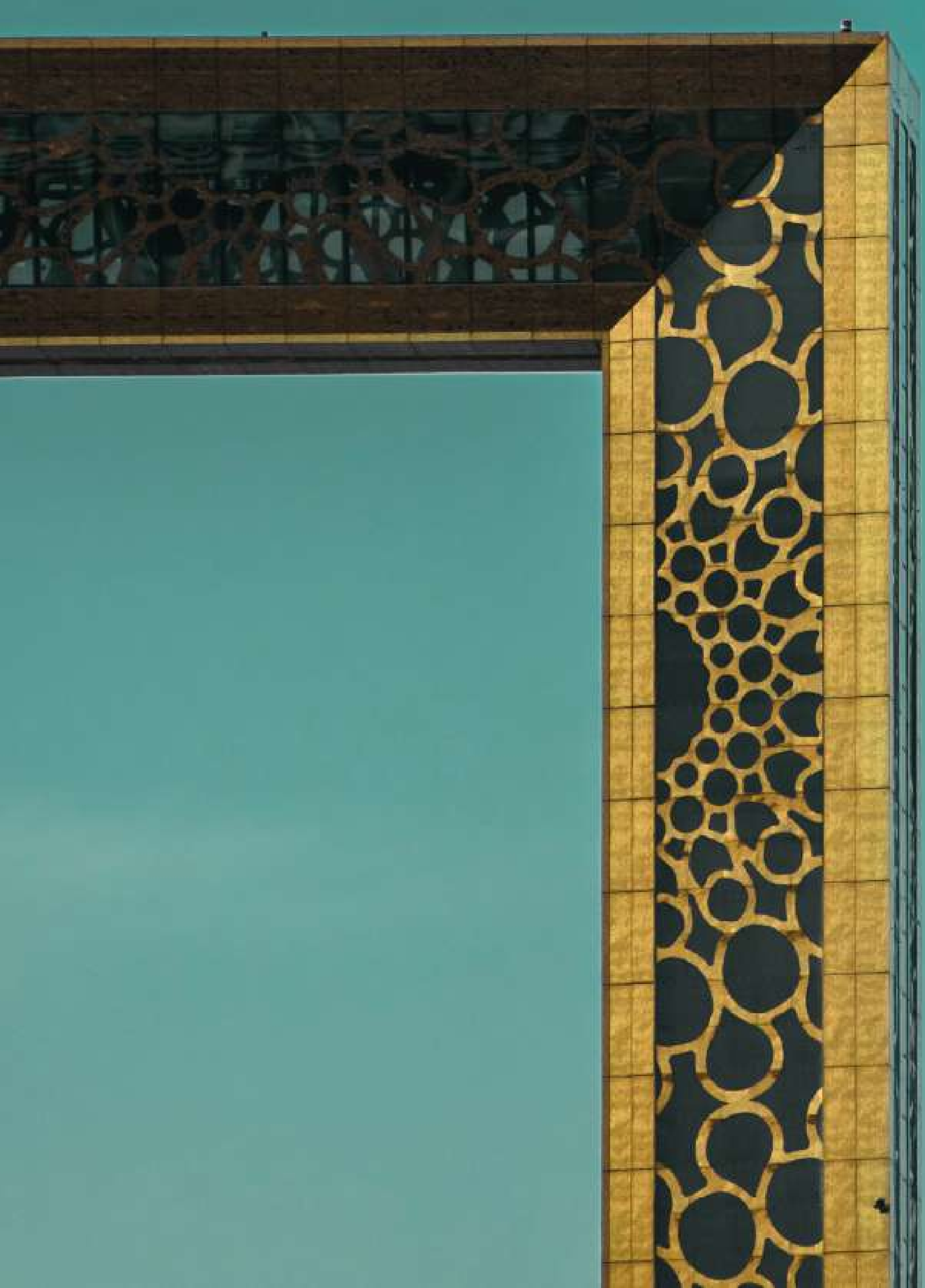
INTEGRATED REPORT 2024

Salama - Islamic Arab Insurance Company (P.S.C)



The Integrated Report of 2024
Islamic Arab Insurance Company – Salama (P.S.C)

Islamic Arab Insurance Company - Salama (P.S.C) is delighted to disclose its integrated report of 2024 which contains the following:

1. Board of Directors Report.
2. Auditor's Report.
3. Annual financial statements and their notes.
4. Governance Report.
5. Sustainability Report.
6. Shari'a Supervisory Committee report.

FINANCIAL REPORT 2024

Salama - Islamic Arab Insurance Company (P.S.C)

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

REPORT OF THE BOARD OF DIRECTORS, INDEPENDENT AUDITOR’S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Islamic Arab Insurance Co. (SALAMA) PJSC and its subsidiaries

Consolidated financial statements
31 December 2024

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سـلامـة
SALAMA

Report from the Board of Directors

The Board of Directors of the Islamic Arab Insurance Company (Salama) is pleased to present the 45th Board of Directors' Report, along with the audited consolidated financial statements for the year ended December 31, 2024.

Salama completed its 45th year in 2024, marking a significant milestone that reaffirms its position as one of the world's largest and oldest Takaful providers. The company offers ethical, community-driven, and sustainable insurance solutions that adhere to Shariah principles. Salama's stability and success can be attributed to its customer-focused approach, placing clients and partners at the heart of the business, and its commitment to its core values and principles. The company continues to develop award-winning solutions that meet the evolving protection needs of both individual and corporate customers. Today, we protect over 450,000 customers and provide over AED 10 billion in insurance coverage.

Insurance and Takaful in the UAE

The UAE's insurance sector continues to expand, driven by economic development, population growth, and increasing awareness of the importance of insurance.

The Takaful sector is a key component of the UAE's insurance landscape and continues to grow due to rising demand and higher motor insurance rates following last year's floods.

Amid this positive industry outlook, Salama is well-positioned for growth by leveraging its digital platform and comprehensive suite of Takaful insurance products and services while setting industry benchmarks for customer-centric Takaful solutions.

Company Performance

Salama's insurance revenue declined by 6% compared to the previous year, primarily due to its commitment to maintaining underwriting discipline and exiting non-performing accounts. Meanwhile, Salama's subsidiaries maintained stable performance, achieving a 1.6% increase in insurance revenue compared to the previous year.

The company achieved a profit before tax of AED 36.6 million, compared to a loss of AED 124.0 million in 2023. Similarly, net profit after tax saw a substantial recovery, reaching AED 24.6 million, compared to a loss of AED 139.3 million in the previous year. Earnings per share (EPS) also improved significantly, rising to AED 0.014 in 2024 from AED (0.161) in 2023.

Salama recorded total assets of AED 3,307 million, total liabilities of AED 2,973 million, and total equity of AED 334 million.

As part of its efforts to resolve legacy issues in the balance sheet, Salama has made full provisions for the impairment of its qualified assets, amounting to AED 288.5 million. This was executed through the restatement of the 2023 opening balance against qualified assets and equity, in accordance with International Accounting Standard 8 (IAS 8). After adjusting for the qualified assets, shareholders' equity stands at AED 284 million.

Following the provision for impairment of the qualified assets, these qualifications have been fully resolved, and the external auditor's opinion is now an unqualified "clean" opinion.

Awards and Recognition

Salama has been recognized by local and international organizations, and regulatory authorities, for our customer focus and excellence. Below is a list of our recent awards:

- 3rd place at Emirates Labour Market awards in the Financial and Insurance activities category, 2024
- Insurance Leader of the Year – Digital Insurance MENA, 2024
- Leadership in Shariah Compliant Financial Services – Global Islamic Fintech Forum, 2024
- Lifetime Achievement of the Year Award for CEO – Insurtech ME, 2024
- Best Family Takaful Company – Global Takaful Awards, 2024
- Best Takaful Provider – MEA Finance Industry Awards, 2023 & 2024
- Takaful Company of the Year at InsureTek Middle East, 2023
- Takaful Specialist at the Mena Insurance Awards, 2023

Growth and Expansion

Salama is committed to pursuing prudent growth while maintaining underwriting discipline. We plan to grow our Family and General Takaful to meet our customers current and future insurance need by leveraging investment in IT and automation to streamline the customers' journey. Salama has made investments in its digital platform and intends to continue doing so in order to fully leverage its potential. This ongoing investment aims to enhance the accessibility to Salama's digital platform, making it more convenient for both partners and clients to engage in business transactions with the company.

Audit Qualifications

The company has proactively ensured financial prudence by fully provisioning for the impairment of its qualified assets, totalling AED 288.5 million. This strategic measure, executed through the restatement of the 2023 opening balance in accordance with IAS 8, reinforces our commitment to transparency, compliance, and long-term financial stability.

Concluding Remarks

The Board of Directors expresses its sincere gratitude to our clients, reinsurers, regulators, and all other partners for their continued support. We also extend our appreciation to our management and staff across all subsidiaries for their unwavering dedication and contributions.

Board of Directors

- H.E. Fahad AlQassim – Chairman
- Mr. Fareed Lutfi Ali Hussain Al Harmouzi – Vice Chairman
- Mr. Ammar Ali Mohamed Jaber – Board Member
- Mr. Saeed bin Mohammed Al Qassimi – Board Member
- Mrs. Maha Abdul Majeed Al-Fahim – Board Member
- Mr. Mohamed Al Hashmi – Board Member

On Behalf of the Board:

Signed by:
Fahad Al Qassim
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Fahad AlQassim
Chairman of the Board of Directors
26th of March 2025

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P.L. No. 108937

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Islamic Arab Insurance Co. (Salama) PJSC (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

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

Key audit matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit Addressed the Key Audit Matter</th></tr>
<tr><td>
<u>Accounting for takaful revenue for contracts measured under Premium Allocation Approach (PAA)</u>

During the year ended 31 December 2024, the Group has recorded takaful revenue from contracts measured under PAA amounting to AED 908,582 thousand (note 26).

The Group has applied the PAA measurement model for its General and Group life products after conducting eligibility tests based on factors stated in IFRS 17. Under PAA, the revenue recognition follows a simplified approach where the revenue recorded is gross written premiums less movement in gross unearned premiums.

The occurrence for takaful revenue for contracts measured under PAA can be overstated by changing the policy start/end dates whereby the policy starting post year end is recorded in the current year to improve profitability/ loss ratios or recording policies with overstated premiums. This can result in overstatement of takaful revenues and takaful receivables.

Due to the complexities involved and risk of overstatement, this matter is to be considered as a key audit matter.
</td><td>
The work that we performed to address this key audit matter included the following procedures:
• We performed walkthrough of the revenue process and control testing over PAA premium underwriting and recording;
• We engaged our actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the calculations within the actuarial balances;
• For a sample of revenue items that are recognized during the year, we performed the following;
    o Agreed to appropriate supporting documentation which included agreeing the policy premium and the agreed brokerage commission percentage to the signed slip for the policy; and
    o Traced the policies recorded to the underlying contracts.
• Agreed the contribution expected in subledger(s) and/or reserving models to the general ledger control accounts, investigated any unusual items and tested other reconciling items based on the established testing threshold;
• For revenue cut-off, we selected a sample of transactions close to the year end, and reviewed the policy inception dates for the revenue recognized to ensure that revenue is recorded in the correct period; and
• Performed testing on the determination of liability for remaining coverage (LRC) and associated movements.
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

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

Key audit matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Valuation of takaful contract liabilities, retakaful contract assets and retakaful contract liabilities As at 31 December 2024, takaful contract liabilities, retakaful contract assets and retakaful contract liabilities amounted to AED 2,595,416 thousand, AED 470,860 thousand and 121,544 thousand respectively (note 13). The Group adopted the PAA model to value its general takaful and short-term life contracts. The Group adopted the General Measurement Model and Variable Fee Approach models to value its long-term life contracts. Any misstatement in relation to valuation of takaful contract liabilities would affect the liabilities under takaful contracts and related income statement accounts. Based on the above factors which involves significant judgements and estimation, this is to be considered as a key audit matter.	The work that we performed to address this key audit matter, included the following procedures: • We obtained an understanding of the Group's process for determining the key actuarial assumptions; • Performed risk assessment on the assumptions (economic and non-economic) and assessed the management's approach to deriving these assumptions; • Reviewed the method used by management in deriving the key assumptions by benchmarking to other market data; • On sample basis, performed claims testing on incurred claims to supporting documents such as reports from loss adjusters and confirmations obtained from lawyers; • We engaged our EY actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the actuarial balances; • Evaluated the skills, qualifications, and competence of the Group's appointed actuary; • Assessed the management's determination of the split of expenses between qualifying and non-qualifying expenses by considering the nature of the expenses; • Reviewed management's analysis of changes in the reserves and tested the rationale given for key changes year on year; • Obtained an understanding of management's approach to determining the risk adjustment and evaluated that the approach used and derived risk adjustment are in line with the IFRS requirement; • Tested the application of the risk adjustment in management's models. • On a sample basis, developed a point estimate or range based on our understanding of the Group's business, and evaluated the differences between management's point estimate and our point estimate or range. • We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS.

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

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Valuation of goodwill As at 31 December 2024, the carrying value of goodwill amounted to AED 65,633 thousand which has arisen from historic acquisitions made by the Group. During the year, the Group has recorded no impairment on the same (note 6). Goodwill is allocated to cash generating units ('CGUs') for the purpose of impairment testing. Given the magnitude of the goodwill balance and the continued economic uncertainty in certain regions, it is important to ensure that the goodwill impairment review is approached in a robust manner to identify potential impairments, where necessary. The determination of the recoverable amount is complex and typically requires a high level of judgement, taking into account the different economic environments in which the Group operates. The most significant judgments arise from the selection of market-based metrics, such as comparable company multiples, market prices, and industry benchmarks, used in the market approach valuation models.	The work that we performed to address this key audit matter included the following procedures: • Obtained from management the goodwill valuation and the external consultant's report based on the market approach. • Evaluated the key assumptions used in the market approach for goodwill impairment testing, specifically focusing on comparable company multiples, recent market transactions, and fair value estimates. • Assessed the relevance and reliability of the market data and comparable companies used in the valuation by comparing them to external sources and forming our own assessment. • Engaged our internal specialists to assist in reviewing the appropriateness of the market approach methodology, including the selection of comparable companies and the calculation of valuation multiples. • Verified the integrity and mathematical accuracy of the goodwill impairment model under the market approach. • Considered the adequacy of the Group's disclosures in respect of its goodwill impairment testing based on the market approach. We also considered the adequacy of the Group's disclosures in respect of its goodwill impairment testing.

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

Other information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Company's Articles 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 Directors' Decision No. (26) of 2014 pertinent to the Financial Regulations for Takaful Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)**

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2024:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. 32 of 2021;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 Dec 2024, are disclosed in note 11 to the consolidated financial statements;

vi) note 15 to the consolidated financial statements reflects material related party transactions and balances, and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or its Articles of Association, which would have a material impact on its activities or its financial position as of 31 December 2024; and

viii) the Company has no social contributions made during the year.

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.

Further, refer note 38 to the consolidated financial statements for disclosure on solvency requirements and the solvency position of the Group.

For Ernst & Young

Ashraf Abu Sharkh
Registration No: 690

26 March 2025

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	***31 December 2024 AED'000***	*31 December 2023 AED'000 (Restated*)*	*1 January 2023 AED'000 (Restated*)*
ASSETS				
Property and equipment	5	**46,721**	47,382	34,467
Goodwill and intangibles	6	**67,188**	68,016	117,819
Investment properties	7	**48,840**	60,419	58,819
Right-of-use assets	8	**6,525**	4,595	8,734
Investment in associate	9	**35,885**	35,352	35,188
Statutory deposits	10	**298,841**	283,526	269,111
Investments	11	**222,742**	224,191	323,090
Participants' investments in unit-linked contracts	11	**1,919,837**	2,020,883	1,948,146
Deposits with takaful and retakaful companies	12	**748**	974	1,347
Takaful contract assets	13	**-**	6,801	-
Retakaful contract assets	13	**470,860**	348,462	281,846
Other assets and receivables	16	**39,996**	80,394	72,704
Bank balances and cash	17	**148,773**	144,179	133,445
TOTAL ASSETS		**3,306,956**	3,325,174	3,284,716
LIABILITIES AND EQUITY				
Liabilities				
Family takaful reserve		**71,846**	77,160	54,770
Takaful contract liabilities	13	**2,595,416**	2,543,428	2,366,360
Retakaful contract liabilities	13	**121,544**	162,050	185,201
Other payables and accruals	18	**177,567**	169,098	141,759
Lease liabilities	8	**6,203**	4,695	8,821
Total liabilities		**2,972,576**	2,956,431	2,756,911
Equity				
Share capital	20	**939,589**	939,589	1,210,000
Treasury shares	21	**(35,972)**	(35,972)	(35,972)
Statutory reserve	22	**4,124**	2,815	104,077
Other reserves	23	**(179,832)**	(154,533)	(160,133)
Accumulated losses		**(443,861)**	(452,391)	(660,380)
Equity attributable to Owners of the Company		**284,048**	299,508	457,592
Non-controlling interest	24	**50,332**	69,235	70,213
Total equity		**334,380**	368,743	527,805
TOTAL LIABILITIES AND EQUITY		**3,306,956**	3,325,174	3,284,716

*Comparative information has been restated on account the assets under litigation have been fully provided (refer note 44).

These consolidated financial statements were authorised for issue and approved by the Board of Directors on 26 March 2025 and signed on their behalf by:

Signed by:
Fahad Al Qassim
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Fahad Abdulqader Alqassim
Chairman of the Board of Directors

Mohamed Ali Bouabane
Chief Executive Officer

The attached notes 1 to 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	***2024*** ***AED'000***	*2023* *AED'000*
Takaful revenue	26	**1,046,378**	1,111,005
Takaful service expenses	27	**(979,723)**	(1,008,996)
Net expenses from retakaful contracts held		**(41,038)**	(55,885)
TAKAFUL SERVICE RESULT		**25,617**	46,124
Policyholders' investment income	25	**106,489**	199,543
Shareholders' investment income	25	**52,695**	79,534
NET INVESTMENT RESULT		**159,184**	279,077
Takaful finance expense for takaful contracts issued	28	**(117,891)**	(228,486)
Retakaful finance income for retakaful contracts held	28	**1,317**	6,729
NET TAKAFUL FINANCE EXPENSE		**(116,574)**	(221,757)
NET TAKAFUL AND INVESTMENT RESULT		**68,227**	103,444
Other operating income		**26,640**	10,112
Other operating expenses	37	**(52,070)**	(105,292)
Provision for expected credit losses	36	**(6,180)**	(83,287)
Impairment of goodwill	6	**-**	(49,007)
PROFIT/(LOSS) BEFORE TAX		**36,617**	(124,030)
Income tax expense	29	**(12,028)**	(15,297)
NET PROFIT/(LOSS) AFTER TAX		**24,589**	(139,327)
Attributable to:			
Shareholders		**13,091**	(158,389)
Non-controlling interests		**11,498**	19,062
		24,589	(139,327)
Basic and diluted earnings per share (AED)	30	**0.014**	(0.161)

The attached notes 1 to 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024 AED'000***	*2023 AED'000*
Net profit/(loss) after tax		**24,589**	(139,327)
OTHER COMPREHENSIVE LOSS			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Net change in foreign exchange translation reserve	23.2	**(43,723)**	(15,243)
Share of other comprehensive income of associate	9	**(63)**	(411)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Net change in revaluation reserves	5	**-**	14,529
Net changes in fair value of investments at FVOCI		**(2,811)**	(2,832)
TOTAL OTHER COMPREHENSIVE LOSS		**(46,597)**	(3,957)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(22,008)**	(143,284)
Attributable to:			
Shareholders		**(14,083)**	(154,393)
Non-controlling interest		**(7,925)**	11,109
		(22,008)	(143,284)

The attached notes 1 to 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2024

	Share capital AED'000	*Statutory reserve AED'000*	*Revaluation reserve AED'000*	*Foreign exchange translation reserve AED'000*	*Investment fair value reserve AED'000*	*Treasury shares AED'000*	*Accumulated losses AED'000*	*Regulatory reserve AED '000*	*Total AED'000*	*Non-controlling interest AED'000*	*Total equity AED'000*
Balance at 1 January 2024	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(452,391)	5,513	299,508	69,235	368,743
Profit for the year	-	-	-	-	-	-	13,091	-	13,091	11,498	24,589
Other comprehensive loss											
Net movement in foreign exchange translation reserve	-	-	-	(24,300)	-	-	-	-	(24,300)	(19,423)	(43,723)
Net changes in fair value of investments	-	-	-	-	(2,811)	-	-	-	(2,811)	-	(2,811)
Share of other comprehensive loss of associate (note 9)	-	-	-	-	(63)	-	-	-	(63)	-	(63)
Total other comprehensive loss	-	-	-	(24,300)	(2,874)	-	-	-	(27,174)	(19,423)	(46,597)
Total comprehensive loss for the year	-	-	-	(24,300)	(2,874)	-	13,091	-	(14,083)	(7,925)	(22,008)
Other equity movements											
Capital increase	-	-	-	-	-	-	-	-	-	300	300
Board Remuneration (note 15)	-	-	-	-	-	-	(1,377)	-	(1,377)	-	(1,377)
Dividend paid (Note 24)	-	-	-	-	-	-	-	-	-	(11,278)	(11,278)
Transfer to statutory reserve (note 22)	-	1,309	-	-	-	-	(1,309)	-	-	-	-
Transfer to regulatory reserve (note 23)	-	-	-	-	-	-	(1,875)	1,875	-	-	-
Balance at 31 December 2024	**939,589**	**4,124**	**34,118**	**(188,067)**	**(33,271)**	**(35,972)**	**(443,861)**	**7,388**	**284,048**	**50,332**	**334,380**

The attached notes 1 to 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2024

	Share capital AED'000	*Statutory reserve AED'000*	*Revaluation reserve AED'000*	*Foreign exchange translation reserve AED'000*	*Investment fair value reserve AED'000*	*Treasury shares AED'000*	*Accumulated losses AED'000*	*Regulatory reserve AED '000*	*Total AED'000*	*Non-controlling interest AED'000*	*Total equity AED'000*
At 1 January 2023 as previously reported	1,210,000	104,077	20,753	(157,049)	(27,154)	(35,972)	(372,651)	3,317	745,321	70,213	815,534
*Adjustment on correction of error (note 44)	-	-	-	-	-	-	(288,467)	-	(288,467)	-	(288,467)
Restated balance at 1 January 2023	1,210,000	104,077	20,753	(157,049)	(27,154)	(35,972)	(661,118)	3,317	456,854	70,213	527,067
Profit/(loss) for the year	-	-	-	-	-	-	(158,389)	-	(158,389)	19,062	(139,327)
Other comprehensive loss											
Net movement in foreign exchange translation reserve	-	-	-	(6,142)	-	-	-	-	(6,142)	(9,101)	(15,243)
Net changes in revaluation reserves	-	-	13,381	-	-	-	-	-	13,381	1,148	14,529
Net changes in fair value of investments	-	-	-	-	(2,832)	-	-	-	(2,832)	-	(2,832)
Share of other comprehensive loss of associate (note 9)	-	-	-	-	(411)	-	-	-	(411)	-	(411)
Total other comprehensive loss	-	-	13,381	(6,142)	(3,243)	-	-	-	3,996	(7,953)	(3,957)
Total comprehensive income/(loss) for the year	-	-	13,381	(6,142)	(3,243)	-	(158,389)	-	(154,393)	11,109	(143,284)
Other equity movements											
Offset of losses (note 1, 20)	(270,411)	(101,262)	-	-	-	-	371,673	-	-	-	-
Board Remuneration	-	-	-	-	-	-	(2,377)	-	(2,377)	-	(2,377)
Surplus revaluation reserve to R/E	-	-	(16)	-	-	-	16	-	-	-	-
Foreign exchange impact on revaluation reserve	-	-	-	(576)	-	-	-	-	(576)	15	(561)
Dividend paid	-	-	-	-	-	-	-	-	-	(12,102)	(12,102)
Transfer to regulatory reserve (note 23)	-	-	-	-	-	-	(2,196)	2,196	-	-	-
Restated balance at 31 December 2023	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(452,391)	5,513	299,508	69,235	368,743

*Comparative information has been restated on account the assets under litigation have been fully provided (refer note 44).

The attached notes 1 to 44 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	***2024 AED'000***	*2023 AED'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		**36,617**	(124,030)
Adjustments for:			
Depreciation on property and equipment	5	**3,072**	2,756
Depreciation on right of use assets	8	**2,278**	2,598
Amortisation of intangible assets	6	**1,626**	1,854
Share of profit from associate	9	**(2,135)**	(1,805)
Impairment of goodwill	6	**-**	49,007
Unrealised gain/ loss on investment	25	**19**	(84)
Unrealised gain on investment properties	25	**(4,502)**	(3,599)
Allowance for expected credit losses		**6,180**	83,287
Impairment on takaful receivables		**-**	30,175
Operating cash flows before changes in operating assets and liabilities		**43,155**	40,159
Decrease in deposits with takaful and retakaful companies	12	**226**	373
Changes in takaful contract assets	13	**6,801**	(6,801)
Change in retakaful contract assets	13	**(122,398)**	(66,616)
Changes in takaful contract liabilities	13	**51,988**	146,893
Change in retakaful contract liabilities	13	**(40,506)**	(23,151)
Change in other assets and receivables	17	**40,398**	(7,690)
Change in family reserves	14	**(5,314)**	22,390
Change in other payables	18	**(8,250)**	17,142
Income tax paid		**-**	(5,100)
Net foreign exchange difference		**(43,723)**	(15,243)
Net cash (used in)/generated from operating activities		**(77,623)**	102,356
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net	5	**(3,362)**	(500)
Purchase of intangible assets - net	6	**(1,025)**	(1,025)
Purchase of investment property - net	7	**(21)**	-
Net movement in statutory deposits	10	**(15,315)**	(14,415)
Repayment of principal and interest on lease liability	8	**(2,702)**	(2,553)
Dividend income from associate	9	**1,539**	1,230
Change in Investments - net		**14,412**	1,728
Net movement in Participants' investments in unit-linked contracts	11	**101,046**	(72,737)
Change in term deposits under lien	17	**6,056**	270
Cash generated from/(used in) investing activities		**100,628**	(88,002)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in non-controlling interest		**(10,978)**	(973)
Board of Director's remuneration	40	**(1,377)**	(2,377)
Cash used in financing activities		**(12,355)**	(3,350)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,650**	11,004
Cash and cash equivalents at 1 January		**125,080**	114,076
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 17)		**135,730**	125,080

The attached notes 1 to 44 form part of these consolidated financial statements.

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Islamic Arab Insurance Co. (Salama) PJSC ("the Company") is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari'ah principles and in accordance with the relevant Articles of the Company, UAE Federal Decree Law No. (32) of 2021 for commercial companies and U.A.E. Federal Law No. 48 of 2023, concerning regulations of insurance activities.

The Company and its subsidiaries are referred to as "the Group". Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Shari'ah principles:

Subsidiaries	Principal activities	Group's ownership		Country of Incorporation
		2024	*2023*	
Directly owned				
Tariic Holding Company B.S.C	No operations, holding company	**99.40%**	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	Family Takaful	**85.19%**	85.19%	Egypt
Salama Immobilier	No takaful operations	**84.25%**	84.25%	Senegal
Salama Takaful Insurance – Egypt (formerly "Egyptian Saudi Insurance House")	General Takaful	**51.15%**	51.15%	Egypt
Through Tariic				
Salama Assurances Algeria	General Takaful	**96.98%**	96.98%	Algeria

On 16 January 2023, in the General Assembly Meeting the Shareholders' have approved to write off the accumulated losses of AED 371,673 thousand. These accumulated losses were set off during the year against the following components of equity:

- Cancellation of 270,414,470, AED 1 shares on 24 March 2023 (note 20);
- Accumulated losses of AED 101,262 thousand were set off against statutory reserves (note 22).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

New and revised IFRSs Effective for annual periods beginning on or after 1 January 2024

- Amendments to IFRS 16 **-** Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 **-** Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements **-** Amendments to IAS 7 and IFRS 7

The new and revised IFRSs had no impact on the Group's consolidated financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretation issued by the IFRS Interpretation Committee ("IFRSIC") applicable to companies under IFRS as issued by the International Accounting Standards Board ("IASB") and the applicable requirements of the United Arab Emirates (U.A.E.) Federal Decree Law No. 32 of 2021, the United Arab Emirates (U.A.E.) Federal Law No. 48 of 2023 on Establishment of Insurance Authority and Organization of its Operations as amended and the Central Bank of UAE (formerly the UAE Insurance Authority) Board of Directors' Decision No. (26) of 2014 pertinent to the Financial Regulations for Insurance Companies. The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

Basis of measurement
The consolidated financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

i) Financial assets at fair value through other comprehensive income ("FVOCI");
ii) Financial assets at fair value through profit or loss ("FVTPL"); and
iii) Investment properties at fair value through profit or loss.
iv) Owned property and buildings at fair value through revaluation model.

Functional and presentation currency
These consolidated financial statements are presented in UAE Dirham (AED), which is the functional currency of the Company. Except as otherwise indicated, financial information presented in UAE Dirham has been rounded to the nearest thousand.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture. Details of the Group's subsidiaries at 31 December 2024 are mentioned in Note 1.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Group gains control until the date when the Company ceases to control the subsidiary.

4. MATERIAL ACCOUNTING POLICY INFORMATION

a) Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Investments in associates

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

c) Family takaful reserves

The risk reserves are determined by the independent actuarial valuation of future policy benefits. Actuarial assumptions include a margin for adverse deviation and generally vary by type of policy, year of issue and policy duration. Mortality and withdrawal rate assumptions are based on experience. Adjustments to the balance of fund are affected by charges or credits to income.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Profit from deposits

Profit from deposits is accrued on a time basis, by reference to the principal outstanding and at the effective profit rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

e) Dividend income

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

f) Fee and commission income

Fee and commissions received or receivable which do not require the Group to render further service are recognised as revenue by the Group on the effective commencement or renewal dates of the related policies.

g) Rental income

Rental income is recognized in the consolidated financial statements on an accrual basis in accordance with IFRS 16: Leases. It is recognized as income on a straight-line basis over the lease term.

h) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The tax currently payable is calculated in accordance with fiscal regulations of Algeria and Egypt.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year
Current and deferred tax are recognised in the consolidated statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Foreign currencies

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

j) Employee benefits

Defined contribution plan
U.A.E. national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

Provision for employees' end of service indemnity
Provision is also made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the U.A.E. Labour Law and is based on current remuneration and their period of service at the end of the reporting period. The provision relating to end of service indemnity is a non-current liability.

k) Property and equipment

Land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and any identified impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using the fair values at the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k) Property and equipment (continued)

Any revaluation increase arising on the revaluation of such land and buildings is credited in other comprehensive income to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

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

Depreciation is charged so as to write off the cost or valuation 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.

The gain or loss arising on the 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 profit or loss.

The estimated useful lives of these assets (except for land) are 4 – 10 years.

Capital work-in-progress is stated at cost incurred from the date of commencement of the project to the date on which it is capitalised. When capitalised, capital work-in-progress is transferred to the appropriate category of property and equipment and depreciated in accordance with the Group's accounting policies.

l) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

m) Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer Software
Intangible assets are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 3 - 5 years.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

p) Policyholders' fund

Any deficit in the policyholders' fund is financed by the shareholders through Qard-e-Hasan as per their undertaking. The Group maintains a full provision against such balances (note 19).

q) Leases

The Group as lessee
The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

q) Leases (continued)

The Group as lessee (continued)
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use of assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the ‘Property and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘General and administrative expenses’ in the consolidated statement of comprehensive income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

q) Leases (continued)

The Group as lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

r) Financial Instruments

Investments and other financial assets
Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- those to be measured at amortised cost.

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 Group 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). Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all the risks and rewards of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- 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 'Net investment income' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) Financial Instruments (continued)

Investments and other financial assets (continued)
Measurement (continued)

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and is presented net within 'Net investment income' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'Net investment income' when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL except for unit linked investments are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment
The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

For other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the historical credit losses experienced. Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Other receivables
Other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the other receivables with the objective to collect the contractual cash flows.

Financial liabilities
The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) Financial Instruments (continued)

Financial liabilities (continued)
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Deposits with banks with original maturities of more than three months
Deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost. Deposits held with banks are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

Investment contract Liabilities
Investment contract liabilities are recognized when contracts are entered into, and premiums are charged. These liabilities are initially recognized at fair value, being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, investment contract liabilities are measured at fair value through profit or loss. Deposits and withdrawals are recorded directly as an adjustment to the investment contract liabilities recorded in the Statement of Financial Position and are not recognised in the Statement of Comprehensive Income. Fair value adjustments are performed at each reporting date and are recognised in the Statement of Comprehensive Income in “Net investment result”.

Unit-linked investment contracts
These represent portfolios maintained to meet the specific investment objectives of contract holders who bear the credit, interest rate, market and liquidity risks related to the investments. The liabilities are carried at fair value, which is determined by reference to the underlying financial assets. Changes in fair value are recorded in the profit and loss. Related assets for unit-linked investment contracts are designated at fair value through profit or loss in order to reduce measurement inconsistencies.

The costs of policy administration, asset management, surrender charges and certain contract holders’ taxes assessed against the contract holders’ account balances are recovered as policy fees and are recognised in the Statement of Comprehensive Income.

s) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group issues life and non-life insurance to individuals and businesses.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in the consolidated financial statements apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

Changes to classification and measurement

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group. The Group uses different measurement approaches, depending on the type of contracts, as follows:

Nature of Contracts	***Product classification***	***Measurement model***
Unit Linked	*Insurance contracts*	*Variable Fee Approach ("VFA")*
Term Life	*Insurance contracts*	*General Measurement Model ("GMM")*
Group Life – Short Term	*Insurance contracts*	*Premium Allocation Approach ("PAA")*
Group Life – Long Term	*Insurance contracts*	*General Measurement Model*
Engineering	*Insurance contracts*	*Premium Allocation Approach*
Fire	*Insurance contracts*	*Premium Allocation Approach*
General Accident	*Insurance contracts*	*Premium Allocation Approach*
Liabilities	*Insurance contracts*	*Premium Allocation Approach*
Marine	*Insurance contracts*	*Premium Allocation Approach*
Motor	*Insurance contracts*	*Premium Allocation Approach*
Health	*Insurance contracts*	*Premium Allocation Approach*
All reinsurance contracts held other than long term individual and Group life	*Reinsurance contracts held*	*Premium Allocation Approach*
Long term individual and Group life reinsurance contracts held	*Reinsurance contracts held*	*General Measurement Model*

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)
The key principles of IFRS 17 under the different measurement models, where applicable, are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Divides the insurance and reinsurance contracts into groups it will recognise and measure.
- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.

The premium allocation approach (PAA) simplifies the measurement of insurance contracts in comparison with the general measurement model (GMM) in IFRS 17. The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided (insurance revenue for each period is the amount of expected premium receipts for providing services in the period).
- 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 (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.

Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Under the GMM and the variable fee approach (VFA), the group recognises and measures groups of insurance contracts at:

i. A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; and
ii. An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)

The VFA is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts.

The Group capitalises insurance acquisition cash flows for all insurance group of contracts. The Group allocates the acquisition cash flows to groups of insurance contracts issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure
IFRS 17 introduces a new way of presenting income and expenses relating to insurance contracts that moves away from a premium based presentation approach for the statement of comprehensive income. It also introduces changes in the way insurance contract related account balances are presented in the statement of financial position.

In addition, IFRS 17 requires more granular and detailed disclosures to provide information on the composition and movements of the amounts recognized in the financial statements that arise from insurance contracts in the form of roll forward and reconciliation tables. The Group presents the following line items separately in the statement of financial position as required under IFRS 17:

- Portfolios of Insurance contracts that are assets.
- Portfolios of Insurance contracts that are liabilities.
- Portfolios of Reinsurance contracts that are assets.
- Portfolios of Reinsurance contracts that are liabilities.

The carrying amount of an insurance contract asset / liability is the sum of the liability of remaining coverage and the liability for incurred claims. Reinsurance contracts held that are either assets or liabilities, comprise liability for remaining coverage and liability for incurred claims that correspond to the ceded business.

Insurance and reinsurance contracts issued classification
The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As the policies written by the Group transfer significant insurance risk, all the policies issued are within the scope of IFRS 17. The Group currently does not write any insurance policies that include embedded derivatives, provide warranties (similar to those provided by a manufacturer, dealer, or retailer) or include non-insurance distinct service components.

Level of Aggregation
While deciding on the portfolio level under IFRS 17, the Group has considered the criteria of “similar risk and managed together” while taking into account the materiality of each product/portfolio. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts.

Recognition
Groups of insurance contracts issued are initially recognised from the earliest of the following:

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

Separating components from insurance and reinsurance contracts
The Group assessed its insurance and reinsurance contracts to determine whether they contained distinct components which must be accounted for under another reporting standard instead of IFRS 17.

The investment components included in the life insurance contracts are highly interrelated to the insurance component and are thus not distinct. Accordingly, the Group shall not unbundle the cash flows related to the investment component.

In the case of non-life policies / general insurance, roadside assistance is the only service component that is offered along with the motor policies. However, since the road-side assistance cover also ends once the policy expires, it is not distinct. Thus, the Group shall not unbundle the roadside assistance offered along with motor policies.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Contract boundary

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder 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:
  i. The Group has the practical ability to reassess the risks of the portfolio of insurance 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
  ii. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Measurement

The following table sets out the accounting policy choices adopted by the Group:

	Applicable Measurement Model	**IFRS 17 options**	**Adopted approach**
Insurance acquisition cash flows	PAA	In applying the premium allocation approach, an entity may choose to recognize any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year.	Group currently amortizes acquisition cash flows for all lines expected to be measured using the PAA. The company will use the same approach under IFRS 17 as this would not only ensure consistency with current practice but would also be consistent with the treatment under GMM.
LRC adjusted for financial risk and time value of money	PAA	The entity is not required to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk if, at initial recognition, the entity expects that the time between providing each part of the services and the related premium due date is no more than a year.	The expected delay between provision of services and receipt of payment is small for contracts eligible to be run under the PAA. Hence, the Company does not expect significant financing component for LRC for these contracts.
LIC adjusted for time value of money	PAA	In applying PAA, an entity may choose to not adjust future cash flows for Liability of Incurred Claims (LIC) for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.	For the majority of insurance contracts (except for medical and short-term Group Life) written by the Group, a significant portion of the claims is settled beyond 12 months from the date of loss. Accordingly, the Group has decided to discount the LIC computed under the PAA approach.
Insurance finance income and expense	All	IFRS 17 provides an accounting policy choice to an entity may decide to include insurance finance income/expense either in the P&L or systematically allocate it between P&L and OCI.	The Group has made an accounting policy choice to account for the insurance finance income or expenses in P&L instead of disaggregating it between P&L and OCI.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Measurement (continued)
The following table sets out the accounting policy choices adopted by the Group:

	Applicable Measurement Model	**IFRS 17 options**	**Adopted approach**
Disaggregation of risk adjustment	All	The Company can choose the option not to disaggregate the entire change in the risk adjustment for non-financial risk in the insurance service result. Or it can choose to split the amount between the insurance service result and insurance finance income or expenses.	For short term contracts, the Company has decided not to disaggregate the changes in the risk adjustment between the changes due to financial risks and non-financial risks, since, material impact of discounting on risk adjustment is not expected since most of the business is short tailed. For longer term, the company has decided to disaggregate the changes in the risk adjustment between the changes due to financial risks and non-financial risks.
Presentation of income / (expense) from reinsurance contracts held	All	IFRS 17 allows options in presenting income or expenses from reinsurance contracts held, other than insurance finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the premiums paid (as reinsurance expenses) in line items separate from insurance revenue and insurance service expenses.	The Group elected to present the Net expenses from reinsurance contracts held as one line-item.

Insurance contracts measured under the premium allocation approach - Initial and Subsequent Measurement
The Group applies the premium allocation approach to all the insurance contracts (other than long term Individual and Group life insurance contracts) that it issues and reinsurance contracts that it holds as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For all the portfolios having contracts longer than one year, the Group expects the measurement of the liability for remaining coverage for the group does not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the group has decided to set the acceptable threshold for the comparison of LRC between PAA and GMM using a combination of relative and absolute materiality criteria.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date,
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Insurance contracts measured under the premium allocation approach - Initial and Subsequent Measurement (continued)

The Group 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, premiums received in the period.
- Minus insurance acquisition cash flows
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group.
- Plus, any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group 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 Group and include an explicit adjustment for non-financial risk (the risk adjustment).

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Insurance contracts measured other than PAA - Initial and Subsequent Measurement

The Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts. Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort.

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group.
- For contracts measured under the GMM, interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Insurance contracts measured other than PAA - Initial and Subsequent Measurement (continued)
For direct participating contracts measured under the VFA, the Group adjusts the CSM for the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- A decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
- An increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses).

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

For direct participating contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.

Reinsurance contracts held
Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Change in Accounting Policies (continued)

IFRS 17 Insurance Contracts (continued)

Reinsurance contracts held (continued)
A group of reinsurance contracts held is recognised at the earlier of the following:

- If the reinsurance contracts provide proportionate coverage, the date the Group initially recognizes any underlying insurance contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer shall end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued. Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Modification and derecognition
The Group derecognises insurance contracts when:

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

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

Allocation of Expenses
Group has prepared an expense allocation model, on the basis of which, operating expenses have been classified into the following categories:

- *Fully attributable expenses*
  These are expenses which are directly related to fulfilling an insurance obligation. Expenses such as commission paid to the broker against an insurance contract, are considered fully attributable expenses.

- *Partially attributable expenses*
  These are expenses which are partially related to fulfilling an insurance obligation. Of the total expense, the attributable portion will be allocated to the group of contracts, and the non-attributable portion will be booked as other operating expense.

- *Non attributable expenses*
  Overhead expenses that would be incurred by any business organization, regardless of whether these expenses are utilized for fulfilment of insurance obligations would be expensed as incurred as part of ‘other operating expenses’ (i.e. out of scope of IFRS 17) – being considered predominantly corporate in nature, or any other expenses that cannot be allocated to group of contracts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Allocation of Expenses (continued)
After the expenses were classified into attributable, partially attributable and non-attributable expenses, they are further classified into the following classes.

- Acquisition cost
- Claims related expenses
- Maintenance expenses

Discount rates
The Group adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Considering the investment portfolio and the insurance contracts written by the Group, the entity has decided to proceed with the bottom-up approach to compute the discount rates. Under the bottom-up 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 premium’). The Group has determined illiquidity premium using Replicating Portfolio technique.

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

The portfolios for which the company has adopted PAA simplification for the calculation of liability for remaining coverage, risk adjustment for LRC would only be estimated in case group of contracts recognized as onerous. For portfolios measured under general measurement model or the variable fee approach, risk adjustment would be required for the calculation of both LRC and LIC.

The Group reviewed a range of possible methodologies to estimate the RA for LRC and LIC. For RA LIC, under non-life and group life lines of business, the Group has decided to use the Mack approach. For long term life contracts, the company will use the Provision for Adverse Deviation approach or the e-forms approach for LRC RA. For LIC RA, the Group will use the same risk adjustment % as calculated for LRC. The Group has decided to use a 65th percentile for all lines of business.

Contractual service margin (CSM)
The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The coverage unit for both groups, unit linked life insurance contracts and other long term life groups of contracts, is net amount of risk. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Insurance Contracts (continued)

Contractual service margin (CSM) (continued)
For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The coverage unit is net amount of risk ceded. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Onerosity determination
IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Group assesses the Onerosity considering the factors such as:

a) the expected ratio of claims to premiums (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its insurance obligations.

Discounting
For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. This is adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the insurance contract. The Group has elected to use the Bottom-up approach in determining the discount rates based on liquid risk-free yield curve.

Time value of money
The Group adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cashflows of the group of contracts.

Under the bottom-up 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 premium’). The risk-free curve itself will either be derived by the Group from risk free assets in the market, or the Group may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

Liability for Incurred Claims
The Group will calculate the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER.
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.
- Adjustment for the time value of money.
- Risk adjustment for non-financial risks.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The preparation of consolidated financial information requires management to make judgements, estimates and assumptions that affect 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 consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023. Key judgments and estimates applied are as below.

Assessment of significance of insurance risk
The Group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

CSM release pattern
The group applied significant judgements in the following aspects to the determination of CSM amounts that were recognized in profit or loss for GMM and VFA products.

The coverage units are based on the fixed death benefits in-force amounts (during the insurance coverage period) to the period in which insurance or investment management services are expected to be provided. In performing the above determination, management applied judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in profit or loss for the period.

Onerosity determination
IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Group assesses the Onerosity considering the factors such as:

a) the expected ratio of claims to premiums (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its insurance obligations.

Discounting
For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. This is adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the insurance contract. The Group has elected to use the Bottom-up approach in determining the discount rates based on liquid risk-free yield curve.

Time value of money
The Group adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts. Under the bottom-up 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 risk premium’). The risk-free curve itself will either be derived by the Group from risk free assets in the market, or the Group may choose to apply a published risk-free yield curve. The approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield to compute illiquidity risk premium which then along with risk free yield is used to calculate point in time curve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (continued)

Liability for Incurred Claims
The Group will calculate the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER;
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date;
- Adjustment for the time value of money; and
- Risk adjustment for non-financial risks.

Measurement of the expected credit loss ("ECL") allowance
The measurement of the expected credit loss allowance for debt financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Classification of properties
In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment, property under development and property held for sale. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 2 – Inventories, IAS 16 – Property, plant and equipment, and IAS 40 – Investment Property, with regards to the intended use of the property.

Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension, automatic renewal options are only included in the lease term if the lease is reasonably certain to be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (continued)

Depreciation of property and equipment
The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. The Group employs a rigorous screening process to identify comparable companies within the Middle East and North Africa (MENA) region that demonstrate liquidity and align with key financial metrics relevant to the Investments. This includes factors such as gross written premium (GWP) size, net profit margins, and return on equity.

To establish an equity value range for the Investments, the Group applies the average traded price-to-book (P/B) multiples of these comparable companies. The P/B multiple is a widely recognized valuation metric within the insurance and financial services sectors, as it effectively captures a company's capacity to leverage its balance sheet—particularly its investments, typically recorded at fair value—to generate returns on capital.

Discounting of lease payments
The lease payments are discounted using the Group’s incremental borrowing rate (“IBR”). Management has applied judgments and estimates to determine the IBR at the commencement of lease. Group discounted lease payments using the incremental borrowing rate of 4.5% per annum.

Revaluation of land and building
IAS 16 – Land and building require revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Management has estimated a period of 3 years as sufficient regularity for revaluation of land and building.

Valuation of investment properties
The fair value of investment properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Group's investment properties portfolio annually.

5. PROPERTY AND EQUIPMENT

	Land AED'000	*Building AED'000*	*Furniture and fixtures AED'000*	*Computer AED'000*	*Vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost or valuation							
At 1 January 2023	8,781	23,218	13,493	8,456	2,090	1,370	57,408
Additions during the year	-	-	625	640	165	-	1,430
Foreign exchange translation	164	547	(204)	(287)	(59)	-	161
Disposals / transfer	-	-	(3)	-	-	(927)	(930)
Revaluation	1,868	8,510	-	-	-	-	10,378
At 31 December 2023	10,813	32,275	13,911	8,809	2,196	443	68,447
Additions during the year	-	115	1,144	1,848	110	593	3,810
Foreign exchange translation	(75)	(539)	(939)	(724)	(143)	-	(2,420)
Disposals / transfer	-	198	(27)	(25)	-	(594)	(448)
At 31 December 2024	**10,738**	**32,049**	**14,089**	**9,908**	**2,163**	**442**	**69,389**
Accumulated depreciation							
At 1 January 2023	-	2,743	11,077	7,215	1,906	-	22,941
Charge for the year	-	1,389	672	606	89	-	2,756
Foreign exchange translation	-	19	(191)	(297)	3	-	(466)
Eliminated upon revaluation	-	(4,151)	-	-	-	-	(4,151)
At 31 December 2023	-	-	11,558	7,524	1,998	-	21,080
Charge for the year	-	1,558	674	763	77	-	3,072
Foreign exchange translation	-	(5)	(690)	(663)	(74)	-	(1,432)
Disposals / transfer	-	-	(27)	(25)	-	-	(52)
At 31 December 2024	**-**	**1,553**	**11,515**	**7,599**	**2,001**	**-**	**22,668**
Carrying amount							
At 31 December 2024	**10,738**	**30,496**	**2,574**	**2,309**	**162**	**442**	**46,721**
At 31 December 2023	10,813	32,275	2,368	1,285	198	443	47,382

5. PROPERTY AND EQUIPMENT (continued)

Revaluation of the Group's land and building

The Group's land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Group's land and buildings were last revalued as of 31 December 2023 by an independent valuer not related to the Group. The valuer has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards.

The fair value of land and building was determined based on depreciated replacement cost method of valuation for the existing structures and the comparable method of valuation for the underlying land. The revalued land and buildings are classified under Level 3 of fair value hierarchy as the valuation technique include significant unobservable inputs used in the fair value estimation.

6 GOODWILL AND INTANGIBLES

	Goodwill AED'000	*Computer software AED'000*	*Total AED'000*
Cost			
At 1 January 2023	114,640	14,001	128,641
Additions	-	1,025	1,025
Effect of movements in exchange rates	-	64	64
At 31 December 2023	114,640	15,090	129,730
At 1 January 2024	114,640	15,090	129,730
Additions	-	803	803
Effect of movements in exchange rates	-	(115)	(115)
At 31 December 2024	**114,640**	**15,778**	**130,418**
Accumulated amortization and impairment losses			
At 1 January 2023	-	10,822	10,822
Impairment on goodwill	49,007	-	49,007
Charge for the year	-	1,854	1,854
Effect of movements in exchange rates	-	31	31
At 31 December 2023	49,007	12,707	61,714
At 1 January 2024	49,007	12,707	61,714
Charge for the year	-	1,626	1,626
Effect of movements in exchange rates	-	(110)	(110)
At 31 December 2024	**49,007**	**14,223**	**63,230**
Net book value			
At 31 December 2024	**65,633**	**1,555**	**67,188**
At 31 December 2023	65,633	2,383	68,016

Computer software licences acquired by the Group are capitalised on the basis of the costs incurred to acquire and bring into their internal use. The Group has performed the annual impairment test on goodwill in December 2024 and 2023. For impairment testing goodwill acquired through business combinations are allocated to the following subsidiaries which are considered as CGUs.

6 GOODWILL AND INTANGIBLES (continued)

	Salam Takaful Insurance- Egypt		*Salama Assurances Algeria*		*Total*	
	2024	*2023*	***2024***	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
Goodwill	**7,420**	7,420	**58,213**	58,213	**65,633**	65,633

This impairment is Nil for year ended 31 December 2024 (2023: AED 49,007 thousand). For impairment testing, recoverable amount was based on fair value less cost of disposal, i.e. market approach which has been utilized to value the Company's equity stake in the Investments.

The Group conducted a screening process and identified 41 comparable companies in the Middle East and North Africa region that are liquid and exhibit similar financial metrics, such as gross written premium (GWP) size, net profit margins, and return on equity, as the Investments. To determine the equity value range for the Investments, the Group utilized the average traded price-to-book (P/B) multiples of these comparable companies. This multiple is commonly employed to value firms in the insurance and broader financial services sectors, as it reflects a company's ability to utilize its balance sheet—specifically its investments, usually recorded at fair value—to generate returns on capital.

7. INVESTMENT PROPERTIES

Investment property portfolio of the Group represents land and building acquired by the Group directly and through its controlled subsidiaries.

Geographical representation of investment properties are as follows:

	2024	*2023*
	AED'000	*AED'000*
		(Restated)
Within U.A.E.	**14,000**	12,600
Outside U.A.E.	**34,840**	47,819
At 31 December	**48,840**	60,419

The fair value of plots of land was determined based on the acceptable approach that reflects recent transaction prices for similar properties. The fair value of buildings was determined using investment method. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2024 (2023: Level 3). The rental income of properties amounts to AED 786 thousand in 2024 (2023: AED 728 thousand), there is no direct related expenses in respect of investment property. The Group investment property portfolio is being managed and maintained by a third-party administrator, and the rental income received from these properties are being set off with the administrative fees. The Group has fully provided impairment for an investment property amounting to AED 84.957 million (refer to Note 44) which is under dispute due to ongoing litigation (refer to Note 31).

	2024	*2023*
	AED'000	*AED'000*
		(Restated)
Movement in investment properties		
Balance at 1 January	**60,419**	58,819
Addition	**21**	-
Unrealized gain on investment properties (note 25)	**4,502**	3,599
Disposal	**(11,006)**	-
Currency translation differences	**(5,096)**	(1,999)
	48,840	60,419

8. LEASES

8.1 Right-of-use assets

	2024 AED'000	*2023 AED'000*
Balance as at 1st January	**4,595**	8,734
Additions	**4,433**	915
Depreciation charge for the year	**(2,278)**	(2,598)
Foreign exchange differences	**(225)**	(244)
Termination	**-**	(2,212)
Balance at 31 December	**6,525**	4,595

The average term of Group lease is ranging from 3 to 5 years.

8.2 Lease liabilities

	2024 AED'000	*2023 AED'000*
Balance as of 1 January	**4,695**	8,821
Finance cost	**231**	237
Additions	**4,433**	915
Payment during the year	**(2,702)**	(2,553)
Foreign exchange differences	**(454)**	(513)
Termination	**-**	(2,212)
	6,203	4,695

The Group have taken 4.5% (2023: 4.5%) as incremental borrowing rate. The maturity analysis of lease liabilities are as follows:

	2024 AED'000	*2023 AED'000*
Less than one year	**2,189**	2,507
Between one and five years	**4,014**	2,188
	6,203	4,695
Amount recognised in consolidated statement of profit or loss		
Depreciation	**2,278**	2,598
Finance cost on lease liabilities	**231**	237
Amount recognised in consolidated statement of cashflows		
Payment of lease liabilities	**2,702**	2,553

9. INVESTMENT IN ASSOCIATE

The principal associate of the Group which have 31 December as its year end is as follows:

Associate	***Ownership 2024***	*Ownership 2023*	***Country of incorporation***	***2024 AED'000***	*2023 AED'000*
The Islamic Insurance Co. Jordan		20%	Jordan	**35,885**	35,352

9. INVESTMENT IN ASSOCIATE (continued)

The associate company engages in several Takaful activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations.

	2024 AED'000	*2023 AED'000*
Movement during the year		
Balance at 1 January	**35,352**	35,188
Share of profit from associates (note 25)	**2,135**	1,805
Dividend received	**(1,539)**	(1,230)
Share of other comprehensive loss	**(63)**	(411)
	35,885	35,352

Summarised financial information of the Group's Associate is set out below:

	2024 AED'000	*2023 AED'000*
Total assets	**269,921**	252,193
Total liabilities	**(148,366)**	(132,417)
Net assets	**121,555**	119,776
Revenue	**193,423**	114,305
Profit	**10,675**	9,026

10. STATUTORY DEPOSITS

	2024 AED'000	*2023 AED'000*
Islamic Arab Insurance Co. (Salama) PJSC		
- Bank deposit maintained in accordance with the Federal Law No. (48) of 2023	**10,000**	10,000
- Margin deposit against a bank guarantee issued in favor of Central Bank of UAE*	**60,000**	60,000
Subsidiaries		
Egyptian Saudi Insurance House	**71,323**	69,971
Salama Assurances Algeria	**138,216**	115,734
Misr Emirates Takaful Life Insurance Co.	**19,302**	27,821
	298,841	283,526

In accordance with the requirements of the Federal Law No. (48) of 2023, the Group maintains a bank deposit of AED 10,000 thousand which cannot be utilised without the consent of the UAE Central Bank. The statutory deposit is held with a commercial bank in the UAE.

*The Group's bank has issued bank guarantees of AED 210,000 thousand (2023: AED 210,000 thousand) in favor of Central Bank of UAE to improve the solvency position and AED 60,000 thousand was deposited as margin deposit against these guarantees. Subsidiaries holds the investments and deposits, which are depending on the nature of takaful activities of takaful companies.

11. INVESTMENTS

	31 December 2024			*31 December 2023 (restated)*		
	Domestic investment AED'000	***International investment AED'000***	***Total AED'000***	*Domestic investment AED'000*	*International investment AED'000*	*Total AED'000*
(a) Financial assets at fair value through profit or loss						
Shares and securities	**-**	**723**	**723**	-	323	323
(b) Fair Value through Other comprehensive Income						
Mutual fund and externally managed portfolios	**4,640**	**75,659**	**80,299**	6,995	78,518	85,513
Shares and securities	**-**	**959**	**959**	-	967	967
Less: allowance for expected credit losses	**(1,066)**	**(58,245)**	**(59,311)**	(2,018)	(58,246)	(60,264)
	3,574	**18,373**	**21,947**	4,977	21,239	26,216
(c) At amortized cost						
Sukuk and Government bonds	**8,594**	**75,097**	**83,691**	15,917	67,122	83,039
Wakalah certificates	**54,094**	**-**	**54,094**	54,094	-	54,094
Other Mudariba investments	**-**	**65,738**	**65,738**	-	65,738	65,738
Islamic placements	**-**	**171,613**	**171,613**	-	167,112	167,112
Less: allowance for expected credit losses	**(54,609)**	**(120,455)**	**(175,064)**	(54,609)	(117,722)	(172,331)
	8,079	**191,993**	**200,072**	15,402	182,250	197,652
	11,653	**211,089**	**222,742**	20,379	203,812	224,191
Quoted	**-**	**723**	**723**	-	323	323
Unquoted	**11,653**	**210,366**	**222,019**	20,379	203,489	223,868
	11,653	**211,089**	**222,742**	20,379	203,812	224,191

11. INVESTMENTS (continued)

Islamic Placements represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 5% (2023: 0.22% to 5%) and maturing in more than three months from date of acquisition. During the year ended 31 December 2024.

The following investments are subject to an ongoing legal case as described in note 31 and management fully provided for these assets as part of prior period adjustment (see note 44).

- Investment at fair value through other comprehensive income of AED 58,244 thousand (2023: AED 58,244 thousand); and
- Investments held at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand).

11.1 Participants' investments in unit-linked contracts

	2024 ***AED'000***	*2023* *AED'000*
Financial asset at fair value through profit or loss	**1,919,837**	2,020,883

Movement during the year is as follows;

	2024 ***AED'000***	*2023* *AED'000*
Balance at 1 January	**2,020,883**	1,947,556
Movement due to subscription / surrenders	**(207,455)**	(126,216)
Fair value movement during the year	**106,409**	199,543
	1,919,837	2,020,883

12. DEPOSITS WITH TAKAFUL AND RETAKAFUL COMPANIES

	2024 ***AED'000***	*2023* *AED'000*
Claim deposits	**748**	974

As per the relevant local regulations, the ceding Group retains a portion of unearned contributions and outstanding claims after net payments to the insurer.

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as on 31 December 2024

Amount in AED'000	*Liability for remaining coverage*		*Liability for incurred claims (PAA)*			
	Excluding loss component	*Loss component*	*LIC for contracts not under under PAA*	*Present value of future cash flows*	*Risk adjustment for non-financial risk*	*Total*
Takaful contracts that are liabilities at beginning of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at beginning of year	6,801	-	-	-	-	6,801
Takaful contracts liabilities at beginning of year	**(1,965,580)**	**(10,137)**	**(118,436)**	**(425,538)**	**(16,936)**	**(2,536,627)**
Takaful revenue	**1,046,378**	-	-	-	-	**1,046,378**
Incurred claims and other directly attributable expenses	-	(2,353)	(47,220)	(711,652)	(12,533)	(773,758)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	1,076	9,388	10,464
Losses on onerous contracts and reversals of those losses	-	(16,839)	-	-	-	(16,839)
Insurance acquisition cash flows amortisations	(199,590)	-	-	-	-	(199,590)
Takaful service expenses	**(199,590)**	**(19,192)**	**(47,220)**	**(710,576)**	**(3,145)**	**(979,723)**
Takaful service result	**846,788**	**(19,192)**	**(47,220)**	**(710,576)**	**(3,145)**	**66,655**
Finance expense from insurance contracts issued recognized	(97,120)	(103)	(2,187)	(17,636)	(845)	(117,891)
Forex adjustment to comprehensive income	17,573	583	1	26,733	883	45,773
Total amounts recognised in profit & loss and other comprehensive income	**767,241**	**(18,712)**	**(49,406)**	**(701,479)**	**(3,107)**	**(5,463)**
Investment component	496,985	-	(496,985)	-	-	-
Premium received	(1,489,112)	-	-	-	-	(1,489,112)
Claims and other directly attributable expenses paid	-	-	543,193	649,463	-	1,192,656
Insurance acquisition cash flows	243,130	-	-	-	-	243,130
Total cash flows	**(1,245,982)**	-	**543,193**	**649,463**	-	**(53,326)**
Takaful contracts liabilities at end of year	**(1,947,336)**	**(28,849)**	**(121,634)**	**(477,554)**	**(20,043)**	**(2,595,416)**
Takaful contracts that are liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are assets at end of year	-	-	-	-	-	-
Takaful contract net position at end of year	**(1,947,336)**	**(28,849)**	**(121,634)**	**(477,554)**	**(20,043)**	**(2,595,416)**

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for insurance contracts (AIC) as on 31 December 2024

	Remaining Coverage			*Incurred claims*		
Amount in AED'000	*Excluding loss component*	*Loss recovery component*	*LIC for contracts not under under PAA*	*Present value of future cash flows*	*Risk adjustment for non-financial risk*	*Total*
Retakaful contracts held that are liabilities at beginning of year	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at beginning of year	13,049	1,455	68,505	255,218	10,235	348,462
Retakaful contract net position at beginning of year	**(149,001)**	**1,455**	**68,505**	**255,218**	**10,235**	**186,412**
Retakaful expenses	**(374,035)**	-	-	-	-	**(374,035)**
Amortisation of Insurance acquisition cash flows- Incurred claims recovery	-	-	14,032	327,449	8,509	349,990
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	(12,783)	(4,729)	(17,512)
Income on initial recognition of onerous underlying contracts	-	2,704	-	-	-	2,704
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	4	(761)	1	-	-	(756)
Effect of changes in risk of reinsurers' non-performance	-	-	(262)	(1,168)	-	(1,430)
Net income/(expenses) from reinsurance contracts held	**(374,031)**	**1,943**	**13,771**	**313,498**	**3,780**	**(41,039)**
Finance income from reinsurance contracts held	(10,867)	-	624	10,998	562	1,317
Forex adjustment to comprehensive income	(5,257)	(221)	(1)	(10,107)	(492)	(16,078)
Total amounts recognised in profit & loss and Other comprehensive income	**(390,155)**	**1,722**	**14,394**	**314,389**	**3,850**	**(55,800)**
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	446,209	-	-	-	-	446,209
Recoveries from retakaful	-	-	(22,252)	(205,253)	-	(227,505)
Total cash flows	**446,209**	-	**(22,252)**	**(205,253)**	-	**218,704**
Retakaful contracts held assets/ (liabilities) at end of year	**(92,947)**	**3,177**	**60,647**	**364,354**	**14,085**	**349,316**
Retakaful contracts held that are liabilities at end of year	**(121,544)**	-	-	-	-	**(121,544)**
Retakaful contracts held that are assets at end of year	**28,596**	**3,177**	**60,648**	**364,354**	**14,085**	**470,860**
Reinsurance contract net position at end of year	**(92,948)**	**3,177**	**60,648**	**364,354**	**14,085**	**349,316**

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the liability of remaining coverage & liability for incurred claims for insurance contracts as at 31 December 2023

Amount in AED'000	*Liability for remaining coverage*		*Liability for incurred claims - PAA*			
	Excluding loss component	*Loss component*	*LIC for contracts not under under PAA*	*Present value of future cash flows*	*Risk adjustment for non-financial risk*	*Total*
Takaful contracts that are liabilities at beginning of year	(1,873,636)	(3,298)	(119,778)	(356,322)	(13,326)	(2,366,360)
Takaful contracts that are assets at beginning of year	-	-	-	-	-	-
Takaful contracts liabilities at beginning of year	(1,873,636)	(3,298)	(119,778)	(356,322)	(13,326)	(2,366,360)
Takaful revenue	1,111,005	-	-	-	-	1,111,005
Incurred claims and other directly attributable expenses	-	-	(70,103)	(728,159)	(8,407)	(806,669)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	(3,312)	5,180	1,868
Losses on onerous contracts and reversals of those losses	-	(6,844)	-	-	-	(6,844)
Insurance acquisition cash flows amortisations	(197,351)	-	-	-	-	(197,351)
Takaful service expenses	(197,351)	(6,844)	(70,103)	(731,471)	(3,227)	(1,008,996)
Takaful service result	913,654	(6,844)	(70,103)	(731,471)	(3,227)	102,009
Finance expense from insurance contracts issued recognised	(203,471)	-	(3,922)	(20,318)	(775)	(228,486)
Forex adjustment to comprehensive income	(2,030)	4	-	14,944	392	13,311
Total amounts recognised in profit & loss and Other comprehensive income	708,153	(6,839)	(74,025)	(736,844)	(3,611)	(113,166)
Investment component	440,796	-	(440,796)	-	-	-
Premium received	(1,460,159)	-	-	-	-	(1,460,159)
Claims and other directly attributable expenses paid	-	-	516,163	667,629	-	1,183,792
Insurance acquisition cash flows	219,265	-	-	-	-	219,265
Total cash flows	(1,240,894)	-	516,163	667,629	-	(57,102)
Takaful contracts liabilities at end of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)
Takaful contracts that are liabilities at end of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at end of year	6,801	-	-	-	-	6,801
Takaful contract net position at end of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful of the Asset for remaining coverage & asset for incurred claims for reinsurance contracts as at 31 December 2023

	Remaining coverage			*Incurred claims*		
Amount in AED'000	*Excluding loss component*	*Loss recovery component*	*LIC for contracts not under under PAA*	*Present value of future cash flows*	*Risk adjustment for non-financial risk*	*Total*
Retakaful contracts held that are liabilities at beginning of year	(185,201)	-	-	-	-	(185,201)
Retakaful contracts held that are assets at beginning of year	25,510	1,466	59,072	188,276	7,522	281,846
Retakaful contract net position at beginning of year	(159,691)	1,466	59,072	188,276	7,522	96,645
Retakaful expenses	(376,567)	-	-	-	-	(376,567)
Amortisation of Insurance acquisition cash flows-	-	-	-	-	-	-
Incurred claims recovery	-	-	21,310	266,650	4,513	292,472
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	30,702	(2,106)	28,597
Income on initial recognition of onerous underlying contracts	-	1,437	-	-	-	1,437
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	(1,449)	-	-	-	(1,449)
Effect of changes in risk of reinsurers' non-performance	-	-	(388)	14	-	(374)
Net income/(expenses) from reinsurance contracts held	(376,567)	(13)	20,922	297,366	2,407	(55,885)
Finance income from reinsurance contracts held	(6,790)	-	1,114	11,845	560	6,729
Forex adjustment to comprehensive income	(1,421)	2	-	(5,086)	(255)	(6,759)
Total amounts recognised in profit & loss and Other comprehensive income	(384,778)	(10)	22,036	304,125	2,713	(55,915)
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	395,469	-	-	-	-	395,469
Recoveries from retakaful	-	-	(12,603)	(237,183)	-	(249,786)
Total cash flows	395,469	-	(12,603)	(237,183)	-	145,683
Retakaful contracts held assets/ (liabilities) at end of year	(149,000)	1,455	68,505	255,218	10,235	186,413
Retakaful contracts held that are liabilities at end of year	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at end of year	13,049	1,455	68,505	255,218	10,235	348,462
Reinsurance contract net position at end of year	(149,000)	1,455	68,505	255,218	10,235	186,413

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 31 December 2024

Amounts in AED'000	*Best estimate liability*	*Risk adjustment*	*Contractual service margin*	*Total*
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contracts liabilities at beginning of year	**(1,579,229)**	**(43,722)**	**(438,733)**	**(2,061,684)**
Changes related to current services				
CSM recognized in profit and loss	-	-	55,129	55,129
Risk Adjustment recognized in profit and loss	-	17,736	-	17,736
Experience adjustments	14,922	(34)	-	14,888
Changes related to future services				
Contracts initially recognized in the period	4,698	(747)	(4,801)	(850)
Changes in estimates that adjust CSM	(30,523)	(10,896)	41,419	-
Changes in estimates that result in onerous contracts or reversal of losses	(14,016)	-	-	(14,016)
Takaful finance expenses through profit and loss	(31,333)	(3,395)	(64,682)	(99,410)
Takaful finance expenses through OCI	8,526	999	5,136	14,661
Total changes in statement of profit or loss and OCI	**(47,726)**	**3,663**	**32,201**	**(11,862)**
Contribution received	(468,707)	-	-	(468,707)
Claims paid	543,193	-	-	543,193
Acquisition cost paid	27,040	-	-	27,040
Total cash flows	**101,526**	**-**	**-**	**101,526**
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contract net position at end of year	**(1,525,429)**	**(40,059)**	**(406,532)**	**(1,972,020)**

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2024

Amounts in AED'000	*Best estimate liability*	*Risk adjustment*	*Contractual service margin*	*Total*
Opening retakaful contract assets	68,794	10,120	(10,409)	68,505
Opening retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
Retakaful contracts held assets/(liabilities) at beginning of year	**(159,600)**	**37,277**	**33,606**	**(88,717)**
Changes related to current services				
CSM recognized in profit or loss	-	-	(6,712)	(6,712)
Risk Adjustment recognized in profit or loss	-	(4,617)	-	(4,617)
Experience adjustments	(14,824)	-	-	(14,824)
Contracts initially recognized in the period	-	-	15	15
Changes in estimates that adjust CSM	(19,548)	(84)	19,632	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(86)	(86)
Effect of changes in the risk of reinsurers non-performance	(262)	-	-	(262)
Takaful finance expenses through profit or loss	(16,236)	2,889	3,103	(10,244)
Takaful finance expenses through OCI	(8,900)	(4,531)	11,200	(2,231)
Total changes in statement of profit or loss and OCI	**(59,770)**	**(6,343)**	**27,152**	**(38,961)**
Contribution paid to retakaful net of commission	89,033	-	-	89,033
Recoveries from retakaful	(22,252)	-	-	(22,252)
Total cash flows	**66,781**	**-**	**-**	**66,781**
Closing retakaful contract assets	54,742	5,906	-	60,648
Closing retakaful contract liabilities	(207,330)	25,028	60,758	(121,544)
Retakaful contract net position at end of year	**(152,589)**	**30,934**	**60,758**	**(60,897)**

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities - Reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2023

Amounts in AED'000	*Best estimate liability*	*Risk adjustment*	*Contractual service margin*	*Total*
Opening takaful contract assets	337,544	(25,714)	(320,779)	(8,948)
Opening takaful contract liabilities	(1,729,481)	(24,560)	(206,910)	(1,960,951)
Takaful contracts liabilities at beginning of year	(1,391,936)	(50,274)	(527,689)	(1,969,899)
Changes related to current services				
CSM recognized in profit and loss	-	-	65,935	65,935
Risk Adjustment recognized in profit and loss	-	8,137	-	8,137
Experience adjustments	7,355	(1,721)	-	5,634
Changes related to future services				
Contracts initially recognized in the period	7,162	(552)	(6,678)	(67)
Changes in estimates that adjust CSM	(180,460)	3,145	177,314	-
Changes in estimates that result in onerous contracts or reversal of losses	(3,244)	-	-	(3,244)
Takaful finance expenses through profit and loss	(56,988)	(2,789)	(147,615)	(207,393)
Takaful finance expenses through OCI	-	332	-	332
Total changes in statement of profit or loss and OCI	(226,175)	6,552	88,956	(130,667)
Premiums received	(506,195)	-	-	(506,195)
Claims paid	509,277	-	-	509,277
Directly attributable expenses paid	2,195	-	-	2,195
Acquisition cost paid	33,606	-	-	33,606
Total cash flows	38,883	-	-	38,883
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contract net position at end of year	(1,579,229)	(43,722)	(438,733)	(2,061,684)

13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2023

Amounts in AED'000	***Best estimate liability***	***Risk adjustment***	***Contractual service margin***	***Total***
Opening retakaful contract assets	56,817	2,256	-	59,073
Opening retakaful contract liabilities	(236,045)	29,628	43,056	(163,361)
Retakaful contracts held assets/(liabilities) at beginning of year	(179,228)	31,884	43,056	(104,288)
Changes related to current services				
CSM recognized in profit or loss	-	-	(3,717)	(3,717)
Risk Adjustment recognized in profit or loss	-	(1,105)	-	(1,105)
Experience adjustments	(14,928)	-	-	(14,928)
Changes in estimates that adjust CSM	4,028	4,557	(8,620)	(35)
Effect of changes in the risk of reinsurers non-performance	(388)	-	-	(388)
Insurance finance expenses through profit or loss	(10,504)	1,941	2,887	(5,676)
Total changes in statement of profit or loss and OCI	(21,793)	5,393	(9,450)	(25,849)
Contribution paid to retakaful net of commission	54,024	-	-	54,024
Recoveries from retakaful	(12,603)	-	-	(12,603)
Total cash flows	41,421	-	-	41,421
Closing retakaful contract assets	68,794	10,120	(10,409)	68,505
Closing retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
Retakaful contract net position at end of year	(159,600)	37,277	33,606	(88,717)

14 OPERATING SEGMENT

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

- Underwriting of general takaful business incorporating all classes of general takaful including fire, marine, motor, general accident, engineering, medical. This business is conducted in the UAE, Egypt and Algeria.
- Underwriting of life takaful business incorporating individual and group life takaful. This business is conducted in UAE and Egypt.

Consolidated statement of profit or loss by business

	For the year ended 31 December 2024			*For the year ended 31 December 2023*		
	General Takaful AED'000	***Family takaful AED'000***	***Total AED'000***	*General Takaful AED'000*	*Family takaful AED'000*	*Total AED'000*
Takaful revenue	**820,654**	**225,724**	**1,046,378**	853,589	257,416	1,111,005
Insurance service expenses	**(855,022)**	**(124,701)**	**(979,723)**	(853,167)	(155,829)	(1,008,996)
Net expenses from retakaful contracts held	**7,262**	**(48,300)**	**(41,038)**	(20,678)	(35,207)	(55,885)
TAKAFUL SERVICE RESULT	**(27,106)**	**52,723**	**25,617**	(20,256)	66,380	46,124
Investment and other income			**185,824**			289,189
Net takaful finance (expenses)/income			**(116,574)**			(221,757)
Other operational expenses, impairment of goodwill and income tax			**(70,278)**			(252,883)
Net profit/(loss) profit after tax			**24,589**			(139,327)

Consolidated statement of profit or loss by geography

	For the year ended 31 December 2024			*For the year ended 31 December 2023*		
	Africa AED'000	***Asia AED'000***	***Total AED'000***	*Africa AED'000*	*Asia AED'000*	*Total AED'000*
Takaful revenue	**211,340**	**835,038**	**1,046,378**	208,029	902,976	1,111,005
Takaful service expenses	**(187,891)**	**(791,832)**	**(979,723)**	(208,060)	(800,936)	(1,008,996)
Net expenses from retakaful contracts held	**(13,039)**	**(27,999)**	**(41,038)**	5,448	(61,333)	(55,885)
TAKAFUL SERVICE RESULT	**10,410**	**15,207**	**25,617**	5,417	40,707	46,124
Investment and other income			**185,824**			289,189
Net Takaful finance (expenses)/income			**(116,574)**			(221,757)
Other operational expenses, impairment of goodwill and income tax			**(70,278)**			(252,883)
Net (loss)/profit after tax			**24,589**			(139,327)

14 OPERATING SEGMENT (continued)

Consolidated statement of financial position by business as at 31 December 2024

	General takaful AED'000	*Family takaful AED'000*	*Total AED'000*
Assets			
Property and equipment	**44,227**	**2,494**	**46,721**
Goodwill and intangibles	**66,456**	**732**	**67,188**
Investment properties	**38,742**	**10,098**	**48,840**
Right of use assets	**6,385**	**140**	**6,525**
Investments in associates	**35,885**	**-**	**35,885**
Deposits	**163,518**	**135,323**	**298,841**
Investments	**169,219**	**53,523**	**222,742**
Participants' investments in unit-linked contracts	**-**	**1,919,837**	**1,919,837**
Deposits with takaful and retakaful companies	**-**	**748**	**748**
Retakaful contract assets	**406,591**	**64,269**	**470,860**
Other assets and receivables	**36,628**	**3,368**	**39,996**
Bank balances and cash	**67,777**	**80,996**	**148,773**
	1,035,428	**2,271,528**	**3,306,956**
Liabilities and policyholders' fund			
Technical reserves	**-**	**71,846**	**71,846**
Takaful contract Liabilities	**590,712**	**2,004,704**	**2,595,416**
Retakaful contract Liabilities	**-**	**121,544**	**121,544**
Other payables and accruals	**155,770**	**21,797**	**177,567**
Lease liabilities	**6,061**	**142**	**6,203**
Total liabilities	**752,543**	**2,220,033**	**2,972,576**
Policyholders' fund	**-**	**-**	**-**
Total equity	**282,885**	**51,495**	**334,380**
Financed by:			
Shareholders' equity			**284,048**
Non-controlling interest			**50,332**
			334,380

14 OPERATING SEGMENT (continued)

Consolidated Statement of financial position by business as at 31 December 2023 (Restated)

	General takaful AED'000	*Family takaful AED'000*	*Total AED'000*
Assets			
Property and equipment	45,653	1,729	47,382
Goodwill and intangibles	67,410	606	68,016
Investment properties	60,419	-	60,419
Right of use assets	4,223	372	4,595
Investments in associates	35,352	-	35,352
Deposits	191,704	91,822	283,526
Investments	121,257	102,934	224,191
Participants' investments in unit-linked contracts	-	2,020,883	2,020,883
Deposits with takaful and retakaful companies	974	-	974
Takaful contract assets	6,801	-	6,801
Retakaful contract assets	269,639	78,823	348,462
Other assets and receivables	22,261	58,133	80,394
Bank balances and cash	95,857	48,322	144,179
	921,550	2,403,624	3,325,174
Liabilities and policyholders' fund			
Technical reserves	-	77,160	77,160
Takaful contract Liabilities	466,339	2,077,089	2,543,428
Retakaful contract Liabilities	4,828	157,222	162,050
Other payables and accruals	63,952	105,146	169,098
Lease liabilities	4,313	382	4,695
Total liabilities	539,432	2,416,999	2,956,431
Policyholders' fund	-	-	-
Total equity	382,118	(13,375)	368,743
Financed by:			
Shareholders' equity			299,508
Non-controlling interest			69,235
			368,743

15. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, collects contributions, settles claims and enters into other transactions with other businesses that fall within the definition of related parties contained in the International Accounting Standard ISA 24. The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. The following are the details of significant transactions with related parties.

	2024 AED'000	*2023 AED'000*
Contribution	**379**	-
Claims paid	**17**	-
Investment expenses	**-**	4,350
General and Administrative Expenses	**132**	260
Compensation of key management personnel		
Short term benefits	**6,007**	5,388
Employees end of service benefits	**159**	78
	6,166	5,466
Board of Directors' remuneration	**1,377**	2,377

In the annual general assembly meeting held on 25 April 2024, the shareholders have approved the Directors' remuneration of AED 1,377 thousand for the year ended 31 December 2023 (2022: AED 2,377 thousand).

Balances with related parties

	31 December 2023 AED'000 (audited)
Investments held-to-maturity Wakalah certificates*	56,456
Participants' investments in unit-linked contracts	1,172,272
Other assets and receivables	54,272

In the current reporting period, an entity previously classified as a related party due to a common directorship with Salama is no longer included. Following recent board directorship changes, the directorship link no longer exists, and the entity no longer meets the criteria for related party classification under IAS 24. Comparative numbers are enclosed for shareholders' reference.

*Group has recorded 100% expected credit losses of AED 56,456 thousand against investments held with a related party and 14,873 thousand against profit receivable on investment from the same party.

16. OTHER ASSETS AND RECEIVABLES

	2024 AED'000	*2023 AED'000 (Restated)*
Profit receivable	**27,786**	23,728
Receivable against sales of Investments	**-**	52,108
Deferred tax (note 29)	**5,166**	5,122
Others	**59,187**	48,300
Less: provision for credit losses (Note 36)	**(52,143)**	(48,864)
	39,996	80,394

The other assets and receivables include other receivables amounting to AED 33.639 million which was previously subjected to a legal case, which is disclosed in Note 31. The Group has fully provided an impairment for these assets as part of prior period adjustment, see Note 44.

The Group has provided full provision amounting to AED 14.873 million against profit receivable on investments (2023: AED 14.873 million). (Refer to note 15).

17. BANK BALANCES AND CASH

	2024 AED'000	*2023 AED'000*
Cash in hand	**84**	30
Cash at bank	**139,328**	134,788
Term deposits (Note 17.1)	**11,014**	11,014
Less: provision for credit losses	**(1,653)**	(1,653)
Bank balances and Cash	**148,773**	144,179
Less: term deposits under lien	**(8,712)**	(8,718)
Less: term deposits with maturity after three months	**(4,331)**	(10,381)
Cash and cash equivalent	**135,730**	125,080

Cash and bank balances – by geographical distribution

	2024 AED'000	*2023 AED'000*
Domestic	**72,493**	62,520
International	**77,933**	83,286
	150,426	145,802

17.1 Term deposits carried profit ranging from 0.22% to 0.85% per annum (2023: 0.20% to 0.85% per annum).

18. OTHER PAYABLES AND ACCRUALS

	2024 ***AED'000***	*2023* *AED'000*
Payable to suppliers	**68,766**	57,675
Staff related accruals	**10,685**	11,343
Provision against doubtful debts	**48,454**	48,454
Accrued expenses	**15,651**	10,683
Other provisions	**2,975**	3,221
Taxes payable (note 29)	**22,226**	16,038
Deferred tax liabilities (note 29)	**4,091**	121
ECL on retakaful share of outstanding claims (note 36)	**548**	252
ECL on Contributions and takaful balance receivables (note 36)	**4,171**	4,171
Other payables	**-**	17,140
	177,567	169,098

19. POLICYHOLDERS' FUND

	2024 ***AED'000***	*2023* *AED'000*
Balance at 1 January	**(107,265)**	(32,367)
Net deficit attributable to policyholders for the year	**(43,854)**	(74,898)
	(151,119)	(107,265)
Financed by shareholders	**151,119**	107,265
Policyholders' fund	**-**	-

The shareholders of the Group financed the policyholders' deficit in accordance with the takaful contracts between the Group and its Policyholders.

20. SHARE CAPITAL

	2024 ***AED'000***	*2023* *AED'000*
Issued and fully paid		
939,589 thousand (2023: 1,210,000 thousand) ordinary shares of AED 1 each	**939,589**	939,589

	Number of shares	***Value AED'000***
Share capital as of 1 January 2023	**1,210,000,000**	**1,210,000**
Cancellation of shares*	**(270,411,002)**	**(270,411)**
Balance as of 31 December 2023	**939,588,998**	**939,589**

*During the year ended 31 December 2023, the Group has cancelled its 270,411 thousand AED 1 ordinary shares and the accumulated losses were adjusted against this cancellation. (note 1).

21. TREASURY SHARES

In 2008, the Company bought back 21,669,790 shares amounting to AED 35,972 thousand. The treasury shares are debited as a separate category of shareholders' equity at cost. During the year ended 31 December 2023, due to the cancellation of share capital the treasury shares were reduced to 16,830,489 ordinary shares.

22. STATUTORY RESERVE

In accordance with the U.A.E. Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company, 10% of the net profit is required to be transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid-up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

During the year, the Group has utilised the AED 101,262 thousand to offset some of the accumulated losses of the Group. This adjustment was approved by the general assembly and the regulators.

23. OTHER RESERVES

Other reserves include following:

	2024 ***AED'000***	*2023* *AED'000*
Revaluation reserve	**34,118**	34,118
Foreign exchange translation reserve	**(188,067)**	(163,767)
Investment fair value reserve	**(33,271)**	(30,397)
Regulatory reserve – UAE operations (note 23.1)	**7,388**	5,513
	(179,832)	(154,533)

23.1 Regulatory reserve – UAE operations

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning instructions organizing reinsurance operations, the Group has allocated an amount equal to 0.5% of the total reinsurance premiums ceded in all classes to reinsurance reserve from the effective date of the said decision. This reserve shall be accumulated year after year and may not be disposed off without the written approval of the regulator.

23.2 Devaluation of currency

The Group owns two subsidiaries operating in Egypt and their functional currency is Egyptian Pound EGP. The significant devaluation of the Egyptian currency during the year has impacted the Group's consolidated financial statements. Group recorded a loss AED 43,723 thousand (2023: AED 15,243 thousand) in the consolidated statement of changes in equity related to translation of foreign operations into functional currency (AED). Out of total AED 43,723 thousand, amount of AED 41,526 thousand pertains to the translation impact from Egyptian Subsidiaries.

Furthermore, this currency devaluation has adversely affected the calculation of revenue, expenses, and profitability of the reporting entities in terms of AED as reflected in consolidated statement of profit or loss and other comprehensive income.

24. NON-CONTROLLING INTEREST

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests (NCI) as at the reporting date, before any intra group eliminations:

Egypt Saudi Insurance House

	2024 AED'000	*2023 AED'000*
Non-controlling interest share	**48.85%**	48.85%
Current assets	**82,446**	138,837
Non-current assets	**83,296**	83,589
Current liabilities	**(112,309)**	(130,847)
Carrying amount of non-controlling interest (A)	**26,102**	44,736

	2024 AED'000	*2023 AED'000*
Profit	**21,132**	40,772
Total comprehensive (loss)/income	**(17,089)**	21,569
Profit allocated to non-controlling interest	**(8,348)**	10,536
Cash flows generated from operating activities	**44,387**	76,531
Cash flows used in investing activities	**(49,609)**	(36,265)
	(5,222)	40,266

Other subsidiaries

	2024 AED'000	*2023 AED'000*
Carrying amount of non-controlling interest (B)	**24,230**	24,499
Total Carrying amount of non-controlling interest (A+B)	**50,332**	69,235

During the year ended December 31, 2024, Salama Takaful Insurance (formerly Egyptian Saudi Insurance House) declared dividend for AED 21.669 million out of 48.85% paid to NCI for AED 10.586 million and Salama Algeria has paid dividends for AED 22.934 million out of 3.02% paid to NCI according to their holding percentage for AED 0.692 million. These dividends have been approved by their respective board of directors of the subsidiaries.

25. INCOME FROM INVESTMENTS

	2024 AED'000	*2023 AED'000*
Policyholders' income		
Unrealised gain on unit-linked portfolio	**106,409**	199,374
Income from bank deposits	**80**	169
	106,489	199,543
Shareholders' income		
Unrealised (loss)/gain on investment at FVTPL	**(19)**	84
Realised gain on investment at FVTPL	**-**	36,594
Fair value gain on investment properties (note 7)	**4,502**	3,599
Realized gain on investment properties	**2,016**	-
Income on deposits and wakala certificates	**43,275**	36,680
Share of profit from associate (note 9)	**2,135**	1,805
Others	**786**	772
	52,695	79,534
	159,184	279,077

26. TAKAFUL REVENUE

31 December 2024

	Life AED'000	***General AED'000***	***Total AED'000***
Amounts related to changes in LRC			
Expected incurred claims & other expenses	**62,107**	**-**	**62,107**
Change in risk adjustment	**17,736**	**-**	**17,736**
CSM recognized	**54,126**	**-**	**54,126**
Recovery of acquisition cash flows	**3,827**	**-**	**3,827**
Contracts not measured under PAA	**137,796**	**-**	**137,796**
Contracts measured under PAA	**87,928**	**820,654**	**908,582**
Total insurance revenue	**225,724**	**820,654**	**1,046,378**

31 December 2023

	Life AED'000	*General AED'000*	*Total AED'000*
Amounts related to changes in LRC			
Expected incurred claims & other expenses	77,367	-	77,367
Change in risk adjustment	8,137	-	8,137
CSM recognized	65,935	-	65,935
Recovery of acquisition cash flows	1,084	-	1,084
Contracts not measured under PAA	152,523	-	152,523
Contracts measured under PAA	104,893	853,589	958,482
Total insurance revenue	257,416	853,589	1,111,005

27. TAKAFUL SERVICE EXPENSES

31 December 2024

	Life AED'000	***General AED'000***	***Total AED'000***
Incurred claims and other directly attributable expenses	**75,958**	**697,800**	**773,758**
Amortisation of Takaful Acquisition Cash Flows	**29,948**	**169,643**	**199,590**
Changes related to past service	**3,930**	**(14,394)**	**(10,464)**
Losses on onerous contracts and reversals of those losses	**14,865**	**1,973**	**16,839**
Total	**124,701**	**855,022**	**979,723**

31 December 2023

	Life AED'000	*General AED'000*	*Total AED'000*
Incurred claims and other directly attributable expenses	94,902	711,767	806,669
Amortisation of Takaful Acquisition Cash Flows	7,947	(9,815)	(1,868)
Changes related to past service	4,942	1,901	6,843
Losses on onerous contracts and reversals of those losses	48,037	149,315	197,352
Total	155,828	853,168	1,008,996

28. NET INSURANCE FINANCE RESULTS

31 December 2024

	Gross AED'000	***Retakaful AED'000***
Interest accreted to insurance contracts using current financial assumptions	**(19,943)**	**5,887**
Due to changes in interest rates & other financial assumptions	**13,542**	**(5,193)**
Fair value movement of Unit link product	**(109,303)**	**-**
Difference in increase in liability for incurred claims RA	**(2,187)**	**623**
	(117,891)	**1,317**

31 December 2023

	Gross AED'000	*Retakaful AED'000*
Interest accreted to insurance contracts using current financial assumptions	(14,849)	3,807
Due to changes in interest rates & other financial assumptions	(3,220)	6
Fair value movement of Unit link product	(199,370)	-
Difference in increase in liability for incurred claims RA	(11,047)	2,916
	(228,486)	6,729

29. INCOME TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Egypt and Algeria and are subject to income tax in these countries. The component of income tax recognised in the consolidated statement of profit or loss is as follows:

	2024 AED'000	*2023 AED'000*
Current income tax expense	**8,015**	15,360
Deferred taxes	**4,013**	(63)
	12,028	15,297

Reconciliation of tax expenses and accounting profit is not provided as majority of the earnings are not subject to tax.

	2024 AED'000	*2023 AED'000*
Current Tax payable		
As at 1 January	**16,038**	6,146
Provisions during the year	**8,015**	15,360
Less: payments	**-**	(5,100)
Exchange differences	**(1,827)**	(368)
Balance as at the end of the year	**22,226**	16,038

	2024 AED'000	*2023 AED'000*
Deferred Tax Assets		
As at 1 January	**5,200**	4,980
Provisions during the year	**-**	100
Exchange differences	**(34)**	42
Balance as at the end of the year	**5,166**	5,122
Deferred Tax Liabilities		
As at 1 January	**121**	102
Provisions during the year	**4,013**	37
Exchange differences	**(43)**	(18)
Balance as at the end of the year	**4,091**	121

30. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	2024	*2023*
Profit/(Loss) for the year attributable to shareholders (AED'000)	**13,091**	(158,389)
Weighted average of shares (in thousands)	**922,759**	982,421
Basic and diluted earnings/(loss) per share (AED)	**0.014**	(0.161)

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) for the year by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings/(loss) per share is equivalent to basic earnings/(loss) per share as the Group did not issue any new instrument that would impact earnings/(loss) per share when executed.

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2024 ***AED'000***	*2023* *AED'000*
Letter of Guarantees in favor of CBUAE	**210,000**	210,000
Other letter of guarantees	**8,713**	8,527
	218,713	218,527

Statutory Deposits (note 10) of AED 298,841 thousand (2023: AED 283,526 thousand) includes deposits amounting to AED 70,000 thousand (2023: AED 70,000 thousand) which are held as lien by the bank against the abovementioned letter of guarantees issued by bank in favor of the Central Bank of United Arab Emirates ("CBUAE").

Other letter of guarantee was issued during normal course of business against which term deposits of AED 8,712 thousand (2023: AED 8,718 thousand) (note 17) which are held as lien by the bank.

Ongoing legal case
Group's total assets includes Investment property with a carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) (note 7), Investment at fair value through other comprehensive income of AED 58,244 thousand (2023: AED 58,244 thousand) and investments held at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand) (note 11); and Other receivables with a carrying amount of AED 33,639 thousand (2023: AED 33,639 thousand) (note 16). Aforementioned assets are under dispute due to litigation between the Group and a Bank (previously a related party).

Group has initiated legal actions, including civil and criminal cases at Dubai Courts, to safeguard rights and reclaim contested assets. Additionally, Group is pursuing legal measures in other jurisdictions against the parties implicated in the criminal case. Legal consultants of the Group express confidence in Group's strong legal position in these disputes, based on the progress of actions taken to date, the positive legal rulings obtained, and those currently in progress.

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants and retakaful operators in connection with policies issued. The management believes, based on independent legal counsel opinions that the ascertainment of liabilities and its timing is highly subjective and dependent on outcomes of court's decisions. The Group has fully provided an impairment for these assets (note 44).

There are no significant capital commitments at 31 December 2024 (2023: nil).

32. OPERATING LEASE COMMITMENTS

Group as a lessee
The future minimum lease payments for contracts under non-cancellable operating lease are as follows:

	2024 ***AED'000***	*2023* *AED'000*
Future minimum lease payments:		
Due within one year	**2,189**	2,507

33. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows a reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

	FVTPL AED'000	***FVOCI AED'000***	***Amortised cost AED'000***	***Total AED'000***
Financial assets				
Investments	**723**	**21,947**	**200,072**	**222,742**
Statutory deposits	**-**	**-**	**298,841**	**298,841**
Unit Linked investments	**1,919,837**	**-**	**-**	**1,919,837**
Deposits with takaful and retakaful companies	**-**	**-**	**748**	**748**
Other assets and receivables	**-**	**-**	**16,897**	**16,897**
Bank balances and cash	**-**	**-**	**150,342**	**150,342**
	1,920,560	**21,947**	**666,900**	**2,609,407**
Financial liabilities				
Other payables and accruals	**-**	**-**	**73,485**	**73,485**
Lease liabilities	**-**	**-**	**6,203**	**6,203**
	-	**-**	**79,688**	**79,688**

31 December 2023

	FVTPL AED'000	*FVOCI AED'000*	*Amortised cost AED'000*	*Total AED'000*
Financial assets				
Investments	323	84,460	309,279	394,062
Statutory deposits	-	-	283,526	283,526
Deposits with takaful and retakaful companies	-	-	974	974
Other assets and receivables	-	-	62,179	62,179
Bank balances and cash	-	-	145,807	145,807
	323	84,460	801,765	886,548
Financial liabilities				
Other payables and accruals	-	-	79,238	79,238
Lease liabilities	-	-	4,695	4,695
	-	-	83,933	83,933

34. FAIR VALUE OF FINANCIAL INSTRUMENT

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

34. FAIR VALUE OF FINANCIAL INSTRUMENT (continued)

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy of assets and liabilities measured at fair value
The following table analyses assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position.

As at 31 December 2024

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Financial assets				
Financial asset at fair value through profit or loss				
Shares and securities	**723**	**-**	**-**	**723**
Unit Linked investments	**-**	**1,919,837**	**-**	**1,919,837**
	723	**1,919,837**	**-**	**1,920,560**
Financial asset at fair value through OCI				
Mutual fund	**-**	**-**	**80,299**	**80,299**
Shares and securities	**-**	**959**	**-**	**959**
Less: provision for credit losses	**-**	**-**	**(59,311)**	**(59,311)**
	-	**959**	**20,988**	**21,947**
Non-financial assets				
Investment properties	**-**	**-**	**48,840**	**48,840**
	-	**-**	**48,840**	**48,840**

34. FAIR VALUE OF FINANCIAL INSTRUMENT (continued)

As at 31 December 2023

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Financial assets				
Financial asset at fair value through profit or loss				
Shares and securities	323	-	-	323
Unit Linked investments	-	2,020,883	-	2,020,883
	323	2,020,883	-	2,021,206
Financial asset at fair value through OCI				
Mutual fund	-	-	85,513	85,513
Shares and securities	-	967	-	967
Less: provision for credit losses	-	-	(59,311)	(59,311)
	-	967	26,202	27,169
Non-financial assets				
Investment properties	-	-	60,419	60,419
	-	-	60,419	60,419

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	2024 AED'000	*2023 AED'000*
	2024 AED'000	*2023 AED'000* (Restated)
Movement in investment properties		
Balance at 1 January	**60,419**	58,819
Addition	**21**	-
Unrealized gain on investment properties (note 25)	**4,502**	3,599
Disposal / Transfer	**(11,006)**	
Currency translation differences	**(5,096)**	(1,999)
	48,840	60,419

35. RISK MANAGEMENT

The Group issues contracts that transfer either takaful risk or both takaful and financial risks. The Group does not issue contracts that transfer only financial risk. This section summarises these risks and the way the Group manages them.

a) Introduction and overview

Governance framework
The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognises the critical importance of having efficient and effective risk management systems in place. The Group is in the phase of establishing a risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees.

35. RISK MANAGEMENT (continued)

a) Introduction and overview (continued)

Capital management framework
The Group has an internal risk management framework for identifying risks to which each of its business units and the Group as a whole are exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

Regulatory framework
Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters. The operations of the Group are also subject to regulatory requirements within the UAE. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as these arise.

Asset liability management (ALM) framework
Financial risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces due to the nature of its investments and liabilities is the equity price risk. The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under takaful and investment contracts. The Group’s ALM framework is also integrated with the management of the financial risks associated with the Group’s other financial assets and liabilities not directly associated with takaful and investment liabilities.

The Group’s ALM framework also forms an integral part of the takaful risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from takaful and investment contracts. The Group 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 insurance and investment contracts. The most important components of risk management includes takaful risk and financial risk.

The vast majority of assets held by Salama relate to assets linked to liabilities for unit linked policies (through the Participant Investment Accounts – PIA). Policyholders bear all risks relating to PIA assets and liabilities, other than the operational risk of matching assets not being invested in after allocating units to policies.

A high-level review of the company’s asset and liability cash flow profile suggests that the assets for different durations are sufficient to meet its corresponding liabilities.

ALM Committee
ALM Committee will be a sub-Committee of the Investment Committee. It comprises of at least 2 members which are appointed by the Committee. Committee is to have annual meetings alongside other informal meetings. The ALM Committee includes members of Local senior management (CFO, Risk Head and Head of Actuarial function, if applicable) and a member representative of the SALAMA Board. The CFO is responsible for reporting the proceedings of the meetings of the ALM Committee to the Investment Committee which will be included in the Investment Committee report to the Board of Directors.

The responsibilities of the committer include validating the strategic asset allocation and ensuring compliance on risk appetite limits, regulatory and other accounting constraints. ALM is also responsible for monitoring liquidity position and exploring alternative funding sources.

b) Takaful risk

Takaful risk is where the Group agrees to indemnify the insured parties against happening of unforeseen future insured events. The frequency and severity of claims are the main risk factors. As per the practices adopted by the Group, actual claim amounts can vary marginally compared to the outstanding claim reserves but are not expected to have a material impact.

35. RISK MANAGEMENT (continued)

b) Takaful risk (continued)

Frequency and severity of claims
The frequency and severity of claims can be affected by several factors. The Group underwrites property, engineering, motor, miscellaneous accident, marines and personal accident classes. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span. This helps to mitigate takaful risk.

Property
For property takaful contracts, the main perils are fire damage and other allied perils and business interruption resulting there from. These contracts are underwritten either on replacement value or indemnity basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties, the time taken to reinstate the operations to its pre-loss position in the case of business interruption and the basis of takaful are the main factors that influence the level of claims.

Engineering
For engineering takaful contracts, the main elements of risks are loss or damage to insured project works and resultant third party liabilities, loss or damage to insured plants, machinery and equipment and resultant business interruption losses. The extent of the loss or damage is the main factor that influences the level of claims.

Motor
For motor takaful contracts, the main elements of risks are claims arising out of death and bodily injury and damage to third party properties as well as that of insured vehicles. The potential court awards for death and bodily injury and the extent of damage to properties are the key factors that influence the level of claims.

Miscellaneous accident
For miscellaneous accident classes of takaful such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indemnity are underwritten. The extent of loss or damage and the potential court awards for liability classes are the main factors that influence the level of claims.

Marine
In marine takaful the main risk elements are loss or damage to insured cargo and hull due to various mishaps resulting in the total or partial loss claims. The extent of the loss or damage is the main factor that influences the level of claims.

Family takaful contracts
Underwriting is managed at each business unit through a dedicated underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks.

Health selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

Products are reviewed by the business units on an annual basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

Retakaful risk
In line with other takaful and retakaful companies, in order to minimise net loss exposure arising from large claims, the Group, in the normal course of business, enters into agreements with other parties for retakaful purposes. Such retakaful arrangement provides for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

To minimise its exposure to significant losses from reinsurers' insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

35. RISK MANAGEMENT (continued)

b) Takaful risk (continued)

Retakaful risk (continued)
Assets, liabilities, income and expense arising from ceded retakaful contracts are presented separately from assets, liabilities, income and expense from the related takaful contract because the retakaful ceded contracts do not relieve the Group from its obligations and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the retakaful fails to meet the obligations under the retakaful agreements.

Concentration of takaful risk
The Group has certain single takaful contracts which it considers as risks of high severity but very low frequency. The Group cedes substantial part of these risks and its net retention on any one single event is limited to AED 1 million (2023: AED 1 million).

Terms and conditions of takaful contracts
Takaful is based on uncertainty of event. As such the terms and conditions of takaful contracts varies but are normally based on the international guidance and policy wordings as followed by all takaful companies in the market.

Normally a takaful contract contains the coverage of the subject of takaful, the exclusions and obligations of the insured and the insurers. Deviations are reported forthwith to the insurer by the insured and any accident event to be reported immediately. Long tail business is generally that where the time period to ultimately finalise and settle claims could take a number of years.

The Group's estimates for reported and unreported losses and establishing resulting provisions and related retakaful recoverables are continually reviewed and updated, and adjustments resulting from this review are reflected in the consolidated statement of profit or loss. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future claims.

Reserving risks are addressed by ensuring prudent and appropriate reserving for business written by the Group, thus ensuring that sufficient funds are available to cover future claims. Reserving practises for the General Takaful and Individual Family Takaful Portfolio involve the use of actuarial analysis from an independent actuary.

c) Financial risks

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

- Credit risk,
- Liquidity risk,
- Market risk, and
- Operational risk.

i) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group has been established and policies and procedures are in place to mitigate the Group's exposure to credit risk. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

For all classes of financial assets held by the Group, other than those relating to retakaful contracts, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the consolidated financial position date.

Retakaful is placed with reinsures and retakaful companies approved by the management, which are generally international companies that are rated by international rating agencies or other GCC companies.

35. RISK MANAGEMENT (continued)

c) Financial risks (countinued)

i) Credit risk (countinued)

To minimise its exposure to significant losses from reinsurer and retakaful insolvencies, the Group evaluates the financial condition of its reinsures and retakaful companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsures and retakaful companies.

At each reporting date, management performs an assessment of creditworthiness of reinsures and retakaful companies updates the retakaful purchase strategy, ascertaining suitable allowance for impairment if required.

The Group monitors concentrations of credit risk by sector and by geographic location.

Credit risk is controlled through terms of trade for receipt of contributions. Most of the counterparties are takaful companies that are generally not rated. However, they are selected on their standing in the market, rating, relationship experience and length of association. All retakaful counterparties are rated.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the year is disclosed.

31 December 2024

		Credit ratings		
	A+ to A- ***AED '000***	***BBB+ to BBB-*** ***AED '000***	***Below BBB- or not rated*** ***AED '000***	***Total*** ***AED '000***
Assets				
Investments held at amortised cost	**59,898**	**24,339**	**290,899**	**375,136**
Investments carried at FVTPL	**-**	**-**	**723**	**723**
Fair value through other comprehensive income	**17,816**	**-**	**63,442**	**81,258**
Statutory deposits	**70,000**	**15,298**	**213,543**	**298,841**
Other receivables and prepayments	**16,879**	**-**	**52,143**	**69,022**
Deposits with takaful and retakaful companies	**748**	**-**	**-**	**748**
Cash and cash equivalents	**70,221**	**2,189**	**77,932**	**150,342**
Less: Allowance for expected credit losses	**(1,364)**	**(771)**	**(286,036)**	**(288,171)**
	234,198	**41,055**	**412,646**	**687,899**

31 December 2023

		Credit ratings		
	A+ to A- *AED '000*	*BBB+ to BBB-* *AED '000*	*Below BBB- or not rated* *AED '000*	*Total* *AED '000*
Assets				
Investments held at amortised cost	60,057	26,561	283,365	369,983
Investments carried at FVTPL	-	-	323	323
Fair value through other comprehensive income	20,679	-	65,801	86,480
Statutory deposits	70,000	144	213,382	283,526
Other receivables and prepayments	16,879	-	48,864	65,743
Deposits with takaful and retakaful companies	974	-	-	974
Cash and cash equivalents	58,431	49,333	38,038	145,802
Less: Allowance for expected credit losses	(1,193)	(776)	(111,272)	(113,241)
	208,948	75,262	538,501	822,711

35. RISK MANAGEMENT (continued)

c) Financial risks (countinued)

i) Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position.

	31 December 2024 AED'000	*31 December 2023 AED'000 (Restated)*
Statutory deposits	**298,841**	283,526
Investments held at amortised cost	**200,072**	309,062
Investments carried at FVOCI	**21,947**	26,216
Investments carried at FVTPL	**723**	323
Participants' investments in unit-linked contracts	**1,919,837**	2,020,883
Deposits with takaful and retakaful companies	**748**	974
Takaful contract assets	**-**	6,801
Retakaful contract assets	**470,860**	348,462
Other receivables and receivables	**16,879**	62,179
Bank balances	**148,689**	144,149
	3,078,596	3,202,575

For more detail on the maximum exposure to credit risk for each class of financial instrument, references have been aded to the specific notes. The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties.

At 31 December 2024

	Neither past due nor impaired			
	Investment grade AED'000	***Non-investment grade AED'000***	***Past due or impaired AED'000***	***Total AED'000***
Investments held at amortised cost	**84,237**	**290,899**	**-**	**375,136**
Participants' investments in unit-linked contracts	**1,919,837**	**-**	**-**	**1,919,837**
Investments carried at FVTPL	**-**	**723**	**-**	**723**
Investments through other comprehensive income	**17,816**	**63,442**	**-**	**81,258**
Retakaful contract assets	**470,860**	**-**	**-**	**470,860**
Other receivables and prepayments	**16,879**	**52,143**	**-**	**69,022**
Deposits with takaful and retakaful companies	**748**	**-**	**-**	**748**
Takaful contract assets	**-**	**-**	**-**	**-**
Statutory deposits	**85,298**	**213,543**	**-**	**298,841**
Bank balances	**72,410**	**77,932**	**-**	**150,342**
	2,670,948	**698,682**	**-**	**3,369,630**
Less: Allowance for expected credit losses	**(2,135)**	**(286,036)**	**-**	**(288,171)**
	2,668,813	**412,646**	**-**	**3,081,459**

35. RISK MANAGEMENT (continued)

c) Financial risks (continued)

i) Credit risk (countinued)

At 31 December 2023

	Neither past due nor impaired			
	Investment grade AED'000	*Non-investment grade AED'000*	*Past due or impaired AED'000*	*Total AED'000*
Investments held at amortised cost	86,618	283,365	-	369,983
Participants' investments in unit-linked contracts	2,020,883	-	-	2,020,883
Investments carried at FVTPL	-	323	-	323
Investments through other comprehensive income	20,679	65,801	-	86,480
Takaful contract assets	6,801	-	-	6,801
Retakaful contract assets	348,462	-	-	348,462
Other receivables and prepayments	62,179	48,864	-	111,043
Deposits with takaful and retakaful companies	974	-	-	974
Statutory deposits	70,144	213,382	-	283,526
Bank balances	107,764	38,038	-	145,802
	2,724,504	649,773	-	3,374,277
Less: Allowance for expected credit losses	(1,969)	(280,318)	-	(282,287)
	2,722,535	369,455	-	3,091,990

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

Maturity profiles

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notices were to be given immediately.

35. RISK MANAGEMENT (continued)

c) Financial risks (countinued)

ii) Liquidity risk

Maturity profiles (continued)

At 31 December 2024

	Less than one year AED'000	***More than one year AED'000***	***Total AED'000***
Assets			
Held at amortised cost	**284,944**	**90,192**	**375,136**
Investments held at fair value through OCI	**60,223**	**21,035**	**81,258**
Investments carried at FVTPL	**723**	**-**	**723**
Other receivables and prepayments	**69,022**	**-**	**69,022**
Deposits with takaful and retakaful companies	**748**	**-**	**748**
Statutory deposits	**168,663**	**130,178**	**298,841**
Cash and bank balances	**150,426**	**-**	**150,426**
Less: Provision for expected credit losses	**(222,014)**	**(66,157)**	**(288,171)**
Total assets	**512,735**	**175,248**	**687,983**
Liabilities			
Lease liabilities	**2,293**	**4,857**	**7,150**
Total liabilities	**2,293**	**4,857**	**7,150**

31 December 2023

	Less than one year AED'000	*More than one year AED'000*	*Total AED'000*
Assets			
Held at amortised cost	180,035	189,948	369,983
Investments held at fair value through OCI	86,480	-	86,480
Investments carried at FVTPL	323	-	323
Other receivables and prepayments	111,043	-	111,043
Deposits with takaful and retakaful companies	974	-	974
Statutory deposits	160,019	123,507	283,526
Cash and bank balances	145,802	-	145,802
Less: Provision for expected credit losses	(225,096)	(57,191)	(282,287)
Total assets	459,580	256,264	715,844
Liabilities			
Lease liabilities	2,507	2,188	4,695
Total liabilities	2,507	2,188	4,695

iii) Market risk

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

35. RISK MANAGEMENT (continued)

c) Financial risks (countinued)

iii) Market risk (continued)

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham.

The significant financial assets and liabilities exposed to currency risk in equivalent thousands of Dirham are as under:

31 December 2024	***Financial assets AED'000***	***Financial liabilities AED'000***	***Net AED'000***
Currency			
USD	**673,899**	**(189,199)**	**484,700**
EGP	**154,377**	**(101,863)**	**52,514**
CFA	**12,980**	**(4,193)**	**8,787**
DZD	**341,415**	**(133,289)**	**208,126**
Others	**66,046**	**(11)**	**66,035**

31 December 2023	*Financial assets AED'000*	*Financial liabilities AED'000*	*Net AED'000*
Currency			
USD	510,966	(187,584)	323,382
EGP	236,081	(128,084)	107,997
CFA	75	(650)	(575)
DZD	328,284	(124,569)	203,715
Others	64,122	(8)	64,114

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other assumptions held constant showing the impact on net profit or equity. The sensitivities carried out for subsidiaries only as the impact of currency risk on the Group's own assets and liabilities is considered insignificant.

31 December 2024	***Change in exchange rates***	***Profit or loss AED'000***	***Other comprehensive Income AED'000***
Financial assets	**+5%**	**-**	**+62,436**
	-5%	**-**	**-62,436**
Financial liabilities	**+5%**	**-**	**+21,427**
	-5%	**-**	**-21,427**

31 December 2023	*Change in exchange rates*	*Profit or loss AED'000*	*Other Comprehensive Income AED'000*
Financial assets	+5%	-	+56,976
	-5%	-	-56,976
Financial liabilities	+5%	-	+22,045
	-5%	-	-22,045

35. RISK MANAGEMENT (continued)

35.1 Claims development process

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. The Group has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Takaful claims-gross Underwriting year (cumulative amounts)	*2020 AED'000*	*2021 AED'000*	*2022 AED'000*	*2023 AED'000*	*2024 AED'000*	*Total AED'000*
Development year 1	232,193	211,986	230,016	595,312	531,154	531,154
Development year 2	417,386	382,027	612,499	522,552		522,552
Development year 3	468,915	515,580	647,872	-		647,872
Development year 4	578,098	844,897	-	-		844,897
Development year 5	482,475	-	-	-		482,475
Current estimate of cumulative claims (A)	482,475	844,897	647,872	522,552	531,154	3,028,950
Cumulative payments to date (B)	(272,854)	(681,839)	(602,845)	(498,364)	(520,260)	(2,575,862)
	209,621	163,058	45,027	24,188	10,894	453,088
Provision for prior years						34,343

Total reserve included in the consolidated statement of financial position as part of the gross claim (excluding family takaful reserve)	**487,431**
Effect of discounting	**(21,161)**
Effect of risk adjustment for non-financial risk	**24,172**
Others*	**128,788**
Total Gross Liability for Incurred Claims	**619,230**

* Others includes Insurance claims and other related payables

35. RISK MANAGEMENT (continued)

35.1 Claims development process (continued)

Takaful claims-net Underwriting year (cumulative amounts)	***2020 AED'000***	***2021 AED'000***	***2022 AED'000***	***2023 AED'000***	***2024 AED'000***	***Total AED'000***
Development year 1	92,333	86,769	93,826	327,629	249,037	249,037
Development year 2	170,653	161,111	298,267	250,257		250,257
Development year 3	185,497	249,567	312,110	-		312,110
Development year 4	260,987	411,495	-	-		411,495
Development year 5	222,007	-	-	-		222,007
Current estimate of cumulative claims **(A)**	222,007	411,495	312,110	250,257	249,037	1,444,906
Cumulative payments to date **(B)**	(152,435)	(366,118)	(296,385)	(242,923)	(245,210)	(1,303,956)
	69,572	45,377	15,725	7,334	2,942	141,835

Provision for prior years	4,914
Total reserve included in the consolidated statement of financial position as part of the gross claim (excluding family takaful reserve)	**146,749**
Effect of discounting	**(2,419)**
Effect of risk adjustment for non-financial risk	**4,181**
Others*	**31,632**
Total Gross Liability for Incurred Claims	**180,143**

* Others includes Insurance claims and other related payables

35. RISK MANAGEMENT (continued)

35.2 Sensitivity analysis

Sensitivity analysis for contracts measured under PAA

	31 December 2024		*31 December 2023*	
	LIC	***Impact on LIC***	*LIC*	*Impact on LIC*
Takaful Contract Liabilities	**497,596**	**-**	442,474	-
Takaful Contract Assets	**(378,438)**	**-**	(265,453)	-
	119,158	**-**	177,021	-
5% increase LIC				
Takaful Contract Liabilities	**522,476**	**(24,880)**	464,598	(22,124)
Takaful Contract Assets	**(397,361)**	**18,921**	(278,725)	13,273
	125,115	**(5,959)**	185,872	(8,851)
5% decrease LIC				
Takaful Contract Liabilities	**472,716**	**24,880**	420,350	22,124
Takaful Contract Assets	**(359,517)**	**(18,922)**	(252,180)	(13,273)
	113,199	**5,958**	168,170	8,851

Sensitivity analysis for contracts not measured under PAA

	31 December 2024		*31 December 2023*	
	LIC	***Impact on LIC***	*LIC*	*Impact on LIC*
Takaful Contract Liabilities	**121,634**	**-**	118,436	-
Retakaful Contract Assets	**(60,647)**	**-**	(68,505)	-
	60,987	**-**	49,931	-
5% increase LIC				
Takaful Contract Liabilities	**127,716**	**(6,082)**	124,358	(5,922)
Retakaful Contract Assets	**(63,680)**	**3,032**	(71,930)	3,425
	64,036	**(3,050)**	52,427	(2,497)
5% decrease LIC				
Takaful Contract Liabilities	**115,553**	**6,082**	112,514	5,922
Retakaful Contract Assets	**(57,615)**	**(3,032)**	(65,080)	(3,425)
	57,938	**3,050**	47,434	2,497

35. RISK MANAGEMENT (continued)

35.3 Concentration of insurance risk

The Group's underwriting business is mainly based within GCC countries.

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

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

The Group's Insurance contract liabilities classified based on business segment is noted below.

	31 December 2024			*31 December 2023*		
	Non-Life AED '000	***Life AED '000***	***Total AED '000***	*Non-Life AED '000*	*Life AED '000*	*Total AED '000*
Insurance contract liabilities – net	**(590,712)**	**(2,004,704)**	**(2,595,416)**	(261,640)	(2,040,878)	(2,302,519)
Reinsurance contract assets – net	**406,591**	**(57,275)**	**349,316**	181,124	(78,399)	102,725

36. PROVISION FOR EXPECTED CREDIT LOSSES

	Notes	***ECL recorded on 1 Jan 2024 AED'000***	***Provision/reversal recorded during the year AED'000***	***Closing Balance AED'000***
ECL on Financial Assets				
Investments - Financial instruments at FVOCI	11	**59,311**	**-**	**59,311**
Investments at Amortized Cost	11	**172,459**	**2,605**	**175,064**
Retakafuls' share of outstanding claims	18	**252**	**296**	**548**
Contributions and takaful balance receivables	18	**4,171**	**-**	**4,171**
Other assets and receivables	16	**48,864**	**3,279**	**52,143**
Bank balances and cash	17	**1,653**	**-**	**1,653**
Total		**286,710**	**6,180**	**292,890**

37. OTHER OPERATING EXPENSES

	31 December 2024 AED'000	*31 December 2023 AED'000*
Staff costs	**28,222**	23,638
Depreciation	**2,136**	1,418
Rent	**1,021**	1,057
Movement in family takaful reserves	**(5,313)**	22,389
Software Licenses	**2,386**	4,125
Professional Services Fee	**2,569**	3,536
Others	**21,049**	49,129
	52,070	105,292

38. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- To comply with the capital requirements required by the UAE Federal Law No. (48) of 2023 regarding the Establishment of the Insurance Authority and Insurance Operations
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the Group in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The Group is subject to local takaful solvency regulations with which it has complied during the year. The below summaries the minimum regulatory capital of the Group and the total held.

	2024 AED'000	*2023 AED'000*
Minimum regulatory capital	**100,000**	100,000
Total shareholders' equity	**284,048**	299,508

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 Group acknowledges its responsibility to comply with relevant regulations and is actively undertaking measures. Corrective actions are being implemented to ensure ongoing and complete adherence to regulatory requirements.

The UAE Insurance Authority has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing an insurance firm and AED 250 million for a retakaful firm. The resolution also stipulates that at least 51 percent of the capital of the insurance companies established in the UAE should be owned by UAE or Gulf Cooperation Council national individuals or corporate bodies. The Company is complying with the above requirements.

38. CAPITAL RISK MANAGEMENT (continued)

The Group is subject to solvency regulations which require Solvency Margin to be maintained at all times throughout the year. The Group is in non-compliance with the solvency regulations during the year and continuously assesses and monitors the solvency requirements and position by incorporating necessary policies and procedures.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund ("MGF") and Solvency Capital Requirement ("SCR") of the Group and the total capital held at the Group level to meet the required Solvency Margins in line with the requirements of the Central Bank of UAE. The Group has disclosed the solvency position as of 31 December 2024 as following:

	31 December 2024 AED'000	*31 December 2023 AED'000*
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**169,463**	277,592
Minimum Guarantee Fund (MGF)	**154,740**	156,485
Basic Own Funds	**(18,398)**	111,248
Ancillary Own Funds	**140,000**	140,000
MCR Solvency Margin - surplus/(deficit)	**-**	11,248
SCR Solvency Margin - surplus/(deficit)	**(58,662)**	(96,344)
MGF Solvency Margin - surplus/(deficit)	**(43,938)**	24,763
Subordinated Liabilities (limited)	**118,398**	-

39. FEES AND PENALTIES

During the year ended 31 December 2024, Group has paid fees and penalties amounting to AED 24 thousand (2023: AED 33 thousand).

40. DIVIDEND AND BOARD REMUNERATION

At the annual general meeting held on 24 April 2023, the shareholders have approved the Directors Remuneration fee subject to the compliance with the rules & regulation. Subsequently, the Group has paid BOD remuneration of AED 1,377 thousand for the year ended 31 December 2023 (31 December 2022: AED 2,377 thousand). No dividend was approved for the year ended 31 December 2023.

41. AUDIT REMUNERATION

Auditors' remuneration for the statutory audit of the Group's consolidated financial statements for the year ended 31 December 2024 amounts to AED 850 thousand (2023: AED 600 thousand). Auditors' remuneration for the review of the Group's interim condensed consolidated financial statements during the year ended 31 December 2024 amounts to AED 350 thousand (2023: AED 285 thousand). Fee for other statutory and other audit related services provided by the auditors to the Group amounts to AED thousand 255 thousand (2023: AED 839 thousand).

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 26 March 2025.

43. GROSS INSURANCE PREMIUM

As per the Central Bank of UAE reporting requirements, the following disclosures are provided.

2024

Description	***Life Insurance (Without Medical & Fund Accumulation) AED'000 (A)***	***Fund Accumulation AED'000 (B)***	***Medical Insurance AED'000 (C)***	***Property & Liability (Without Medical) AED'000 (D)***	***All Types of Business Combined AED'000 (E)=(A)+(B)+(C)+(D)***
Direct Written Premiums	**542,708**	**-**	**378,351**	**167,835**	**1,088,894**
Assumed Business	**-**	**-**	**-**	**-**	**-**
Foreign	**-**	**-**	**-**	**-**	**-**
Local	**-**	**-**	**-**	**3,500**	**3,500**
Total Assumed Business	**-**	**-**	**-**	**3,500**	**3,500**
Gross Written Premiums	**542,708**	**-**	**378,351**	**171,335**	**1,092,394**

2023

Description	*Life Insurance (Without Medical & Fund Accumulation) AED'000 (A)*	*Fund Accumulation AED'000 (B)*	*Medical Insurance AED'000 (C)*	*Property & Liability (Without Medical) AED'000 (D)*	*All Types of Business Combined AED'000 (E)=(A)+(B)+(C)+(D)*
Direct Written Premiums	612,300	-	468,404	221,871	1,302,575
Assumed Business	-	-	-	-	-
Foreign	-	-	-	-	-
Local	-	-	-	3,389	3,389
Total Assumed Business	-	-	-	3,389	3,389
Gross Written Premiums	612,300	-	468,404	225,260	1,305,964

44. PRIOR PERIOD ADJUSTMENT

During the current period, the Company identified an error relating to prior year and, accordingly, an adjustment was made with a retrospective effect in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors by fully providing for an impairment of assets under ongoing litigations. This adjustment was necessary as the Company has recognized that the legal opinion provided in 2022 regarding these assets was not accurate resulting to incorrect measurement of the assets. Upon further review, and in alignment with applicable accounting standards, the Company has determined that recognizing the impairment is essential to ensure the accuracy and reliability of financial reporting. This restatement enhances transparency and ensures consolidated financial statements present a true and fair view of asset position of the Group.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

44. PRIOR PERIOD ADJUSTMENT (continued)

	31 December 2023		
	As previously reported AED	***Restatement AED***	***Restated balance AED***
Statement of financial position			
Assets			
Investment properties	145,376	(84,957)	60,419
Investments	394,062	(169,871)	224,191
Other assets and receivables	114,033	(33,639)	80,394
Equity			
Accumulated losses	(163,924)	(288,467)	(452,391)

	1 January2023		
	As previously reported AED	***Restatement AED***	***Restated balance AED***
Statement of financial position			
Assets			
Investment properties	143,776	(84,957)	58,819
Investments	492,961	(169,871)	323,090
Other assets and receivables	106,343	(33,639)	72,704
Equity			
Accumulated losses	(371,913)	(288,467)	(660,380)

The prior period adjustment did not have an impact on the consolidated statements' of profit or loss, comprehensive income or the Group's operating, investing and financing cash flows.

SALAMA
الشركة الإسلامية العربية للتأمين (ش.م.ع)
ISLAMIC ARAB INSURANCE CO.(P.S.C.)
معـاً. لمستقبل آمن.
SECURING OUR FUTURE. together.

مقيدة تحت الرقم (١٧) بموجب القانون الاتحادي رقم (٦) لسنة ٢٠٠٧.
Registration No. (17) under Federal Law No. (6) of 2007.

Board of Directors Presentation to Shareholders

Justification for the Recommendation not to Distribute Dividends

Ladies and Gentlemen, Shareholders,

We appreciate your trust in, and continued support of, Islamic Arab Insurance Company – SALAMA PJSC. This presentation is to provide the rationale behind the Board of Directors' recommendation not to distribute dividends for the financial year ended 31 Dec 2024. This decision has been taken after thorough consideration of the Company's financial position, future growth prospects, and strategic objectives. The reasons behind this recommendation are as follows:

1) The Company has accumulated losses as of December 31, 2024
2) There is a deficit in relation to Solvency requirement

The above two items prevent Salama from distributing dividend.

The decision not to distribute dividends at this time is a strategic measure aimed at ensuring long-term shareholder value, financial stability, and sustainable growth. The Board remains committed to maximizing returns for shareholders and will continuously assess future dividend distribution based on financial performance and market conditions.

We appreciate your understanding and support. Thank you.

عرض مجلس الإدارة على المساهمين

مبررات التوصية بعدم توزيع الأرباح

السيدات والسادة المساهمين،

نثمن ثقتكم ودعمكم المستمر للشركة الإسلامية العربية للتأمين – سلامة (ش.م.ع). يتضمن هذا العرض مبررات توصية مجلس الإدارة بعدم توزيع الأرباح عن السنة المالية المنتهية في 31 ديسمبر 2024. تم اتخاذ هذا القرار بعد دراسة معمقة لوضع الشركة المالي، وآفاق نموها المستقبلي، وأهدافها الاستراتيجية. تعود التوصية المذكورة أعلاه للأسباب التالية:

1) يوجد لدى الشركة خسائر متراكمة كما هي بتاريخ 31 ديسمبر 2024.
2) يوجد عجز فيما يتعلق بمتطلبات الملاءة

إن السببين المذكورين أعلاه يحولان دون إمكانية قيام الشركة بتوزيع الأرباح.

إن قرار عدم توزيع الأرباح في الوقت الحالي هو إجراء استراتيجي يهدف إلى ضمان تحقيق قيمة طويلة الأجل للمساهمين، وتعزيز الاستقرار المالي، ودعم النمو المستدام. سيبقى مجلس الإدارة ملتزمًا بتعظيم العوائد للمساهمين وسيتابع باستمرار تقييم إمكانية توزيع الأرباح مستقبلاً بناءً على الأداء المالي وظروف السوق.

نقدّر تفهمكم ودعمكم.
شكرًا لكم.

Signed by:
Fahad Al Qassim
811AB816E3C5452...

Fahad AlQassim — فهد القاسم
Chairman of the Board — رئيس مجلس الإدارة

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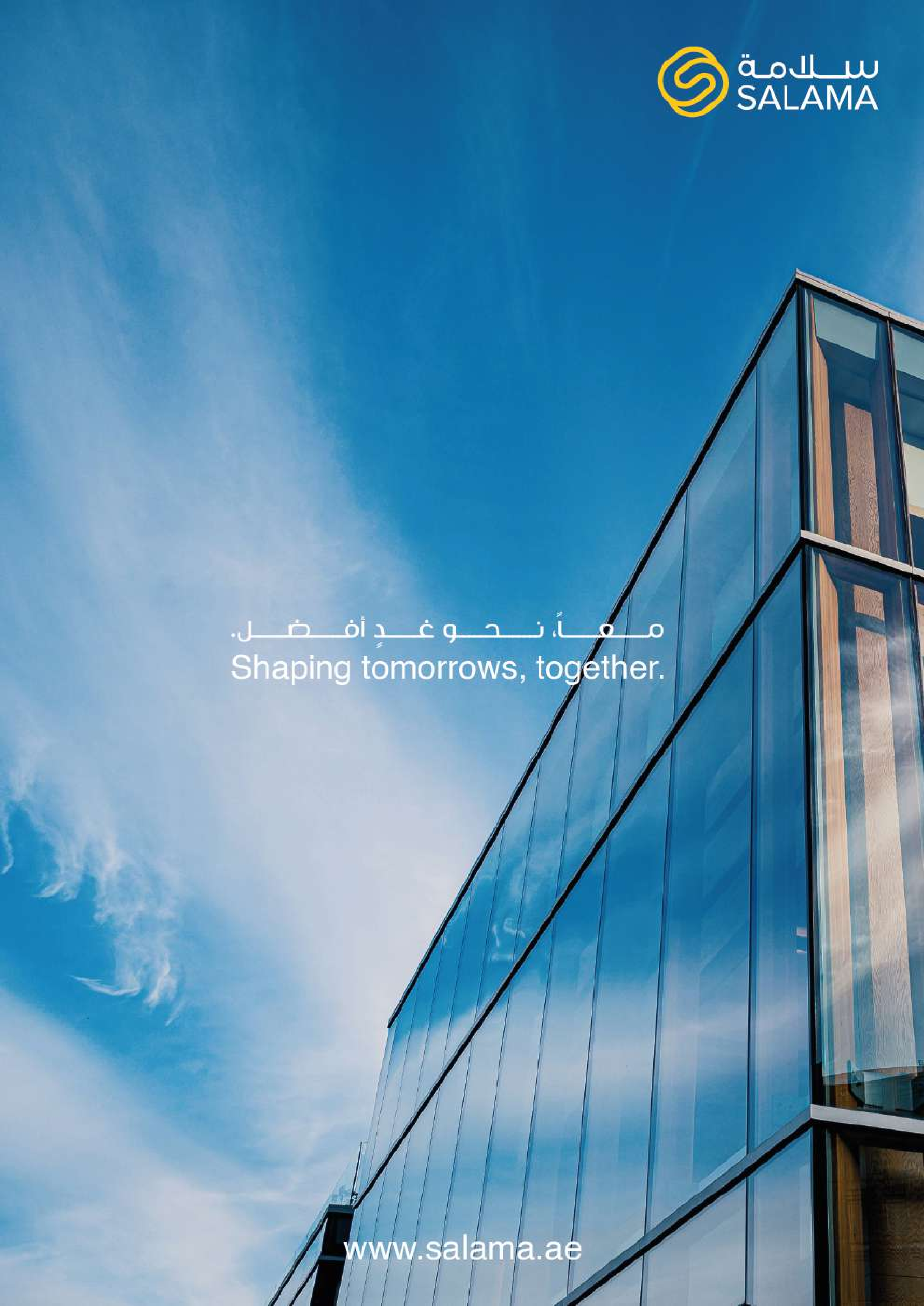
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CORPORATE GOVERNANCE REPORT 2024

Corporate Governance Report
SALAMA - Islamic Arab Insurance Company
For the fiscal year ended on 31/12/2024

1- Statement of procedures taken to complete the corporate governance system, during 2024, and method of implementing thereof.

The Board of Directors of Islamic Arab Insurance (P.S.C) – SALAMA remain firmly committed to the comprehensive application of Corporate Governance principles in accordance with international standards which is instrumental towards achieving institutional discipline in the management of the Company. Our Corporate Governance system establishes the responsibilities and duties of the Board of Directors along with the Executive Management of the Company, while protecting the rights of Shareholders and other Stakeholders, and ultimately contributing towards achieving high and sustainable growth rates. The Board has the responsibility to implement the Corporate Governance framework on the organization level. These principles include the provision of an effective control environment, development of an effective internal control system with active participation by the Independent Members, formation of an Audit Committee, granting the Internal Control Department full necessary independence and powers, abstention from transactions which are flawed by conflict of interest, and introduction of the code of professional conduct.

The Board endeavors to ensure regulatory compliance with the instructions and regulations issued by the various regulatory authorities, ensuring the adequacy and effectiveness of the Internal Audit & Corporate Governance Compliance Program, approve the investments, business plan budgets, and financial statements of the company, ensuring adequacy of the human resources required to implement the Company's strategies, ensure that the shareholders receive accurate and proper information at the right time, and ensuring adherence to the standards of disclosure and transparency. SALAMA is fully committed to have a corporate governance framework that is compliant with all corporate governance requirements that are applicable to public joint stock companies in the UAE and consistent with Corporate Governance Regulation for Insurance Companies and accompanying Standards (the 'Regulation'),issued by CBUAE under Circular No. 24/2022, and Standard Re Shari'ah Governance for Takaful Insurance Companies Notice No: 4496/2023 Dated: 08 September 2023 and securities and commodities authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning approval of Joint Stock Companies Governance Guide, other relevant resolutions issued from time to time by the competent authorities and the International Best Practices.

The company's governance framework is built on the principles of ethics, fairness, and transparency, driven by a vision to achieve long-term sustainable value. By adhering to these principles, the company aims to maximize the benefits of governance, improve risk management, enhance operational efficiency, and establish a strong competitive advantage. To achieve these objectives, the company is committed to full compliance with governance-related laws and regulations. Adopting best local and international corporate governance practices. And managing risks and change in alignment with approved strategic goals.

The company also ensures that all employees adhere to best governance practices, reinforcing accountability, transparency, and integrity in all transactions. This approach helps build trust and achieve the highest levels of compliance with corporate governance standards.

SALAMA's operates within a robust corporate governance framework that clearly defines the responsibilities and accountability of The Board of Directors and its committees. management committees. Compliance, Risk Management, and Internal Audit functions

The Board of Directors serves as the primary authority overseeing the management of the company. It ensures the effectiveness and adequacy of the compliance program, internal audit, and corporate governance framework necessary for implementing SALAMA's strategy. The timely and accurate dissemination of relevant information to shareholders, fostering transparency and trust. The Board is supported by its specialized committees, which enhance governance effectiveness and ensure alignment with regulatory standards and best practices.

SALAMA's Board of Directors, executive management, and employees are committed to upholding the highest standards of ethics and professional conduct in all business operations. The company maintains a zero-tolerance policy toward any activities or behaviors that contradict its core values and principles. This steadfast commitment ensures a corporate culture built on integrity, accountability, and transparency.

SALAMA continually strengthens its governance framework by incorporating international best practices, enhancing risk management strategies, and fostering a culture of ethical leadership. By doing so, the company maintains sustainable growth, regulatory compliance, and a competitive edge in the insurance sector.

2- Statement of ownership and transactions of Board of Directors (Board) members and their spouses, their children in the company securities during 2024, according to the following schedule:

No.	Name	Position / Kinship	Owned shares as on 31/12/2024	Total sale	Total purchase
1.	**Mr. Fahad Abdulqader Qassim Abdulla Al Qassim**	**Chairman** Election Date: 22/07/2024	No shares registered under his name, or the name of his wife or children	None	None
2.	**Mr. Fareed Lutfi Ali Hussain Harmouzi**	**Vice Chairman** Election Date: 09/11/2023	No shares registered under his name, or the name of his wife or children	None	None
3.	**Mr. Saeed Bin Mohammad Bin Ahmad Al Qassimi**	**Member** Election Date: 02/09/2020	2,204,574	3,500,001	None
4.	**Ms. Maha Abdulmajeed Ismaeel Ali Al Fahim**	**Member** Election Date: 24/04/2023	No shares registered under his name, or the name of his wife or children	None	None
5.	**Mr. Mohamed Al Sayed Mohamed Ebraheem Al Hashimi**	**Member** from: 29/03/2024	No shares registered under his name, or the name of his wife or children	None	None
6.	**Mr. Ammar Ali Mohamed Jaber**	**Member** Election Date: 22/07/2024	No shares registered under his name, or the name of his wife or children	None	None
7.	**Mr. Ahmad Mohammad Al Sadah**	**Member** Election Date: 02/09/2020	No shares registered under his name, or the name of his wife or children	None	None

3- Board Formation:

A. Statement of the current Board formation (along with the names of both the resigned and appointed Board members) according to the following schedule:

No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
1.	**Mr. Fahad Abdulqader Qassim Abdulla Al Qassim**	Non-executive Member and independent	• MBA in Finance from Monash University in Melbourne, Australia • Bachelor's (Hons) Degree in Applied Computing from Leeds Metropolitan University in the UK • Higher Diploma in Electronics Engineering from Higher Colleges of Technologies in the UAE Mr. Alqassim is the Director General of the Abu Dhabi Endowments' and Minors' Funds Authority. He is also the Chairman of Eshraq Investments PJSC, the Chairman of Islamic Arab Insurance Company - SALAMA (PSC), the chairman of Salama Takaful Egypt and a board member of Aramex PJSC. Mr. Alqassim has over 25 years of experience in the investment banking, government and commercial sectors.	5 months from 22/07/2024	- Chairman of the Board of Eshraq Investments PJSC. - Board Member and Chairman of Audit Committee at Aramex PJSC	- Director General – Endowments' and Minors' Funds Authority. - Board Member: Salama Takaful Egypt.

			Mr. Alqassim has served as CEO of Healthcare, Pharma and Financial Services at ADQ from 2021 until July 2024 and prior to that as CEO of Emirates NBD Capital, where he was responsible for investment banking activities across the region. Mr. Alqassim was also previously the Managing Director and Head of Principal Investments at Waha Capital, managing over AED 6 billion of proprietary investments and overseeing private equity investments across several sectors. Prior to that, he served at the Executive Council of the Government of Dubai, Dubai Islamic Bank and Dubai Aluminium Company. He is a graduate of the Mohammed Bin Rashid Leadership Programme.			
2.	**Mr. Fareed Lutfi Ali Hussain Harmouzi**	Non-executive Member and independent	- Member of the Chartered Institute of Insurance (London) since 1982 - Completed Special Insurance Program: College of Insurance, New York, NY (1982) - Training in London Insurance/Reinsurance Markets: London, England (1982) - Insurance Studies: Swiss Insurance Training Centre, Zurich, Switzerland (1986) - Fareed possesses over 40 years of extensive experience in the insurance field, holding leadership positions in various prominent government and private institutions across the UAE and the region. This includes the Secretary-General position of the Emirates Insurance Association and the Gulf Insurance Federation, board memberships in several insurance and reinsurance companies, and serving as an Executive Advisor for leading organizations. He	1 year and 52 days from 09/11/2023	- None	- Secretary General of the Emirates Insurance Association and the Gulf Insurance Federation since 2005 - Elected Higher Committee Board Member of Insurance Business Group (IBG)

SALAMA

			evidently boasts a distinguished track record and deep industry knowledge, and his views are well-respected amongst his peers. **Previous Positions and Experience:** - Executive Advisor at Marsh Emirates Insurance Brokers and Consultancy - Board Member of UTMOST International Middle East, DIFC - Advisory Board Member of Risk Exchange, DIFC - Vice Chairman and Committee Member of National Health Insurance (DAMAN), Abu Dhabi - Former Director of Insurance Services at Dubai Holdings - Former President of Dubai Insurance Group, part of Dubai Group - Former Managing Director-Insurance with Dubai Financial Group, part of Dubai Group - Member of the Steering Committee formed by Dubai Executive Council for establishing Dubai Health Insurance Scheme - Served as an Independent Board Member of Gulf Warranties, Bahrain - Served as a Board Member of Al Fajr Re, Kuwait - Served as a Board Member and Chairman of the Audit Committee at Emirates Retakaful Company in DIFC - Former Chairman and Senior Executive Officer of DHIS (a captive company based in DIFC) - Served as Vice Chairman and Member of Reinsurance Committee of Dubai Group Sigorta, Turkey - Former Board Member, Audit Committee Member, and HR Committee Member of Oman National Investment Corporation Holding, Oman - Former Board Member and Chairman of the Audit Committee of National Life & General Insurance Company, Oman			- Member of Planning Committee for DCCI Insurance Group - Member of Financial Services and Banking Program Advisory Committee - Dubai United Kingdom Trade and Economic Committee (DUKTEC) - Member of the finance working group - Work Passport Program, Abu Dhabi Chamber of Commerce & Industry

			- Former Board Member of Gulf Assist, Bahrain - Served as a Member of the National Committee for the World Trade Organization of the Ministry of Economy and Commerce - Former Board Member, Dubai International Financial Centre (DIFC) - Served as General Manager and then Consultant of Dubai Islamic Insurance and Reinsurance Company (AMAN) which he established while in the role as General Advisor for Dubai Islamic Bank and The Investment Office, Dubai - Chief Executive Officer and Board Member of Alliance Insurance, Dubai - His career began as a reinsurer with ARIG – Arab Insurance Group in 1981 through 1996, setting up and managing the London Contact office from 1982 to 1986.			
3.	**Mr. Saeed Bin Mohammad Al Qassimi**	Non-executive Member and non-independent	- Bachelor of Science and Administration with minor Philosophy, Suffolk University, Boston, Massachusetts, USA. - Master of Science Administrative Studies Multinational Commerce, Boston University, Boston, Massachusetts, USA. A seasoned leader with a profound understanding of business, technology, and investments, Mr. Saeed Al Qassimi has been instrumental in driving the success of the UAE company. Since 2010, he has served as the founding partner of Easy Lease Motorcycle Rental PJSC, showcasing his entrepreneurial spirit and dedication to establishing a sustainable venture. **Additional Board Memberships:**	4 years and 4 months Since 02/09/2020	Easy Lease Motorcycle Rental PJSC	- Board Member: Salama Takaful Egypt.

			- Board Member, UAE Shooting Federation (UAE) - Board Member, Urban Landscaping (UAE) - Board Member, The Captain Boats and Ships Trading (UAE) - Easy Lease Motorcycle Rental.			
4.	**Ms. Maha Abdulmajeed Ismaeel Ali Al Fahim**	Non-executive Member and independent	- University of Michigan, Ann Arbor, MI (April 2012) - Bachelor of Arts, Double Major in Political Science and International Comparative Studies (Honors), Minor in Middle Eastern and North African Studies. **Investment and Venture Capital**: - Over 9 years of experience in the financial industry, with roles at leading institutions like ADIA, High Water Venture Partners, and the Supreme Council for Financial & Economic Affairs. - Proven track record in investment management, with experience across fixed income, macro research, and venture capital. - Demonstrated ability to source, evaluate, and manage investments across various asset classes and sectors. - Possesses strong financial modeling, analytical, and research skills. - Public Policy and International Relations: - Double major in Political Science and International Comparative Studies, with a minor in Middle Eastern and North African Studies. - Experience working on public policy issues at the American Enterprise Institute and the Canadian House of Commons. - Deep understanding of geopolitical and economic dynamics, particularly relevant to the MENA region. - Skilled in research, analysis, and communication of complex political and economic issues.	1 year and 9 months from 24/04/2023	- Board Member - Eshraq Investments PJSC, Abu Dhabi, UAE	- Abu Dhabi Investment Authority (ADIA) Abu Dhabi. Research Specialist, Macro Research, Fixed Income and Treasury Department. - Board Member, ADIA – Hong Kong Office - Board Member, TAQA Morocco. - Board Member, Misr Emirates Takaful Life Insurance Co (Egypt)

			Additional Experience & Qualifications: - Awarded highest rank in ADIA's First Year Graduate Program and recognized with UC Berkeley's Certificate of Data Science & Analytics. - Active member and Secretary of One Planet Sovereign Wealth Fund, showcasing leadership potential and global engagement. - Recipient of the BlackRock Strategic Asset Allocation Award, highlighting analytical and investment skills.			
5.	**Mr. Mohamed Al Sayed Mohamed Ebraheem Al Hashimi**	Non-executive Member and independent	- Master's Degree in Business Management & Finance from Harvard University (with Distinction), - Bachelor of Science in Business Administration (Cum Laude). - Extensive executive experience in leadership roles and a track record of delivering world class projects with strong focus on finance, investment, strategy, and operational excellence. - Served as CFO of ADNOC LNG, prior to which he was Senior Vice President of Group Strategic Investments for ADNOC Group, and before that acted as both CFO and COO of ADNOC Distribution, where he played a vital role in the company's IPO.	9 months from 29/03/2024	- CEO of Eshraq Investment Company (PJSC).	- Board Member: Misr Emirates Takaful Life Insurance Co - Egypt. - Board Member of Salama Takaful – Egypt
6.	**Mr. Ammar Ali Mohamed Jaber**	Non-executive Member and independent	- MBA in General Business (Canadian University of Dubai), - Certificate of Finance (London Business School), - Higher Diploma in Banking and Financial Services.	5 months from 22/07/2024	Group Treasurer and Head of Global Markets – Emirates NBD, former	-Chairman of the Board: Misr Emirates Takaful Life Insurance Co - Egypt.

			- Group Treasurer and Head of Global Markets & Treasury at Emirates NBD, overseeing the bank's global strategy across liquidity management, fixed income, foreign exchange, rates, equities, and commodities. With deep expertise in global markets, balance sheet optimization, and risk management, he plays a key role in shaping Emirates NBD's treasury operations across major financial hubs, including London, Singapore, Egypt, India, and Saudi Arabia. - He began his banking career at Emirates NBD in 2007 as a foreign exchange trading associate and quickly rose through the ranks. In 2009, he became the first UAE national to lead the GCC rates trading market. He later took charge of Global Markets and Treasury at Emirates Islamic Bank (EIB), driving its transformation and introducing innovative Shariah-compliant financial solutions. In 2019, he returned to Emirates NBD as Head of Group ALM, before assuming his current role in 2021. - Beyond his leadership in Global Markets & Treasury, he holds several key positions across Emirates NBD Group entities and others: • Emirates NBD Group entities: Emirates NBD Securities, Emirates NBD Capital, Emirates NBD Asset Management, Emirates NBD Capital India. • External entities: Al Mehrab Real Estate Fund, MBRGI – Open-Ended Limited, MBRGI investments & projects,		Head of Group ALM & International GM&T, Managing Director – Group ALM, and Head of Treasury & Markets – Emirates NBD	-Board Member: Salama Takaful - Egypt

7.	**Mr. Ahmad Mohammad Al Sadah**	Non-executive Member and independent	- Bachelor of Multimedia Studies & Diploma in Business from Central Queensland University For over 13 years, Mr. Ahmad Al Sadah has served as a driving force in the mobility sector, spearheading the growth of various entities under his leadership. He is known for his commitment to: • Leveraging technology: Mr. Al Sadah prioritizes leveraging technology to streamline operations, drive business growth, and achieve operational excellence for sustained success. • Strategic partnerships: As a visionary leader, he emphasizes forging strategic partnerships to create lasting impact within the industry. Mr. Al Sadah's leadership has been recognized by numerous government and regulatory entities in the UAE through various awards. Additional Board Memberships: • Chairman: o The Captain Boats and Ships Trading (UAE) o Qube Parking Management (UAE) • Board Member: Eco Drive (UAE)	4 years and 4 months Since 02/09/2020 to 14/02/2025	Easy Lease Motorcycle Rental PJSC	None
8.	**H.E. Saeed Mubarak Rashed Saeed Alhajeri**	Non-executive Member and independent	- Bachelor of Business Administration from Lewis & Clark College, USA - Certified Financial Analyst (CFA).	5 years since 10/06/2019 to 22/07/2024	None	Assistant Minister (Ministry of Foreign Affairs and International

			- completed the Executive Education Program at Harvard Business college. Mr. Alhajeri boasts over 24 years of extensive experience in the realm of international finance. His impressive career trajectory has seen him hold leadership positions in various prominent organizations.			Cooperation) for Economic and Commercial Affairs.
9.	**H.E. Mohammed Ahmad Mohammed Bin Abdulaziz Alshehhi.**	Non-executive Member and independent	Executive Master's degree (EMBA) from the American university of Sharjah, UAE, in 2002. Bachelor's degree in electrical engineering from the university of south Florida, Tampa, Florida, United states, in 1990	3 years and 3 months from 21/03/2021 to 06/06/2024	None	None
10.	**Mr. Ajit Vijay Joshi**	Non - Executive/ non-Independent	Bachelor of Engineering in computer science, Master's degree in business administration from the Indian Institute for Management Lucknow.	1 year and 7 months from 12/08/2022 to 11/03/2024	None	None

B. Statement of the percentage of female representation in the Board for 2024:

The Board of Directors of Salama currently includes one female member out of seven, representing 14.3% of the total board composition in 2024. Recognizing the importance of diversity in strengthening board effectiveness, Salama is committed to increasing female representation and promoting women's participation in decision-making.

In the 2023 elections, the board proactively identified two qualified female candidates and presented them to the shareholders, resulting in the appointment of the first woman to the company's Board of Directors. This milestone marks a significant step towards achieving gender balance, fostering a more inclusive and effective governance environment.

The Board of Directors, facilitated by the Nominations and Remuneration Committee (NRC), actively promotes this goal by:

- ✓ Fostering a culture of inclusion and mutual respect.
- ✓ Regularly assessing the board's diversity aspirations to ensure ongoing progress.
- ✓ Recommending effective initiatives to support and increase female representation.
- ✓ Encouraging qualified female candidates to participate in the nomination process, ensuring they are part of the pool of candidates considered for board membership.

SALAMA remains dedicated to building a diverse and inclusive Board of Directors that reflects the broader community, enhancing its ability to make well-informed and effective decisions that support the company's sustainability and growth.

C. Statement of the reasons for the absence of any female candidate for the Board membership:
Not applicable.

D. Statement of the following:

1. **The total remunerations paid to the Board members for the year 2023**:
   In 2024, SALAMA's shareholders approved a total remuneration of AED: 1,114,520 which was paid to the members of the Board of Directors for 2023.

2. **The total remunerations of the Board members, which are proposed for 2024, and will be presented in the annual general assembly meeting for approval**:

   Amount of 1,850,000AED.

3. **Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for 2024 fiscal year:**
   Amount of AED10,000 against each meeting attended by the committees member.

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

   In 2024, no allowances, salaries or additional fees were paid to the Board members.

E. **Number of the Board meetings held during 2024 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy:**

No.	Date of meeting	Number of attendees	Number of attendees by proxy	Names of absent members
1.	14/02/2024	6	None	H.E. Mohammed Alshehhi
2.	29/03/2024	6	None	-
3.	14/05/2024	5	None	H.E. Mohammed Alshehhi
4.	25/07/2024	7	None	-
5.	14/08/2024	7	None	-
6.	30/10/2024	6	None	Mr. Ahmad Mohammad Al Sadah
7.	14/11/2024	6	None	Mr. Ahmad Mohammad Al Sadah
8.	19/12/2024	6	None	Mr. Ahmad Mohammad Al Sadah

F. **Number of the Board resolutions passed during the 2024 fiscal year, along with its indication of the dates of issuance:**

No.	The number of board decisions issued by circulation	Date of the decision
1.	First decision	22/03/2024
2.	Second decision	06/06/2024

4- Board Committees

To support the Board in executing its responsibilities prudently and effectively, it has the authority to form committees and delegate mandates and authorities as outlined in approved terms of reference. However, regardless of any delegation to a committee, the Board remains accountable for the decisions and actions undertaken by that committee. Reflecting the company's dedication to upholding Corporate Governance standards and discipline, the Board has established the following committees:

- ✓ **Audit Committee**
- ✓ **Remuneration & Nomination Committee**
- ✓ **Investment Committee**
- ✓ **Risk Management Committee**

Following Board of Directors' election held during the company's AGM dated 24 April 2023, and following board discussions, the board decided on the Structure and Authorities of its Committees. These decisions were made in accordance with the authorities outlined in the company charters, Article of Association and SCA's Chairman Board Decision No. 03 R.M of 2020 concerning Approval of Joint Stock Companies Governance Guide and consistent with Corporate Governance Regulation for Insurance Companies and accompanying Standards (the 'Regulation'),issued by CBUAE under Circular No. 24/2022.

First: The Audit committee:

a. **The Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**
   - Mr. Mohamed Al Sayed Al Hashimi, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

b. **Names of the Audit Committee members and clarifying their competences and tasks assigned to them:**

No	Name of the Member	Designation	Comments
1	Mr. Mohamed Al Sayed Al Hashimi	Chairman	-
2	Mr. Fareed Lutfi Al Harmouzi	Member	-
3	Mr. Ahmad Al Sadah	Member	-
4	Ms. Maha Al Fahim	Member	Until July 25, 2024

▪ The Committee is tasked with responsibilities outlined in the terms of reference of the Audit Committee, which are formulated in accordance with articles 60, 61 and 62 of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 regarding the Approval of Joint Stock Companies Governance Guide, as well as the standards of the corporate governance system for insurance companies issued by the Central Bank. Key Responsibilities as per the following: The Audit Committee supports the Board of Directors in overseeing the Company's financial reporting, internal controls, and audit processes. Its responsibilities include reviewing quarterly and year-end financial statements, ensuring compliance with financial reporting standards and regulatory requirements, and assessing the effectiveness of internal policies, procedures, and controls. The Committee also monitors the performance and independence of both internal and external auditors, evaluates audit issues, and recommends improvements. Additionally, it reviews the Company's risk management framework, internal audit performance, and internal control systems, while ensuring compliance with relevant governance standards. The Committee investigates potential violations, ensures proper reporting of related party transactions, and supports corrective actions where necessary

c. Number of meetings held by the Audit Committee during 2024 and their dates to discuss the matters related to financial statements and any other matters and demonstrating the members' personal attendance times in the held meetings.:

No.	Name of the Member	First Meeting Date 28 March 2024	Second Meeting Date 13 May 2024	Third Meeting Date 13 August 2024	Fourth Meeting Date 28 November 2024
1	Mr. Mohamed Al Sayed Al Hashimi	N/A	N/A	Present	Present
2	Mr. Fareed Lutfi AlHarmouzi	N/A	N/A	Absent	Absent
3	Mr. Ahmad Al Sadah	Present	Present	Present by proxy Mr. Saeed	Absent
4	Ms. Maha Al Fahim	Present	Present	N/A	N/A

d. Annual Audit Committee report:

1) Key Matters Considered in Relation to Financial Statements

The Audit Committee has reviewed the financial statements for the year and considered significant issues affecting their accuracy. The Committee engaged with management and external auditors to ensure these matters were appropriately addressed.

2) Evaluation of External Audit Process

The Audit Committee assessed the independence, objectivity, and effectiveness of the external audit process, considering:

- The audit firm's tenure and past performance.
- Compliance with regulatory requirements.
- The quality of reports provided.
- The selection and reappointment process, ensuring alignment with governance standards.

3) Recommendation on Appointment/Reappointment of External Auditor

The Committee recommended the reappointment of Ernest and Young as the external auditor for 2025.

4) Independence of the External Auditor

To safeguard auditor independence, the Committee reviewed non-audit services provided by the external auditor and confirmed that:

- Non-audit fees were within permissible limits.
- There was no conflict of interest.
- The auditor adhered to ethical and professional guidelines.

5) Actions on Internal Control Deficiencies

The Committee monitored identified deficiencies and ensured that appropriate corrective actions were taken to enhance governance, improve control measures, and strengthen financial and operational oversight.

6) Review of Internal Audit Reports

The Committee continues to review high-risk internal audit reports, assessing whether these indicate significant control weaknesses. No major failures have been identified to date, and corrective actions continue to be implemented where necessary.

7) Corrective Actions for Material Deficiencies

The Committee oversaw corrective measures for material deficiencies, ensuring:

- Implementation of enhanced monitoring systems.
- Adequate follow-up actions by management.
- Continuous improvements in governance practices.

8) **Review of Related Party Transactions**
The Committee reviewed all transactions with related parties to ensure compliance with applicable laws and transparency. No material concerns were identified, and all transactions were determined to be conducted at arm’s length.

Second: The Nominations and Remuneration Committee:

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

Ms. Maha Al Fahim, Nomination and Remuneration Committee Chairman acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness.

b. **Names of the Nomination and Remuneration Committee members and clarifying their competences and tasks assigned to them:**

No.	Name of the Member	Designation	Comments
1	Ms. Maha Al Fahim	Chairman	-
2	Mr. Ahmad Al Sadah	Member	-
3	Mr. Saeed Al Qassimi	Member	-
4	Mr. Ajit Vijay Joshi	Chairman	Until 11 March 2024

- The Committee is responsible for tasks and duties as per terms of reference of Nominations and Remuneration Committee that is formulated based on article 59 of Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide as well as the standards of the corporate governance system for insurance companies issued by the Central Bank. Key Responsibilities as per the following: The Committee plays an effective role in reviewing the Company’s recruitment, retention ,training and termination policies including determining the role and capabilities required for appointments at senior management level. Moreover, the

Committee develops and implements the plans and initiatives for employing UAE Nationals and for providing best service to the Company's clients through Strategic Planning.

c. **Statement of number of meetings held by the Committee during 2024 and their dates, and statement of all Committee members' personal attendance of times.**

No.	Name of the Member	First Meeting Date 05 August 2024
1	Ms. Maha Al Fahim	Present
2	Mr. Ahmad Al Sadah	Absent
3	Mr. Saeed Al Qassimi	Present

Third: The Supervision and Follow-up Committee of insiders' transactions:

Its duties were included under the powers of the audit committee according to a decision taken by the Board of Directors during its meeting No. 03/2020 held on: 05/21/2020.

Fourth: The Investment Committee:

a. **Acknowledgment by the Chairman of the committee or the person authorized to be responsible for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.**
"Mr. Ammar Jaber, Chairman of the Investment Committee, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and ensuring its effectiveness."

b. **Names of members of the Investment Committee and clarifying their competences and tasks assigned to them.**

Previous Investment Committee Members: before 25/07/2024

No.	Name of the Member	Designation
1.	Ms. Maha Al Fahim	Chairman
2.	Mr. Saeed Bin Mohammad Al Qassimi	Member
3.	H.E. Mr. Mohammed AlShehhi	Member

New Investment Committee Members: after 25/07/2024:

No.	Name of the Member	Designation
1	Mr. Ammar Jaber	Chairman
2	Ms. Maha Al Fahim	Member
3	Mr. Mohamed Al Sayed Al Hashimi	Member

- The Committee is responsible for tasks and duties as per terms of reference of Investment Committee that is formulated based on Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide as well as the standards of the corporate governance system for insurance companies issued by the Central Bank. Key Responsibilities as per the following: Key Responsibilities: Develop the investment strategy and policy for approval by the Board of Directors, set the foundations of investment including the allocation of assets, review and monitor investments, exercise oversight on strategic investment activities related to capital utilization.

d. The number of meetings and dates of the meetings held by the Investment Committee throughout the year to discuss matters related to the financial statements and any other matters, and the number of attendances in person by the members in the meetings held:

No.	Name of the Member	The First Meeting Date: 07/02/2024	The Second Meeting Date: 06/03/2024	The Third Meeting Date: 18/04/2024	The Fourth Meeting Date: 14/08/2024	The Fifth Meeting Date: 13/11/2024
1.	Mr. Ammar Jaber	N/A	N/A	N/A	Present	Present
2.	Ms. Maha Al Fahim	Present	Present	Present	Present	Present
3.	Mr. Mohamed Al Sayed Al Hashimi	N/A	N/A	N/A	Present	Present
4.	Mr. Saeed Bin Mohammad Al Qassimi	Present	Present	Present	N/A	N/A
5.	H.E. Mr. Mohammed AlShehhi	Present	Absent	Absent	N/A	N/A

Fifth: Risk Committee:

c. **Acknowledgment by the Chairman of the committee or the person authorized to be responsible for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.**
“Mr. Fareed Lutfi, Chairman of the Risk Management Committee, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and ensuring its effectiveness.”

d. **Names of members of the Risk Management Committee and clarifying their competences and tasks assigned to them.**

No.	Name of the Member	Designation
1.	Mr. Fareed Lutfi	Chairman
2.	Mr. Saeed Al Qassimi	Member
3.	Mr. Ammar Jaber	Member

- The Committee is responsible for tasks and duties as per terms of reference of Risk Committee that is formulated based on Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide as well as the standards of the corporate governance system for insurance companies issued by the Central Bank. Key Responsibilities as per the following: Key Responsibilities: Overseeing the Company's risk management framework. Ensuring risks are identified, assessed, and managed within the defined risk appetite, including monitoring risk exposures across underwriting, reserving, market, liquidity, credit, and operational risks. Ensuring appropriate diversification and mitigation strategies including alignment with long-term profitability objectives. Compliance with regulatory requirements, and promoting a proactive risk management culture. Providing independent advice to the Board on risk policies. Monitoring emerging risks, including climate change, technological disruptions, cybersecurity, and regulatory changes, while enhancing transparency and governance processes.

e. **The number of meetings and dates of the meetings held by the Risk Management Committee throughout the year to discuss matters related to the financial statements and any other matters, and the number of attendances in person by the members in the meetings held:**

No.	Name of the Member	First Meeting Date: 04/11/2024	Second Meeting Date: 27/12/2024
1.	Mr. Fareed Lutfi	Present	Present
2.	Mr. Saeed Al Qassimi	Present	Absent
3.	Mr. Ammar Jaber	Present	Present

G. Statement of Board duties and powers exercised by Board members or the executive management members during 2024 based on an authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:

S. No	The name of the authorized person	Power of authorization	Duration of authorization
1.	**Mr. Walter Jopp – CEO**	Power of Attorney granted by the Board empowers him to sign documents pertaining to the Company's Operations, execute contracts of various kinds, undertake all legal actions including litigation, submit reports and receipts, engage in arbitration proceedings and settlements, authorize legal experts, attorneys, and advisors, and delegate some or all of these powers to others.	**3 Years**

H. Statement of the details of transactions made with the related parties (Stakeholders) during 2024, provided that it shall include Statement of related parties, clarifying the nature of relationship, Type of transaction, Value of transaction the year for each of those parties:

No.	Statement of related parties	Clarifying the nature of relationship	Type of transaction	Value of transaction
1.	Eshraq Investment P.J.S.C	Common Director	Contribution	257,705
2.	Mr. Mohammad Al Qassimi	Father of a Board Member	Contribution	121,377

3.	Eshraq Investment P.J.S.C	Common Director	Claims	16,695
6.	Mega Mall Branch Sharjah	Common Director	Branch Rent and Electricity bills	138,529

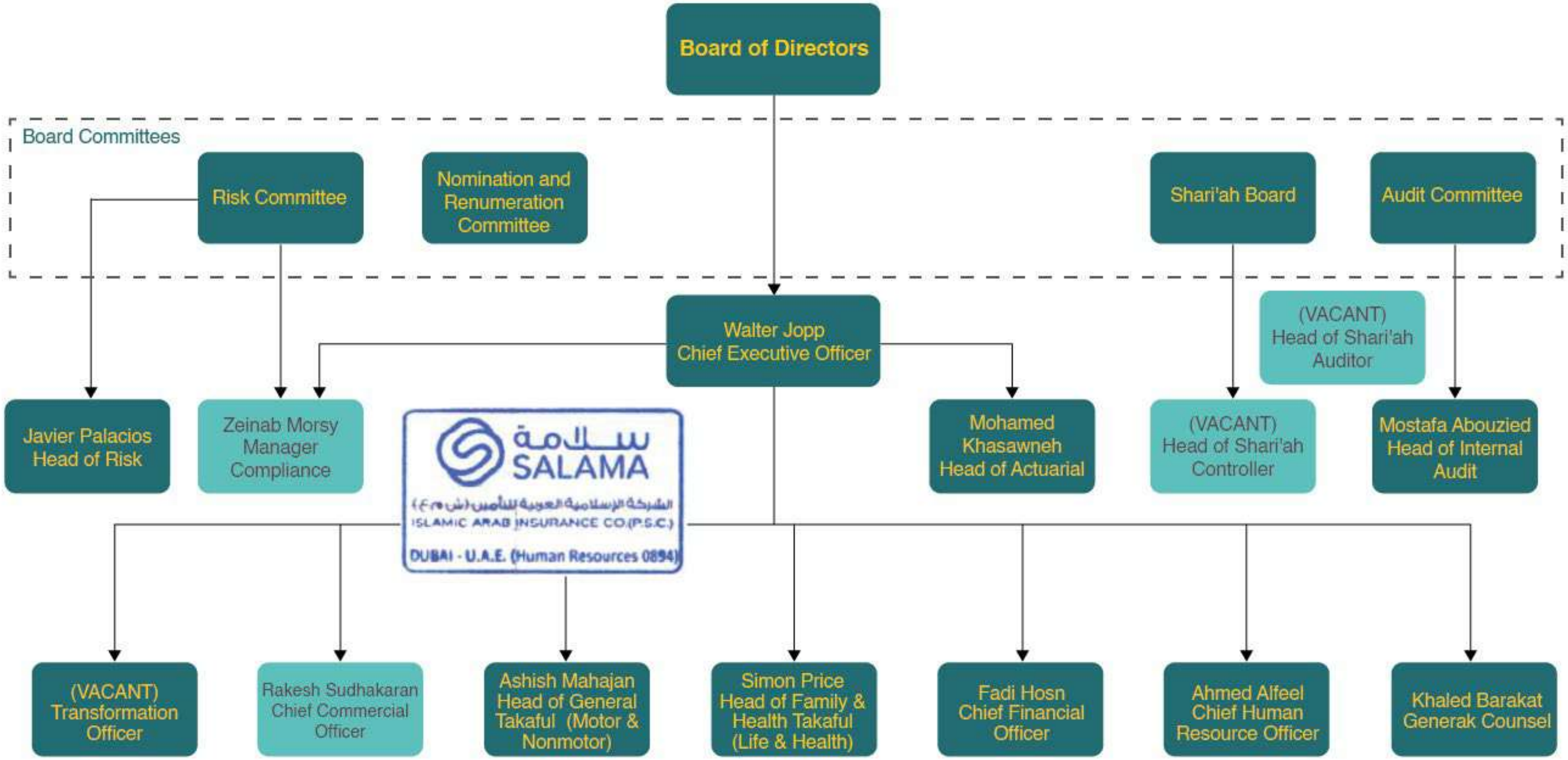
5- Assessment of the Board of Directors:

The Board of Directors, its members, committees, and the executive management were evaluated for the year 2024 by the Nomination and Remuneration Committee. The committee analyzed performance based on structured criteria aligned with best corporate governance practices. The evaluation identified key strengths as well as areas requiring further improvement. Accordingly, the committee recommended that the Board of Directors review the proposed recommendations to ensure continuous improvement.

The Nomination and Remuneration Committee will oversee the implementation of the recommendations and monitor progress through subsequent periodic evaluations.

6- Organizational Structure & Executive Management

- The complete Organizational Structure of the Company, which shall clarify the General Manager and / or CEO, the Deputy General Manager and the Managers working in the Company such as the Financial Manager.



- **A detailed statement of the senior executives in the first and second grade according to the company organizational structure (according to 3-I), their jobs and dates of their appointment, along with a statement of the total salaries and bonuses paid to them, according to the following schedule.**

No.	Position	Date of Appointment	Total of the Salaries and Allowances paid for 2024 (in AED)	Total of Bonuses paid for 2024 (in AED)	Any other bonuses in cash/in-kind for 2024 or due in the future
1	Chief Executive Officer	15-May-23	2,023,707	300,000	-
2	Chief Financial Officer	23-May-22	1,167,318	285,500	-
3	General Counsel	05-Dec-2021	908,524	-	-
4	Head of Health & Family Takaful	06-Sep-23	914,022	165,555	-
5	Chief Commercial Officer	15-Jul-24	332,903	-	-
6	Head of Internal Audit	10-Jan-21	771,311	133,923	-
7	Chief Human Resources Officer	22-Feb-22	739,500	155,376	-
8	Risk Manager	04-Sep-23	608,624	74,021	-
9	Head of General Takaful (Motor & Non-Motor)	23-Aug-24	257,419	-	-

7- The External Auditor:

a. **A summary on the Company's Accounts Auditor for the shareholders:**

EY is one of the largest professional services networks in the world. It primarily provides Assurance (which includes Financial Audit), Tax, Consulting and Advisory Services to its clients. has 312,250 employees in over 700 offices in more than 150 countries.

b. **Statement of fees and costs for the audit or services provided by the external auditor, according to the following schedule:**

Name of the Auditing Office	Ernst & Young Middle East
the name of the partner auditor	Mr. Ashraf Abu-Sharkh
Number of years he served as the company external auditor	Ernst & Young was appointed for the year 2021first time. This is their Fourth year of Audit
The number of years that the partner auditor spent auditing the company's accounts	one year
Total audit fees for 2024 in (AED)	AED 1,455,000
Details and nature of the other services provided by the company's auditor (if any). If there are no other services, this matter shall be stated expressly.	-
The value of fees and costs for other special services other than auditing the financial statements for the year 2024 (AED), if any. In the event that there are no other fees, this is explicitly mentioned.	.
Statement of other services that an external auditor other than the company auditor provided during 2024 (if any). In the event that there are no services provided by another external auditor, this shall be stated explicitly.	**Auditor name**: Grant Thornton **Details of provided services**: Goodwill impairment testing & ECL IFRS-9 working.

c. **Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2024 and in case of the absence of any reservations, this matter must be mentioned explicitly.**

In the interim financial statement, auditors have a qualified opinion which was since 2019 however at year-end 2024, qualification has been removed.

8- **The Internal Control System:**

a. **An acknowledgement by the Board of its responsibility for the internal control system of the Company, reviewing its mechanism and ensuring its effectiveness:**

The Board of Directors acknowledges responsibility for the implementation, review, and effectiveness of the internal control systems.

b. **Name of the department director, his qualifications and date of appointment:**

Name: Mostafa Abozied
Designation: Head of Internal Audit
Date of appointment with SALAMA: 10 January 2021
Qualification: Bachelor's degree Finance, Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information System Auditor (CISA)

c. **Name of Compliance Officer, his qualifications and date of appointment:**

Name: Khaled Barakat
Designation: Head of Legal Department
Date of appointment with SALAMA: 05/12/2021 until May 2024.
Qualification: bachelor's degree in law and has long experience in legal and regulatory affairs in financial institutions, insurance and Takaful companies in the UAE and the GCC, and he is a Board Secretary approved by Hawkamah.

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

There were no major issues during 2024.

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

The Internal Control Department submitted 13 reports to the company's board of directors during 2024.

9- Details of the violations committed during the fiscal year 2024, their reasons and how they are treated and avoided in the future:

Details of the violations	Amount (AED)	Reasons	How they are treated and avoided in the future
HAAD fine	303	Administrative errors in registering Abu Dhabi dependents in the company medical scheme.	Staff enrolment policy has been updated
HAAD fine	303	Administrative errors in registering Abu Dhabi dependents in the company medical scheme.	Staff enrolment policy has been updated
DHA fine	8,020	Post audit report in April 2024 highlighted a delay in sending information to the DHA	Tightening of our internal procedures to ensure we respond to the DHA on time. Requested to be the POC to monitor and provide timely responses going forward.
Economic Department fine (Sign Board Sajja Yard)	2,000	The signboard was not a mandatory requirement from the Economic Department, and we did not receive any prior reminders or notifications about the fine.	The signboard has already been installed, and we will ensure that all future signboard requirements are strictly followed to avoid similar fines. Additionally, we will proactively monitor for any regulatory updates to stay compliant.
UAE National Pension Penalty (August 2024)	27,649.48	Fines were carried forward from 2015 to 2023 without reason, and it was found that payments sometimes did not appear in the General Authority for Pensions and Social Insurance's bank account.	we have implemented an internal system to ensure that payments are processed correctly. We've

			also assigned a PRO to follow up with GPSSA and ensure that any outstanding issues are resolved quickly. Additionally, we've made sure that all new hires are processed in the first week of each month, giving us enough time to complete registration and payment
UAE National Pension Penalty (October 2024)	2,502.30	Fines were carried forward from 2015 to 2023 without reason, and it was found that payments sometimes did not appear in the General Authority for Pensions and Social Insurance's bank account.	we have implemented an internal system to ensure that payments are processed correctly. We've also assigned a PRO to follow up with GPSSA and ensure that any outstanding issues are resolved quickly. Additionally, we've made sure that all new hires are processed in the first week of each month, giving us enough time to complete registration and payment
UAE National Pension Penalty (November 2024)	400.00	Fines were carried forward from 2015 to 2023 without reason, and it was found that payments sometimes did not appear in the General Authority for Pensions and Social Insurance's bank account.	we have implemented an internal system to ensure that payments are processed correctly. We've also assigned a PRO to follow up with GPSSA and ensure that any outstanding issues are

			resolved quickly. Additionally, we've made sure that all new hires are processed in the first week of each month, giving us enough time to complete registration and payment
UAE National Pension Penalty (December 2024)	989.38	Fines were carried forward from 2015 to 2023 without reason, and it was found that payments sometimes did not appear in the General Authority for Pensions and Social Insurance's bank account.	we have implemented an internal system to ensure that payments are processed correctly. We've also assigned a PRO to follow up with GPSSA and ensure that any outstanding issues are resolved quickly. Additionally, we've made sure that all new hires are processed in the first week of each month, giving us enough time to complete registration and payment

10-The contributions in-cash and in-kind made by the Company during 2024 to the development of the local community and the preservation of the environment:

The Company made no contribution during 2024.

11-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:**

The Month	The Highest	The Lowest	The Closing
Jan 2024	0.620	0.516	0.520
Feb 2024	0.530	0.362	0.363
Mar 2024	0.385	0.350	0.367
Apr 2024	0.413	0.363	0.401
May 2024	0.426	0.363	0.370
Jun 2024	0.376	0.353	0.361
Jul 2024	0.398	0.353	0.376
Aug 2024	0.380	0.350	0.376
Sep 2024	0.403	0.370	0.370
Oct 2024	0.388	0.356	0.374
Nov 2024	0.427	0.362	0.399
Dec 2024	0.450	0.395	0.415

b. **B. Statement of the Company comparative performance with the general market index and sector index to which the Company belongs during 2024:**

First: the performance of the Share compared to the DFM Index:

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**
SALAMA	0.520	0.363	0.367	0.401	0.370	0.361	0.376	0.376	0.370	0.374	0.399	0.415
DFMGI	4169.08	4308.77	4246.27	4155.77	3977.93	4030.00	4268.05	4325.45	4503.48	4591.05	4847.34	5158.67

SALAMA

Second: the performance of the Share compared to the Insurance Sector:

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
SALAMA	0.520	0.363	0.367	0.401	0.370	0.361	0.376	0.376	0.370	0.374	0.399	0.415
INSURANCE	2994.64	3177.61	2996.04	2904.37	2806.37	2892.02	3123.49	3170.42	3285.28	3278.13	3381.63	3478.95

c. **Statement of the shareholders ownership distribution as on 31/12/2024 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign:**

No.	The Category of the Shareholder	The shares owned			
		Individuals	Companies	Governments	Total
1.	Local	49.5433%	34.5937%	-	84.1370%
2.	GCC countries	2.4526%	1.2492%	-	3.7018%
3.	Arab	5.9293%	0.2500%	-	6.1793%
4.	Foreign	4.0685%	1.9134%	-	5.9819%
5.	Total	61.9937%	38.0063%	-	100 %

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

No.	Name	Number of the shares owned	Percentage of the shares owned in the Company's capital
1.	Eshraq Investments PJSC	101,998,458	10.8556%

2.	GOLDILOCKS INVESTMENT HOLDING 1 LIMITED	131,424,000	13.9874%
3.	Mr. MOHAMMAD BINAHMAD BINSAEED AL QASSIMI	127,757,326	13.5972%

e. **Statement of how shareholders are distributed according to the volume of property as on 31/12/2024 according to the following schedule:**

No.	Shareholding (the share)	The number of shareholders	The number of shares owned	Percentage of the shares owned in the Company's capital
1.	Less than 50,000	5,762	40,251,267	% 4.284
2.	From 50,000 to less than 500,000	768	119,376,774	% 12.705
3.	From 500,000 to less than 5,000,000	160	195,811,155	% 20.840
4.	Over 5,000,000	17	584,149,802	% 62.171
	Total	6,707	939,588,998	%100

f. **Statement of measures taken regarding the controls of investor relationships and an indication of the following**:
Mr. Fadi Hosn
Tel: +971 4 404 0960
Fax: +971 4 357 6996
Mobile No: +971 56 404 4964
Email: Fadi.Hosn@salama.ae
The link to the investor's relations page on the Company's website: https://salama.ae/investor-relations/

g. **Statement of the special decisions presented in the General assembly held during 2024 and the procedures taken in their regard:**

Amending the Company's article of association to align with the latest updated laws and regulations issued by regulatory authorities and the relevant authority.

h. Rapporteur of the Board meetings

Name of the rapporteur of the Board meetings: Khaled Barakat
The date of appointment: 05/12/2021.
His qualifications and experience: Bachelor's degree in Law and has long experience in legal and regulatory affairs in financial institutions, insurance and Takaful companies in the UAE and the Gulf region, and he is a Board Secretary approved by Hawkamah
Statement of his duties during the year: In addition to being the General Counsel of the Company, Khaled handles board secretarial work.

i. Detailed statement of major events and important disclosures that the Company encountered during 2024:

- Resignation of H.E. Saeed Mubarak Al Hajri, Chairman of the Board, and H.E. Mohammed bin Abdulaziz Al Shehhi, Vice Chairman of the Board, from the company's Board of Directors.
- Resignation of Mr. Walter Jopp from his position as the company's Chief Executive Officer.
- Resignation of Mr. Ajit Joshi from his position as a Board Member, and the appointment of Mr. Mohammed Al Hashimi as a new Board Member.
- Election of Mr. Fahad Abdulqader Al Qassim and Mr. Ammar Ali Jaber by the shareholders as members of the company's Board of Directors.
- Election of Mr. Fahad Abdulqader Al AlQassim as Chairman of the Board and Mr. Fareed Lutfi as Vice Chairman, along with the appointment of members of the Board's committees.
- Termination of the partial acquisition agreement with Dubai Islamic Insurance & Reinsurance Company PSC.

j. A statement of the transactions carried out by the company during the year 2024 that are equal to 5% or more of the company's capital.

No transaction carried out by the company during the year 2024 that are equal to 5% or more of the company's capital.

k. **Statement of Emiratization percentage in the Company (workers are excluded for companies working in the field of contracting):**

Year	Emiratization percentage
2022	11.67%
2023	10.9 %
2024	12.68 %

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

In 2024, Salama Islamic Arab Insurance Company (Salama), the world's largest and one of the oldest Takaful providers, completed 45 years in the region. This milestone was accompanied by significant advancements in branding, digital transformation, customer service, strategic partnerships, product innovation, and claims processing.**Key 2024 highlights:**

- ✓ **Brand refresh**: We revitalised our brand to strengthen our identity as a modern, accessible and transparent provider, rooted in its Takaful principles. Our imagery, typography and assets support this direction with our new tagline being 'Shaping tomorrows, together'.
- ✓ **Website and social media**: We revamped our bilingual website, achieving a 25% faster load time and 36% bounce rate. Our LinkedIn followership grew by 24%, and Google ratings improved from 2.5 to 3.1.
- ✓ **Customer service area**: Our contemporary customer service area, which was refurbished in 2024, helped us achieve a 98% first-visit resolution and a 96% satisfaction score.
- ✓ **Abu Dhabi office**: We revamped our Abu Dhabi office to foster innovation and enhance operational efficiencies. The branch is equipped with state-of-the-art facilities to offer personalised support and extensive networking opportunities for Salama's customers and partners, while promoting employee wellbeing .
- ✓ **Partnerships**: Strengthened ties with our bank and broker partners including major banks like Dubai Islamic Bank (DIB), international insurers April Group, and 140+ local brokers, enhancing customer retention and market presence.

- ✓ **New products**: We launched our FlexiPlan Health product (covering 2,000+ members) and Travel Takaful (AED 7M in contributions, AED 3M in revenue), along with a fully automated home insurance product.
- ✓ **Auto claims**: We processed 1,400+ auto claims with a pay out of AED 6M and reduced our Family & Health Takaful claim processing time from 6 to 4 days.
- ✓ **Risk management framework**: We enhanced our risk management framework, assessment and responses to key business risks .
- ✓ **HR initiatives**: In line with our strategic direction to be a national insurance champion, we introduced key executive roles including Chief Commercial Officer and Head of Family and Health Takaful to enhance strategic decision-making and cross-departmental collaboration. We developed a UAE National Development Program, achieving 15 recruitment points and 40 operational points toward Emiratization towards Central Bank of UAE's Emiratization targets.
- ✓ **Awards and accolades**: We won prestigious industry awards, including Best Takaful Provider (MEA Finance), Insurance Leader of the Year (Digital Insurance MENA), and Best Family Takaful Company (Global Takaful Awards), Leadership in Shariah Compliant Financial Services (Global Islamic Fintech Forum), Lifetime Achievement of the Year Award for CEO (Insurtech ME), and 3rd place in the Financial and Insurance activities category (Emirates Labour Market awards)

Signatures on the next page

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سلامة
SALAMA

Corporate Governance Report
SALAMA - Islamic Arab Insurance Company
For the fiscal year ended on 31/12/2024

SIGNATURE PAGE

Signed by: Fahad Al Qassim 811AB816E3C5452...	Mohamed AlHashimi		
Signature of the Board Chairman Fahad Abdulqader Al Qassim	Signature of Audit Committee Chairman Mr. Mohamed Al Sayed Al Hashimi	Signature of Nomination and Remuneration Committee Chairman Ms. Maha Abdul Majeed Al Fahim	Signature of Internal Control Department Director Mr. Mostafa Abouzied
28 March 2025	28 March 2025	28 March 2025	28 March 2025

سلامة
SALAMA
الشركة الإسلامية العربية للتأمين (ش.م.ع)
ISLAMIC ARAB INSURANCE CO.(P.S.C.)
DUBAI - U.A.E (1)

Audit Committee Annual Report

SALAMA - Arab Islamic Insurance Company

For the Financial Year Ended 2024

1. Key Matters Considered in Relation to Financial Statements

The Audit Committee has reviewed the financial statements for the year and considered significant issues affecting their accuracy. The Committee engaged with management and external auditors to ensure these matters were appropriately addressed.

2. Evaluation of External Audit Process

The Audit Committee assessed the independence, objectivity, and effectiveness of the external audit process, considering:

- The audit firm's tenure and past performance.
- Compliance with regulatory requirements.
- The quality of reports provided.
- The selection and reappointment process, ensuring alignment with governance standards.

3. Recommendation on Appointment/Reappointment of External Auditor

The Committee recommended the reappointment of Ernst and Young as the external auditor for 2025.

4. Independence of the External Auditor

To safeguard auditor independence, the Committee reviewed non-audit services provided by the external auditor and confirmed that:

- Non-audit fees were within permissible limits.
- There was no conflict of interest.
- The auditor adhered to ethical and professional guidelines.

5. Actions on Internal Control Deficiencies

The Committee monitored identified deficiencies and ensured that appropriate corrective actions were taken to enhance governance, improve control measures, and strengthen financial and operational oversight.

Mmk

مقيدة تحت الرقم (١٧) بموجب القانون الاتحادي رقم (٦) لسنة ٢٠٠٧.
Registration No. (17) under Federal Law No. (6) of 2007.

6. Review of Internal Audit Reports

The Committee continues to review high-risk internal audit reports, assessing whether these indicate significant control weaknesses. No major failures have been identified to date, and corrective actions continue to be implemented where necessary.

7. Corrective Actions for Material Deficiencies

The Committee oversaw corrective measures for material deficiencies, ensuring:

- Implementation of enhanced monitoring systems.
- Adequate follow-up actions by management.
- Continuous improvements in governance practices.

8. Review of Related Party Transactions

The Committee reviewed all transactions with related parties to ensure compliance with applicable laws and transparency. No material concerns were identified, and all transactions were determined to be conducted at arm's length.

Signed by:

Mohamed AlHashimi

Mohamed Alhashimi
Chairman, Audit Committee
Date: 28 March 2028

سلامة
SALAMA
الشركة الإسلامية العربية للتأمين (ش.م.ع.)
ISLAMIC ARAB INSURANCE CO.(P.S.C.)
DUBAI - U.A.E (1)

MMK

سلامة
SALAMA

معاً، نحو غدٍ أفضل.
Shaping tomorrows, together.

SUSTAINABILITY REPORT 2024

سلامة
SALAMA

Salama - Islamic Arab Insurance Company (P.S.C)

CONTENT

ABOUT THIS REPORT

Islamic Arab Insurance Co. PJSC (henceforth referred to as Salama or the company) presents its 2024 Sustainability Report, which reflects the company's ongoing efforts to integrate material sustainability factors into its operations and create value for all stakeholders.

REPORTING SCOPE

The Report covers the period from January 1 to December 31, 2024, unless stated otherwise.

Salama is a public joint stock company registered in the Emirate of Dubai and has been listed on the Dubai Financial Market (DFM) since September 16, 2005.

The company's headquarters is located in Spectrum Building, 4th floor, Block A, Sheikh Rashid Road, Oud Metha, Dubai. P.O. Box 10214. The company is licensed by the Ministry of Economy under License No: 208016 Register No: 42381 and registered with the CBUAE under number 17.

Sustainability data disclosed in this report exclusively covers the company's UAE operation, which accounts for over 90% of its revenues, including its Dubai headquarters along with three additional branches in Abu Dhabi, Al Ain, and Sharjah, as of December 31, 2024. Unless otherwise stated, financial disclosures cover the whole group, including overseas operations.

In addition, Salama operates regionally through four directly owned subsidiaries and one associate:

Subsidiaries

- **Tariic Holding Company B.S.C (Kingdom of Bahrain)**
- **Misr Emirates Takaful Life Insurance Co. (Egypt)**
- **Salama Takaful Insurance - Egypt**
- **Salama Immobilier Senegal**
- **Salama Assurances Algerie (Algeria)***

Associate

- **Islamic Insurance (Associate Company) (Jordan)**

*This subsidiary is owned through Tariic Holding Company B.S.C. a subsidiary of Salama which acts as an intermediate holding company in Bahrain with no commercial activities.

BASIS OF PREPARATION

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards as well as the Dubai Financial Market's (DFM) ESG Reporting Guide and Salama's alignment with relevant Sustainable Development Goals (SDGs). References can be found in the GRI content index at the end of the report.

EXTERNAL ASSURANCE

The content of this report has been reviewed by relevant internal departments. Financial data has been drawn from Salama's 2024 financial statements which have been audited by a reputable independent firm.

FORWARD-LOOKING STATEMENTS

Forward-looking statements involve uncertainty given the many external factors that could impact the business environment in which Salama operates. The company is under no obligation to publicly update or revise forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations. It is therefore not within the scope of the internal audit team to form an opinion on these forward-looking statements.

COMMUNICATION & FEEDBACK

For any queries or feedback about this report, please contact:
Name: Hanan Sulaiman
Email: hanan.sulaiman@Salama.ae
Phone: +971 4 4040 139

LETTER FROM OUR CHAIRMAN

Mr. Fahad AlQassim
Chairman of the board of directors

I am delighted to present Islamic Arab Insurance Co.'s (Salama) Sustainability Report for 2024, a year in which the company celebrated its 45th anniversary, affirming its position as the world's largest and one of the oldest Takaful providers.
Salama marked the occasion by launching a fresh rebranding and new tagline - "Shaping tomorrows, together" - strengthening our position as a trusted takaful provider that stays true to its principles.

It was also the first full year of service for our CEO, Walter Jopp, who joined the company in 2023. Since his appointment, Mr Jopp has been instrumental in refocusing our business with a robust customer-led strategy and has bolstered our expert leadership team with a series of senior hires. New roles in the Executive Committee, including Chief Commercial Officer, Head of Family and Health Takaful, and Head of General Takaful, have enhanced our strategic decision-making and cross-departmental collaboration, ensuring that Salama is well-positioned to meet the evolving needs of the market.

In addition, we reinforced our customer-centric approach with the launch of a new website, in English and Arabic, making it easier for clients to access our comprehensive range of takaful solutions or submit claims. Our social media platforms also reflect this new identity, and we have significantly boosted followership and engagement across all channels. We witnessed a 24% year-on-year increase in LinkedIn followers while our Google business rating has jumped from 2.5 to 3.1.

During the year, we upgraded the customer service area at our Dubai headquarters, enhancing the customer experience, and inaugurated a new office in Abu Dhabi. The office in the UAE capital is equipped with state-of-the-art facilities that enable personalised customer care and facilitate networking opportunities for clients and partners, while promoting employee wellbeing.

In 2024, we strengthened our strategic partnerships with key insurers, including Orient Insurance and Hayah, to cater to their customers' takaful needs and celebrated our 15-year partnership with Dubai Islamic Bank (DIB), our primary corporate partner for Family Takaful solutions. We also strengthened our partnership with global health insurance specialist, April Group, by appointing a dedicated in-house team to offer health takaful solutions to local and international customers.

We catered to customers' dynamic needs with the addition of new solutions to our comprehensive product suite, which covers personal health, auto, home, travel, pet, family takaful plans and corporate solutions. This included the launch of the FlexiPlan health solution in response to an initiative by the Department of Health (DoH) in cooperation with the Abu Dhabi Department of Economic Development (ADDED). Salama is a major contributor

LETTER FROM OUR CHAIRMAN

Mr. Fahad AlQassim
Chairman of the board of directors

to this government scheme, currently insuring more than 2,000 members and has seen a 10-fold increase in related Gross Working Premiums (GWP) since its launch. Furthermore, we also rolled out a new takaful product for travelers to the UAE on visit visas, which generated revenue of over AED 3 million, and introduced a new home insurance product.

The severe storms that struck the UAE in April provided a test for our Motor claims team, and I'm delighted to say they passed with flying colours, processing over 1,400 claims and paying out over AED 6 million in claims. In many cases we went above and beyond policy coverage to support claimants during this challenging time. Furthermore, to respond more swiftly to our family and health takaful customers, we reduced our claims processing time from six to four working days.

The numerous initiatives implemented during the year helped Salama to record a full year net profit of AED 24.58 million in 2024, overturning the net loss of AED 139.32 million reported in 2023. With our new leadership team now fully embedded and a fresh brand identity in place, Salama is strongly positioned for more growth and success in the years ahead.
On behalf of the Board of Directors and everyone at Salama, I would like to extend my sincere gratitude to all our stakeholders for their continued support.

Sincerely,
Mr. Fahad AlQassim
Chairman of the board of directors

ABOUT SALAMA

Salama at a Glance

45+
Years of Operation

275
Employees

450,000+
Insured/ Subscribers

AED 1.046 bn
Total Revenues

40+
Takaful insurance Services Provided

2024 AWARDS & ACCOLADES

FINANCIAL AND INSURANCE ACTIVITIES CATEGORY
EMIRATES LABOUR MARKET AWARDS

BEST TAKAFUL PROVIDER
MEA FINANCE INDUSTRY AWARDS

LIFETIME ACHIEVEMENT AWARD FOR MANAGMENT
INSURETEK MIDDLE EAST

LEADERSHIP IN SHARIAH COMPLIANT FINANCIAL SERVICE
GLOBAL ISLAMIC FINTECH AWARDS

BEST FAMILY TAKAFUL COMPNAY
GLOBAL TAKAFUL AWARDS

INSURER LEADER OF THE YEAR 2024
DIGITAL INSURANCE MENA

OUR BUSINESS

Founded in 1979, Islamic Arab Insurance Company (Salama) is one of the world's largest and oldest providers of 'takaful', Shari'ah-compliant insurance solutions.

Salama aspires to be the UAE's takaful provider of choice, offering an extensive range of products to meet customer needs.

In 2023, S&P Global Ratings bestowed a credit rating of BBB- on Salama, declaring its capital adequacy as excellent.

OUR VISION
As a leader in takaful, we help our communities succeed by instilling peace of mind in individuals and enterprises.

OUR MISSION
We provide takaful solutions with a focus on service. We aim to be the best company as measured by our customers, our employees and our shareholders.

OUR CORE VALUES
Rooted in trust and integrity, our core values reflect our commitment to safeguarding what matters most to you, ensuring peace of mind through every policy we offer.

- Operational excellence
- Recognize, value & reward employee contributions
- Customer focus
- Collaboration
- Accountability
- Integrity

TAKAFUL PRODUCTS AND SERVICES

Salama has established an outstanding reputation in the market by always putting the customer first, prioritizing quality and affordability, and developing innovative products that meet their needs. The company offers a comprehensive range of Shari'ah-compliant insurance solutions for individuals, families, and businesses.

PERSONAL PLANS

- Auto
- Health
- Family
- Saving & investment
- Funds
- Home
- Pet
- Travel
- Other

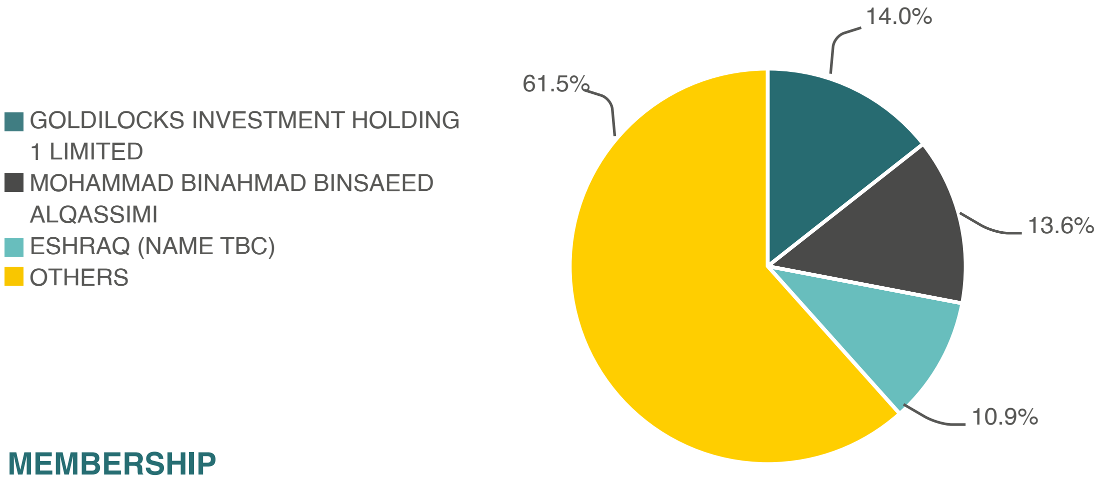
CORPORATE PLANS

- Auto
- Property & Casualty
- Employee Benefits
- Marine
- Engineering
- Financial Lines

OUR OWNERSHIP STRUCTURE

While Salama has a large shareholder base comprising of 6,771 shareholders, almost 40% of the company's equity is owned by three major shareholders.

2024 OWNERSHIP STRUCTURE



MEMBERSHIP

Salama is a member of the General Arab Insurance Federation (GAIF) which shapes the sector in the MENA region and Emirates Insurance Association.

2024 HIGHLIGHTS

- Celebrated the company's 45th anniversary, affirming Salama's position as the world's largest and one of the oldest takaful providers
- Opened a new state-of-the-art office in Abu Dhabi that fosters innovation, positive customer experiences, and an enhanced working environment
- Enhanced strategic decision-making with new appointments to the leadership team including Chief Commercial Officer, Head of Family and Health Takaful, and Head of General Takaful
- Launched the FlexiPlan health solution in response to an initiative by the Department of Health (DoH) in cooperation with the Abu Dhabi Department of Economic Development (ADDED)
- Onboarded 16 UAE Nationals, reaffirming a commitment to empower and develop Emirati professionals
- Reduced health and family takaful claims processing time from six to four working days
- Launched a new customer-centric website in Arabic and English
- Upgraded the customer service area at Salama's Dubai headquarters
- Recorded a 24% year-on-year increase in LinkedIn followers
- Increased Salama's Google business rating from 2.5 to 3.1

APPROACH TO SUSTAINABILITY

Salama integrates Environmental, Social, and Governance (ESG) principles into its business model and strategy in alignment with its Islamic values. By adopting responsible business practices that promote social wellbeing, environmental protection, and stakeholder interests, Salama upholds the ethical foundations of Islamic finance, which prohibit investments in industries harmful to society.

Takaful companies can help drive the transition to a more sustainable world in a variety of ways, including:

- Environmental stewardship: By working to reduce their environmental footprint and supporting initiatives aimed at addressing climate change and pollution.
- Social empowerment: By protecting the interests of all stakeholder groups, including employees, customers, and local communities.
- Ethical investment practices: By adopting investment strategies guided by sustainable principles and steering clear of ventures that harm the environment or society while delivering financial returns.
- Product innovation: By designing insurance products that incentivize policyholders to adopt environmentally friendly or socially responsible behavior. By offering innovative products that help communities protect against negative climate change impacts, such as extreme weather events.
- Transparent reporting: By providing stakeholders with insights into sustainability initiatives and performance and upholding high standards of transparency and accountability.

SUSTAINABILITY PRIORITIES

To guide effective decision-making around ESG, Salama developed a framework based on the company's understanding of how ESG factors impact the business as well as how its operations impact society and the environment.

The four priorities defined under this framework provide a clear focus and for Salama's ESG efforts and enhance core operations, including underwriting activities, risk management, and asset management practices, among others, to maximize sustainability impacts.

These priorities are:

1. OPERATING ETHICALLY AND SUS-TAINABLY
2. EMPOWER-ING OUR WORKFORCE
3. SUPPORTING OUR CUS-TOMERS
4. PROTECTING THE ENVRI-ONMENT

OPERATING ETHICALLY AND SUSTAINABLY

Salama upholds strong internal control and risk management frameworks to ensure responsible management for the benefit of all stakeholders. The company is actively exploring ways to enhance its governance structures by incorporating ESG considerations, reinforcing its commitment to sustainable growth.

EMPOWERING OUR WORKFORCE

Salama is committed to fostering a workplace culture that prioritizes employee well-being, health, and happiness. The company invests in skills development and offers opportunities for personal and professional growth. By providing the necessary resources and support, Salama empowers its employees to take initiative, make informed decisions, and play an active role in achieving the company's objectives.

SUPPORTING OUR CUSTOMERS

Salama is dedicated to creating innovative takaful solutions that cater to the diverse needs of its customers. Building and maintaining trust and loyalty remain top priorities, with a strong commitment to delivering excellence at every stage of the customer journey.

PROTECTING THE ENVRIONMENT

Salama is committed to integrating environmental considerations into its business model, addressing its environmental impact as an employer, insurer, and investor. Moving forward, Salama intends to monitor and reduce its greenhouse gas (GHG) emissions. At the same time, the company will develop and offer innovative takaful solutions that protect clients from the impacts of climate change while integrating environmental considerations into its investment practices.

STAKEHOLDER ENGAGEMENT & MATERIAL TOPICS

Salama actively engages with key stakeholders to gain a clear understanding of their priorities, ensuring that their needs are integrated into strategic decision-making at the highest levels.

Stakeholder engagement is a dynamic, two-way process that allows Salama to communicate important matters while gathering valuable feedback to enhance its operations continuously.

This includes addressing stakeholder concerns on sustainability topics, providing critical insights into the material ESG issues Salama must manage. By incorporating this input, the company effectively navigates ESG risks and opportunities and fosters long-term, sustainable value.

A table outlining Salama's key stakeholders and the methods and channels used to engage with them can be found in appendix 1.

Alongside insights gained through stakeholder engagement, Salama conducts regular peer analyses to ensure its materiality assessment reflects the most relevant ESG topics within the broader insurance sector.

As part of this process, Salama leveraged the Sustainability Accounting Standards Board (SASB) materiality map to align key ESG topics with its strategic objectives and operational activities.

By combining both approaches, Salama identified the following list of 11 material ESG topics that the company actively manages and reports on. These topics form the foundation of its sustainability approach and are reviewed annually to maintain alignment with industry best practices. Definitions for these topics can be found in appendix 2.

- Environmental management
- Climate change
- Data protection & customer privacy
- Product & service information labelling
- Community support
- Innovation & digitilization
- Talent attraction, retention and development
- Equal opportunity, diversity and inclusion
- Financial performance
- Governance and business ethics
- ESG integration into analysis and decision making

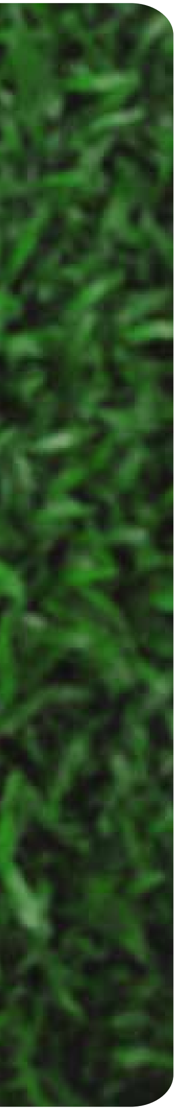
ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) call for urgent action to address pressing global challenges and build a sustainable, peaceful, and prosperous world for all.

The UAE has integrated the SDGs into various national strategies, including the 'We the UAE' 2031 strategy and is a signatory to the Paris Agreement. The country is accelerating action to decarbonize the country's economy and has committed to achieve Net Zero emissions by 2050.

As an insurance company, Salama recognizes that it has an opportunity and responsibility to address the SDGs through its role as an asset owner, investor, employer and responsible corporate citizen.

Salama has mapped the SDGs to the company's main activities and identified five SDGs that the company can most effectively address through its operations.



INTEGRATING ESG INTO ANALYSIS & DECISION MAKING

Salama integrates ESG considerations into its product portfolio and investment analysis and decision-making processes. The company does this from three perspectives: Underwriting, Claims, and Investment Analysis

UNDERWRITING

By embedding ESG considerations into underwriting decisions, the company ensures responsible financial management while contributing to broader sustainability objectives. These policies help mitigate risk, enhance transparency, and support long-term value creation for clients and stakeholders.

For example, across underwriting operations, environmental impact is minimized through digital processes that reduce paper use in policy issuance, customer onboarding, and claims processing. Additionally, underwriting policies incentivize businesses that contribute to sustainability goals, such as renewable energy projects.

In health underwriting, policies align with regulatory health protocols, and engagement with healthcare providers promotes public health awareness. As a Dubai Health Authority (DHA) participating insurer, the company ensures access to healthcare for all segments of society, supporting UN Sustainable Development Goal (SDG) 3: Good Health and Wellbeing. Health insurance policies facilitate universal health coverage by reducing financial barriers through direct billing agreements with medical providers. Data privacy is strictly governed, ensuring that personal information is not shared without formal consent.

Underwriting policies actively encourage sustainable and socially responsible behaviors. Premium reductions are offered for energy-efficient homes and renewable energy installations, while policyholders benefit from clear communication on sustainability incentives through digital platforms, social media, and direct engagement. Health underwriting further incorporates telehealth services, disease management, preventive care, and wellness programs, stabilizing premium funding for employers and reducing long-term financial risks.

CLAIMS

Salama is committed to integrating sustainability into claims processes through the adoption of eco-friendly practices, promoting transparency, and ensuring fairness in claims disbursement. By embedding these practices, the Claims Department upholds the fundamental principles of takaful - mutual cooperation, fairness, and ethical responsibility - while minimizing environmental impact and strengthening policyholder confidence.

Environmental practices include transitioning from paper-based to digital-only claims processing through online submission portals, e-certificates, and digital communication; utilizing electronic signatures and automated workflows; and promoting energy conservation and responsible disposal of expired documents.

Salama promotes transparency in claims processing through clear communication with policyholders, keeping them informed with real-time updates; ensuring claims assessments adhere to predefined Shari'ah-compliant principles and regulatory frameworks; and conducting periodic reviews and audits to maintain accountability and integrity in claim approvals.

Finally, Salama promotes fairness in claims disbursements by ethically pooling and fairly distributing contributions among participants (in compliance with Shari'ah); leveraging technology to detect and prevent fraudulent claims; and having fair dispute resolution and grievance mechanisms in place.

INVESTMENT DECISION-MAKING

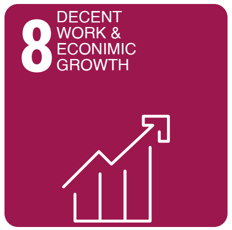
At Salama, Shari'ah screening naturally aligns with ESG principles, promoting ethical investing and responsible risk management. Takaful funds are directed toward Shari'ah-compliant assets, including socially responsible investments that meet ESG criteria, such as renewable energy, healthcare, and education—sectors that contribute positively to both society and the environment.

In addition to this, the company is seeking to develop a structured ESG framework to enhance sustainability integration. This includes ESG risk assessment, engagement with issuers and exploring green Sukuk and responsible investments. Salama aims to strengthen due diligence, transparency and reporting while ensuring compliance with Shari'ah and global ESG standards. Through this approach, Salama commits to delivering ethical, sustainable and resilient solutions that support long-term economic and social impact.

FINANCIAL OVERVIEW

In 2024, Salama celebrated its 45th anniversary by recording a net profit of AED 23.2 million in 2024 compared to a net loss of AED 139.32 million suffered in 2023 as a result of a goodwill impairment related to a currency depreciation and a one-time loss. Full year revenue for 2024 dipped to AED 1.05 billion versus AED 1.11 billion in 2023. Total assets were AED 2.99 billion as at December 31 2024 compared to AED 3.32 billion on December 31 2023.

For further details of Salama's financial performance in 2024, readers may refer to the consolidated financial statements included as part of this Integrated Report.

MATERIAL TOPICS	Financial Performance
SDGs	

In addition to marking its milestone anniversary, 2024 proved to be a year of significant strategic progress following the appointment, in 2023, of Walter Jopp as its new Chief Executive Officer (CEO), with a mission to spearhead growth and consolidate Salama's position in the UAE insurance sector.

With a career spanning 25 years in the global insurance sector, Mr Jopp is considered an industry trailblazer. Since his appointment, Mr Jopp has been instrumental in refocusing Salama's business with a robust customer-led strategy while reinforcing the leadership team with new hires.

Salama introduced new roles in the Executive Committee including Chief Commercial Officer, Head of Family and Health Takaful, and Head of General Takaful. These appointments have enhanced the company’s strategic decision-making and cross-departmental collaboration. Moving forward, Salama will continue to focus on diversifying its portfolio of takaful solutions and advancing the company’s digital transformation with a view to delivering faster, more efficient, and more affordable products and services.

Furthermore, Salama recognizes the value of building strategic partnerships with key industry stakeholders and how these can contribute to business performance. In 2024 the company continued to strengthen existing relationships and establish new ones. The company partnered with key insurers, including Orient Insurance and Hayah, to support their customer’s takaful protection needs.

Salama commemorated the 15th anniversary of its enduring partnership with Dubai Islamic Bank (DIB), one of its primary corporate partners for Family Takaful, with a series of events including a celebration at TopGolf, recognition for high performers, and a New Years Eve event. During the year, this relationship resulted in a 20% y-o-y increase in customer retention. Salama also strengthened its partnership with global health insurance specialist, April Group, by appointing a dedicated inhouse team to offer health takaful solutions to local and international customers.

To promote engagement with its partners, Salama launched a distributor e-newsletter which was well received, with healthy open and click through rates of 52.6% and 3.95% respectively. Finally, the company also continued to engage steadily with more than 140 independent brokers that support the growth of its business.

OPERATING ETHICALLY & RESPONSIBLY

Salama is committed to upholding the principles of responsible and ethical business conduct, in alignment with the company’s Shari’ah values, and in compliance with all applicable laws, regulations,and best practices. The company’s Corporate Governance Framework emphasizes the importance of building trust with all stakeholders through transparency, accountability, integrity, and honesty.

This section includes a high-level overview of Salama’s corporate governance structures. Readers may refer to the Corporate Governance Report 2024 for a more in-depth exploration of this topic. Salama discloses the salaries and compensation of the CEO and members of the company’s senior management in the governance report.

MATERIAL TOPICS	• **Governance and Business Ethics** • **Data Privacy and Security**
SDGs	8 DECENT WORK & ECONIMIC GROWTH 16 PEACE, JUSTICE AND STRONGE INSTITUTIONS

GOVERNANCE STRUCTURE

The Board of Directors is responsible for charting Salama's strategic direction and overseeing the executive team's implementation of the strategy. The Board is comprised of seven independent members, each recognized for their business acumen and expertise in the takaful sector. None of the Board members serve in an executive capacity within the company. Since 2023, Salama has had one female Board member.

H.E. Fahad AlQassim
Chairman

Mr. Fareed Lutfi Ali Hussain Al Harmouzi
Vice Chairman

Mr. Ahmad Mohammad Al Sadah
Board Member

Mrs. Maha Abdul Majeed Al-Fahim
Board Member

Mr. Saeed bin Mohammed Al Qassimi
Board Member

Mr. Mohamed Al Hashmi
Board Member

Mr. Ammar Ali Mohamed Jaber
Board Member

Governance Body – Board of Directors by Gender

YEAR	Female	Male	Total	Female %	Male %
2022	0	7	7	0%	100%
2023	1	6	7	14%	86%
2024	1	6	7	14%	86%

Governance Body – Board of Directors by Age

YEAR	Below	Between 30-50 years old	Over 50 years old	Below 30 years old %	Between 30-50 years old %	Over 50 years old %
2022	0	5	2	0%	71%	29%
2023	0	5	2	0%	71%	29%
2024	0	6	1	0%	86%	14%

BOARD COMMITTEES

The Board has established four Committees and delegated responsibility for overseeing key strategic matters within the business. These are:

- Audit Committee
- Nominations & Remuneration Committee
- Risk Management Committee
- Investment Committee
- Corporate Governance Framework
- Conflict of Interest Policy
- Risk Management Policy
- Related Party Transactions Policy
- Board Committee Member Allocation Policy
- Board Operational Structure
- Insider Trading Policy
- Compensation Policy
- Dividend Distribution Policy

The Board remains accountable for the decisions and actions taken by these Committees.

Internal Shari'ah Supervisory Committee (ISSC)

Comprised of scholars with expertise in Islamic finance, the Internal Shari'ah Supervisory Committee (SSC) independently supervises Salama's product portfolio, transactions, and activities to ensure the company conforms with Shari'ah principles.

MEMBERSHIP:

Name	Capacity
Dr. Mohammed Daud Bakr	Chairman
Sheikh Dr. Amin Fateh	Member
Dr. Mohammed Ameen Qattan	Member

BUSINESS ETHICS AND COMPLIANCE

Salama has embedded a culture of ethics, integrity, and compliance throughout the organization and expects all employees to behave according to the highest standards of business conduct, as laid out in the company's Code of Business Conduct.

The company has a comprehensive suite of policies, procedures, and structures in place that together help to mitigate risks, safeguard stakeholder value, and protect the organization's reputation. Salama ensures it remains fully compliant with laws and regulations the company is subject to, including those set out by UAE law, the country's Central Bank, Dubai Financial Market (DFM), and the Securities and Commodities Authority (SCA). In addition, the company is guided and evaluated by the Institute of Internal Auditors (IIA).

Salama complies with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) rules and provides its employees with relevant training. To ensure compliance, the company screens all transactions, conducts background checks for new clients and additional checks during surrenders and partial withdrawals.
Politically exposed individuals and high net worth clients are screened daily using 'World Check One', a software recommended by the UAE branch of the Middle East and North Africa Financial Action Task Force (MENAFATF).

Furthermore, Salama complies with international sanctions laws using lists provided by the Financial Intelligence Unit (FIU) and other relevant bodies to screen clients and transactions.

Salama also has a fraud prevention framework in place, including mechanisms to detect and prevent fraud violations. In 2024, there were no incidents of corruption or fraud at Salama or its subsidiaries.

The governance framework and compliance procedures are reinforced by the following policies and guidelines:
- Customer Due Diligence (CDD) Measures Policy
- Anti-Money Laundering, Sanctions & Countering of Terrorist Financing Policy Statement
- Salama Financial Crime Compliance Program
- Sanctions Policy.

All of the above governance policies and procedures are regularly communicated to relevant employees and training is provided as necessary.

As a result of this comprehensive approach, Salama has not been subject to any fines or penalties with regard to non-compliance.

Total Number of Significant Instances of Non-Compliance with Laws and Regulations		
YEAR	Fines were incurred	Non-monetary sanctions were incurred
2022	0	0
2023	0	0
2024	0	0

Total Monetary Value of Fines for Non-Compliance with Laws and Regulations	
2022	0
2023	0
2024	0

RISK MANAGEMENT

Sound risk management is at the heart of Salama's business ethos and the company has implemented a robust framework to identify, assess, report, and manage all material risks, including financial and non-financial risks.

Salama's Risk Management Policy outlines the company's commitment to risk management. The Policy, which covers all business operations and departments, is periodically reviewed and revised to ensure it remains comprehensive, relevant and aligned with best practices as well as with applicable laws and regulations.

The Head of Risks is responsible for overseeing Risk Management and progressively reviewing and enhancing the risk management framework which incorporates internal controls, principles of business ethics, roles and responsibilities, and internal and external audits.

In 2024, Salama introduced a number of new initiatives to enhance risk management. The Risk Management function worked to strengthen Salama's underwriting discipline and claims management with a view to enhancing organizational resilience and creating sustainable value for all stakeholders, including clients and policy holders.

Furthermore, during the year Salama developed and implemented its first Risk Appetite Framework, aligned with strategic objectives.

The Risk Management function also conducted independent reviews on reserving and an operational risk campaign to identify risks and allocate controls on major processes. To further enhance Salama's ability to evaluate its risk management and solvency positions, the company integrated an Own Risk and Solvency Assessment (ORSA) framework into corporate management.

Salama is also working to create a risk-based culture within the organization. The company strengthened its First Line of Defense with the formal establishment of a new Risk Champions Team. In addition, all staff participated in risk management training while the Risk Management function worked closely with the HR department to ensure this training is delivered as part of the employee onboarding process.

INTERNAL CONTROL SYSTEM

The Board of Directors is responsible for ensuring the implementation, review, and effectiveness of the internal control systems. Salama's internal control system combines the Internal Audit Department and the Legal Department, which oversees compliance.

Internal Audit ensures that the organization's risk management, governance and internal control processes are resilient and operating effectively. The Internal Audit Charter and Internal Audit Plan define the roles, responsibilities, and strategy of the Internal Audit department.

The internal control system is continuously reviewed to ensure it is working effectively, in accordance with best practices. Internal control processes are further enhanced by IDEAGEN PENTANA, a software system that supports alignment between all departments and subsidiaries.

DATA PRIVACY

Salama ensures that it handles all confidential and sensitive data with the utmost care and takes all necessary precautions to protect it from unauthorized access, loss, or leakage.

The company's robust data protection system combines policies, processes, procedures, IT systems, and training. The Information Security Policy governs how data is accessed, handled, and used. The Policy also contains provisions for data classification, protection, and action to be taken in the event of a breach.

Salama periodically reviews and enhances its IT infrastructure to ensure systems are protected against cyber threats. The company also continuously strengthens its internal data security capabilities in accordance with best practices.

COMPLIANCE WITH GLOBAL DATA SECURITY STANDARDS

Salama is aligned with the SIA (Signals Intelligence Agency, formerly known as National Electronic Security Authority – NESA) and complies with Abu Dhabi Healthcare Information and Cyber Security (ADHICS) standards and guidelines for the electronic exchange, sharing, and protection of health information under the Department of Health.

Since 2022, the company has also been certified as compliant with the Payment Card Industry Data Security Standard (PCI DSS), an information security standard used to handle credit cards from major card brands. Salama works diligently to maintain this certification annually.

IT SECURITY SYSTEMS

In 2024, Salama implemented a Zero Trust Network Architecture (ZTNA) to enhance data privacy and security and ensure compliance with data privacy regulations. This system significantly reduces the risk of data breaches through the continuous authentication and authorization of all users and devices.

Furthermore, the company reinforced its Advanced Cybersecurity & Governance framework and strengthened its security posture through the implementation of AI-driven threat detection, enhanced PAM controls, and compliance automation.

In addition, Salama adopts the following information security systems and solutions:

- Enhanced Information Security Systems (anti-malware, multi-factor authentication (MFA), Privileged Access Management (PAM), end point protection, enhanced firewalls, and Security Event and Incident Management (SEIM))
- Data Leakage Prevention (DLP) solutions
- Data Recovery Site

To ensure business continuity, Salama also has data backup services in place with offsite retention. The company conducts regular audits of IT systems, including through third-party security assessments, to ensure they remain robust and resilient.

TRAINING AND AWARENESS

To complement the above systems, Salama provides regular internal Information Security Awareness training programs for all relevant employees. Sessions cover the latest laws and regulations, security standards, and IT security systems. The company uses the KNOWbe4 platform for IT security awareness training.

Thanks to this comprehensive approach to data security, Salama has received no complaints concerning breaches of customer privacy or loss of customer data.

Employee Training in Data Security

YEAR	Type of training provided	Number of employees that completed the training	Number of total equivalent training hours
2022	Online InfoSec and IT Security Policies	Approx 180	270
2023	Online InfoSec and IT Security Policies	Approx 220	330
2024	Online InfoSec and IT Security Policies	Approx 270	235

Employee Training in Data Security

2022	98%
2023	95%
2024	85%

Substantiated complaints concerning breaches of customer privacy and losses of customer data

	2022	2023	2023
Total number of complaints received from outside parties and substantiated by the organization	0	0	0
Total number of complaints from regulatory bodies	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0

EMPOWERING THE WORKFORCE

Salama would not be the leading global takaful provider without its skilled workforce. This section reflects how the company strives to be an outstanding place to work, attracting talented employees with opportunities to develop their skills and progress their careers, while ensuring their wellbeing and satisfaction.

MATERIAL TOPICS	• **Attracting, Retention and Development** • **Equal Opportunity, Diversity & Inclusion**
SDGs	

Salama's successful human resources strategy achieved recognition in November 2024 when the company secured 3rd place in the Companies Category at the Emirates Labour Market Awards organized by the Ministry of Human Resources and Emiratization (MoHRE). Salama is immensely proud of this achievement which recognizes its commitment to being an outstanding place to work for all employees and an employer of choice for UAE Nationals.

ATTRACTING AND RETAINING EMPLOYEES

Salama offers its employees competitive compensation packages, comprising all statutory entitlements under UAE Labour Law, such as health insurance, parental leave, and annual leave. In addition, the company offers a package of benefits including life insurance, annual airfares, flexible work arrangements for working mothers, mobile allowance, RTA parking cards, and Esaad cards memberships.

In 2024, Salama fully revised and updated its Human Resources (HR) Policy, with an emphasis on enhancing diversity and refining its hiring practices.

In terms of employee retention, Salama's exit interview process enables the company to gather insights that are used to improve HR and workplace practices to ensure it retains its best staff.

Furthermore, in 2025 Salama will embark on a succession planning initiative, which will be implemented across all functions and three levels of management. This initiative will offer talented employees a clear progression path while ensuring that the company has a strong leadership pipeline.

In 2024, Salama saw a slight reduction in the size of its workforce to 268 from 275 a year earlier. All employees are hired on a permanent and full-time basis.
more than the 30% in 2022. More than two thirds (63) of the 93 people that joined the company in 2023 were in the 30-50 years old bracket.

Total Employees by Gender

YEAR	Female	Male	Total
2022	77	180	257
2023	85	190	275
2024	96	172	268

Percentage of Employees by Gender (%)

YEAR	Female	Male
2022	10	28
2023	21	53
2024	17	63

Total Employees by Branch

YEAR	HQ	Branch 1, Dubai	Branch 2, Abu Dhabi	Branch 3, All Ain	Branch 4,	Over 50 years old
2022	213	13	19	4	8	257
2023	225	17	21	5	7	275
2024	199	36	17	5	11	268

Total New Hires by Gender

YEAR	Female	Male	Female%	Male%
2022	27	51	35.06%	28.33%
2023	36	57	42.35%	30.00%
2024	36	35	37.50%	20.35%

Total New Hires by Age

YEAR	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old %	Between 30-50 years old %	Over 50 years old %
2022	21	53	4	67.74%	26.77%	14.29%
2023	17	63	13	62.96%	30.14%	33.33%
2024	23	46	2	82.14%	22.22%	6.06%

Total Employees that Left by Gender

YEAR	Female	Male	Female%	Male%
2022	24	31	31.17%	17.22%
2023	28	47	32.94%	24.74%
2024	21	57	21.88%	33.14%

Total Employees that Left by Age Group

YEAR	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old %	Between 30-50 years old %	Over 50 years old %
2022	6	43	6	19.35%	21.72%	21.43%
2023	14	50	11	52%	24%	28%
2024	15	54	9	53.57%	26.09%	27.27%

Total Turnover and Hire Rate

YEAR	Total Turnover	Total New Hires
2022	21.4%	30.4%
2023	27.3%	33.8%
2024	29.1%	26.5%

EQUAL OPPORTUNITY, DIVERSITY & INCLUSION

Salama fosters a culture where every employee is valued, treated fairly and afforded opportunities to build their skillset and achieve their career ambitions. The company recognizes that having a diverse and inclusive workforce can bring a range of fresh perspectives and ideas that enhance overall performance.

In 2024, Salama fully revised and updated its Human Resources (HR) Policy, with an emphasis on enhancing diversity and refining its hiring practices. This included a strong emphasis on preventing discrimination and ensuring fair and equal treatment for all employees. The revised policy establishes clear guidelines for promoting inclusivity in the workplace and supporting equitable recruitment practices.

This Policy is supported by a HR Policy Manual and Code of Conduct that govern workplace standards within the company. As per these documents, Salama strictly prohibits discrimination or harassment based on gender, age, religion, nationality, ethnicity, physical ability, or any other characteristics. A grievance procedure is in place to enable employees to report any improper conduct or unfair treatment. Salama has had no reported incidents of discrimination over the past three years.

Salama is committed to recruiting female employees and empowering them to develop their careers at the company. Of the 71 new hires onboarded in 2024, just over half (36) were female and women now comprise 36% of Salama's total workforce, up from 31% a year earlier. At the entry level, women make up more than a third (37.31%) of workers while they comprise almost half (44.32%) of all employees at the mid-level.

Salama has a multilingual workforce comprising of 22 nationalities, reflecting the diversity of the UAE and the company's customer base.

Total Employees by Job Category and by Gender (%)

Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female%	Male%	Female%	Male%	Female%	Male%
2022	66.19%	33.81%	65.85%	34.15%	5.56%	94.44%
2023	29.05%	70.95%	40.82%	59.18%	6.90%	93.10%
2024	37.31%	62.69%	44.33%	55.67%	8.11%	91.89%

Total Employees by Job Category and by Age Group (%)

Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	30-50 years old	Over 50 years old	Below 30 years old	30-50 years old	Over 50 years old	Below 30 years old	30-50 years old	Over 50 years old
2022	15.11%	76.26%	8.63%	10.98%	80.49%	8.54%	2.78%	72.22%	25.00%
2023	10.14%	79.73%	10.14%	12.24%	71.43%	16.33%	0.00%	72.41%	27.59%
2024	14.93%	75.37%	9.70%	8.25%	80.41%	11.34%	0.00%	75.68%	24.32%

Total Number of Nationalities

Year	Number of Nationalities
2022	20
2023	22
2024	22

Median Compensation (Basic Salary + Remuneration)						
Year	Non-Management (Staff)		Middle Management		Senior Management	
	Female	Male	Female	Male	Female	Male
2023	10,041	8,000	14,887	14,937	27,473	37,469
2024	10,401	7,810	15,333	15,248	26,333	40,025

Female to Male Remuneration Ratio			
Year	Non-Management (Staff)	Middle Management	Senior Management
2023	1.26	1.00	0.73
2024	1.33	1.01	0.66

Total number of employees that took parental leave		
Year	Female	Male
2022	2	8
2023	8	9
2024	5	6

Total number of employees that returned to work after parental leave ended		
Year	Female	Male
2022	2	8
2023	8	9
2024	4	6

Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work		
Year	Female	Male
2022	Not Available	Not Available
2023	2	8
2024	7	8

Total rate of employees that returned to work after parental leave ended		
Year	Female	Male
2022	100%	100%
2023	100%	100%
2024	100%	100%

Total rate of employees that returned to work after parental leave ended that were still employed 12 months after their return to work		
Year	Female	Male
2022	Not Available	Not Available
2023	100%	100%
2024	88%	89%

EMIRATIZATION

Salama complies with UAE government directives to increase the number of UAE Nationals employed in the private sector. The company recruits Emirati talent through graduate careers fairs and also posts vacancies through the NAFIS and ETHRAA platforms and coordinates with the Ministry of Human Resources and Emiratisation (MOHRE), Central Bank and Human Resources Authority (HRA).

In 2024, Salama onboarded 16 UAE Nationals across various roles, reaffirming its commitment to empower and develop Emirati professionals. To support their seamless integration into the organization, all recruits were placed in a structured coaching and mentorship program designed to equip them with the knowledge and skills needed to excel in their new roles at the company.

Furthermore, in 2024 seven Emirati employees graduated from the ETHRAA program with six more currently enrolled or progressing with their studies, highlighting Salama's dedication to their long-term career growth. Their outstanding performance throughout the year was recognized through well-deserved promotions, both in terms of position and functional responsibilities.

As detailed in the Workforce Development section below, Salama offers specific training and development programs for UAE Nationals, providing them with clear pathways to progress within the company.

In 2024, Salama had 34 Emirati employees, an increase of more than 10% compared to 30 in 2023. Females now account for just over 70% of the Emiratis employed at Salama.

Number of UAE Nationals					
	Female	Male	Female	Male	Female
2022	15	13	28	53.57%	46.43%
2023	19	11	30	63.33%	36.67%
2024	24	10	34	70.59%	29.41%

Number of UAE Nationals						
YEAR	Entry-Level	Mid-Level	Senior-to-Executive Level	Entry-Level %	Mid-Level %	Senior-to-Executive Level %
2022	16	7	5	57.14%	25.00%	17.86%
2023	13	13	4	43.33%	43.33%	13.33%
2024	18	12	4	52.94%	35.29%	11.76%

YEAR	Emiratization Rate
2022	10.9%
2023	10.9%
2024	12.7%

Employee Wellbeing & Engagement

Recognizing the critical role that satisfied and engaged employees play in a thriving organization, Salama has implemented a comprehensive employee wellbeing and engagement strategy designed to foster a culture of collaboration, belonging, and recognition.

This strategy is based on the following four pillars:

1. WORK-LIFE BALANCE
2. HEALTHY ENVIRONMENT BASE ON TEAMWORK
3. EMPLOYEE SKILL DEVELOPMENT
4. COMPETITIVE EMPLOYMENT PACKAGES

These efforts are supported by a digital HR portal that enables employees to easily access HR-related information or submit requests, with a ticketing system ensuring that requests are tracked and responded to efficiently.

Recognition initiatives include 'Employee of the Month' awards for the best performing workers, with winners receiving a bonus of AED 10,000. The company also celebrates employees reaching milestone anniversaries at the company – from five to 20 years - with bonus payments ranging from AED 200 to AED 10,000.

Salama believes that engagement initiatives should result in a two-way interaction between employer and employee, where employees are encouraged to share their ideas and provide feedback that can be used to enhance business processes.

For this reason, Salama instigated the 'All Ideas Matter' initiative, with rewards for employees that submit the best ideas that are implemented to improve any aspect of the business. The company also uses employee surveys to gauge their satisfaction and gather feedback. Surveys consistently reveal a high overall level of satisfaction among Salama's workforce.

In 2024, the company launched several new engagement initiatives aimed at enhancing workplace satisfaction, team cohesion, and overall well-being. Through interactive town halls, engagement surveys, wellness programs, and team-building activities, Salama ensures that every employee feels valued and motivated. Employee wellbeing and engagement was further enhanced in 2024 by the inauguration of Salama's state-of-the-art office in Abu Dhabi, providing an innovative and progressive workspace.

As a result, 2024 witnessed a significant increase in employee participation and satisfaction and the company is committed to expanding these initiatives to enhance its culture and ensure that Salama continues to be a great place to work, grow, and succeed.

WORKFORCE DEVELOPMENT

Salama has implemented a comprehensive training and development program to upskill its workforce, ensuring that all employees have the necessary capabilities to carry out their duties to the highest standard. This approach supports business performance while safeguarding the future of the company.

The Board of Directors sets the objectives for the executive management team and these are cascaded down to all employees throughout the company. This integrated approach ensures that training and development needs are aligned across the organization and that everyone is working to achieve the company's overall goals.

Salama's talent management system emphasizes succession planning, by identifying high performing individuals for additional training and progression within the company, with dedicated initiatives for UAE Nationals through the UAE National Development Program. Salama's commitment to nurturing Emirati talent through the ETHRAA program continues to yield success, with seven graduates this year and six more currently enrolled in their studies.

In 2025, Salama plans to take this a step further and will implement a revised succession planning initiative across all functions and three levels of management, offering the most talented employees a clear progression path while ensuring that the company maintains a strong leadership pipeline.

In 2024, Salama delivered a record 6,681 training hours to its employees, an increase of 10% compared to 6,074 hours of training in 2023, reinforcing the company's dedication to workforce development and enhancing professional growth at every level, including senior executives.

The company provides all new joiners with a comprehensive induction program that includes core insurance topics to ensure they are equipped with a baseline of industry knowledge.

In addition, Salama offers training programs on core insurance and financial subjects both internally and externally through specialist providers, notably the Chartered Insurance Institute (CII) and the Emirates Institute of Finance (EIF).

In 2024, the company expanded the scope of training topics to cover all Continuing Professional Development (CPD) levels, leading to increased training engagement across the organization. It also introduced specialized training programs for specific roles, such as the Actuarial Department, ensuring targeted skill development aligned with business needs. Two members of the Department are currently doing their actuarial studies sponsored by Salama.

As outlined in the company's HR Policy and implemented through the Employee Performance Management System (EPMS), Salama adopts a performance driven culture and all employees receive annual performance reviews, not only to assess their performance but to identify areas for improvement and training needs.

Total Training Hours

Year	Female	Male	Total
2022	1,198	2,574	3,772
2023	1,943	4,131	6,074
2024	2,137	4,544	6,681

Average Training Hours per Employee

Year	Female	Male	Total
2022	15.56	14.30	15
2023	22.86	21.74	22
2024	22.26	26.42	25

Total Training Hours by Job Category

YEAR	Entry-Level	Mid-Level	Senior-to-Executive Level	Total
2022	2,012	1,341	419	3,772
2023	3,219	2,125	730	6,074
2024	3,541	2,338	802	6,681

Average Training Hours by Job Category

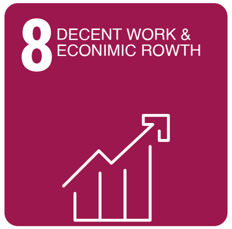
YEAR	Entry-Level	Mid-Level	Senior-to-Executive Level	Total
2022	14.47	16.35	11.64	42.47
2023	21.75	21.68	25.17	68.61
2024	26.43	24.10	21.70	72.23

Percentage of the Total Number of Employees who Received Regular Performance and Career Development Reviews by Gender		
Year	Female %	Male %
2022	90%	94%
2023	87%	95%
2024	100%	100%

Percentage of the Total Number of Employees who Received Regular Performance and Career Development Reviews by Employee Category			
YEAR	Entry-Level	Mid-Level	Senior-to-Executive Level
2022	94%	93%	89%
2023	97%	78%	121%
2024	100%	100%	100%

CUSTOMER AND COMMUNITY CARE

Salama is dedicated to developing a wide range of innovative takaful solutions that cater to the diverse needs of its customer base. Building and maintaining trust and loyalty with customers are top priorities and the company is strongly committed to delivering excellence at every stage of the customer journey.

MATERIAL TOPICS	• Innovation & Digitalization • Community Support • Product & Service Information Labelling
SDGs	  

DELIVERING CUSTOMER EXCELLENCE

In 2024, Salama refreshed its brand identity under the new tagline, “Shaping tomorrows, together”, reflecting the company’s customer focus. The rebranding is designed to strengthen Salama’s position as a trusted insurance provider that is true to its Takaful principles.

From policy issuance to claims processing, Salama focuses relentlessly on providing the most seamless customer experience. The company has designed a customer journey that is fast, efficient, and easy to navigate and that ultimately meets and exceeds their expectations.

Salama further demonstrated its commitment to customer excellence in the wake of the unprecedented storms that hit the UAE in April 2024, causing widespread damage. The company was on hand to provide rapid response to individuals, families, and corporate clients in their hour of need.

CUSTOMER SERVICES CHARTER

Salama’s Customer Services Charter, aligned with standards set by the Insurance Authority, provides the foundation for the company’s commitment to customer excellence. The Charter defines the quality standards that all Salama employees are expected to consistently meet in their interactions with customers. The document is regularly reviewed to ensure alignment with industry standards and best practices. Salama’s commitment to service excellence is reflected by the significant improvement in its Google Business rating, which increased from 2.5 in January 2024 to 3.1 in December 2024.

PRODUCT INNOVATION

Salama continuously reviews its product offering to ensure it remains relevant and in 2024 the company expanded its suite of takaful solutions to cater to evolving customer needs. New products introduced cover personal health, auto, home, travel, pet, family takaful plans, and corporate solutions. Some of these include:

Healthcare: Salama launched the FlexiPlan health solution in response to an initiative by the Department of Health (DoH) in cooperation with the Abu Dhabi Department of Economic Development (ADDED). Salama has been a major contributor to this initiative and is currently insuring over two thousand members. The company has witnessed a 10-fold increase in Gross Working Premiums (GWP) since its launch.

Travel: Salama also launched a new travel takaful product for inbound travelers to the UAE on visit visas. By the end of 2024, this product had generated over AED 3 million in revenue.
Home: Salama introduced a fully automated home insurance product.

SUPPORTING CUSTOMERS IN THEIR HOUR OF NEED

IIn April 2024, the UAE experienced an extreme weather event that resulted in widespread flooding in many parts of the country. This unprecedented event, the biggest storm on record, caused extensive damage to property, including many automobiles, leading to a large rise in insurance claims.

In the aftermath of the event, Salama's Motor Claims team – comprising over 150 years of cumulative industry experience – rose to meet this challenge. The team played a pivotal role in responding quickly and efficiently to customer needs, processing over 1,400 claims and paying out over AED 6 million.

Salama is proud to have gone above and beyond the requirements of its policy coverage in many cases, supporting customers during a very challenging period. Furthermore, the company refreshed its motor claims portal to simplify the registration process and enabled SMS alerts to provide customers with real time alerts to get the support they needed promptly.

Given the urgency of the situation for many family and health takaful customers, Salama managed to reduce its claims processing time from 6 to 4 working days.

In addition, the company partnered with salvage specialist Copart ME to offer digital auction services for cars to expedite salvage disposals and efficiently mitigate some company losses while decreasing the loss ratio of customers.

ENHANCING THE CUSTOMER EXPERIENCE

Salama continuously seeks new ways to upgrade its overall customer experience. As part of its commitment to service excellence, customers can contact Salama through a variety of communications channels, making it easy for them to make enquiries, file claims, or provide feedback. They can connect with the company directly at any branch, via the call center, or through digital channels such as online portals, email, whatsapp, and social media.

In 2024, Salama enhanced onsite services through a new customer service area within the Dubai office. During the year, Salama resolved 98% of walk-in customers requests in the first interaction and the initiative received an overall satisfaction score of 96%.

In addition, during the year Salama introduced the following initiatives to enhance customer service and responsiveness. Digitalization-related initiatives introduced to enhance the company's service offering can be found in the next section.

Quality Control

1.Voice of the customer – Salama has enhanced its ability to capture customer feedback across multiple channels, including:
-Call center - capturing customer satisfaction, first call resolution, and transactional net promoter score through Interactive voice response (IVR) surveys conducted post call (if the customer agrees to participate)
-Walk in customers - customer satisfaction surveys are conducted during the visit to headquarters via a dedicated form.
2.Conducted quality assessments for calls received in both Arabic and English.
3.Implemented a call quality calibration process. These sessions are designed to ensure alignment in assessing and reviewing call quality scores, improving consistency and overall customer experience.
4.Held more than 20 training sessions for call center staff.
5.Introduced a call center mystery shopping process to evaluate customer interactions, identify areas for improvement and enhance overall service quality.

Processes

Implemented a ticketing system for customers contacting the call center to improve efficient handling of enquiries.
1. Revamped the IVR system with a clear and structured model.
2. Expanded the number of call center lines to increase capacity and reduce waiting times.
3. Added Salama ID to SMS sent from the call center.

Other initiatives

1. Established a governance and monitoring framework for the call center to ensure that all operations run smoothly and efficiently while proactively identifying and addressing potential customer impacts
2. Developed standardized process documentation for call centers, ensuring effective risk mitigation and business continuity.

COMPLAINTS HANDLING

Salama has a clear customer complaint handling process in place, supported by a team dedicated to resolving any issues as quickly, efficiently, and professionally as possible. Customers can submit their complaints to Salama through a number of channels, including through any branch, by phone via the call center, or through digital channels including the Salama website, email, or social media channels. Customers can also submit complaints via the Insurance Authority portal.

Salama aims to respond to every complaint within one working day. Complaints that cannot be resolved immediately are reviewed internally and processed within seven working days. Where required, the Complaint Officer will liaise with relevant internal stakeholders to resolve the matter within five working days.

If additional information is required from other services, the turnaround time may be frozen and the case flagged as 'On Hold' or 'Pending with the Distributor'. In these exceptional cases, the customer is informed of the delay and the case is escalated to Head of Operation for review.

PRODUCT & SERVICE INFORMATION LABELLING

Salama ensures that all its products are marketed ethically and responsibly, with clear and transparent labelling, consistent with Shari'ah principles, and in compliance with all applicable regulations

	Incidents of non-compliance concerning product and service information and labelling		
	2022	2023	2024
Number of incidents of non-compliance with regulations resulting in a warning	0	0	0
Number of incidents of non-compliance with voluntary codes	0	0	0

	Incidents of non-compliance concerning product and service information and labelling		
	2022	2023	2024
Number of incidents of non-compliance with regulations resulting in a warning	0	0	0
Number of incidents of non-compliance with voluntary codes	0	0	0

INNOVATION AND DIGITALIZATION

Salama is committed to a digital-first transformation aimed at enhancing the customer experience, optimizing operations, and ensuring long-term sustainability. Digitalization supports Salama's strategic ambition to innovate and offer seamless customer services, from selecting policies to claims handling, quickly and conveniently.

The company continuously reviews and upgrades all information technology (IT) to improve the front-end customer experience while enhancing back-end operations. In tandem, Salama continues to strengthen its security posture by implementing advanced cybersecurity systems to protect critical systems and customer data.

In 2024, Salama continued to develop front-end portals and touch points and integrated these with core internal systems.

ENHANCING THE DIGITAL CUSTOMER EXPERIENCE

In 2024, Salama launched a redesigned website in English and Arabic, improving its visual appeal, functionality, and user experience to better cater to customers as well as business partners. The upgraded website features a sleek, user-friendly interface that simplifies navigation and enables customers to seamlessly access the information they need or submit a claim. The website loads 25% faster than the previous version and is optimized for mobile devices for ease of use.
Salama's social media platforms have also been refreshed with its new branding and a focus on employee-generated content that has significantly boosted engagement across all channels. On LinkedIn, Salama has witnessed a 24% year-on-year increase in followers.

Salama also introduced B2B Portals integrated with a Payment Gateway, significantly enhancing the experience for business partners, including corporate clients and brokers. This transformation streamlined insurance transactions, making policy issuance and claims management faster, easier, and more transparent.

The Motor Portal digitized the claims management process, resulting in a smoother, more efficient experience for users. With API-driven connectivity, the portal seamlessly integrates with partner systems, reducing manual processes, minimizing errors, and improving overall operational efficiency.

In addition, a centralized omnichannel customer request management system was introduced to manage customer complaints, service requests, and communications across multiple touchpoints, including email, phone calls, and WhatsApp.

This integrated solution ensures greater operational efficiency, improved response times, and streamlined workflows, ultimately enhancing the customer experience and satisfaction. Additionally, the system provides real-time tracking, automated case assignment, and comprehensive reporting, enabling proactive issue resolution and data-driven decision-making.

ENHANCING INTERNAL OPERATIONS

In 2024, Salama enhanced efficiency, security, and cost optimization across its operations through the implementation of new technology solutions. Enhancements were made to core and peripheral systems, streamlining operations and driving higher efficiency across departments.

The company successfully completed its cloud migration and optimization through a robust hybrid and multi-cloud strategy, improving scalability and flexibility.
The company transformed workforce management with the deployment of a HRMS System, streamlining HR operations, while workforce analytics boosted employee engagement, productivity, and retention.

Salama also consolidated multiple enterprise applications into Unified Digital Workspaces, improving accessibility and collaboration across teams.

LOOKING AHEAD

As part of its digital-first transformation strategy, Salama will continue to modernize core systems to improve scalability, efficiency, and resilience. The focus will be on enabling seamless integration with digital platforms to ensure a more streamlined omnichannel experience.

Salama plans to develop B2C and B2B portals for Family Takaful, Medical Takaful, and General Takaful Business to enhance accessibility and engagement for customers and partners. They will introduce self-service capabilities, allowing users to manage their policies, submit claims, track statuses, and make inquiries independently. In addition, a Need Analysis Tool will be introduced to provide personalized product recommendations based on financial goals and risk appetite.

Salama also plans to leverage AI and machine learning (ML) driven automation to enhance various processes including underwriting, claims management, and fraud detection, while advanced analytics will provide deeper insights into customer behavior, operational efficiencies, and risk management.

These strategic initiatives position Salama as a leader in digital innovation, ensuring a secure, AI-driven, and customer-centric future while maintaining operational excellence and long-term sustainability.

COMMUNITY SUPPORT

As a leading Islamic financial institution in the UAE, Salama has a duty to be a good corporate citizen and give back to the local community and contribute to the wellbeing of society in a variety of ways, including Corporate Social Responsibility (CSR) initiatives and local procurement.

CSR and Community Investments

Salama further supports needy members of the local community through regular charitable donations. The company has significantly increased its budget in recent years and maintained that momentum in 2024.

Participating Insurer Status

In 2022, Salama was granted Participating Insurer (PI) Status by Dubai Health Authority (DHA), allowing the company to provide the Essential Benefits Plan to residents earning AED 4,000 or less per month. This plan makes insurance coverage more affordable and inclusive and provides more vulnerable members of society with a layer of financial security.

Salama is one of a select group of insurance companies that have achieved this status as it is exclusively granted to companies that can provide cover on a cost-effective basis, can handle a high-volume business, and can demonstrate operational effectiveness and high levels of customer service.

SUSTAINABLE PROCUREMENT

Salama supports local businesses, particularly SMEs, recognizing that prioritizing local procurement strengthens supply chains, builds local capacities, and is also more environmentally friendly.

Salama significantly increased total procurement spending to AED 7m in 2024 from AED 2.6m in 2023. Spending with local suppliers increased to 94% of total procurement expenditure from 69% in 2024

	Proportion of spending on local suppliers		
	2022	**2023**	**2024**
Total number of suppliers engaged	45	54	60
Total number of local suppliers engaged	42	44	47
Percentage of local suppliers hired	93.33%	81.48%	78.33%
Total procurement spending (AED m)	1.5	2.6	7.0
Procurement spending on local suppliers (AED m)	1.5	1.8	6.6
Percentage of spending on local suppliers (%)	100.00%	69.23%	94.06%

PROTECTING THE ENVIRONMENT

Salama is committed to integrating environmental considerations into its business model, addressing its environmental impact in its capacity as an insurer, investor, and local employer. This chapter focuses on two material topics, including Salama's approach to managing climate-related risks and opportunities

MATERIAL TOPICS	• **Environmental Management** • **Climate Change**
SDGs	

ENVIRONMENTAL MANAGEMENT

By focusing on three main pillars, the company can effectively reduce its environmental footprint and its exposure to climate risk:

Operations

Salama limits the direct environmental impact of its operations by reducing energy and water consumption, waste production and, consequently, its emissions. The company looks for ways to improve the sustainability of its office, optimize various business processes, adopt new technology solutions, enhance procurement practices, and raise the level of environmental awareness among employees. The company also adapts its products and services to offer customers more innovative and sustainable solutions.

Investments

Salama is increasingly looking to factor environmental considerations into its investment decision-making and risk management processes. Incorporating this into all investments, including real estate, would enable Salama to reduce emissions while supporting a shift towards clean buildings. As part of this the company must engage with investee companies to develop their awareness of environmental factors and risks.

Governance

Salama's management team is currently responsible for overseeing the company's environmental management and performance.

CLIMATE CHANGE

Businesses have a responsibility to their stakeholders to identify, assess and manage the risks and opportunities associated with climate change if they are to build a resilient company capable of withstanding climate change impacts. In addition, as a UAE company Salama is committed to aligning with the country's climate ambitions, including the pledge to achieve Net Zero by 2050.

By establishing a firm understanding of climate change risks and opportunities, insurance companies like Salama can play a unique role in addressing climate change while also safeguarding long-term profitability and sustainable value for stakeholders.

The industry can do so in three main ways:

1. By developing and offering solutions aimed at protecting individuals and businesses from the negative impacts of climate change, including extreme weather events, which are becoming more frequent. The storms that struck the UAE in April 2024, causing widespread damage to property, provide an illustration of this growing risk. By offering products and services that protect policyholders against such events, insurers can bolster societal resilience and facilitate adaptation to climate impacts.

2. As major investors, insurance companies can help mitigate climate change impacts by embracing responsible investment practices. This would entail prioritizing investments in areas such as clean technologies, that contribute positively to the environment.

3. By implementing measures to reduce their operational GHG emissions, insurance companies can address their direct impact on climate change and demonstrate a clear commitment to environmental stewardship and sustainability.

Moving forward, Salama plans to initiate steps to address its climate change impact in line with the measures described above. This would begin with a computation of the company's GHG emissions, in accordance with global standards, followed by the implementation of a series of initiatives designed to address and reduce our emissions footprint over the short, medium, and long-term.

		Total Energy Consumption (GJ)		
		2022	2023	2024
Energy Consumption (GJ)	Petrol	252.33	183.85	232.41
	Diesel	0.00	0.00	0
	Electricity Consumption	1,303.32	1,071.00	1,365.40
Total Direct Energy Consumption		252.33	183.85	232.41
Total Indirect Energy Consumption		1,303.32	1,071.00	1,365.40
Total Energy Consumption		**1,555.66**	**1,254.85**	**1,597.81**

	Energy Intensity (GJ/Employee)		
	2022	2023	2024
Direct Energy Intensity	0.98	0.67	0.87
Indirect Energy Intensity	5.07	3.89	5.09
Total Energy Intensity	**6.05**	**4.56**	**5.96**

	Water Consumption in m^3		
	2022	2023	2024
Total Water Consumption in m3	0.64	0.46	1.19
Total Water Consumption per Employee	0.00249	0.0017	0.0044

APPENDICES

Appendix 1 – Stakeholder Engagement

KEY STAKEHOLDER GROUPS	EXISTING METHODS OF ENGAGEMENT
SUBSCRIBERS	• Website • Direct clients • Broker channel • Marketing material • Social media • Online customer reviews • Quality calls by the operation department • Central Bank complaint portal
BOARD OF DIRECTORS & SENIOR EXECUTIVES	• Regular board/management meetings • Regular committee meetings • Company events • Annual general assembly meeting
EMPLOYEES	• Performance reviews • Company training • Internal announcements • Company events • Exit interviews
SHAREHOLDERS	• Annual general assembly meeting • Regular meetings with some of the major shareholders • Regular corporate regulatory disclosures
COMMUNITY	• CSR related activities including, donations, sponsorships, participation in local initiatives and volunteering
GOVERNMENT (Securities & Commodities Authority, Central Bank, Dubai Financial Market, Abu Dhabi & Dubai Department of Health, Department of Economic Development, and Emirates Association)	• Direct engagement through emails and phones • Local forums • Government tendering • Webinars
BUSINSS PARTNERS (Reinsurers, Third-party Administrators, and Brokers)	• Regular meetings with select business partners • Regular business review
RATING AGENCIES	•Regular reviews (yearly basis)

Appendix 2 – Material Topics

MATERIAL TOPIC	DEFINITION
ENVIRONMENTAL MANAGEMENT	Covers the measures taken by a company to manage the environmental impacts of its activities and comply with local and global environmental initiatives and regulations. Environmental management initiatives can include energy and water consumption, waste management, environmental conservation, among others.
CLIMATE CHANGE	Covers a company's assessment of its exposure to climate-related risks and opportunities and the initiatives implemented to manage them. These could include the integration of climate-related matters into governance, strategy, and risk management processes, as well as any measures a company takes to monitor and manage its greenhouse gas (GHG) emissions.
DATA PROTECTION & CUSTOMER PRIVACY	Covers a company's approach to safeguarding any confidential data in its possession, including data related to customers or other stakeholders. Measures include the policies, procedures, and IT systems used to manage handling, access or usage, or leakage of sensitive data.
PRODUCT & SERVICE INFORMATION LABELLING	Covers a company's approach to marketing its products and services in an ethical and transparent manner, ensuring accuracy in the claims made about the products, and ensuring compliance with applicable regulations.
COMMUNITY SUPPORT	Covers a company's support for the communities it operates in and how it manages the impact of its business operations on community well-being. Initiatives could include community engagement, financial contributions, training and awareness campaigns, and sponsorships and events.
INNOVATION & DIGITALIZATION	Covers the development and implementation of innovative products, services, and technologies designed to meet evolving customer needs, enhance customer experience, and address emerging risks. This includes the adoption of digital tools, personalized insurance solutions, and user-friendly platforms that improve accessibility, efficiency, and engagement, while fostering trust and long-term relationships with policyholders.
TALENT ATTRACTION, RETENTION, AND DEVELOPMENT	Covers a company's investment in initiatives to develop the capabilities of its workforce through training and development programs, providing feedback through regular performance reviews, offering pathways for career progression, and fostering employee retention through engagement and support initiatives.
EQUAL OPPORTUNITY, DIVERSITY & INCLUSION	Covers measures to promote diversity, equity, and inclusion within the workplace and non-discrimination practices that may provide internal benefits as well as beneficial outcomes for society.
FINANCIAL PERFORMANCE	Covers a company's efforts to sustain and grow profits and increase shareholder value over time through a well-defined growth strategy.
GOVERNANCE & BUSINESS ETHICS	Covers governance policies, processes and procedures designed to ensure the business and all its workers, including the Board and senior management, adhere to high standards of ethical conduct and remain in compliance with applicable laws and regulations, and uphold strong governance practices to protect the interests of stakeholders.
ESG INTEGRATION INTO ANALYSIS AND DECISION-MAKING	Covers the integration of Environmental, Social and Governance (ESG) considerations into analysis and decision-making processes. This means identifying and assessing the potential impact of material ESG factors as well as financial considerations when making investment decisions and developing new products and services.

APPENDIX 3 - GRI & DFM INDEX ALIGNMENT

Statement of use: Salama has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2024.
GRI 1 used: GRI 1: Foundation 2021
Applicable GRI Sector Standard(s): No applicable sector standard available.

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021						
The Organization and its Reporting Practice						
2-1	Organizational details	G7. Sustainability Practices	About this Report			
2-2	Entities included in the organization's sustainability reporting	G7. Sustainability Practices	About this Report			
2-3	Reporting period, frequency and contact point		About this Report			
2-4	Restatements of information		If any data has been restated, this has been clearly indicated in the relevant section.			
2-5	External assurance	G9: External Assurance	About this Report			
Activities and workers						
2-6	Activities, value chain and other business relationships		About SALAMA			

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
2-7	Employees	S3. Breakdown with Staff	Empowering the Workforce			
2-8	Workers who are not employees	S3. Breakdown with Staff	Empowering the Workforce			
Governance						
2-9	Governance structure and composition		Operating Ethically and Responsibly			
2-10	Nomination and selection of the highest governance body		Operating Ethically and Responsibly			
2-11	Chair of the highest governance body		Operating Ethically and Responsibly			
2-12	Role of the highest governance body in overseeing the management of impacts		Operating Ethically and Responsibly			
2-13	Delegation of responsibility for managing impacts		Operating Ethically and Responsibly			
2-14	Role of the highest governance body in sustainability reporting		Operating Ethically and Responsibly			
2-15	Conflicts of interest	G5: Ethics & Anti-Corruption	Operating Ethically and Responsibly			
2-16	Communication of critical concerns		Operating Ethically and Responsibly			
2-17	Collective knowledge of the highest governance body		Operating Ethically and Responsibly			
2-18	Evaluation of the performance of the highest governance body		Operating Ethically and Responsibly			

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
2-19	Remuneration policies		Operating Ethically and Responsibly			
2-20	Process to determine remuneration		Operating Ethically and Responsibly			
2-21	Annual total compensation ratio	S1: CEO Pay Ratio	Empowering the Workforce - Equal Opportunity, Diversity & Inclusion			
Strategy, policies and practices						
2-22	Statement on sustainable development strategy		Letter From Our Chaiman			
2-23	Policy commitments		Operating Ethically and Responsibly			
2-24	Embedding policy commitments		Operating Ethically and Responsibly			
2-25	Processes to remediate negative impacts		Operating Ethically and Responsibly			
2-26	Mechanisms for seeking advice and raising concerns		Operating Ethically and Responsibly			
2-27	Compliance with laws and regulations		Operating Ethically and Responsibly			
2-28	Membership associations		About SALAMA			
Stakeholder engagement						
2-29	Approach to stakeholder engagement		Appendices - Appendix 1 –			

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
			Stakeholder Engagement			
2-30	Collective bargaining agreements		-	2-30-a, 2-30-b	Not applicable	Collective bargaining is not permitted in the UAE
GRI 3: Material Topics 2021						
3-1	Process to determine material topics		Approach to Sustainability			
3-2	List of material topics		Approach to Sustainability, Appendix 2			
Material Topic(s): Governance and Business Ethics						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Operating Ethically and Responsibly			
GRI 205: Anti-Corruption 2016						
205-1	Operations assessed for risks related to corruption	G5: Ethics & Anti-Corruption	Operating Ethically and Responsibly			
205-2	Communication and training about anti-corruption policies and procedures	G5: Ethics & Anti-Corruption	Operating Ethically and Responsibly			
205-3	Confirmed incidents of corruption and actions taken	G5: Ethics & Anti-Corruption	Operating Ethically and Responsibly			
Material Topic(s): Financial Performance						

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021						
3-3	Management of material topics		Financial Overview			
GRI 201: Economic Performance 2016						
201-1	Direct economic value generated and distributed		About this Report, Financial Overview			
Material Topic(s): Community Support						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Customer and Community Care			
GRI 202: Market presence						
202-2	Proportion of senior management hired from the local community		Empowering the Workforce			
GRI 204: Procurement Practices						
204-1	Proportion of spending on local suppliers		Customer and Community Care			
Material Topic(s): ESG Integration into Analysis & Decision Making						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Approach to Sustainability			
GRI 203: Indirect economic impacts						
203-2	Significant indirect economic impacts		Approach to Sustainability			
Material Topic(s): Environmental Management						

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021						
3-3	Management of material topics	E8: Environmental Management	Protecting the Environment			
GRI 302: Energy 2016						
302-1	Energy consumption within the organization	E3. Energy Usage E5. Energy Mix	Protecting the Environment			
302-3	Energy intensity	E4. Energy Intensity	Protecting the Environment			
GRI 305: Water and Effluents						
GRI 303-5	Water consumption	E6. Water and Effluents	Protecting the Environment			
Material Topic(s): Climate Change						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Protecting the Environment			
Material Topic(s): Talent Attraction, Retention and Development						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Empowering the Workforce			
GRI 401: Employment						
401-1	New employee hires and employee turnover	S4. Employee Turnover and New Hires	Empowering the Workforce			

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Empowering the Workforce			
401-3	Parental leave		Empowering the Workforce			
GRI 404: Training and Education						
404-1	Average hours of training per year per employee	G7. Sustainability Practices	Empowering the Workforce			
404-2	Programs for upgrading employee skills and transition assistance programs	G7. Sustainability Practices	Empowering the Workforce			
404-3	Percentage of employees receiving regular performance and career development reviews		Empowering the Workforce			
Material Topic(s): Equal Opportunity, Diversity & Inclusion						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Empowering the Workforce			
GRI 405: Diversity and Equal Opportunity						
405-1	Diversity of governance bodies and employees	G1: Board Diversity S5. Gender Diversity and Equality	Operating Ethically and Responsibly			
405-2	Ratio of basic salary and remuneration of women to men		Empowering the Workforce			
GRI 406: Non-discrimination						

GRI Standard / other source	Disclosure	DFM Disclosure	Location	Omission		
				Require-ment(s) Omitted	Reason	Explanation
406-1	Incidents of discrimination and corrective actions		Empowering the Workforce			
Material Topic(s): Product & Service Information Labelling						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Customer and Community Care			
GRI 417: Marketing and Labeling						
417-2	Incidents of non-compliance concerning product and service information and labeling		Customer and Community Care			
417-3	Incidents of non-compliance concerning marketing communications		Customer and Community Care			
Material Topic(s): Data Protection & Customer Privacy						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Operating Ethically and Responsibly			
GRI 418: Customer Privacy						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G6. Data Security	Operating Ethically and Responsibly			
Material Topic(s): Innovation & Digitalization						
GRI 3: Material Topics 2021						
3-3	Management of material topics		Customer and Community Care			

Note: The DFM Disclosure is prepared in accordance with the Dubai Financial Markets (DFM) Environmental, Social and Governance (ESG) Disclosure Guidance for Listed Companies.


معاً، نحو غدٍ أفضل.
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سلامة
SALAMA

Shari'a Supervisory Committee Report

Salama - Islamic Arab Insurance Company (P.S.C)

سلامة
SALAMA
الشركة الإسلامية العربية للتأمين (ش.م.ع.)
ISLAMIC ARAB INSURANCE CO.(P.S.C.)
معاً. لمستقبلٍ آمن.
SECURING OUR FUTURE. together.

Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) P.S.C

Annual Report of the Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) For the financial year ending on 31 December 2024 ("Financial Year").

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Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) P.S.C

In the Name of ALLAH, The Most Beneficent, The Most Merciful

Annual Report of the Internal Shari'ah Supervisory Committee of the Islamic Arab Insurance Company - SALAMA (PSC) (the Company) for the financial year ended December 31, 2024

Issued on: 17 March 2025
to: Shareholders of **Islamic Arab Insurance Company - SALAMA (PSC) (the Company)**

Assalam Alaikum Wa Rahmat ALLAH Wa Barakatuh

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

1. Responsibility of the ISSC

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

a. Undertake Shari'ah 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 Shari'ah resolutions in this regard, and

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b. Determine Shari'ah parameters necessary for the Company's Activities, and the Company's compliance with Islamic Shari'ah Provisions within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Company with Islamic Shari'ah Provisions.

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

2. Shari'ah Standards

The ISSC shall comply with the Shari'ah standards that issued and approved by the HSA.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Company's Activities by reviewing those Activities, and monitoring them through the external Shari'ah audit, in accordance with the SSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The SSC's activities included the following:

a. Conducting 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. Review and Monitoring compliance of policies, procedures, accounting standards, operating model and product structures, contracts, documentation, business charters, and other documentation submitted by the Company to the ISSC for approval.

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d. Reviewing the Takaful Insurance operating model, underlying contracts and supporting materials (e.g. underwriting and claims settlement manual/guidelines 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 the segregation between Takaful Insurance accounts and shareholders accounts, allocation of costs and expenditures on the accounts, and the underwriting surplus policy with Islamic Shari ah Provisions.

h. Reviewing the financial statements of the Company to ensure compliance with Islamic Shari ah provisions.

i. Reviewing the investment policy and approving the Shari'ah screening criteria to ensure the investment activities in both shareholders' accounts and participants' accounts, are comply with the Provisions of Islamic Shari' ah.

j. Reviewing the risk ceding arrangements of the participants' account with other insurance companies (Retakaful insurance, conventional reinsurance, co-insurance with Takaful insurance/conventional insurance companies) and confirming its compliance with Islamic Shari'ah Provisions.

k. Supervision through the external Shari'ah audit, of the Company's Activities including supervision of executed transactions and adopted procedures based on 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 external Shari'ah audit – and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.

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m. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.

n. Communicating with the Board and its subcommittees, and the senior management of the Company (as needed) concerning the Company's compliance with Islamic Shari'ah Provisions.

o. The Committee responded to questions and inquiries received from the various departments of the Company and issued the appropriate decisions and fatwas, which were circulated to work with, and directed various departments to adhere to the provisions of Shari'ah and implement the decisions of the Committee.

p. The Committee has obtained the necessary data and information it has requested to enable it to exercise the duty of Supervision and Shari'ah audit.

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

4. Independence of the ISSC

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

5. The SSC's Opinion on the Shari'ah Compliance Status of the company

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

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

We beg ALLAH the Almighty to grant us all the success and straight-forwardness.

Signatures of members of the internal Shari'ah Supervision Committee of the company

Dr. Mohd Daud Bakar
Chairman

Dr. Mohammad Amin Qattan
Member

Dr. Amin Fateh
Member

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