expenses

	2024 AED'000	2023 AED'000
Staff cost	13,010	12,868
Third party administrators and other related expenses	5,354	4,116
Legal and professional fees	2,671	2,053
Expenses charged by Group head office	1,000	-
Depreciation and amortisation	941	1,190
Policy registration fees	746	920
Takaful expense	402	903
End of service benefits and pension	752	525
Marketing expenses	115	327
Bank charges	104	387
Short term lease	327	239
Board of directors' remuneration (note 9)	-	27
Other expenses	1,626	1,491
	27,048	25,046

Social contributions during the year ended 31 December 2024 amounted to AED 3,800 (2023: AED 7,607).

26. Segmental information

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

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

Except for Wakala fees, and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

26. Segment information (continued)

These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	31 December 2023			31 December 2023		
	Attributable to participants AED'000	Attributable to shareholders AED'000	Total AED'000	Attributable to participants AED'000	Attributable to shareholders AED'000	Total AED'000
Takaful						
Takaful revenue	121,616	-	121,616	126,584	-	126,584
Takaful service expenses	(84,105)	-	(84,105)	(152,272)	-	(152,272)
Allocation of retakaful contributions	(55,784)	-	(55,784)	(44,486)	-	(44,486)
Amounts recoverable from retakaful for incurred claims	52,561	-	52,561	28,402	-	28,402
Takaful finance expenses for takaful contracts issued	(2,357)	-	(2,357)	(1,098)	-	(1,098)
Retakaful finance income for retakaful contracts held	728	-	728	274	-	274
Net takaful profit/(loss)	32,659	-	32,659	(42,596)	-	(42,596)
Investment						
Wakala fees	(44,229)	44,229	-	(31,293)	31,293	-
Mudarib share	(1,685)	1,685	-	(931)	931	-
Other income	2,511	-	2,511	1,471	-	1,471
Investment income	5,615	-	5,615	3,103	-	3,103
	(5,129)	45,914	40,785	(70,246)	32,224	(38,022)
Investment						
Investment income	-	20,151	20,151	-	1,610	1,610
Other income	-	820	820	-	1,785	1,785
Policy acquisition cost	-	(13,863)	(13,863)	-	(16,857)	(16,857)
General and administration expenses	-	(27,048)	(27,048)	-	(25,046)	(25,046)
Profit/(loss) before tax for the year	(5,129)	25,974	20,845	(70,246)	(6,284)	(76,530)

26. Segment information (continued)

Other Information

	Takaful		Investment		Total
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000	
Segment assets	192,931	158,581	236,843	214,354	429,774
Segment liabilities	192,931	158,581	42,043	39,033	234,974
Capital expenditure (including intangibles)	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000	2023 AED'000
Depreciation and amortisation	-	-	242	218	218
	-	-	941	1,189	1,189

27. Earning Per Share

Profit/(loss) per share are calculated by dividing the loss for the year by the number of ordinary shares outstanding as of the end of the year as follows:

	2024	2023
Profit / (loss) for the year (in AED'000)	<u>18,987</u>	<u>(76,530)</u>
Number of ordinary shares outstanding	<u>154,000,000</u>	<u>154,000,000</u>
Basic and diluted profit/(loss) per share (in AED)	<u>0.123</u>	<u>(0.497)</u>

Diluted profit/(loss) per share as of 31 December 2024 and 31 December 2023 are equivalent to basic loss per share as the Company did not issue any new instrument that would impact loss per share when executed.

28. Zakat

For the year ended 31 December 2024, Zakat amounting AED per share will not be borne by the Company on behalf of shareholders AED 0.0042 per share (2023: AED 0.0029 per share).

29. Capital risk management

The Company's objectives when managing capital are:

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

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

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations. The Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	29,574	29,415
Minimum Guarantee Fund (MGF)	18,968	22,723
Basic Own Funds	170,913	154,146
MCR Solvency Margin - Surplus	70,913	54,146
SCR Solvency Margin - Surplus	141,339	124,731
MGF Solvency Margin – Surplus	<u>151,945</u>	<u>131,423</u>

In accordance with Circular number CBUAE/BIS/2023/6163 of CBUAE dated 15 December 2023, the assets which are not in the Company's name should not be considered as admissible in regulatory statement of financial position. In the reported solvency figures as at 31 December 2024 AED Nil (2023: AED Nil) as mentioned above, assets are not in the name of the Company and owned by a related party (refer to note 12).

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100,000 thousand (31 December 2023: AED 100,000 thousand) against which the paid up capital of the Company is AED 154,000 thousand (31 December 2023: AED 154,000 thousand).

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

30. Financial instruments

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

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

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

<i>Categories of financial instruments</i>	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Financial assets		
Investments carried at FVTOCI (note 5)	19,249	30,239
Investments carried at at FVTPL (note 5)	545	557
Investments at amortised cost (note 5)	83,171	-
Statutory deposits	10,000	10,000
Retakaful contract assets	51,920	17,166
Other receivables	6,230	4,994
Cash and bank balances (note 6)	141,832	204,163
Total financial assets	<u>312,947</u>	<u>267,119</u>
Financial liabilities		
Takaful & retakaful contract liabilities	182,261	149,297
Other liabilities	13,938	9,312
Total financial liabilities	<u>196,199</u>	<u>158,609</u>

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

31. Risk management

Takaful risk

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

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

Experience shows that the larger the portfolio of similar takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its takaful underwriting strategy to diversify the type of takaful

risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

Frequency and severity of claims

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

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

Frequency and severity of claims

The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED 1,500,000 (2023: AED 500,000) AED 30,000 (2023: AED 30,000) and AED 1,500,000 (2023: AED 1,000,000) in any one claim for motor, medical and other non-motor respectively. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually every year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

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

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

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

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

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

<i>Type of Risk</i>	<i>2024</i>	<i>2023</i>
Motor	<u>55.76%</u>	<u>226%</u>
Medical	<u>78.69%</u>	<u>101%</u>
General	<u>47.66%</u>	<u>16%</u>

Process used to decide on assumptions

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

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

Concentration of risks

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

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

<i>2024</i>	<i>Gross liabilities AED'000</i>	<i>Retakaful share of liabilities AED'000</i>	<i>Net liabilities AED'000</i>
Motor	63,145	(9,106)	54,039
Medical & group family takaful	36,498	(6,086)	30,412
General	82,379	(36,489)	45,890
Total	<u>182,022</u>	<u>(51,681)</u>	<u>130,341</u>
<i>2023</i>			
Motor	96,500	(1,564)	94,936
Medical & group family takaful	27,465	(8,142)	19,323
General	23,985	(6,113)	17,872
Total	<u>147,950</u>	<u>(15,819)</u>	<u>132,131</u>

Claims development table – Gross

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Accident year	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED	Total AED
At the end of accident year	95,750	78,268	119,224	137,496	124,862	555,600
One year later	88,751	74,944	120,825	108,482	-	393,002
Two years later	88,724	79,518	119,207	-	-	287,449
Three years later	90,692	76,505	-	-	-	167,197
Four years later	88,276	-	-	-	-	88,276
Current estimate of cumulative claims	88,276	76,505	119,207	108,482	124,862	517,332
Cumulative payments to date	(88,222)	(75,582)	(117,705)	(99,324)	(46,644)	(427,477)
	54	923	1,502	9,158	78,218	89,855
Effect of discounting						(2,648)
Effect of risk adjustment						3,244
Others						(3,325)
Total liabilities for incurred claims						87,126

Claim development table – Net

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

Accident year	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED	Total AED
At the end of accident year	61,389	64,498	98,800	120,114	73,041	417,842
One year later	56,497	61,638	102,347	95,860	-	316,342
Two years later	55,425	62,161	100,993	-	-	218,579
Three years later	55,469	61,414	-	-	-	116,883
Four years later	55,339	-	-	-	-	55,339
Current estimate of cumulative claims	55,339	61,414	100,993	95,860	73,041	386,647
Cumulative payments to date	(55,336)	(61,007)	(99,833)	(88,919)	(31,679)	(336,774)
	3	407	1,160	6,941	41,362	49,873
Effect of discounting						
Total liabilities for incurred claims						(4,156)
						45,717

Retakaful risk

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

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

Sensitivities

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

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

2024	Change in assumptions	Impact on net profit gross of retakaful AED'000	Impact on net profit net of retakaful AED'000	Impact on equity gross of retakaful AED'000	Impact on equity net of retakaful AED'000
Weighted average term to settlement	+10%	255	135	255	135
Expected loss	+10%	8,801	4,560	8,801	4,560
Inflation rate	+1%	26	14	26	14
Weighted average term to settlement	-10%	(255)	(135)	(255)	(135)
Expected loss	-10%	(8,801)	(4,560)	(8,801)	(4,560)
Inflation rate	-1%	(26)	(14)	(26)	(14)

2023	Change in assumptions	Impact on net profit gross of retakaful AED'000	Impact on net profit net of retakaful AED'000	Impact on equity gross of retakaful AED'000	Impact on equity net of retakaful AED'000
Weighted average term to settlement	+10%	273	191	273	191
Expected loss	+10%	9,619	6,985	9,619	6,985
Inflation rate	+1%	27	19	27	19
Weighted average term to settlement	-10%	(273)	(191)	(273)	(191)
Expected loss	-10%	(9,619)	(6,985)	(9,619)	(6,985)
Inflation rate	-1%	(27)	(19)	(27)	(19)

Financial risk

Market risk

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

Foreign currency risk

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

Credit risk

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

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

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

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

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

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

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

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

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

Liquidity risk

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

The table on next page summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given below:

2024	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI (note 5)	-	-	-	19,249	19,249
At FVTPL (note 5)	-	-	-	545	545
At amortized cost (note 5)	-	-	-	83,171	83,171
Statutory deposits	-	-	-	10,000	10,000
Retakaful contract assets	28,954	8,735	7,582	6,649	51,920
Other receivables	4,344	1,071	653	162	6,230
Cash and bank balances - profit bearing	22,428	27,560	83,452	-	133,440
Cash and bank balances - non-profit bearing	8,392	-	-	-	8,392
	<u>64,118</u>	<u>37,366</u>	<u>91,687</u>	<u>119,776</u>	<u>312,947</u>
Financial liabilities					
Takaful and retakaful contract liabilities	87,420	39,380	32,647	22,814	182,261
Other liabilities	8,100	1,692	1,941	2,205	13,938
	<u>95,520</u>	<u>41,072</u>	<u>34,588</u>	<u>25,019</u>	<u>196,199</u>

2023	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI (note 5)	-	-	-	30,239	30,239
At FVTPL (note 5)	-	-	-	557	557
Statutory deposits	-	-	-	10,000	10,000
Retakaful contract assets	17,166	-	-	-	17,166
Other receivables	2,979	1,308	234	473	4,994
Cash and bank balances - profit bearing	45,791	49,104	18,500	90,487	203,882
Cash and bank balances - non-profit bearing	281	-	-	-	281
	<u>66,217</u>	<u>50,412</u>	<u>18,734</u>	<u>131,756</u>	<u>267,119</u>
Financial liabilities					
Takaful and retakaful contract liabilities	149,297	-	-	-	149,297
Other liabilities	3,180	1,436	2,604	2,092	9,312
	<u>152,477</u>	<u>1,436</u>	<u>2,604</u>	<u>2,092</u>	<u>158,609</u>

Equity price risk

Sensitivity analysis

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Company's statement of income/comprehensive income would have increased/decreased by AED 861 thousand (2023: AED 951 thousand).

Method and assumptions for sensitivity analysis

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

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

32. Fair Value Measurements

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

Fair value of financial instruments carried at amortised cost

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

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

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2023.

Fair value measurements recognised in the statement of financial position

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques & key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	2024 AED'000	2023 AED'000				
Financial assets at FVTOCI						
Unquoted equity securities	7,795	8,698	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of investees, higher the fair value.
Unquoted equity securities	270	247	Level 3	Multiple base approach	Relative value	Higher the multiple based value of investees, higher the fair value.
Quoted debt Securities	11,184	21,293	Level 1	Quoted bid prices in an active market.	None	N/A
Financial asset at FVTPL						
Unquoted equity Securities	545	557	Level 3	Net assets valuation method	Net assets value	EV/EBITDA multiple for similar companies will directly impact the fair value calculation
Financial assets at amortised cost						
Quoted debt Securities	83,171	-	Level 1	Quoted bid prices in an active market.	None	N/A

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

33. Contingent Liabilities

	2024 AED'000	2023 AED'000
Letters of guarantees	<u>10,579</u>	<u>10,421</u>

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

34. Internal Sharia Supervisory Committee

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

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

35. Reclassification of Comparative Figures

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

To achieve better presentation, the Company's management has merged the intangible assets into the property and equipment on the Statement of financial position and in the corresponding note to the financial statements. Accordingly, the comparative figures of intangible assets for the year ended 31 December 2023 have been reclassified for consistency with the current year presentation.

31 December 2023	<i>As previously reported AED'000</i>	<i>Reclassification AED'000</i>	<i>As Reclassified AED'000</i>
Property & Equipment	1,054	408	1,462
Intangible assets	408	(408)	-
Total	1,462	-	1,462

36. Subsequent Events

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

CORPORATE GOVERNANCE

2024



CORPORATE GOVERNANCE REPORT FOR 2024

Corporate Governance System at Sukoon Takaful PJSC during 2024

Since the introduction of governance controls, Sukoon Takaful PJSC, has adopted this targeted and effective system, leading to the development of institutional work, upgrading disclosure and transparency requirements, establishing integrity in dealings, strengthening supervision and preserving shareholders' rights, improving performance, preserving the rights of the Insured, reducing potential risks and separating ownership and management, providing good management and skilled expertise.

The Board of Directors believes in strong corporate governance practices. Sukoon Takaful considers Corporate Governance very important to achieve sustainable long-term growth and prosperity for the company as the Board of Directors is committed to enhance the value of shareholders' rights while being aware of the interests of all the concerned parties, including but not limited to employees, clients, suppliers, business partners and the community where Sukoon Takaful carries on its business.

Based on this fact, the Board of Directors has continued to improve the corporate governance standards during 2024 in accordance with the "Chairman Resolution of Securities and Commodities Authority's no. (3) of 2020 Concerning approval of Public Joint Stock Companies Governance Guide" and the other relevant resolutions issued from time to time by the Securities and Commodities Authority "Authority". Furthermore during 2022 Central Bank UAE issued the Corporate Governance Regulations for Insurance Companies, to ensure that Companies' approaches to corporate governance are in line with leading international standards.

Sukoon Takaful is governed by a corporate governance framework that identifies the responsibilities and accountabilities for the Board of Directors, the Group Board Committees, the management team and the company's Compliance, and Internal Audit Functions.

Statement of ownership and transactions of the Board of Directors

Purchase and Sale of the Company's shares and transactions involving our securities by directors and officers and employees are governed by the Insider Trading Policy. The following table outlines the transactions (sale/purchase) by any of the Board members, their children or spouses in relation to Sukoon Takaful PJSC securities during 2024.

Member Name	Position /Relation	Owned shares as on 31/12/2024	Total Sale	Total Purchase
Saood Abdulaziz Abdulla Ahmad Al Ghurair	Chairman	None	None	None
Abdul Aziz Abdulla Al Ghurair	Vice Chairman	None	None	None
Rashed Saif Al-Jarwan	Board Member	None	None	None
Badr Al-Ghurair	Board Member	None	None	None
Jean Louis Laurent Josi	Board Member	None	None	None
Hammad Khan	Board Member	None	None	None
Louise O'Donnell	Board Member	None	None	None

Board Formation

A new Board of Directors was appointed on 18 May 2023, after the acquisition of 93.043% Shareholding of the company by Sukoon Insurance PJSC.

Name	Position	Category (Executive, Non-Executive, and Independent)	Experience	Qualifications	Period served as a BOD member of the Company since his first election date	Their memberships & positions in any other joint-stock companies	Their positions in any other important supervisory, governmental, or business entities
Saood Abdulaziz Abdulla Ahmad Al Ghurair	Chairman	Non-Executive/ Non-Independent.	Banking & Financial	Bsc Finance	1 year 7 months	N/A	<ol style="list-style-type: none"> 1. CEO of Masafi LLC 2. CEO of Investments 3. CEO of Hattan Group 4. CEO of Massar Investments- 5. Board Member at AL Ghurair Investments LLC
Rashed Saif Al-Jarwan	Board Member	Non-Executive/ Non-Independent	Gas/ Petroleum	Bachelor Degree in Petroleum and Gas Engineering	1 year 7 months	<ol style="list-style-type: none"> 1. Board Member at Mashreq Bank 2. Vice Chairman of Dana Gas 3. Board Member at Sukoon Insurance PJSC 	<ol style="list-style-type: none"> 1. Chairman of Al Ghurair Holding 2. Board member at Emirates General Petroleum Corporation (EMARAT)
Abdul Aziz Abdulla Al Ghurair	Vice Chairman	Non-Executive/ Non-Independent	Banking & Financial	Bachelor Degree in Industrial Engineering	1 year 7 months	<ol style="list-style-type: none"> 1. Chairman of Mashreq Bank PJSC 2. Board Member at Sukoon Insurance PJSC 	<ol style="list-style-type: none"> 1. Chairman of Dubai Chamber of Commerce 2. Chairman of UAE Banks Federation 3. Governing Council Member at Global Muslim Philanthropy Fund for Children in partnership with UNICEF and Islamic Development Bank 4. Chairman of AbdulAziz Abdullah Al Ghurair Refugee Education Fund 5. Chairman of Al Ghurair Investment 6. Chairman of Abdullah Al Ghurair Education Foundation

Name	Position	Category (Executive, Non-Executive, and Independent)	Experience	Qualifications	Period served as a BOD member of the Company since his first election date	Their memberships & positions in any other joint-stock companies	Their positions in any other important supervisory, governmental, or business entities
Badr Al-Ghurair	Board Member	Non-Executive/ Non-Independent	Properties	Bachelor Degree in Economics	1 year 7 months	Chairman of Sukoon Insurance PJSC	CEO of Carstaxi
Jean Louis Laurent Josi	Board Member	Non-Executive/ Independent	Financial Services	Bachelor Degree & Master in Administration and Management	1 year 7 months	CEO of Sukoon Insurance PJSC	None
Hammad Khan	Board Member	Non-Executive/ Independent	Financial Services	Bachelor of Science	1 year 7 months	Head of Finance of Sukoon Insurance PJSC	Chairman of Oman Insurance Management Services Ltd.
Louise O'Donnell	Board Member	Non-Executive/ Independent	Financial Services	Bachelor in Accounting & Finance	5 months	Head of Claims and Legal of Sukoon Insurance PJSC	Board Member at Oman Insurance Management Services Limited Board Member at Sukoon Workplace Savings Solutions Limited

a. Statement of the percentage of woman representation in the Board of Directors in 2024

Presently female representation in the Board of Directors is one female out of seven Board Members. The seat is filled by Mrs Louise O'Donnell

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

Not Applicable

c. Board of Directors Remuneration

In 2024, Sukoon Takaful shareholders did not approve any remuneration to be paid to the members of the Board of Directors for 2023. It is proposed that there will be no remuneration for the Board of Directors for 2024. This will be presented to the Shareholders at the upcoming Annual General Assembly Meeting for approval. In 2024, no allowances, salaries or additional fees were paid to the Board members.

d. Number of Board meetings held during the fiscal year 2024 and the relevant details.

Board Member	Board Meetings					
	Meeting 1 25-Jan-2024	Meeting 2 19-Mar-2024	Meeting 3 29-May-2024	Meeting 4 23-Jul-2024	Meeting 5 24-Nov-2024	Meeting 6 10-Dec-2024
Saood Abdulaziz Abdulla Ahmad Al Ghurair	✓	✓	✓	✓	✓	✓
Rashed Saif Al-Jarwan	A	AP	✓	✓	✓	✓
Abdul Aziz Abdulla Al Ghurair	✓	✓	A	A	✓	✓
Badr Al-Ghurair	✓	✓	A	A	✓	✓
Jean Louis Laurent Josi	✓	✓	✓	✓	✓	✓
Hammad Khan	✓	✓	✓	✓	✓	✓
Louise O'Donnell	Appointed in 18/07/2024.				✓	✓
Freda Diana Rego	✓	✓	✓	Resigned on 15 July 2024		

✓ Present in person

AP: Appointed another board member as a Proxy to attend on his behalf.

A- Absent with valid reason.

N/A- Not a Board Member at the date of the Meeting.

e. Number of the Board resolutions held during the 2024 fiscal year by circulation

- On May 7, 2024 a board resolution by circulation was done to approve the company's financial statements for the first quarter of 2024
- On October 1, 2024 a board resolution by circulation was done to approve the company's mid-year pricing and underwriting performance report for period ending 30th June 2025

f. Duties and functions of the Board of Directors carried out by the Executive Management pursuant to authorization from the Board to the Management, including the period and delegation of authority and powers.

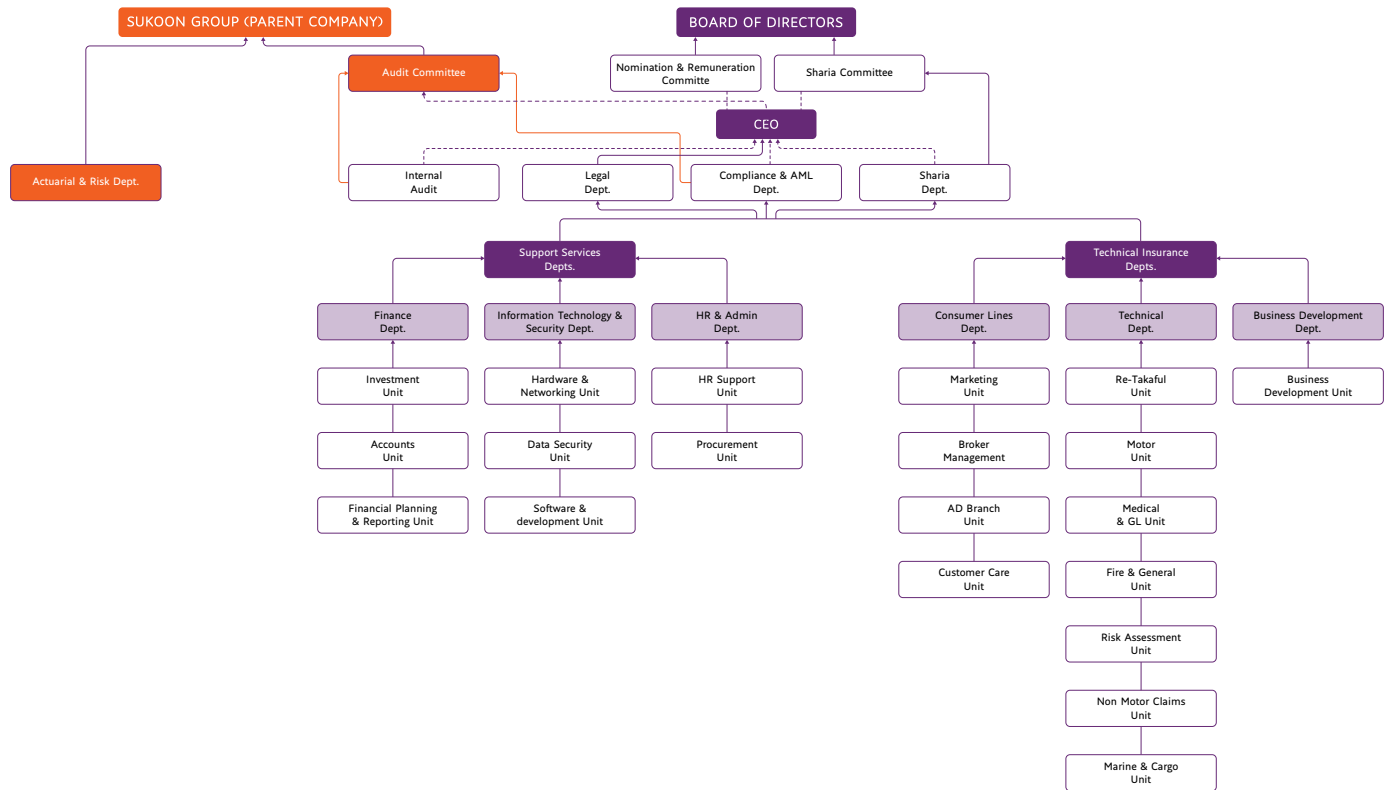
The CEO performs his duties pursuant to the authority delegated to him by the Chairman by virtue of a notarized power of Attorney. The CEO shall be supported by the management team who are responsible for managing the day-to-day business of Sukoon Takaful PJSC, in line with the Annual Action Plan approved by the Board of Directors.

Name	Delegated authorities	Term of delegation
Ahmed M.A. Abushanab (Appointed July 2023)	All the management duties that form part of the daily conduct of the Company's Business and the implementation of its purposes including, but not limited to, representation of the Company before governmental, non-governmental entities and third parties, the conclusion of contracts on behalf of the Company and monitoring the annual budget.	Unlimited unless cancelled

g. Statement of the details of transactions made with the related parties during 2024

From 01/01/2024	
Transactions with related parties:	AED'000
Retakaful share of ceded business	6,965
Commission on Retakaful share of ceded business	59
Gross written contribution	2,188
Other transaction	1,959
Recovery claims	819

The complete organizational structure of the company



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

Sr. No.	Position	Appointment Date
1	CEO	2024
2	Finance Dept. Manager	2003
3	Operation Manager	2016

Total salaries and benefits for the Companies Senior Management during 2024 was AED 1,562,279 (including gratuity and rewards).

i. Assessment of the Board of Directors

An internal assessment of the Board was completed internally for the year 2024 and the results were reviewed at the Board Nomination and Compensation Committee where it was concluded that the Board continues to operate effectively while also identifying some areas for improvement.

Company's External Auditor

a. Overview of the Company Auditor

Ernst & Young (EY) undertakes the external audit of the company, which is one of the international companies accredited in the country and they have been auditing the companies since the year 2024, when they were selected by the shareholders in General Assembly held on 29/03/2024.

EY's independence from the company and its board of directors has been ascertained, and they perform audit work in accordance with applicable international standards. Their primary work is to ensure the correctness of the financial statements and monitor the company's accounts for the fiscal year.

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

Number of years the auditor served as the company's external auditor	
Number of years the auditor served as the company's external auditor	1 Years
Total Auditor fees of 2024 (AED)	AED 485,000
Fees and costs of other private services other than auditing the financial statements for 2024(AED), if any, and in case of absence of any other fees, this shall be expressly stated	No other services
Details and nature of the other services (if any), if there are no other services, this matter shall be stated expressly	No other services
Statement of the other that an external auditor other than the company accounts auditor provided during 2024(if any), in the absence of another external auditor, this matter is explicitly stated.	No other services

c. Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2024

No reservations or exceptions have been included by the external auditors within the Interim or the Annual Financial Statements of 2024

Audit Committee (AC)

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

In 2024, the Audit Committee was operated by the Parent company Sukoon Insurance PJSC.

b. Audit Committee Composition

The Audit Committee of Sukoon Insurance PJSC (the parent company) is formed of one Non-Executive Board member and two experts in internal audit & compliance, who are not Board members

The Audit Committee is governed by the Audit Committee Charter of Sukoon. The Audit Committee Charter outlines the purpose, authority, roles and responsibilities of the Audit Committee and is reviewed and updated annually.

c. Audit Committee Purposes

The Audit Committee is constituted as a Committee of the Board of Sukoon (the Parent Company).

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities for the Group, mainly (a) reviewing the Internal Controls, Risk Management System, Regulatory Compliance, and integrity of the Financial Statements, (b) the External Auditors' qualifications & Independence; and (c) the performance of the Internal Audit Department.

d. Audit Committee Responsibilities

The Board of Directors shall identify the scope of the Audit Committee responsibilities outlined in the Audit Committee Charter. The broader areas of Audit Committee responsibilities are:

- Internal Control, Risk Management System and Regulatory Compliance
- Financial Information Review
- Relations with External Auditors
- Internal Audit Department
- Compliance
- Reporting Responsibilities
- Other responsibilities as directed by the Board of Directors, including annual review of Audit Committee Charter for approval by the Board.

e. Audit Committee Meetings during 2024

The Audit Committee of Sukoon Insurance PJSC held 4 quarterly meetings during 2024. For each meeting, the Committee received the meeting agenda along with the presentation deck. Default agenda items included Internal Audit update, Compliance update and External Auditor's quarterly report to the audit committee on financial statements are presented. Internal Audit presented the status of open audit issues, overdue issues if any as well as management timeline for remediation of issues. Where audit committee was not satisfied with the timeline for issue remediation, they had advised management for timely resolutions.

f. Relations with External Auditors and Actuarial Experts

The Audit Committee met with representatives of Ernst & Young (EY) at each Board Audit Committee held in 2024. The main agenda items were to approve the financial statements, external audit plan, scope and timelines for the year 2024, and also to discuss status updates.

g. Audit Committee Meetings Attendance Record for the year 2024:

Meeting 1	7 March 2024
Meeting 2	28 May 2024
Meeting 3	9 September 2024
Meeting 4	12 December 2024

h. Actions taken or planned by the committee to address any deficiencies or weaknesses in the event of failures in internal control or risk management.

Audit Committee in all meetings review issues and status of management action presented by internal audit and compliance. Any delays noted in remediating risks are adequately followed up with the management for prompt action.

i. Evidence that the committee has reviewed all internal audit reports with medium and high risks, issued from the internal audit, to determine whether they stem from significant violations or weaknesses in internal controls.

Internal audit department presented the status of audit, key audit results, key audit issues and status of all open audit action items, overdue action items if any in the audit committee meetings for audit committee review. A sample report of key audit results and open action items status presented in 2024 have been provided separately.

j. Comprehensive information about the corrective action plan to address substantial deficiencies in risk management and internal control systems.

Audit and Compliance identified key issues were reviewed by the audit committee in the quarterly meetings along with their management remediation plan and status of implementation of corrective action. Any overdue items are questioned by the committee for prompt action from the management.

Nomination and Remuneration Committee “NRC”

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

The chairman of the Nomination and Remuneration Committee within Sukoon Takaful PJSC hereby acknowledges his responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. NRC Composition

The NRC committee of Sukoon Insurance PJSC is formed of one Chairman and two Board Members. All of them non-Executives.

Name	Position
Jean Louis Laurent Josi	Chairperson
Badr Al Ghurair	Committee Member
Freeda Rego (Resigned in July 2024)	Committee Member
Louise O'Donnell (Appointed in September 2024)	Committee Member

c. NRC Duties and Responsibilities

The key tasks and responsibilities of the Nomination and Remuneration Committee of Sukoon Insurance PJSC are:

- Annually assess members of the Board and make recommendations regarding possible changes.
- Implement procedures for the nomination of Board Members as per regulations and the Corporate Governance Manual.
- Ensure that a minimum of one candidate for consideration for the Board to be female.
- Identify and assess fitness and propriety of candidates for the Board and Senior Management.
- Monitor the independence of Board members and ensure that the minimum independence requirements of the Board are met.
- Ensure the existence of an appropriate and updated plan for the continuation and succession of the work of the company's Board chairs of the Board of Directors committees as well as key senior executives.
- Define the parameters for granting remuneration, to members of the Board of Directors.
- Ensure that Senior Executive remuneration is linked with the medium- and long-term performance of the company.
- Annually review the Company's and Senior Executive Performance.
- Periodically review the comprehensive remuneration policy of the Group and determining if it is appropriate.
- Periodically review the comprehensive HR policy of the Company.

d. Number of meetings held by the Nomination and Remuneration Committee during 2024.

One meeting was held on 1 October 2024 with the presence of all the members.

Committee concerned with following up and supervising transactions of the "Insiders" persons.

a. Committee Members

Committee members are as follows.

Name	Position
Dima Fakhoury	Member
Sunil Kumar	Chairperson

Mr Sunil Kumar and Mrs. Dima Fakhoury, members of the Insiders Committee within Sukoon Takaful PJSC, hereby acknowledge their responsibility for the Committee system within the Company, reviewing its work mechanism and ensuring its effectiveness.

b. Statement of duties and responsibilities

The Insiders Committee oversees the implementation of an effective process to regularly maintain an updated register for Insiders and monitor their adherence to the Insiders' trading policy and shall have the following duties.

- Prepare a special and comprehensive register for all Insiders, who are entitled or have access to the Company's internal information prior to publication.
- Manage, monitor and supervise the transactions of Insiders and their ownerships if any and keep a special register therefor.
- Notify the Authority and the Market of the updated list of Insiders upon their request and of any amendments thereto during the financial year.
- Comply with any other requirements as determined by the Authority.
- During 2024 the Committee continued to maintain and update the register of Insiders and notify to Dubai Financial Market any change in the register

c. Meetings

The Insiders Committee meets as frequently as it determines, but at least once every year. Additional meetings may be requested by any Board member and a quorum shall consist of majority of Committee members. During the year of 2024, the yearly meeting was held on August 2 at Sukoon's head office (the parent company) to discuss and update the list of insider persons and disclose it on DFM within the set timeline. Both Members were present in the Meetings

Internal Shari'a Supervision Committee (ISSC)

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

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

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

ISSC Members	Position
Dr. Yousef Alshubaily	Chairman
Dr. Abdul Salam Kilani	Member
Mr. Moosa Khoory	Member

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

c. ISSC Committee Purposes

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

d. ISSC Committee Responsibilities

The Board of Directors shall identify the scope of the ISSC responsibilities outlined in the ISSC Charter. The broader areas of ISSC responsibilities are:

- Reviewing the Takaful Insurance operating model, underlying contracts and supporting materials (e.g., underwriting and claims settlement manual/guidelines etc.).
- Reviewing and approving the policy and procedures that govern Takaful Insurance Accounts (e.g., segregation of accounts and transparent financial resources flow between the accounts etc.), surplus distribution, and deficit coverage.
- Reviewing and approving the Company's products, services, and marketing materials.
- Reviewing and approving the investment policy and the Sharia screening criteria to ensure the compliance of the investment activities in both shareholders' accounts and participants' accounts, the with the Islamic Sharia Provisions.
- Reviewing and approving the Reinsurance/ Retakaful agreements concluded by the Company to ensure their compliance with the Islamic Sharia Provisions.
- Reviewing the Zakat calculation and specifying the amount of Zakat due on each share of the Company.
- Reviewing the charity account before granting the approval for disposal.
- Reviewing the financial statements of the Company to ensure compliance with Islamic Sharia Provisions.
- Preparing an annual Sharia report.

e. ISSC Committee Meetings during 2024

The ISSC held 4 quarterly meetings during 2024.

For each meeting, the Committee received the meeting agenda along with the presentation deck. Default agenda items included approval of previous minutes of meeting, updates about implementation of ISSC resolutions, approval for decisions of executive member of ISSC, review of the Sharia compliance of the company and discussion of questions related to Sharia

f. ISSC Meetings Attendance Record for the year 2024:

Committee Member Name	Meetings 1	Meetings 2	Meetings 3	Meetings 4
	22-Jan-24	14-Jun-24	14-Oct-24	10-Dec-24
Dr. Yousef Alshubaily	✓	✓	✓	✓
Dr. Abdul Salam Kilani	✓	✓	✓	A
Mr. Moosa Khoory	✓	✓	✓	✓

(✓) Present in person – (A) Absent with valid reason

Internal Control System.

Sukoon's Takaful Board of Directors is responsible for the internal control system in the Company and has established processes and procedures which are designed to ensure the accuracy and reliability of financial information, safeguard assets, regulatory compliance and promote operational efficiency. The internal control system assesses on an ongoing basis whether the controls are adequate and operating effective as planned. Moreover, the control system is designed to monitor if the management has taken action to address any deficiencies or weaknesses that are detected. In 2024, the Internal Control system has not identified any significant issues in the Company.

a. Internal Auditor

In 2024, the internal audit consultants were replaced by a newly established inhouse Internal Audit function, overseen by the Sukoon Insurance Audit Committee. Internal Audits were performed in accordance with the approved audit plan, and the audit results and management action for remediation of risks and changes in internal controls were reported to the management and audit committee for improving the internal control system.

In 2024, the company didn't face or identify any significant issues that required the intervention of the Internal Audit function, which in case of occurrence, review them in accordance with the nature of the issue and report to the Board /Audit Committee of the facts and solutions.

b. Details of the violations committed during 2024.

Sukoon Takaful didn't commit any violations during 2024 or during the previous years.

c. Contribution made by the company during 2024 in developing the local community.

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

In addition to the above, the company has several social, charitable, sports, and environmental contributions. In 2024 the company supported and sponsored several activities for governmental, social, educational, and environmental agencies, translating it into the concept of community service.

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

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

General Information

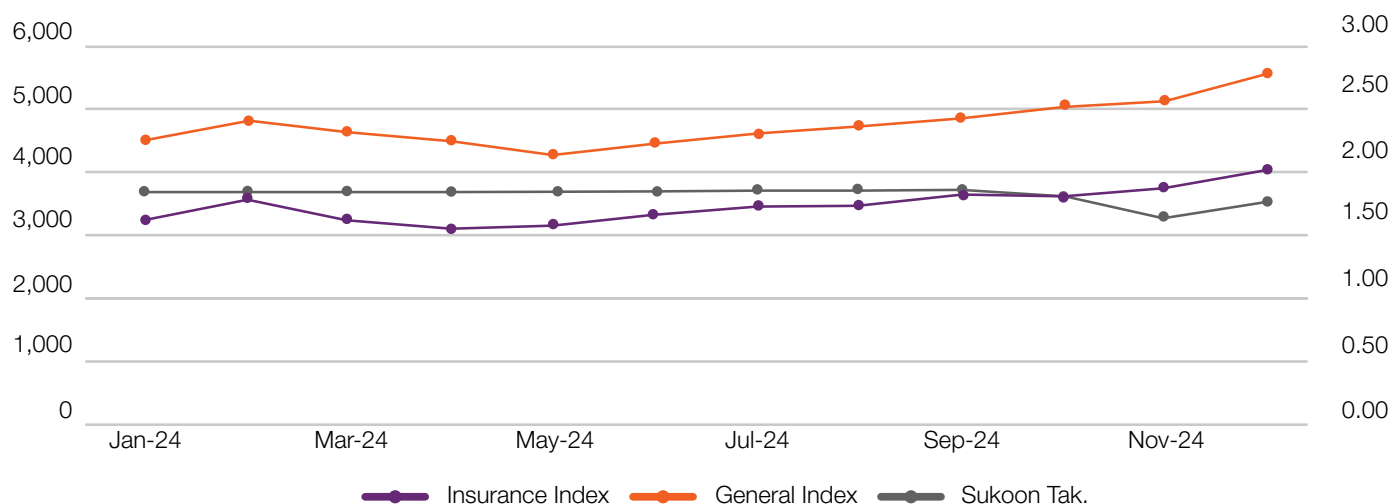
a. Statement of the company share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2024.

SUKOON TAKAFUL		
Month	Open	Close
Jan-24	1.59	1.65
Feb-24	1.65	1.65
Mar-24	1.65	1.65
Apr-24	1.65	1.65
May-24	1.65	1.65
Jun-24	1.65	1.60
Jul-24	1.60	1.65
Aug-24	1.65	1.65
Sep-24	1.65	1.65
Oct-24	1.65	1.65
Nov-24	1.65	1.50
Dec-24	1.50	1.55

b. Statement of the company comparative performance with the general market index and sector index to which the company belongs during 2024.

Month	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024
Insurance Index	2,995	3,178	2,996	2,904	2,806	2,892	3,123	3,170	3,285	3,278	3,382	3,479
General Index	4,169	4,309	4,246	4,156	3,978	4,030	4,268	4,325	4,503	4,591	4,847	5,159
SUKOON TAKAFUL	1.65	1.65	1.65	1.65	1.65	1.60	1.65	1.65	1.65	1.65	1.50	1.55

SUKOON TAKAFUL PJSC



c. Statement of the shareholder's ownership distribution as of 31/12/2024 (individual, companies, government) classified as follows:

Shareholder Class	Company	Individual	OMNIBUS ACCOUNT	Grand Total	%
Arab		35,065		35,065	0.023%
Foreign		6,587	2,000	8,587	0.006%
Local	145,697,635	8,258,563	150	153,956,348	99.972%
Grand Total	145,697,635	8,300,215	2,150	154,000,000	100.000%
	94.609%	5.390%	0.001%	100.000%	

d. Statement of the shareholders owning 5% or more of the company's capital as of 31/12/2024 according to the following schedule.

Serial No.	Names of the shareholders	Number of shares Held	% of Shares Held of the Company's capital
1	Sukoon Insurance	145,697,631	94.61%

e. Statement of the distribution of the shareholders according to the size of their ownership as of 31/12/2024

Sl	Share(s) Owned	No of Shareholders	No. of Share	% Of the shares held
1	Less than 50,000	37	221,194	0.14%
2	50,000 - 500,000	7	1,210,810	0.79%
3	500,000 - 5,000,000	4	6,870,365	4.46%
4	Above 5 Million	1	145,697,631	94.61%
	Grand Total	49	154,000,000	100.00%

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

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

Investor relations contact details:

Mr Sunil Kumar: Investor relations.

Email: sunil.kumar@sukoontakaful.com

Contact Number: +971 (04) 282 4403.

g. Statement of the important disclosures that were presented at the AGM held during 2024 and the measures taken in their regards.

The following key items were disclosed and presented at the AGM in 2024:

- Changing of the legal name of the company from ASCANA to Sukoon Takaful PJSC
- Amending the AOA of the company in line with the applicable laws and regulations issued by the regulatory and relevant authorities.
- Approving the acquisition of Sukoon Insurance PJSC of up to 6.95% of the issued and paid-up ordinary shares of the company
- Presenting a recommendation to approve the company's board of directors' proposal to accept the acquisition offer of Sukoon Insurance PJSC of Sukoon Insurance PJSC of up to 6.95% of the company's issued and paid-up ordinary shares.
- Authorizing the board of directors- or any person authorized y the board of directors to make any decision in the name of the company and take any action that may be necessary to implement the acquisition process.

h. Name of Corporate Secretary in charge of the Board of Directors Meetings & Date of Appointment:

Mrs. Dima Fakhoury was appointed the board secretary on the 24th May 2024 (replacing Mrs Lamia Zouairi),she also was certified as a Board of Directors Secretary from Hawkamah in 2024.

Dima Fakhoury is a Compliance and Risk Management Leader with over 16 years of experience, including 12 years of leading the Compliance functions in the financial services sector. She has led regulatory compliance strategies, risk assessments, and corporate governance initiatives, working closely with regulators and ensuring governance excellence and compliance with evolving regulations. She holds a Master's in Management from Ecole Superieure des Affaires and IAE Poitiers, a BSc in Mathematics from American University of Beirut, and multiple certifications, including Compliance, Risk Management, and Board Secretary (Hawkamah, 2024).

i. Detailed statement of major and important disclosures that the company encountered during 2024.

Acquisition of 94.61% of Share Capital of Sukoon Takaful PJSC by Sukoon Insurance PJSC

j. Statement of Emiratization percentage in the company at the end of 2021, 2022, 2023 and 2024.

Year	Emiratization Ratio
2021	7%
2022	10%
2023	18%
2024	22%

k. Statement of innovative projects and initiatives carried out by the company or being developed during 2024.

This year has been truly monumental, particularly following our acquisition by Sukoon Insurance. We have undertaken a comprehensive assessment of our operations to identify inefficiencies and implement strategic measures to enhance operational efficiencies.

Significant progress has been achieved in the following areas:

Takaful Portfolio Optimization: Focused measures have been implemented to strengthen the portfolio, accompanied by solvency bolstering initiatives such as the divestment of non-core assets.

Rebranding Initiative: We have successfully rebranded the company as Sukoon Takaful, aligning ourselves with our parent company's brand identity and reinforcing our market presence.

A (Stable) Rating by S&P: This notable achievement is a testament to our financial strength, stability, and forward-looking approach.

l. Statement of cash and in-kind contributions made by the company during 2024 for community development and environmental conservation

In 2024, we reinforced our commitment to corporate social responsibility by partnering with Senses Residential and Day Care for Special Needs, supporting children with disabilities through educational and recreational activities.

Our team fostered a meaningful connection with the center, promoting inclusivity and community support. This endeavor exemplifies our unwavering dedication to driving substantive change within the community while championing the vision of an inclusive and equitable future.

We also introduced employee wellness programs, including breast cancer awareness seminars, mental health initiatives, and participation in Dubai's 30x30 fitness challenge. Structured nutritional guidance further enhanced overall well-being.

On the environmental front, we implemented sustainability initiatives such as waste reduction, recycling drives, a ban on single-use plastics, energy-efficient LED lighting, and a carpooling program to cut carbon emissions.

Mr Saood Abdulaziz Abdulla Ahmad Al Ghurair

Chairman of the Board of Directors

Signature:



Mr. Jean-Louis Laurent Josi

Chairman of Nomination & Remuneration Committee

Signature:



Mr. Nabeel Waheed

(On behalf of Sukoon Insurance PJSC the parent company)

Chairman of Audit Committee of Sukoon

Signature:



Mr. Biju Varma

Head of Internal Audit

Signature:



SUSTAINABILITY REPORT

2024



REPORTING

SCOPE

This is the fifth Sustainability Report for Sukoon Takaful PJSC (“Sukoon Takaful”), which covers the period from January 1 to December 31, 2024, unless stated otherwise.

Sukoon Takaful PJSC, is a public joint stock company, registered in the Emirate of Dubai. The Company’s headquarters is on the 3rd floor of Al Kazim Group building, in Al Garhoud area, Deira, P.O. Box 1993 in Dubai.

The company is licensed by the Ministry of Economy under License No: 206742 and registered with the CBUAE under number 006.

Sukoon Takaful PJSC has been listed on the Dubai Financial Market (DFM) since July 12, 2005.

The Company’s principal activities are in the UAE where it operates through its Dubai headquarters along with one branch in Abu Dhabi, as of December 31, 2024.

The Company is a subsidiary of Sukoon Insurance PJSC and holds 94.6% of its shares, as a result of an acquisition completed in May 2023.

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

This report covers Sukoon Takaful PJSC and does not cover the holding company or its various subsidiaries. It only reflects the company’s UAE operation.

ABOUT US

Sukoon Takaful, operates as a Sharia-compliant insurance provider offering a comprehensive range of Takaful solutions, including property, motor, family, marine and general accident coverage. In 2023, the company – formerly known as Arabian Scandanavian Insurance Company (ASCANA) – was acquired by Sukoon Insurance PJSC, leading to its rebranding as Sukoon Takaful. And it has become a fully national entity and a publicly listed company (PLC).

Today, we are a subsidiary of Sukoon Insurance PJSC and operate under the supervision of the UAE Central Bank's Insurance Supervision Department, Dubai Financial Market (DFM), and the Securities and Commodities Authority (SCA). We are a key player in the Dubai Financial Market and the world's first insurance company to transition entirely from conventional to Takaful operations.

Our vision is to be the leading and most trusted Takaful provider by offering innovative, Sharia-compliant solutions that protect our stakeholders and contribute to the UAE's national growth. Reflecting our financial strength and commitment to excellence, we have earned an 'A' credit rating from Standard & Poor's.

We offer a comprehensive range of Takaful insurance solutions, including coverage for property, liability, general accidents, motor, medical, marine, and group life insurance. Our operations are overseen by a seven-member Board, including the Chief Executive, while Shariah compliance is ensured by a dedicated three-member Shariah Board.

With a team of skilled professionals specialising in underwriting and risk management, we serve clients across the UAE. Headquartered in Dubai, we cater to Dubai and the Northern Emirates, providing reliable and ethical insurance solutions.

Our ESG Mission

We are committed to a clear and strategic path for sustained, profitable growth while maximising value for our stakeholders. By operating within our defined risk appetite, we ensure stability and long-term success.

As an entrepreneurial organisation, we embrace our responsibility to uphold transparency, sustainability, and ethical business practices. Our commitment extends beyond financial performance—we recognise our duty to contribute positively to society, fostering economic and social well-being.

Our goal is to position our national company at the forefront of the global insurance industry by adhering to international standards. Through innovation, efficiency, and adherence to best practices, we strive to set benchmarks for excellence while maintaining our unique identity and values.

Our Values

Engagement

Through understanding and responding to our stakeholder's needs.

Excellence

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

Sustainability

Through balance in economic, societal and environmental development.

Integrity

Through uncompromising commitment to transparency and ethical principles.

ABOUT THE REPORT

Sukoon Takaful is dedicated to protecting individuals and businesses from unexpected risks by offering reliable insurance solutions and exceptional support.

This year, we have reinforced our commitment to conducting business in a way that not only benefits our shareholders but also positively impacts people and the environment. As part of this effort, we are proud to present our fourth sustainability report, highlighting our progress in environmental, social, and governance (ESG) initiatives for 2024.

Our report follows the Global Reporting Initiative (GRI) Standards: Core option, the world's most widely recognized ESG reporting framework. This reflects our dedication to transparency, accountability, and aligning with best industry practices to drive meaningful and sustainable change.

This Annual report published presents our environmental, social & governance performance, and focuses on our commitment, results, and future goals, enabling us to communicate our sustainable performance to our stakeholders.

Defining The Content

Our 2024 Sustainability Report presents a clear and balanced overview of our sustainability performance, ensuring transparency and accountability to all our stakeholders. We remain committed to publishing an annual report to track our progress and build on the foundations laid in previous years, following the release of our 2023 report.

External Assurance

We believe true transparency comes from sharing comprehensive, credible, and comparable information. To uphold this standard, we have once again submitted our 2024 Sustainability Report for external assurance by an independent provider, in line with International Assurance Standards. This reinforces our dedication to accuracy, reliability, and continuous improvement in our environmental, social, and governance (ESG) initiatives.

THE CEO'S MESSAGE

It brings me great pleasure to present the second chapter of Sukoon Takaful PJSC ("Sukoon Takaful's") Sustainability Report for 2024, showcasing our unwavering commitment to best practices and dedication to creating long-term value for our stakeholders.

In 2024, we continued to embed sustainability into the core of our business operations, guided by our fundamental values of transparency, integrity, and innovation. Our dedication to social responsibility remained a key focus.

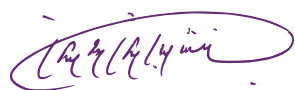
We were honored to visit the Senses Center in Dubai, an organization dedicated to fostering inclusivity and providing opportunities for everyone, particularly People of Determination, to flourish. As strong advocates for mental health, we also organized an engaging art therapy session for our employees, offering a creative outlet for self-expression and promoting overall well-being. We are dedicated to significantly investing in our social efforts in the coming years to build resilience and empower individuals and communities.

We firmly believe that strong financials and robust governance are the cornerstones of a sustainable business. In 2024, we further strengthened our governance framework to ensure even greater accountability and transparency across all our operations.

Looking ahead, we remain steadfast in our commitment to driving sustainable growth and creating shared value for all our stakeholders. We will continue to innovate and adapt to the evolving needs of our customers, employees, and the communities we serve.

We are confident that our sustained efforts will continue to yield positive outcomes for our stakeholders as we invest in our people and contribute to society through environmental stewardship, effective governance, transparency, and impactful social responsibility initiatives.

Thank you for your continued support and trust in Sukoon Takaful.



Ahmed M.A. Abushanab
Chief Executive Officer (CEO)
Sukoon Takaful



SUSTAINABLE DEVELOPMENT GOALS

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Resilient Sourcing	★			★									★	★			★
Safe & Sustainable Sites							★				★						
Climate Change & Energy				★							★				★		
Professional Excellence	★										★				★		
Sustainable Profit Portfolio			★			★									★		
Business Driven Innovation						★					★					★	
Valuing Customer Relations			★														
Total SGD Contribution	★	★		★	★	★	★			★							★

Sustainability Highlights

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

In 2024, the Company invested time & effort to help identify Environmental, Social, and Governance (ESG) best practices across all those functions & activities that are the most impactful to business activities, and • **Low Density** • **Medium Density** • **High Density** as a Takaful insurance organisation. The 2024 sustainability report reflects the first step in our journey to provide a transparent report on the ESG metrics, and practices that define our long-term growth and success. Furthermore, it ensures that we will continue to engage our stakeholders in our ESG conversation.

Business overview

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

GOVERNANCE AND RISK MANAGEMENT

With our strong corporate governance framework, we diligently follow local regulations and laws, while maintaining a robust corporate governance framework

Sukoon Takaful considers corporate governance as a critical element in creating a sound working environment that supports achieving the overall long-term goals for all stakeholders. Risk management & Corporate Governance is key to making us perform sustainably.

Governance structures are put well in place to reduce and manage risk in line with achieving Sukoon Takaful's strategic objectives and to contribute to building strong ESG goals and action plans.

There are key policies which are outlined in the policy section which support us in operating a dynamic risk and governance framework. Furthermore, there are audits done by external and internal experts to ensure adherences to best practices

Pillars of corporate governance framework

a. Board of Directors

- Active
- Independent
- Non-executive

b. Committees

- Audit Committee (of Sukoon Insurance PJSC – the parent company)
- Nomination & Remuneration Committee
- Shari'a Committee

c. Internal Control System

- Compliance
- Risk Management of the Group
- Internal Audit



Dotted Rectangles: Group Level | Solid Line Rectangles: Entity level

The Board of Directors

The Board members have been appointed by the holding company, SUKOON Insurance PJSC and approved by CBUAE and SCA.

Our Board of Directors meets at least 6 times a year. Responsibility for administrating all-risk policies and management of risk are delegated to the Executive management.

The Board is appraised on a regular basis to significant risks for Sukoon and manages overall response plans. Board Member evaluation is conducted on annual basis as part of our commitment to corporate governance principles.

Board Committees

The Company Board of Directors and Executive Committees of Sukoon Insurance PJSC (the parent company) have an active role in the implementation and supervision of the governance framework of Sukoon Takaful. Three committees are responsible for the oversight of Sukoon Takaful which are Audit committee of Sukoon and Nomination & Remuneration committee , in addition to the Shari'a committee. The audit committee and the Shari'a committee meet on quarterly basis and when needed while the nomination and remuneration committee meet at least once per year and as and when needed. The Committees are governed by defined Terms of References for smooth functioning and effectiveness.

Business Principles, Ethics & Compliance

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

RISK MANAGEMENT AND COMPLIANCE POLICIES

At Sukoon Takaful, maintaining a robust governance framework is central to our operations, ensuring comprehensive oversight and control at every level of our structure. This is achieved through the Risk Management Policies and Committees of Sukoon's Group, which provide essential guidance and support.

Sukoon Insurance PJSC, the parent company, has established two levels of risk committees: the Board Risk Committee (BRC) and the Executive Risk Committee (ERC). These committees ensure that adequate and reasonable reserves are maintained for insurance exposures and that the credit risk associated with insurance receivables and reinsurance recoverable is appropriately managed. The Group's oversight and support play a crucial role in these processes, helping to maintain high standards of risk management.

Compliance Function

Sukoon's compliance policies (the parent company) are aimed to guide employees to a higher ethical standard, support the organization in its strategies, and ensuring compliance to local & international regulatory guidelines.

The compliance policies of the Group are reviewed and updated annually and/or as when needed. The key focus areas are Anti Money Laundering and counter Terrorist financing ("AML & CFT"), Trade and economic Sanctions, code of conduct, conflict of interest, Anti-Bribery and corruption and Gifts and entertainment.

Rating And Certifications

Rating

In 2024, we have achieved S&P Rating "A" outlook stable, one of the most critical certifications that support accomplishing our goals and continue to improve our business operation.

Certificates

Also, in 2023, we have obtained the certification for successfully completing the ADHICS audit and found to be compliant with the Abu Dhabi Healthcare Information Cyber Security Standards (ADHICS), which is confirming our commitment towards the governance.

DIGITAL TRANSFORMATION

Change is happening faster than ever, and the pandemic has significantly accelerated digital transformation strategies worldwide. Customers now expect innovation to progress at the same rapid pace.

In 2024, the Company established strategic priorities to continue its digital transformation journey. The focus has shifted toward maintaining operations that are not only innovative but also efficient, scalable, sustainable, and secure.

Key objectives include:

- 1. Enhancing Operational Efficiency:** Streamlining processes to deliver superior customer experiences while minimizing overhead.
- 2. Scalable Growth:** Implementing solutions that support the Company's growth trajectory without compromising performance or reliability.
- 3. Sustainability Focus:** Integrating eco-friendly practices and technologies to align with global sustainability goals.
- 4. Strengthening Security:** Ensuring robust protection for our digital assets and customer data to build trust and resilience.

Understanding the prevailing and future digital trends is crucial for shaping our business strategies and staying competitive. These trends guide the adjustment of operating models and inform technology investments aimed at reducing fraud, minimizing waste, and lessening environmental impact, all while driving sustainable growth.

We have conducted an in-depth study and analysis of the latest market data to identify the digital transformation trends shaping the strategies of leading businesses. This approach ensures that our focus aligns with innovation, operational efficiency, and sustainability, enabling us to effectively respond to evolving market demands and opportunities.

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

Investing in key areas is vital to drive operational excellence and foster sustainable growth:

- 1. Automation:** Enhancing resource utilization and operational efficiency by implementing automation solutions. This streamlines processes, reduces manual intervention, and accelerates productivity.
- 2. Cybersecurity:** Strengthening defences against increasing threat complexity through integrated security measures. A proactive approach ensures robust protection of sensitive data and systems, safeguarding the organization and its stakeholders.
- 3. Total Experience Strategies:** Focusing on comprehensive strategies that enhance customer satisfaction and employee engagement. By aligning customer experience with employee satisfaction, the organization can drive higher retention rates and foster loyalty.

These strategic investments position the organization to innovate effectively while addressing key operational and security challenges in a rapidly evolving digital landscape.

Data Privacy & Security

Safeguarding data through strict information security policy

At Sukoon Takaful, protecting the personal information of our customers, employees, and stakeholders is paramount. With a robust **information security policy** in place, we strive to meet the highest standards in data privacy and ensure compliance with stringent regulations.

Our Commitment to Privacy

We recognize the evolving landscape of data protection laws and have established a comprehensive privacy framework, underpinned by five core principles:

1. Reasonable Care: Handling data with diligence and integrity.
2. Purpose Limitation: Ensuring data is used strictly for intended purposes.
3. Reasonable Restriction: Applying access controls to limit exposure.
4. Transparency: Maintaining openness about data usage, storage, and privacy measures.
5. Openness & Consent: Advocating for informed choice, privacy by design, and clear consent practices.

Transitioning from Implementation to Operations

As our data privacy program matures, we emphasize:

- Monitoring: Regular audits to validate compliance across entities.
- Governance: Adhering to defined privacy processes and principles.
- Risk Management: Assessing and mitigating data protection risks at all processing levels.

Targets for Data Protection

- Identify and address data risks during processing.
- Develop risk-based strategies to mitigate vulnerabilities.
- Continuously update our privacy framework in line with regulatory shifts and judicial rulings.

Key Achievements in 2024

1. Training Initiatives: Conducted specialized, computer-based data privacy training for employees, with support from external experts.
2. Incident Management: Streamlined processes to handle privacy incidents per local and federal regulations, supported by automated incident reports and IT investigations.
3. Policy Development: Initiated an Online Privacy Policy and Terms & Conditions released in Q1 2024.
4. Awareness Campaigns: Launched employee awareness programs to instill a deeper understanding of privacy practices and responsibilities.

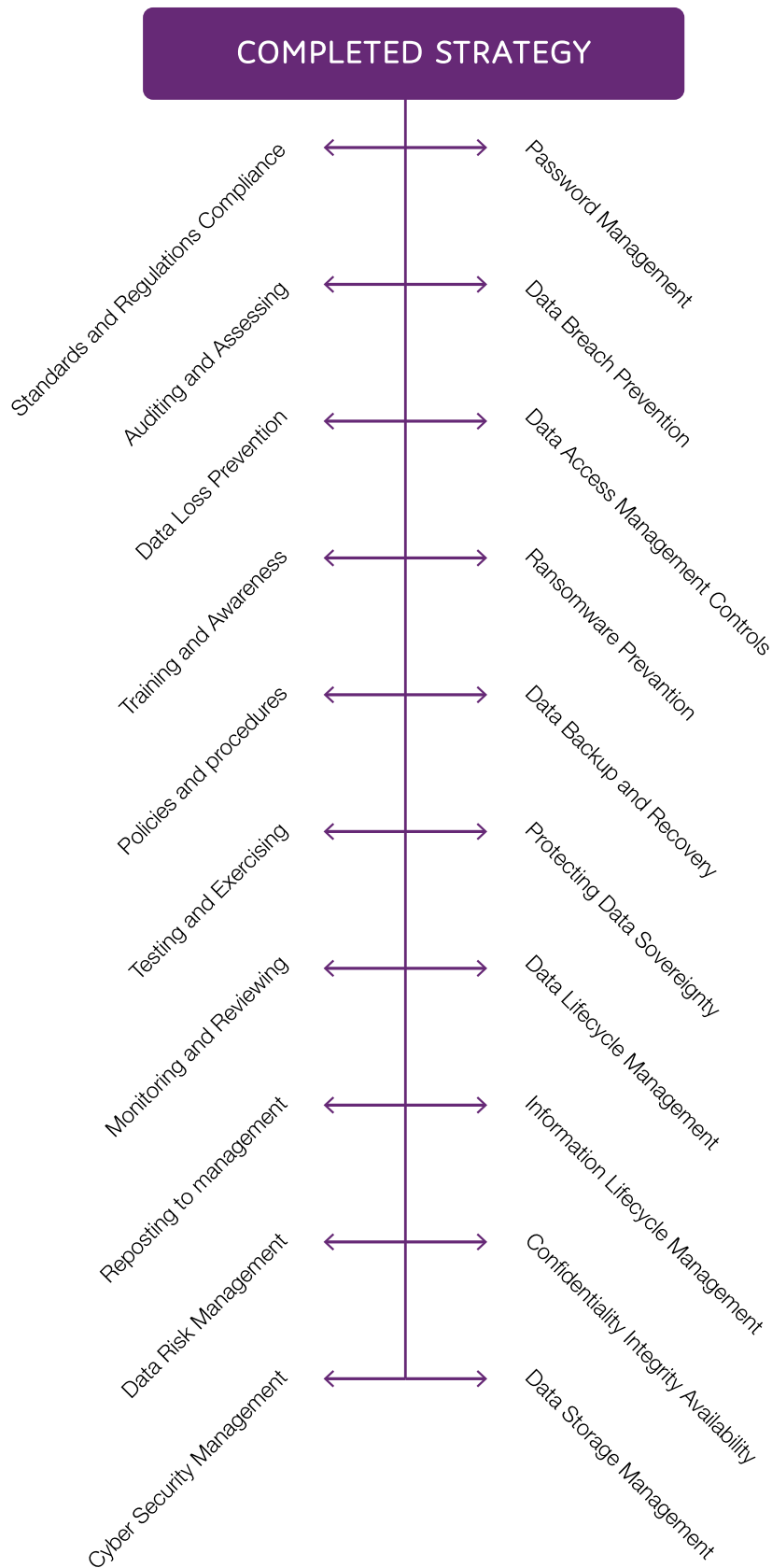
Looking Ahead

As we navigate challenges such as accelerated digitization and increasing data volumes, we remain steadfast in our mission to:

- Enhance transparency in personal data processing.
- Adapt swiftly to regulatory changes.
- Strengthen privacy measures to align with emerging needs.

Through these efforts, we reaffirm our dedication to safeguarding data and building trust in an increasingly digital world.

SUKOON TAKAFUL DATA PROTECTION STRATEGY



BUILDING AND SUSTAINING RELATIONSHIPS



Value to Society

Our business activity is designed to create value for and through our main stakeholders, which include investors, customers, governments and industries.

Global Drivers

We closely monitor and respond to market and society needs and prefer to address those needs prior to them surfacing at a large scale, if possible.

Integrated Leadership

Many members of our leadership team have participated in our business operations and understand how sustainability may be best combined with day-to-day business operations.

Business Model

We believe that can ultimately drive better and consistent business growth even though we're financially investing more resources into such initiatives.

Leading Service

We set examples to encourage and enable our customers to make better choices and lead a more productive and sustainable life.

Impact Valuation

We analyse our performance using different techniques, so it is not just driven by positive financial growth, but also a positive impact on the community.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement and collaboration are essential to understanding our impacts and driving progress on sustainability challenges and opportunities. Understanding stakeholder needs enables us to design products and services that scale our positive contribution to tackling social, environmental, and economic issues. We use our materiality analysis, customer surveys and direct engagement with a diverse range of stakeholders to shape our strategy, activities and reporting. Besides engagement with sustainability bodies and initiatives, we focus on seven key stakeholder groups which are most impacted by our business.

Stakeholder Group	How Sukoon Takaful Engages With This Stakeholder Group	Priority Sustainability Concerns	Sukoon Takaful's Actions
Employees	<ul style="list-style-type: none"> • Performance reviews • Regular dialogue and interaction with employees • Training and educational programmes 	<ul style="list-style-type: none"> • Job satisfaction • Fair compensation • Fair and transparent appraisal system • Staff engagement • Providing a stimulating work environment • Safe and friendly working environment 	<ul style="list-style-type: none"> • Automated HR function • Employee engagement events • Learning and career development opportunities • Non-discriminatory compensation
Customers	<ul style="list-style-type: none"> • Call Centres • Company website • Wide network of partners • Media and social media channels • Annual report and sustainability report • Other publications, including investor presentations 	<ul style="list-style-type: none"> • Information security • Effective and friendly customer service • Innovative and convenient products and services • Enhanced use of technology and improved access to insurance services 	<ul style="list-style-type: none"> • Assurance of customers' data safety through • Cybersecurity and data backup procedures • Dedicated customer service • Customer complaint and communication channels • Digitalising services and innovating based on market research • Records of handling customer complaints
Government (Including Regulatory Bodies)	<ul style="list-style-type: none"> • Investment in the national economy • Supporting initiatives of national importance 	<ul style="list-style-type: none"> • Contribution to the national economy • Alignment to UAE Vision 2021 • Regulatory compliance and transparency 	<ul style="list-style-type: none"> • Annual Report • Corporate Governance Report • Alignment with DFM ESG reporting requirements CSR initiative

Stakeholder Group	How Sukoon Takaful Engages With This Stakeholder Group	Priority Sustainability Concerns	Sukoon Takaful's Actions
Partners and Vendors	<ul style="list-style-type: none"> • Company website • Internal communications 	Business growth	Internal relationship management
Shareholders/Investors	<ul style="list-style-type: none"> • Investor relations team • Shareholder meetings 	<ul style="list-style-type: none"> • Creating value-adding products and services for shareholders and investors • Steady net income and asset growth 	<ul style="list-style-type: none"> • Annual General Meeting of shareholders • Annual Report • Corporate Governance Report • Investor Relations page on company website
Local Community/Non-profit and other Charitable Organisation(s)	Corporate social responsibility activities	<ul style="list-style-type: none"> • Responsibility towards all-round development of society • Working closely with social and voluntary associations and non government establishments 	<ul style="list-style-type: none"> • CSR programs e.g. contributions to health and wellness and cultural development • Sustainability reporting
Local, Regional & International Media	<ul style="list-style-type: none"> • Media, social media, and other publications • Blogs and publications 	<ul style="list-style-type: none"> • Clear and effective communication • Transparency 	<ul style="list-style-type: none"> • Media center on the website with press releases • Annual report, Corporate Governance report, and sustainability report

BUSINESS MATERIALITY ASSESSMENT

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

Our materiality assessment helps to ensure that we focus on the risks, opportunities and issues that matter the most to our key stakeholders, and which we could influence. Our most recent assessment was carried out in 2024 in line with the 2021 GRI Standard updated requirements. Our assessment approach used a variety of data sources, and we improved our methodology in 2023 by increasing the number of data sources and the number of data points within these sources.

Identification

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

Prioritization

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

Validation

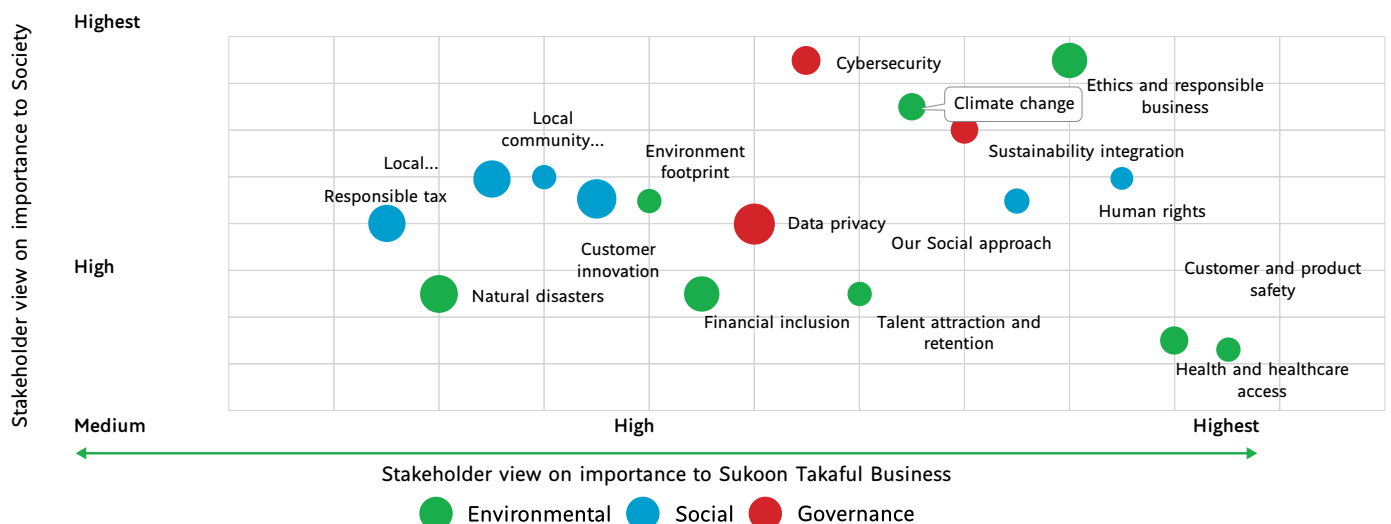
We aggregated and analysed data, integrating the results into a materiality map, and presented results to the internal expert team of representatives. This group also provided the final judgment of outcomes.

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

- E.** Our climate approach – Climate change, environmental footprint in our operations.
- S.** Our social approach – Financial inclusion, local community engagement, & human rights.
- G.** Our sustainability integration approach – Ethics and responsible business, data and AI ethics, data privacy, cybersecurity, and sustainability integration into products.

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

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



CUSTOMER STEWARDSHIP

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

Our customer experience strategy

As Sukoon Takaful continues to reorganise and evolve, we understand that enhancing our customer service is critical to the Company’s success. While we made considerable progress throughout 2023; there are areas that are yet to be improved. Providing effective and efficient customer service assumed greater importance, given that we operate in a price sensitive market. Service is and will always be a key differentiator. Our long-term growth plans further require us to have a stable servicing platform. To meet the challenges and the service expectations while retaining customers, we require a restructured & enhanced customer service platform. This would fulfill the clients’ various needs while simultaneously improving our communication and internal efficiencies, which is an integral part of the strategy.

The below strategies outline the areas which the Customer Care Unit will peruse in 2025 & 2026:

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

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

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

2024 Complaints	Number of Complaints per quarter
Q1	28
Q2	32
Q3	82
Q4	57
Total	199

2024 Inquiries	Number of Inquiries per quarter
Q1	381
Q2	363
Q3	742
Q4	389
Total	1875

TRANSFORMING OUR BUSINESS FOR CUSTOMERS

Transforming Our Business For Customers

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

Aim for care & concern

- Reach out for support, not only marketing
- Prioritise employees & community
- Showcase company purpose & values

Reach out to customers

- Transform digital models for customer engagement from a distance
- Increase home delivery options
- Promote contactless operations

Agile capabilities considering fluid times

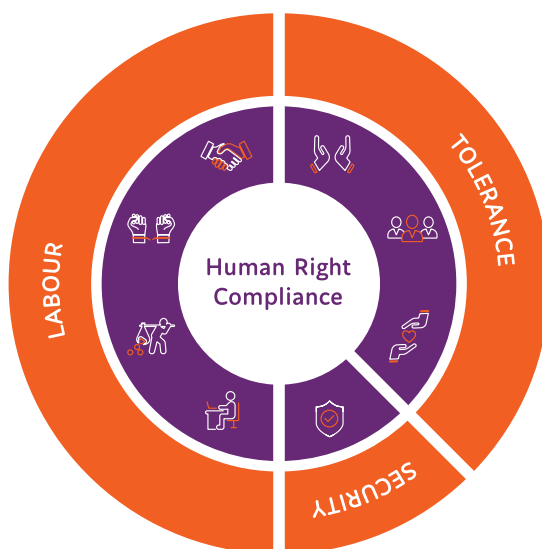
- Unlock social media's potential for quick customer insights
- Attend to 'failure modes', which indicate missed customer signals

OUR COMMITMENT TO HUMAN RIGHTS

Our Commitment To Human Rights

Integrating human rights into our core business as a corporate insurer and investor, our human rights due diligence process forms part of our overall sustainability approach which is integrated into our broader risk management system. We use a combination of sector and country-specific approaches to identify human rights risks. Human rights-related due diligence has been integrated into all 13 sensitive business areas where relevant, to ensure that human rights are part of the overall risk assessment for insurance and investments in listed asset classes.

We maintain a mandatory referral list for sensitive countries where systematic human rights violations occur. For business transactions located in these countries, we carry out explicit due diligence in accordance with our Human Rights Guideline that covers various human rights violations. In terms of our investments, if we identify an issuer in our listed investment portfolio that is flagged for human rights issues by our external sustainability data provider, we take necessary steps to de-list & stop engagement.



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

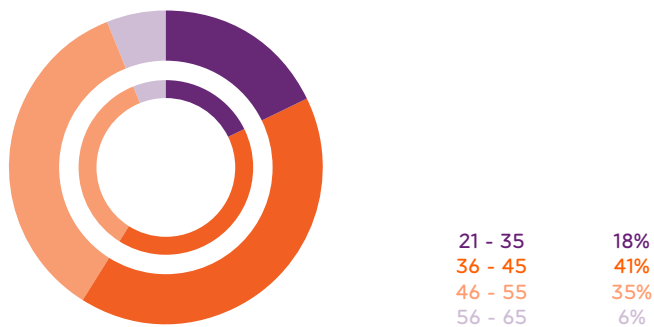
OUR EMPLOYEES OUR STRENGTH

Diversity & Inclusion

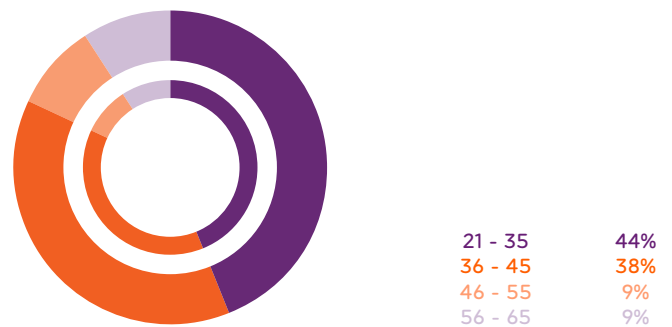
We believe that diversity in our workforce enables us to provide the best experience to our customers. Diversity of ideas and backgrounds helps us to be more innovative and creative, which will drive growth and success over the long term. We measure the diversity of our workforce across a number of dimensions, including gender, age, and nationality background. It is important to measure diversity in management and executive positions to help foster that creativity and provide a welcoming environment for all people.

In 2024, we implemented programs to recruit more culturally diverse candidates. This resulted in increased diversity at the executive, management, and overall company levels.

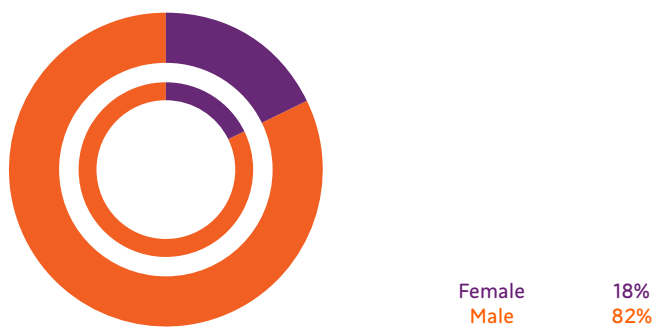
Management demographics by Age



Employees demographics by Age



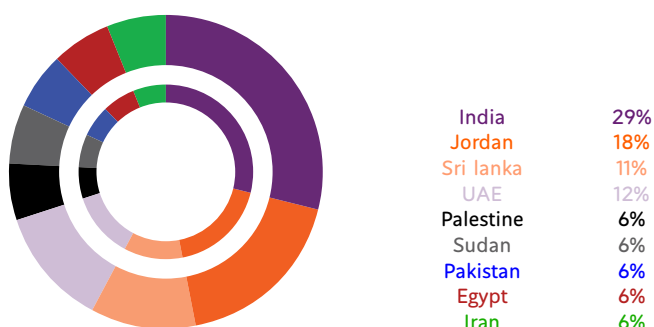
Management demographics by Gender



Employee demographics by Gender



Management demographics by Nationality



Employee demographics by Nationality



Training and Development

Employee professional development is critical to the success of any organization. Employees can readily access training & development materials through “LearnWithSukoon” platform to support their career objectives and grow their skills and capacities through various training programs in the areas of product propositions, management and administrative skills, competencies development, Information Technology, behavioral and supervisory skills, technical knowledge, leadership development programs as well as Health, Safety and Environment. It has both self-learning modules which employees can complete at their own pace and the training program conducted at the training center where employees and the trainers meet for a more interactive form of learning.

Employee Happiness

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

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

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

Employee Health and Safety

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

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



OUR EMIRATIZATION POLICY

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

Therefore, we have attended 2 recruitment programs during 2024, organized by the national universities and high schools to showcase our employment proposition to newly graduating UAE nationals.

Our UAE National employees' contribution to the growth of the company over the past 4 years is as follows:.



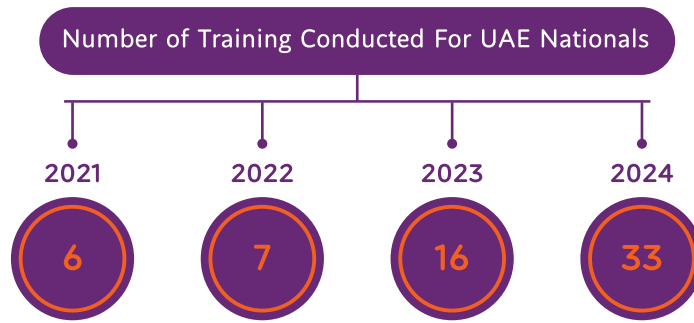
Emiratization objectives

Our main objective is to create opportunities for experienced UAE nationals with a view to increasing the number of Emiratis in leadership, management, and technical positions within the Company.

We will continue identifying the existing skills and knowledge gaps and are seeking to attract and retain the brightest and best UAE talent, giving Emirati employees the opportunity to maximise their potential.

Benefits for UAE Nationals

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



UAE National Training

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

Internship programme

We offer summer and winter internships (varying from two to eight weeks in length) aimed at attracting some of the best students.

Relation with Emiratization authorities

We eagerly support the UAE Government’s vision for national development, closely associated with the Emiratization authorities in the UAE.

Outreach programmes

We will continue participating in career fairs to attract talented nationals.

WOMEN

EMPOWERMENT

Leveraging diversity and increasing female representation in management

Our target for 2024 was to increase the proportion of women in senior management roles to 25 percent, within our comprehensive diversity and inclusion framework and happy state that we have achieved this goal and women representation in our Executive committee has crossed the 25 percent mark.

For 2025 and beyond, our aim to increase the proportion of women in our middle management roles is part of our broader Global Diversity and Inclusion Strategy 2030, which has the ambition to make Sukoon Takaful a truly diverse, fair, and inclusive place to work for everyone. That strategy is underpinned by a comprehensive diversity and inclusion framework that recognizes diversity in all its dimensions: Ethnicity, Age, Ability, and Gender orientation. The strategy is based on three pillars:

1. Governance
2. Inclusive leadership and culture
3. Partnership

In 2024, we conducted mentoring and leadership development programs across the Company to develop and strengthen our female talent. The program provided promising female employees with mentors for professional guidance, learning, and support, as well as networking opportunities with our senior leadership team. It also helped our female team members become part of a mutually supportive community to enable them to realize their potential and assume more senior leadership positions.

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

SOCIAL

RESPONSIBILITIES

At the core of our mission at Sukoon Takaful lies a profound commitment to corporate social responsibility, reflecting our dedication to safeguarding not only our clients and partners but also the communities and environment we serve. We recognise that our role extends beyond providing protection—it encompasses fostering social equity, promoting sustainability, and empowering individuals and businesses to build a resilient future. Through ethical business practices, community engagement, environmental stewardship, and innovative solutions, we aim to create a positive and lasting impact, ensuring our contributions drive meaningful progress for society as a whole.

Planning and Protection of the Environment

We recognise our pivotal role in fostering sustainability and safeguarding the environment for future generations. Our commitment to environmental stewardship is deeply embedded in our corporate social responsibility agenda, guiding our operations and encouraging sustainable practices across all aspects of our business.

We actively strive to reduce our ecological footprint through comprehensive waste management programs, including paperless operations and digital documentation, significantly minimising paper consumption. Our offices have implemented energy-efficient solutions and automated systems to optimise energy use and we are dedicated to sustainable resource utilisation.

Beyond operational sustainability, we are constantly striving to promote impactful environmental initiatives that enable employees to actively participate in these initiatives, reflecting our collective responsibility towards protecting natural ecosystems.

Through these efforts, we aim to lead by example, demonstrating that the insurance industry can play an integral role in promoting environmental sustainability while ensuring the resilience and well-being of communities that we serve. Our vision is to not only protect our customers from unforeseen risks but also contribute to a healthier, more sustainable planet.

Our Objectives For 2025

Environment

Short-term (2025-2026)

Our company has undertaken concerted efforts to integrate sustainability into our daily operations. This has involved implementing extensive waste reduction programs, including recycling drives and a strict ban on single-use plastics. We have also embraced energy reduction solutions, installing LED lights to reduce electricity consumption, and launched a carpooling initiative to mitigate carbon emissions. Our employees are actively encouraged to participate in “Green Week” campaigns, which promote sustainable practices both professionally and personally, reinforcing our collective commitment to environmental stewardship.

Long-term (2026 and beyond)

Our company is dedicated to sustainability through initiatives such as transitioning to paperless operations to reduce waste, building a sustainable supply chain by partnering with eco-conscious vendors, and promoting employee engagement with environmental practices. We encourage green initiatives and foster a culture of sustainability throughout the organisation.

Social

In 2024, our organisation reaffirmed its steadfast commitment to corporate social responsibility by actively engaging with Senses Residential and Day Care for Special Needs, a renowned non-profit institution dedicated to the welfare of children with disabilities. Our employees selflessly dedicated their time and expertise to participate in educational activities, and recreational activities, all aimed at positively impacting the children. By orchestrating inclusive initiatives and offering direct, hands-on support, our team forged a meaningful partnership with Sense Center cultivating a culture of community support. This endeavor exemplifies our unwavering dedication to driving substantive change within the community while championing the vision of an inclusive and equitable future.

Additionally, we inaugurated several employee wellness programs, including breast cancer awareness seminars, mental health advocacy initiatives, and motivated physical fitness through participation in Dubai's 30x30 fitness challenge. To further prioritise employee well-being, we introduced structured nutritional guidance ensuring a comprehensive approach to their physical and mental health.

Our objective for 2025 is to commit to advancing our environmental sustainability initiatives, actively engaging with the community by supporting non-profit organisations, and upholding the highest standards of ethical business practices and transparency. Additionally, we continuously strive to enhance employee well-being programs, fostering a diverse, inclusive, and supportive workplace that empowers our employees to thrive.

Governance

Short-term (2025-2026)

Conduct a Stakeholder Materiality Assessment.

Long-term (2026 and beyond)

Increase employee diversity.



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SHARIA REPORT

2024



Annual Report of the Internal Sharia Supervision Committee of Sukoon Takaful PJSC

Issued on: (15/01/2025)

To: Shareholders of Sukoon Takaful PJSC ("the Company")

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Sharia Supervision Committee of the Company ("ISSC") presents to you the ISSC's Annual Report for the financial year ending on 31 December 2024 ("Financial Year")

1. Responsibility of ISSC

In accordance with Regulatory Requirements and ISSC's charter, the ISSC's responsibility is stipulated as to:

- a. Undertake Sharia supervision of all businesses, activities, products, services, contracts, documents and business charters of the Company; and the Company's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between participants' accounts and shareholders' accounts ("Company's Activities") and issue Sharia resolutions in this regard, and
- b. Determine Sharia parameters necessary for the Company's Activities, and the Company's compliance with Islamic Sharia Provisions within the framework of the rules, principles and standards set by the Higher Sharia Authority ("HSA") to ascertain compliance of the Company with Islamic Sharia Provisions.

The senior management is responsible for compliance of the Company with Islamic Sharia Provisions in accordance with HSA's resolutions, fatwas, and opinions and the ISSC's resolutions within the framework of the rules, principles and standards set by HSA ("Compliance with Islamic Sharia Provisions") in all Company's Activities, and the Board bears the ultimate responsibility in this regard.

2. Sharia Standards

The ISSC shall comply with Sharia Standards issued and approved by HSA.

3. Duties Fulfilled by the ISSC during the Financial Year

The ISSC conducted Sharia Supervision of the Company's Activities by reviewing those Activities, and monitoring them through the internal Sharia control department and internal Sharia audit department in accordance with ISSC's authorities and responsibilities and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- a. Convening (4) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Company's Activities.
- c. Reviewing and monitoring compliance of policies, procedures, accounting standards, operating model and product structures, contracts, documentations, business charters and other documentation submitted by the Company to the ISSC for approval.
- d. Reviewing the Takaful Insurance operating model, underlying contracts and supporting materials (e.g., underwriting and claims settlement manual/guideline etc.).
- e. Reviewing and approving the Company's products, services and marketing materials.
- f. Reviewing and approving the policy and procedures that govern Takaful Insurance Accounts (e.g. segregation of accounts and transparent financial resources flow between the accounts etc.), surplus distribution and deficit coverage.
- g. Ensuring the compliance of segregation between Takaful Insurance accounts and shareholders' accounts, allocation of costs and expenditures on the accounts and the underwriting surplus policy with Islamic sharia provisions.
- h. Reviewing the financial statements of the Company to ensure compliance with Islamic Sharia provisions.
- i. Reviewing the investment policy and approving the Sharia screening criteria to ensure the investment activities in both shareholders' accounts and participants' accounts are comply with the Provisions of Islamic Sharia.

- j. Reviewing the risk ceding arrangements of participants' account with other insurance companies (Retakaful Insurance, Conventional reinsurance, co-insurance with Takaful insurance/conventional insurance companies) and confirming its compliance with Islamic Sharia Provisions.
- k. Supervision through the internal Sharia control department and internal Sharia audit department, of the Company's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- l. Providing guidance to relevant parties in the Company- to rectify (where possible) incidents cited in the reports prepared by internal Sharia control department and/or internal Sharia audit department.
- m. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- n. Reviewing the Zakat calculation and specifying the amount of Zakat due on each share of the Company.
- o. Communicating with the Board and its subcommittees, and the senior management of the Company (as needed) concerning the Company's compliance with Islamic Sharia Provisions.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Company is compliant with Islamic Sharia Provisions.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Company. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Sharia requirements.

5. The ISSC's opinion on the Sharia Compliance Status of the Company

Premised on Information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Sharia Provisions, the ISSC has concluded with a reasonable level of confidence, that the Company's Activities are in compliance with Islamic Sharia Provisions, except for incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

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

Signatures of members of the Internal Sharia Supervision Committee of the Company

Dr. Yousef Alshubaily

Chairman of ISSC

Signature:

Dr. Abdul Salam Kilani

Member

Signature:

Moosa Khoory

Member

Signature:

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ACCIDENT



HEALTH

Sukoon Takaful PJSC
Paid up Capital AED 154,000,000, C.L. No. 206742
Regulated by the Central Bank of the U.A.E.
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03/2025

