2024
Annual Report

Progressing Forward for a Better Growth

GIG
BAHRAIN
TAKAFUL

شركة التكافل الدولية (ش.م.ب.)
TAKAFUL INTERNATIONAL COMPANY (B.S.C)

Contents

His Majesty
King Hamad Bin Isa Al Khalifa

The King of
The Kingdom of Bahrain

His Royal Highness
Prince Salman Bin Hamad Al Khalifa

The Crown Prince, Deputy Supreme Commander,
and Prime Minister of The Kingdom of Bahrain

General Information

Takaful International Company B.S.C.

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Seef District 428,
Kingdom of Bahrain

Postal Address
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E-mail: takaful@gigtakaful.bh
Website: www.gigtakaful.bh

Commercial Registration
21100 obtained on 11 April 1989

Takaful Centers:

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Muharraq 243
Kingdom of Bahrain

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Telephone: +973 17565405

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Kingdom of Bahrain

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Telephone: +973 17565246

PRINCIPAL BANKERS
Bahrain Islamic Bank B.S.C
Al Salam Bank B.S.C

SHARE REGISTRAR
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Manama
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P.O. Box 3230
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AUDITORS
PricewaterhouseCoopers
M.E Limited
Manama
Kingdom of Bahrain

P.O. Box : 60771
Telephone: +973 1711 8800
Telefax: +973 1754 0556

ACTUARY
Lux Actuaries & Consultants W.L.L.
Manama
Kingdom of Bahrain

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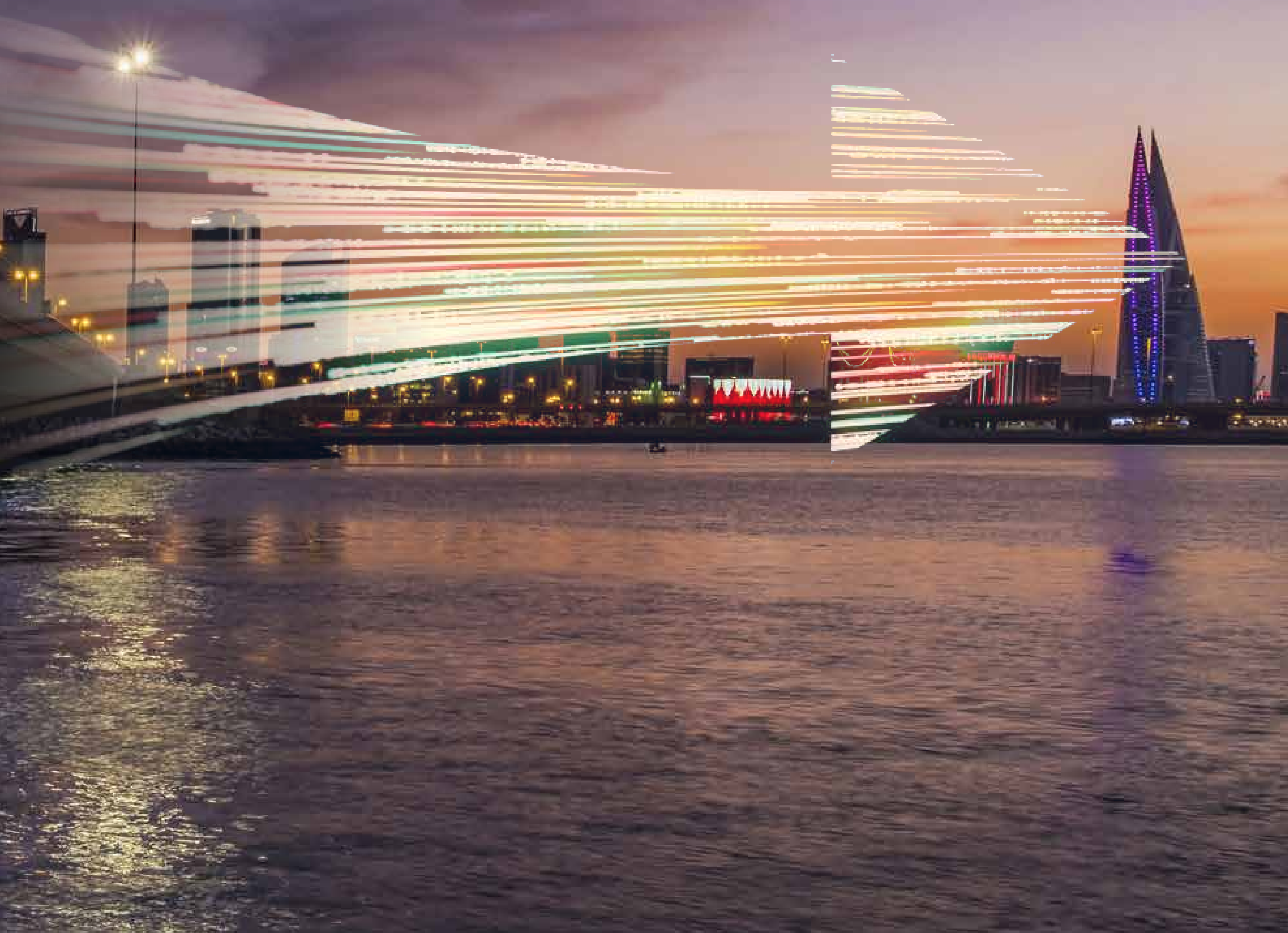
www.gigtakaful.bh

Over the past decades, Takaful International has established itself as one of the most trusted insurance providers in the Kingdom. By innovating advanced products and services, the company has redefined Islamic insurance in a distinctive way that sets it apart from traditional models. With the adoption of cutting-edge digital technologies, it has confidently adapted to changing circumstances, offering insurance solutions that efficiently meet the needs of its customers.

Driven by a deep commitment to responsibility and sustainability, Takaful International continues its journey toward a safer and more prosperous future through diverse initiatives that create a lasting positive impact.



Mission

To be the insurance company of choice by spreading awareness of Islamic insurance solutions and becoming the leading provider of a full range of Takaful products that combines superior quality based on Sharia'a principals and values.

Vision

To be recognized as the pioneering innovative leader of quality Sharia'a compliant insurance solutions.

Values

The essence of our values is our ability to succeed in providing excellent services based on commitment and quality. The principles are:

- Adhere to the highest levels of professionalism.
- Contribute effectively to the local economy.
- Maintaining the company growth, profitability and development.
- Believe that there is potential for development and commitment to achieve success.
- Strengthen leadership by providing integrated services and innovative products.

Takaful is the first Islamic insurance company in the region which have been providing services that specifically suit the Islamic values and caters to the requirements of the modern era.

1. General Takaful

A. Commercial and Major Accounts

- Property All Risks Takaful
- Marine & Aviation Takaful
- Engineering Takaful
- Bankers Blanket Bond Takaful
- Directors & Officers Takaful
- Professional Indemnity Takaful
- Medical Malpractice Takaful
- Surety Bonds Takaful
- Office Comprehensive Takaful
- General Accident Takaful
- Sabotage and Terrorism

B. Personal Lines

- Travel Takaful
- Home Takaful
- Property Takaful
- Personal Accident Takaful

2. Family Takaful and Healthcare

- Family Takaful (Osratak)
- Group Family Takaful
- Group Health Takaful (Sehatak)
- Group Health Takaful (KEEP WELL)
- Individual Health Takaful (Afya, Enaya, and Sanad)
- Long term Individual (LTA/DTA)
- Critical Illness Plan (Maça)

3. Motor Takaful (Sayaratak)

- Motor Comprehensive Takaful with various a la carte options for coverage enhancement
- Motor Third Party

4. Smart Takaful

- e-Takaful (online Takaful)

Board of Directors

Mr. Ebrahim Alrayes
Chairman

Mr. Abdulrahman Mohammed
Vice Chairman

Mr. Khaled Al Hasan
Board Member

Dr. Abdulla Sultan
Board Member

Mr. Ahmed Bucheeri
Board Member

Mr. Rashed Abdulrahim
Board Member

Dr. Osama Albaharna
Board Member

Mr. Osama Kishk
Board Member

Mr. Yahya Nooruddin
Board Member

Mrs. Fatema Al-Saffar
Board Member

Executive Management

Mr. Essam Al Ansari
Chief Executive Officer

Mr. Abdulaziz Al Othman
Deputy Chief Executive Officer

Mr. Santosh Prabhu
Chief Financial Officer

Mrs. Reema Nowrooz
Chief Underwriting Officer
Family Takaful & Healthcare

Ms. Lamia Hassan
Chief Underwriting Officer
Motor Takaful

Mrs. Fajer Abdulaziz
Chief Underwriting Officer
General Takaful Department

Sharia'a Supervisory Board

1. **Shaikh Dr. Abdul Latif Al Mahmood -** Chairman
2. **Shaikh Esam Ishaq -** Deputy Chairman
3. **Shaikh Dr. Osama Bahar -** Member

Board of Director's Report

Mr. Ebrahim Alrayes
Chairman

In the name of Allah, The Most Compassionate, The Most Merciful

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the 35th Annual report of Takaful International Company for the financial year ended 31st December 2024.

During FY2024, the global economy was confronted with another bout of geopolitical conflict in the Middle East. As a consequence, rising inflation and increased interest rates exerted pressure on the cost of living in several economies, including those of advanced nations. Despite these challenges, the Bahrain economy remained resilient, with decent domestic demand, manufacturing and healthy investments.

Macroeconomic parameters for the Bahrain economy have been improving gradually over the last several quarters, inflation has been a little concern, the current account deficit remains contained and liquidity conditions showing improvement. The business sentiment continues to show positive signs, largely owing to political stability and some reforms starting to come through.

The economic growth is likely to improve gradually, though realizing our full potential would require focused measures to revive the investment cycle and boost consumption.

The global economic scenario continues to show gradual and sustained improvement with signs of recovery both in the US and Europe. On the other hand, emerging economies, which were considered the growth engines pulling the world out of a slowdown, seem to be facing some issues in terms of tepid domestic growth and inflationary concerns. We believe that these will improve, and the economic scenario should further improve across developed and emerging economies. We expect investments to pick up in the coming quarters, which would further augment economic growth.

The Company achieved an overall profit of BD 1,650K compared to BD 1,513K last year. On an overall basis, our combined ratio improved this year as a result of the continuous efforts to manage operational and technical expenses and the focus on cost saving initiative and other measures taken by the company.

In 2024, despite geopolitical conflicts and economic pressures, the Company achieved a **profit of BD 1.650 million,** up **9%** from 2023. This growth was driven by cost management, operational efficiencies, and digital transformation, while our A- (Excellent) AM Best rating reaffirmed our financial strength.

During the year, the company's credit rating was confirmed as A- (excellent) by AM Best. This rating reflects the financial strength of the company and its ability to meet its future obligations.

Going forward, we remain committed to our customer-centric service proposition, leveraging technology for enhanced customer convenience. Your Company continued to launch various customer-centric initiatives during the year as it progressed on its digital journey. Presence across physical, web and mobile modes enables anytime, anywhere access to our products and services. Your Company continues to evaluate innovative technologies to further support its pursuit of service excellence. These will continue to expand in scope to help us further enrich the customer experience.

We will also keep optimizing our investments and pave the way for sustained and profitable growth in the future. We are focused on building a Takaful company that sets benchmarks and creates sustainable value for all stakeholders.

We would like to take this opportunity to acknowledge the contribution of our employees in building a strong foundation for the organization. We are confident that the Company will continue to achieve greater milestones and lead the growth of a vibrant Takaful industry in the future.

In the coming years, we will continue re-imagining performance through teamwork, entrepreneurial spirit, and best practices. With an unwavering focus on creating value for all our stakeholders, we look forward to your continued support over the next decade of our existence.

Based on the results, the Board of Directors recommends the distribution of cash dividends to shareholders at a rate of 12.5% of the paid-up capital (12 Fils per share). This distribution is subject to the approval of the regulatory authorities and the shareholders in the forthcoming Annual General Meeting.

The Board of directors' remuneration and the executive management expenses for the year are as follows:

First: Board of directors' remuneration details:

Name	Fixed Remunerations					Variable Remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board committees' meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors:													
1- Mr. Ebrahim Mohamed Sharif Alrayes Chairman	-	600	-	-	600	11,000	-	-	-	11,000	-	11,600	-
2- Rashed Ali Abdulrahim Director	-	1,800	-	-	1,800	11,000	-	-	-	11,000	-	12,800	-
3- Dr. Osama Taqi Albaharna Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	-	13,400	-
4- Mr. Yahya Nooruddin Director (Joined on 27-Mar-24)	-	1,200	-	-	1,200	11,000	-	-	-	11,000	-	12,200	-
5- Mr. Saleh Fahad Al Zouman Director (Term ended on 27-Mar-24)	-	300	-	-	300	-	-	-	-	-	-	300	-
Second: Non-Executive Directors:													
1-Abdulrahman Abdulla Mohamed Vice Chairman	-	1,200	-	-	1,200	11,000	-	-	-	11,000	-	12,200	-
Third: Executive Directors:													
1- Khalid Saud Al Hasan Director	-	1,800	-	-	1,800	11,000	-	-	-	11,000	-	12,800	1,366
2- Dr. Abdulla Salah Sultan Director	-	1,800	-	-	1,800	11,000	-	-	-	11,000	-	12,800	-
3- Osama Kamel Kishk Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	-	13,400	1,712
4- Ahmed Bucheeri Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	-	13,400	-
5- Ms. Fatema Al Saffar Director (Joined on 27-Mar-24)		1,800	-	-	1,800	11,000	-	-	-	11,000	-	12,800	-
6- Mr. Abdulla Rabea Mohamed Rabea Director (Term ended on 27-Mar-24)	-	300	-	-	300	-	-	-	-	-	-	300	906
Total	-	**18,000**	-	-	**18,000**	**110,000**	-	-	-	**110,000**	-	**128,000**	**3,984**

Notes:
- All amounts are stated in Bahraini Dinars.
- The Remuneration of the chairman and BOD is subject to the General Assembly's approval and the relevant regulatory authorities' approval, as appropriate.

Other remunerations:
* It includes in-kind benefits - specific amount - remuneration for technical, administrative and advisory works (if any).
** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	414,918	168,281	46,246	629,445

Note: All amounts are stated in Bahraini Dinars.

* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).
** The company's highest financial officer (CFO, Finance Director, ...etc)

We would like to extend our sincere thanks and gratitude to His Majesty King Hamad Bin Isa Al Khalifa, the King of the Kingdom of Bahrain and his Government for their continued support to the economy of Bahrain and to the Financial Sector in particular. We would like also to thank the Central Bank of Bahrain for their valuable assistance and guidance.

Finally, on behalf of all members of the Board of Directors, we wish to express our sincere thanks and appreciation to the shareholders for their understanding and support. Our thanks are also to our esteemed customers for their confidence and trust in the Company and its services and to the management and staff for their continued diligence, dedications and determination. We would also like to thank the intermediaries and re-takaful companies for their beneficial mutual relationships. We also would like to thank our Sharia'a Supervisory Board for their guidance and direction.

Thank you,

Ebrahim Al Rayes
Chairman
13 February 2025

Abdulrahman Abdulla Mohamed
Vice Chairman
13 February 2025

Chief Executive Officer's Report

Mr. Essam Al Ansari
Chief Executive Officer

In the Name of Allah, the Most Gracious, the Most Merciful

Dear Shareholders,

Through the last year, we witnessed numerous headwinds ranging from geopolitical conflicts to interest rate hikes aimed at keeping inflation under check. Bahrain's economy, however, has been resilient with growth in its GDP. Global economies have faced uncertainties, trade tensions, volatile commodity prices, tightening interest rates and liquidity. Adverse macroeconomic or geopolitical developments have slowed down some domestic economic growth.

Our insurance industry is witnessing multiple regulatory changes to protect customer's interest and facilitate ease of doing business. Overall, the insurance growth potential remains intact, driven by low levels of insurance penetration, favorable demographics, growing life expectancy and improving financial literacy. We are focusing on tapping the market potential through innovative product offerings and professional services. Simultaneously, we will endeavor to reach out to a wider customer base through a diversified distribution network.

We closed the financial year 2024 on a strong note. Our gross written contributions grew by 20% BHD 27.6M compared to BHD 23.1M during the previous year. We are an Equal Opportunity employer and continue to take steps in our Diversity and Inclusion journey. As part of this, we have placed women in positions that were traditionally held by men. As a result, we now have as many as three women in executive management. We have also formalized an Environmental, Social, and Governance (ESG) Framework as part of our ongoing commitment to embracing sustainability in various aspects of our business and plan to build on it in the coming years.

During FY24 there was an increase in the claims ratio particularly in the medical insurance sector, driven by rising medical treatment costs and provider expenses due to inflation. This, in turn, impacted underwriting profitability. However, the investment results were remarkable and resulted in overall profit of BD 1.649M for year 2024 compared to BD 1.513 for the previous year. On this note, Our strength is growing and managing a high-quality, multi-distribution channel, together with our expertise in providing innovative solutions to our customers' protection needs and delivering service excellence.

I would like to extend my gratitude and appreciation to all our customers, advisors, intermediaries, partners, employees and our stakeholders for their contributions and look forward to their continued support.

Our strategy has been centered on offering convenience to customers. To bring this strategy to life, we have formed strategic partnerships to enhance our capabilities, improve customer experience, and drive innovation. These collaborations reflect our commitment to delivering superior service and creating value for our customers. Our strength is in growing and managing high quality, multi-distribution channel, together with our expertise in providing innovative solutions to our customers' protection needs and delivering service excellence.

During the year 2024, Takaful International has maintained credit rating of A- Excellent by AM Best. This indicates the Company's sound position and strength and quality of services it offers to its customers and the trust of its various stakeholders.

All these helped your company to leverage opportunities and to maintain its leadership position in Bahrain's Takaful business. We are thankful to all our stakeholders for their support extended in making us their preferred Insurance provider.

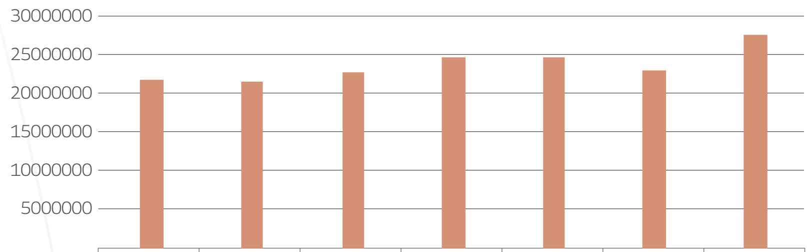
I would like to highlight some of important results of the company which are reflected in the following graphs and are self-explanatory:

Chief Executive Officer's Report

Financial performance

Contributions:
The total contributions for the year ended 31 December 2024 amounted to BHD27.63M against BD 23.1M for previous year 2023.

Contributions Written

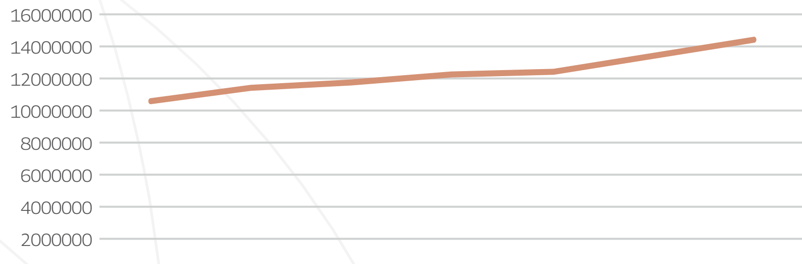


	1	2	3	4	5	6	7
Year	2018	2019	2020	2021	2022	2023	2024
Contributions	22,034,403	21,720,585	22,859,386	24,806,353	24,920,252	23,129,381	27,684,15

Recognized takaful contributions grew from BD 24.4M during year 2023 to BD 25.9M during year 2024, a growth of 6.6% from previous year.

Claims:
The overall net claims incurred ratio for year 2024 was 76.8% compared to 77% for the year 2023.

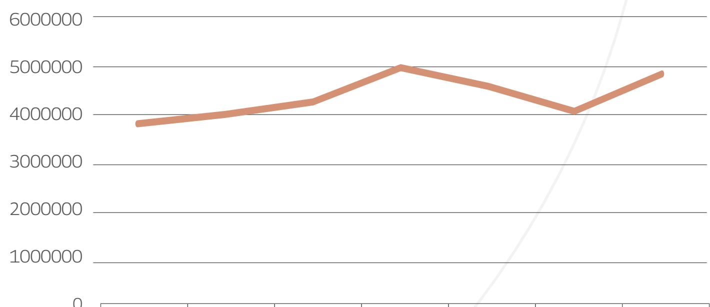
Net Incurred Claims



	1	2	3	4	5	6	7
Year	2018	2019	2020	2021	2022	2023	2024
Net Incr. Claims	10,604,808	11,417,298	11,769,190	12,221,627	12,428,046	13,460,403	14,519,578

Gross Underwriting results:
Net participants surplus as per FAS 43 was BD 315K during year 2024 compared to BD 575K during year 2023.

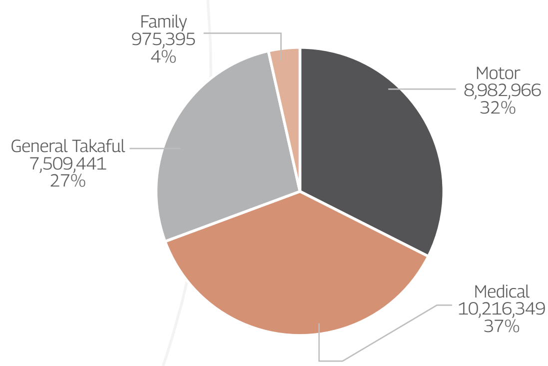
Gross Underwriting results



	1	2	3	4	5	6	7
Year	2018	2019	2020	2021	2022	2023	2024
Year Gross U/w. results	3,797,911	3,984,789	4,250,810	4,985,343	4,554,552	4,106,740	4,841,103

Business Mix:
further diversified during the year 2024:

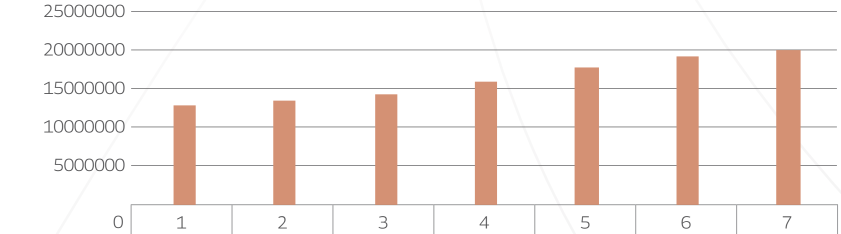
Business Mix



Chief Executive Officer's Report

Net Technical Reserves / Liabilities further strengthen during the year 2024:

Net Technical Reserves

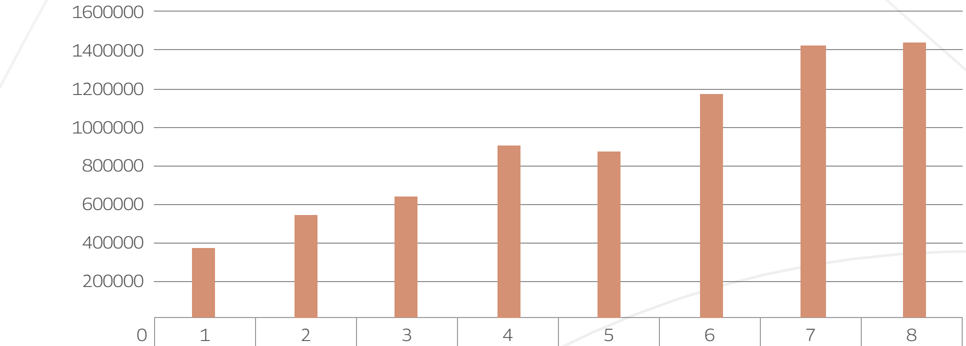


	1	2	3	4	5	6	7
Year	2018	2019	2020	2021	2022	2023	2024
Net Tech. Reserves	12,731,14	13,387,66	14,272,14	15,780,16	17,733,98	19,181,51	19,953,98

The technical reserves / liabilities grew by 4.03% in 2024 vs 2023

Gross Investment Income

Gross Investments Income grew during the year 2024:



	1	2	3	4	5	6	7	8
Year	2017	2018	2019	2020	2021	2022	2023	2024
Gross Investment Income	367,855	537,057	629,146	892,925	861,238	1,157,479	1,422,933	1,429,629

Overall management, general and administrative expenses for year 2024 amounted to BHD2.95M compared to previous year BHD2.69M a growth of 9.4%.

Takaful has endeavored to maintain the expectations of its shareholders, policyholders and other stakeholders. Nurturing long-term relationships and best services have always been the highest priority of Takaful. Since inception, Takaful has believed in building a culture of integrity and transparency and endeavored to revolve all its business activities based on its founding principles of fairness, kindness, efficiency and effectiveness based on the Islamic Insurance, cooperative sharing and caring principles.

Our Board of Directors believe in upholding the highest standards of governance and accountability. The board has taken cognizance of various regulatory changes in the overall governance framework and remains committed to imbibing the spirit of the law and regulations.

We expect a positive outlook for the year 2025 and expect a decent growth in business. Our main focus will be on quality services, prudent claims & expenses management which will help the company to generate better results.

I would like to take this opportunity to thank our Board of directors for their support and guidance. I would also like to express my appreciation to the employees of Takaful International for their dedicated efforts towards achieving the goals of the company. Also thank our valued clients, reinsurance companies, Sharia'a board members, intermediaries and all our business partners for their support which has contributed to the growth of the company. Congratulations to the team on achieving a year of strong financial performance and continuing to execute on its strategy to capture long-term growth opportunities in the insurance market.

We are a fundamentally strong institution and remain focused on building scale with profitability. With the right discipline and action, we see a positive road ahead and are poised for growth, in the year ahead. We continue to be guided by a clear purpose and a coherent strategy with a long-term view. With this, we are very optimistic about the future and are committed to creating measurable, three hundred and sixty degree value for all our stakeholders, our customers, shareholders, distributors and employees alike.

As we move forward with all this in mind, I would like to express my gratitude to all our stakeholders for their continuous support and encouragement.

Thank you,

Mr. Essam Al Ansari
Chief Executive Officer

Sustainability at the Core of Our Vision

We are committed to implementing best practices in Environmental, Social, and Governance (ESG) to drive sustainable growth that creates a positive impact on the environment and society. Through our sustainability strategies, we strive to foster innovation, reduce environmental impact, and support social development while ensuring transparency and accountability across all our operations. Our vision for sustainability translates into tangible actions that enhance long-term value and contribute to building a more sustainable future.

ABOUT TAKAFUL

Company Overview

Takaful International Company B.S.C. ("Takaful" or "the Company") is Bahrain's first Islamic insurance company, offering Shari'a compliant solutions tailored to the evolving needs of both individuals and businesses in Bahrain. Established in 1989, Takaful pioneered Islamic insurance services in the region, guided by principles of fairness, integrity, and commitment to community well-being.

The Company maintains a credit rating of A- with a stable outlook from the international rating agency AM Best.

Core Business Focus

Takaful has strategically positioned itself as a leader in the Takaful industry, guided by Sharia'a principles and a commitment to providing comprehensive insurance solutions that cater to the needs of individuals, families, and businesses. Takaful has diligently crafted a suite of products align with Islamic law and respond to the varied needs of its clientele through four main categories:

1. **General Takaful:** This category offers a robust range of coverage options that include property all risks, marine and aviation, and engineering insurances. This segment extends to cover professional liabilities such as medical malpractice and directors' and officers' insurance, catering to a diverse professional landscape. For personal needs, this segment also covers travel, home, and personal accident Takaful, ensuring that individual clients receive tailored, comprehensive protection plans.

2. **Family and Health Takaful:** Recognizing the importance of family and health, Takaful offers an array of products in this category. From family protection plans that secure the future of loved ones to health coverage that caters to both individuals and groups, the company provides peace of mind with plans like long-term care and critical illness coverage, ensuring that families are well-supported during times of need.

3. **Motor Takaful:** In the realm of vehicle insurance, Takaful provides comprehensive coverage with a variety of customizable options. This coverage ensures that from the most basic to the most comprehensive needs, every vehicle owner finds a plan that suits their specific requirements, backed by the ethical principles of Takaful.

4. **Smart Takaful:** Embracing technological advancements, Takaful has pioneered Smart Takaful, an innovative digital insurance solution accessible online. This platform meets modern consumer demands for accessibility and efficiency, allowing clients to manage their policies through user-friendly digital interfaces, representing a forward-thinking approach in the traditionally conservative insurance sector.

Commitment to Sustainability

Takaful's commitment to sustainability is deeply integrated into its mission to serve the community with integrity and responsibility, adhering to Sharia'a principles that advocate for environmental stewardship and social welfare. This commitment is manifested through a comprehensive array of Environmental, Social, and Governance (ESG) initiatives aimed at promoting sustainable economic growth, enhancing the well-being of the community, and reducing the environmental impact of its operations.

The company's sustainability strategy is built on proactive measures to conserve resources, optimize operational efficiency, and implement sustainable practices across all aspects of its business. By investing in technology that reduces paper use and energy consumption, Takaful not only minimizes its ecological footprint but also sets a standard for responsible business practices in the Islamic insurance sector.

Additionally, its community programs focus on education, health, and welfare, further embedding sustainability into the core of its corporate principles.

These initiatives are aligned with local regulatory requirements from Central Bank of Bahrain (CBB) as well as Bahrain Bourse and the broader global objectives, such as the United Nations Sustainable Development Goals (SDGs), which provide a framework for addressing a range of global challenges, including inequality, climate change, environmental degradation, peace, and justice. Takaful leverages these goals as a guide to enhancing its contributions to social and economic development while ensuring environmental sustainability.

Sustainability in Islamic Insurance

As an Islamic Insurance Company, Takaful's approach to sustainability is inherently connected to Islamic values, which emphasize ethical practices, fairness, and support for the community. These principles not only guide Takaful's business practices but also shape its sustainability strategy, ensuring that all operations and investments are ethically sound and contribute positively to society.

This Islamic perspective on sustainability is operationalized through the company's investment practices that avoid industries and activities that are a detriment to society or the environment. By focusing on investments that have a positive social impact, such as community development initiatives, Takaful ensures compliance with Islamic law and supports the sustainability ambitions outlined in Bahrain Vision 2030.

Moreover, the company's commitment to fairness and community support is demonstrated through its efforts to make takaful insurance accessible to different groups of society, thereby promoting financial inclusion.

In aligning its operations with SDGs, Takaful acknowledges the interconnectedness of economic, social, and environmental sustainability and commits to advancing these goals within its framework. This alignment not only reinforces the company's dedication to ethical practices but also positions it as a leader in promoting sustainability within the global Islamic insurance industry.

Mission, Vision, Values

Mission

"To be the insurance company of choice by spreading awareness of Islamic insurance solutions and becoming the leading provider of full range of Takaful products that combines superior quality based on Sharia'a principles and values."

Vision

"To be recognized as the pioneering innovative leader of quality Sharia'a compliant insurance solutions."

Values

The essence of our values is our ability to succeed in providing excellent services based on commitment and quality. The principles are:

- Adherence to the highest levels of professionalism
- Contributing effectively to the local economy
- Maintaining the company's growth, profitability, and development
- Believing that there is potential for development and commitment to achieve success
- Strengthening leadership by providing integrated services and innovative products

Environmental, Social & Governance (ESG) Report
for the year ended 31 December 2024

CEO's MESSAGE

As a responsible Islamic Insurance Company, Takaful is committed to integrate Environment, Social and Governance ("ESG") concepts into its business operations and core business activities to contribute to the sustainable development of environment, society and economy and promote local and global sustainable development. Takaful has aligned its activities and investments with the relevant United Nations Sustainable Development Goals ("UN SDGs").

At Takaful, we aim to build our philosophy, policies and processes around delivering stakeholders' expectations in a responsible and sustainable manner. Takaful initiated its journey in 2023 by prioritizing ESG reporting and transparently communicating its progress towards ESG goals which is important for building trust with stakeholders.

The ESG reporting is in line with recent ESG reporting requirements issued by the Central Bank of Bahrain ("CBB") and the ESG reporting guidelines issued by Bahrain Bourse.

In 2024, Takaful embraced a comprehensive sustainability strategy, positioning itself as a responsible and ethical leader in the Takaful industry. Amidst global economic challenges and heightened awareness of climate change, Takaful reaffirmed its commitment to balancing business success with environmental and social responsibilities.

As we continue to adapt to the evolving needs of our customers, Takaful's ESG initiatives play a vital role in our long-term strategy. We believe that sustainable growth requires more than financial success; it requires active participation in building a resilient and inclusive community. Our initiatives in employee development, community engagement, and environmental conservation reflect our ongoing dedication to the values that define Takaful.

We look forward to advancing our sustainability journey in the years ahead and thank our valued stakeholders for their continued support and trust in Takaful.

Essam Al Ansari
Chief Executive Officer

COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS ("SDGs")

Takaful's dedication to the United Nations Sustainable Development Goals ("UNSDGs") reflects its strategic commitment to integrate sustainable practices across all areas of its operations. The company's initiatives particularly focus on enhancing health and well-being, promoting sustainable economic growth, and adopting responsible consumption and production practices. Each of these focuses aligns with specific SDGs, demonstrating how Takaful's business practices contribute to broader global agendas.

Takaful's ESG Framework is aligned with the UNSDGs and Bahrain's Economic Vision 2030.

Good Health and Well-being: Takaful prioritizes health and well-being of its employees through its various employee wellness programs such as health checkups, health & safety trainings as well as sports days. Additionally, the company actively participates in health awareness campaigns and partnerships with healthcare organizations to promote health education and preventive care within the community.

Gender Equality: Takaful aims at empowering individuals, regardless of their gender, to reach their full potential and contribute to society without facing bias or limitations.

Affordable & Clean Energy: Takaful measures its annual carbon footprint and discloses its Scope 1 and Scope 2 emissions throughout its operations regularly. In response to climate change, Takaful has implemented measures to reduce its carbon footprint and enhance energy efficiency within its operations. The company's environmental policies include reducing energy use through optimized facility management and transitioning to digital platforms to decrease the need for physical materials and commuting.

Decent Work and Economic Growth: Takaful aims to promote inclusive and sustainable economic growth, fair employment, and decent work for all. This includes creating safe, well-paying jobs and supporting policies that foster innovation and job creation.

Reduced Inequalities: Takaful ensures equal opportunities for all, regardless of race, gender, disability, age, or economic status.

Responsible Consumption and Production: Takaful adopts resource-efficient practices to minimize waste and reduce energy consumption. The shift towards digital Takaful solutions like e-cards and online policy management reduces the need for paper-based processes which advocates for sustainable consumption and production patterns. These initiatives are part of a larger strategy to enhance operational efficiency and reduce the environmental impact of their business activities.

Climate Action: Takaful focuses on taking action to combat climate change and its impacts. This goal emphasizes the need to reduce greenhouse gas emissions, adapt to climate-related risks, and promote sustainable practices across industry and community.

Peace, Justice and Strong Institutions: Takaful has a dedicated Shari'a Supervisory Board ("SSB") to oversee the adherence to Takaful principles. It continues to uphold a governance framework with clear accountability and oversight mechanisms ensuring transparency. Takaful upholds client data privacy by adhering to strict principles, conducting regular audits and ensuring the security of digital platforms.

Partnerships for the goals: Takaful emphasizes the importance of collaboration with organizations, charities, society, and other stakeholders. It encourages building effective partnerships that combine resources, and expertise to address challenges.

Integrating SDGs into Business Strategy

Takaful integrates these SDGs into its business strategy by ensuring that its products, services, and operational practices not only comply with Islamic principles but also advance sustainability. The company regularly reviews its sustainability objectives and performance, aligning them with the SDGs to ensure that it remains on track to meet its commitments. This strategic alignment is communicated transparently in its annual reports and sustainability disclosures, providing stakeholders with clear insights into the company's progress and contributions towards global sustainability goals.

ESG Governance

Sustainability governance aids in the implementation of a company's sustainability strategy throughout the organization, the management of goal setting and reporting systems, the strengthening of relationships with external stakeholders, and overall accountability.

To execute the Board approved ESG framework, an ESG management steering committee was formed to oversee the ESG integration across all business lines and essential insurance and investment decision-making processes.

The committee is composed of members from the following departments: Governance, Risk Management, Compliance and Shari'a Control, Corporate Communications, Human Resources, and Administration. Dealing with sustainability issues necessitates cross-functional collaboration and support across our whole Company.

The ESG steering committee is assigned several duties relating to ESG, including but not limited to:

- Periodic reporting to the Board and relevant board committee on ESG matters.
- Coordinating and reviewing various ESG initiatives according to the company's action plan.
- Evaluating ESG disclosures and data on a periodic basis.
- Aligning the ESG strategy with the parent company.

The board has delegated the ESG activities to the Nomination, Remuneration, Environmental, Social and Governance ("NRESG") Committee, which currently overlooks the ESG matters, plans and reporting.

ABOUT THIS REPORT

Scope

This sustainability report covers the full range of Takaful's activities for the fiscal year ending December 31, 2024. It encapsulates the company's continuous efforts in environmental stewardship, social responsibility, and governance. The report focuses on the key areas where the company has the most significant impact, including energy consumption, resource management, community engagement, and governance practices. It aims to provide stakeholders with a transparent and comprehensive view of Takaful's commitments and achievements towards sustainable development.

Reporting Standards

Takaful is committed to maintaining the highest standards of transparency and accountability in its sustainability reporting. The 2024 sustainability report has been prepared in accordance with the following global and local guidelines:

- **Environmental, Social and Governance Requirements Module of the Central Bank of Bahrain's Rulebook:** The report was prepared in accordance with the requirements of the ESG module of the CBB Rulebook.
- **Global Reporting Initiative (GRI) Standards:** The report adheres to the GRI Standards, which provide a global framework for sustainability reporting. These standards help Takaful to measure, understand, and communicate its impacts on issues such as the environment, social practices, and governance.
- **Bahrain Bourse ESG Reporting Guide:** The company follows the ESG reporting guidelines issued by Bahrain Bourse. This local framework is designed to encourage listed companies to disclose material environmental, social, and governance information to enhance the overall transparency of the capital market.

Reporting Period

The report covers ESG-related initiatives and performance metrics for the period from January 1, 2024, to December 31, 2024 while comparing performance to 2023. This report reflects Takaful's commitment to embedding sustainability into every aspect of its operations.

Audience

This report is intended for Takaful's stakeholders, including customers, employees, regulators, investors, and the broader community. It highlights Takaful's dedication to contributing positively to society while fostering a sustainable, ethical, and Sharia'a compliant Islamic insurance framework.

MATERIALITY ASSESSMENT

Stakeholder Engagement

Takaful recognizes the importance of stakeholder engagement in shaping its sustainability and governance framework. By maintaining open dialogue with key stakeholders, we ensure that their expectations and priorities are reflected in our business strategies and sustainability goals. This approach strengthens transparency, trust, and alignment with our core values.

Key Stakeholders

The following stakeholder groups are integral to Takaful's success:

- **Regulators:** The Central Bank of Bahrain (CBB), Bahrain Bourse, Ministry of Industry & Commerce (MOIC) and other relevant regulatory authorities.
- **Employees:** The workforce driving operational excellence and innovation.
- **Customers:** Individuals and businesses who rely on Takaful's Shari'a-compliant insurance solutions.
- **Shareholders and Investors:** Providing the financial support necessary for growth and sustainability.
- **Community Partners:** Local organizations and initiatives supported by Takaful to create societal impact.
- **Board of Directors:** Responsible for overall business strategy.
- **Shari'a Supervisory Board:** Entrusted to ensure the Company's integrity and overall Shari'a compliance.
- **Suppliers:** Important for day-to-day operations of Takaful.
- **Government:** Responsible for creating long-term socio-economic impact.

Engagement Mechanisms

Takaful engages its stakeholders through various channels to understand their perspectives and integrate their feedback into decision-making processes. These include:

- Regular reporting to regulatory bodies to ensure compliance and alignment with national objectives.
- Employee engagement programs and internal communications to foster a collaborative workplace culture.
- Customer feedback collected through satisfaction surveys and service reviews.
- Participation in community initiatives and collaborative programs with non-governmental organizations.

Takaful's Materiality Assessment

As part of our commitment to embedding sustainability into our operations, Takaful conducted a comprehensive materiality assessment to identify and prioritize key environmental, social, and governance (ESG) topics relevant to both the Company and its stakeholders. This assessment ensures alignment between our strategic objectives and the issues that matter most to our stakeholders and operations.

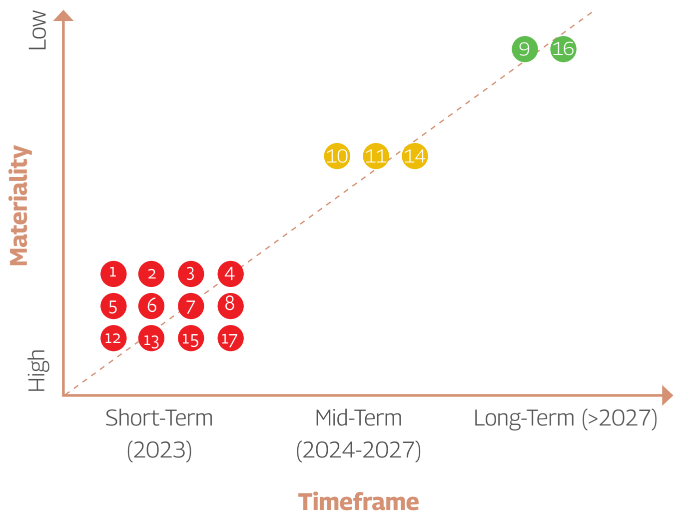
Process Overview

Our materiality assessment involved evaluating the significance of ESG topics based on:

- Stakeholder impact: The extent to which these issues influence the decisions and perceptions of stakeholders.
- Business impact: The degree to which these topics affect the Company's performance and strategic goals.

Material Topics and Timeframes

The materiality assessment identified key ESG topics relevant to Takaful's operations and stakeholders. Each topic has been mapped to a timeframe based on when it is expected to be most effectively addressed, reflecting Takaful's planned sustainability journey:



Material Topic

1. Governance & Transparency
2. Ethics & Compliance
3. Data Privacy
4. Systematic Risk Management
5. Financial & Economic Performance
6. Innovation & Digitalization
7. Serving our customers
8. Financial Inclusion & Accessibility
9. Responsible Underwriting
10. Responsible Investment
11. Fair & Inclusive Workplace
12. Learning & Development
13. Employee Wellbeing & Health
14. Direct environmental impact of operations
15. Community Investment (Socio-Economic Development)
16. Socially Responsible Procurement
17. Nationalization

Driving Our Goals

The outcomes of this assessment have directly shaped our sustainability priorities and reporting framework. By aligning our activities with the identified material topics, we aim to foster a transparent, responsible, and inclusive approach that balances stakeholder expectations with sustainable growth.

ESG HIGHLIGHTS 2024

ENVIRONMENTAL STEWARDSHIP

Environmental Governance and Strategy

- **Overview of Environmental Commitment**
  Takaful is committed to integrating sustainable practices across all operations, aligning with Islamic values that emphasize environmental stewardship and responsible resource use. By implementing an ESG framework since 2023, Takaful aims to monitor and reduce its environmental impact while supporting Bahrain's national sustainability agenda.

- **Governance Structure**
  Environmental initiatives and oversight are managed within Takaful's ESG framework. The Company's ESG governance structure ensures that environmental priorities are systematically integrated into strategic decision-making and operational practices.

- **Environmental Policies and Long-term Objectives**
  Takaful's policies target three core areas: energy efficiency, waste reduction, and sustainable resource management. Takaful is on track to achieve measurable reductions in energy use, carbon emissions, and operational waste, supporting both Bahrain Vision 2030 and the United Nations Sustainable Development Goals (SDGs).

Energy Efficiency and Climate Risk Management

- Energy Management Strategy

13 CLIMATE ACTION

Takaful's strategy focuses on optimizing energy use. Digital initiatives, such as the transition to e-Takaful services, are part of a broader effort to reduce energy needs associated with physical operations.

- Climate Risk Assessment and Integration in Business Operations

Takaful recognizes the importance of assessing climate-related risks that could impact its business. By conducting regular scenario analyses, Takaful evaluates potential disruptions from climate events and regulatory changes, ensuring resilience and adaptability in its operations.

- Energy Consumption and 2024 Metrics

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Takaful's operations impact on the nature is limited due to its type of business. Takaful aims at managing its impact on the environment by reducing energy, fuel, and water consumption as well as reducing paper/ plastic waste, thereby contributing to environmental protection for the future.

Total Energy Consumption

		2024	2023
	Energy Total Energy Consumption	**544,176 mWh/ kWh**	565,260 mWh/ kWh
	Fuel Consumption by vehicles owned by the Company (Petrol)	**2,216 Liters**	3,259 Liters
	Water Utility Water Consumption (Annual)	**1,235 m3**	1,179 m3

Energy Reduction Initiatives

Takaful has implemented energy-efficiency projects, such as upgrading to LED lighting and optimizing HVAC systems. These measures are expected to significantly reduce electricity consumption, especially during peak operational hours.

- Carbon Intensity and Reduction Goals

Takaful's baseline carbon intensity will be established based on its energy metrics, serving as a foundation for targeted reductions by 2025.

Carbon Footprint and Emissions Management

- Carbon Emission Calculation

Takaful adheres to the Greenhouse Gas (GHG) Protocol to meticulously calculate and monitor its carbon emissions across three scopes. This systematic approach ensures comprehensive tracking and accountability for all direct and indirect emissions associated with the company's operations.

Scope 1 Emissions (Direct Emissions)

- **Sources:** The primary sources of Scope 1 emissions for Takaful include the combustion of fuel in company-owned vehicles, essential for operational activities.
- **2024 Emissions Data:** For the year 2024 these emissions totaled 2,216 liters of petrol. This quantification helps in assessing the direct impact of the company's vehicles on its carbon footprint.
- **Reduction Initiatives:** Takaful is actively reducing fuel consumption (32% reduction in 2024 compared to 2023) by more efficient use of company-owned vehicles and improved practices as part of its broader strategy to reduce direct emissions. This supports the company's commitment to sustainability and its goals for reducing environmental impact.

Scope 2 Emissions (Indirect Emissions from Purchased Electricity)

- **Sources:** These emissions are derived from the electricity consumed by Takaful's offices and operational centers. Electricity consumption is a significant part of the company's operational footprint, particularly in terms of cooling, and lighting needs.
- **2024 Emissions Data:** The total electricity consumption for 2024 was recorded at 544,176 kWh, which constitutes the bulk of Takaful's operational carbon emissions.
- **Reduction Initiatives:** The company is implementing energy-efficiency projects, such as upgrading to LED lighting and optimizing HVAC systems. Upgrading lighting systems and improving cooling efficiency are expected to significantly reduce electricity consumption, thereby lowering Scope 2 emissions.

Scope 3 Emissions (Indirect Emissions from Value Chain)

- **Sources:** Scope 3 emissions encompass all other indirect emissions from Takaful's value chain, including business travel, employee commuting, outsourced activities.
- **2024 Emissions Data:** Comprehensive data collection is ongoing, aiming to provide a fuller understanding of the Scope 3 emissions and identify key areas for emission reduction.
- **Future Initiatives:** Takaful plans to reduce non-essential travel and promote virtual meetings to further cut down on Scope 3 emissions.

Total Carbon Footprint and Offset Plans

- **Baseline Establishment:** The carbon footprint for 2023 served as a baseline, aiding in the measurement of progress towards future targets.
- **Offset Plans:** Takaful is exploring various carbon offset strategies to complement its emission reduction efforts. These include investments in reforestation projects and other environmentally beneficial initiatives.

- Commitment to Continuous Improvement

Takaful is committed to continuous improvement in its emissions management practices. The company regularly reviews and updates its strategies to reflect the latest technological advancements and regulatory requirements. This ongoing commitment ensures that Takaful remains at the forefront of sustainability practices in the insurance industry.

Waste Management and Reduction

- Current Waste Management Practices and Waste Reduction strategies

Takaful employs a recycling company that deals with the waste management. While a waste management policy is not in place, the company aims to significantly reduce material use and enhance recycling efforts across all operations.

- **Paper Reduction:** Digitalization initiatives such as e-Takaful and online policy management systems have been critical in reducing the company's reliance on paper. These platforms allow customers to handle their insurance needs electronically, drastically cutting down on paper consumption. Takaful has also been actively using an electronic signature application to further reduce paper consumption.
- **Plastic Reduction:** In line with its sustainability goals, Takaful aims to reduce plastic waste significantly. This target is part of a broader effort to decrease the overall environmental impact of the company's operations. The company emphasizes on reducing the use of single-use plastic items among staff, supporting a move towards more sustainable practices. The Company also plans to install recycling bins specifically for collecting plastic waste in areas of high employee traffic.
- **E-Waste Management:** Takaful takes its electronic waste seriously, and plans to partner with certified recycling providers to ensure that e-waste is disposed of responsibly.

• Future Initiatives

- **Supplier Collaboration:** Recognizing the importance of extending its environmental stewardship throughout the supply chain, Takaful aims to collaborate with suppliers who adhere to similar waste reduction and recycling standards.
- **Employee Engagement:** The company is planning to actively engage its employees in waste reduction efforts through awareness campaigns and participation in recycling programs. This engagement helps to foster a culture of sustainability within the company.

Water Consumption and Management

- **Water Conservation Policy**

  Takaful prioritizes global concerns about water scarcity and is committed to reducing water consumption across its facilities. Sourced by the water provider, we monitor and manage usage, which is primarily utilized by employees. Water consumption is tracked quarterly to identify optimization opportunities and minimize water consumption. This commitment aligns with the company's broader environmental sustainability goals.

- **2024 Water Usage Metrics:** Total Water Consumption: 1,235 m^3, primarily used in office facilities.

- **Water Efficiency Initiatives**
  - **Installation of Water-Saving Fixtures:** Takaful installed low-flow faucets and toilets across its facilities to reduce water flow and decrease overall water use. These fixtures significantly contribute to water savings without impacting operational efficiency.
  - **Regular Facility Inspections:** Takaful conducts regular inspections of its facilities to identify and promptly address any leaks or inefficiencies in water usage. These inspections are part of a preventative maintenance program that helps avoid excessive water wastage.
  - **Employee Awareness Programs:** The company has designed flyers and posters in washrooms to educate employees about the importance of water conservation.

SOCIAL RESPONSIBILITY

At Takaful, social responsibility transcends traditional corporate obligations and is considered a fundamental component of their operational ethos. As Bahrain's pioneering Takaful provider, the company is dedicated to upholding the principles of ethical conduct, community service, and inclusivity. These commitments are manifested through a broad spectrum of initiatives strategically designed to boost customer welfare, foster employee growth, and enhance the vitality of the communities they serve.

Guided by Sharia'a principles, which emphasize the welfare of the entire community, Takaful integrates social responsibility into every facet of its business operations. The company's approach aims to address immediate community needs and contribute to sustainable social development. This commitment is evident in the company's comprehensive strategies that cover various aspects of social engagement – from health and education programs to economic empowerment and environmental stewardship.

By embedding these initiatives into the core business strategy, Takaful not only enhances its corporate reputation but also strengthens stakeholder relationships. The company believes that true success is measured by the positive impact it has on society in addition to financial achievements.

Serving Our Customers

• Commitment to Customer Service

Takaful is dedicated to delivering high-quality, Shari'a-compliant insurance solutions that prioritize the well-being of its customers. By adopting a customer-centric approach, Takaful ensures its products are tailored to the diverse needs of individuals and businesses.

- Customer Satisfaction and Engagement
  - Takaful has invested in enhancing customer experience through training programs for customer-facing staff and feedback mechanisms to ensure high satisfaction levels.
  - **2024 Customer Satisfaction Metrics:** Customer satisfaction is Takaful's primary motivation for all business decisions and actions. Takaful's contributions growth reflects strong customer relationships which are based on mutual trust and integrity.

	2024	2023
Number of policies issued during the year	101,530 policies	82,972 policies

To increase customer satisfaction and enhance the customer experience, Takaful ensures that customers' feedback, suggestions, and complaints are properly recorded and handled through various channels. A dedicated complaints officer handles and resolves customer complaints.

	2024	2023
Number of formal CBB Complaints	8	9

- Innovation and Digitalization

Takaful has always had innovative initiatives to cope with the rapidly changing customer demands. Takaful embarked on its comprehensive digitalization strategy since 2022, whereby it aimed at improving the customer experience through efficient and effective use of digital solutions. Takaful will maintain the momentum of creative adaptation and acceleration in upgrades of systems, talents, and culture while maintaining its proactivity, innovation, and customer centrism.

	2024	2023
Number of policies issued through online channels	20,126 policies	17,746 policies

- Financial Inclusion and Accessibility

Takaful aims to make its services widely accessible through digital platforms, contributing to financial inclusion and ensuring that Shari'a-compliant Takaful options are available to all segments of society.

Workforce Composition and Diversity

- Commitment towards Workforce

At Takaful, we recognize that our people are central to our success. We are committed to fostering a diverse and inclusive workforce that reflects our values of equality and empowerment. By creating an environment where every individual is valued, we ensure that our employees can contribute their full potential to achieving Takaful's vision.

- 2024 Workforce Metrics

Total Workforce	2024	2023
Full-time employees	117	105
Part-time employees	-	-
Trainees and sponsored students	12	16
Turnover	**2024**	**2023**
Employee turnover (voluntary)	8.33%	13.38%
New Hires	**2024**	**2023**
Total new hires (Excluding replacements)	12	9
Workforce by contract type	**2024**	**2023**
Permanent Contracts	102	85
Temporary Contracts	15	20
Workforce by Job category	**2024**	**2023**
Senior managemen employees	9	10
Middle management employees	8	11
Non-management employees	100	84
Workforce by Age	**2024**	**2023**
Employees aged 18-30 years	33	26
Employees aged 31-50 years	78	73
Employees aged +51 years	6	6
Workforce by Sex	**2024**	**2023**
Male	78 (67%)	75 (71%)
Female	39 (33%)	30 (29%)

Female representation in managerial positions

Senior Management	2024	2023
Total employees in senior management positions	9	10
Female employees in senior management positions	5 (55%)	6 (60%)
Middle Management	**2024**	**2023**
Total employees in middle management positions	7	11
Female employees in middle management positions	2 (29%)	4 (36%)
Workforce by Nationality	**2024**	**2023**
Bahraini	93	81
Indian	21	20
Egyptian	1	2
Pakistani	1	1
Filipino	1	1

Employee Well-being, Health, and Development

- Employee Development and Training

Takaful is committed to fostering a workforce that is both skilled and adaptable, understanding that the company›s success is built on the capabilities of its employees. In 2024, the company dedicated a total of 3,324 hours as compared to 1,810 hours in 2023 to training programs that encompass a variety of crucial areas:

- **Technical Skills:** Employees received extensive training in the core areas of insurance products, enhancing their abilities in customer service and equipping them with the skills needed to handle Takaful's digital solutions effectively.
- **Compliance and Sharia›a Principles:** Training sessions were also focused on ensuring that all team members are proficient in the standards required for compliance with Islamic insurance regulations and the broader regulatory framework within which Takaful operates including Anti-Money Laundering regulations.
- **Cybersecurity Awareness:** Awareness sessions on cybersecurity threats, emerging trends and best practices were given to all employees.
- **Professional Development:** The company facilitated leadership workshops and offered certification programs designed to support career advancement, helping to cultivate a leadership pipeline that is capable of steering the company forward in its strategic goals.

Total training hours delivered	2024	2023
Total training hours delivered (by category)		
Senior management employees	64 Hours	180 Hours
Middle management employees	132 Hours	235 Hours
Non-management employees	3,516 Hours	1,395 Hours
Amount invested in training	32,191 BHD	16,343 BHD

- Health, Safety and Wellness

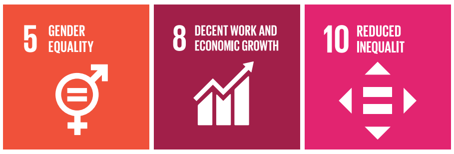
Current Initiatives: Takaful places a strong emphasis on employee wellness, promoting a safe and supportive work environment:

- **Health Programs:** The company organized several health events focused on breast cancer awareness, men's health awareness, obesity and metabolic syndrome awareness and eye checkup sessions, including general wellness programs such as regular health screenings to monitor and support the well-being of its staff.
- **Safety Training:** Comprehensive fire safety and emergency response training was conducted to prepare employees for potential workplace hazards, ensuring a ready and resilient workforce.
- **Work-life Balance:** Takaful encourages a healthy work-life balance through flexible working arrangements, providing resources and support that allow employees to manage work alongside personal commitments effectively.

2024 Health & Safety Metrics: In general, the nature of the work does not expose Takaful's employees to significant safety risks. However, fire safety of the buildings of operations and security related to natural hazards are some of the potential health impacts. Selected employees were trained to be fire marshals to ensure the safety of others in the event of an emergency and minimize the impact on the employees, customers and the Company. There were no injuries or fatalities during 2024.

Takaful is proudly certified, for the second consecutive year, as a "Great Place to Work" from "The Great Place to Work®" Middle East Trust Index TM, which reflects the company's orientations and strategy towards employee wellbeing, health and safety as well as its dedication to improving its culture and environment.

- Diversity and Inclusion



The company values diversity, equality, and inclusion (DEI) to strengthen its dignity as a company that embraces and respects these principles.

- **Non-Discrimination Policy:** The company upholds a zero-tolerance approach to harassment and discrimination of any kind. Clear policies are outlined in the Company's Code of Conduct, which encourages reporting and ensures that a swift and appropriate action is taken to address any instances that may arise. Any complaints or grievances regarding harassment or discrimination will be escalated immediately following a preliminary inquiry and investigation based on the received complaint, in accordance with Law no. (36) of 2012 - Labor Law for the private sector in the Kingdom of Bahrain.

- **Nationalization:** The recruitment and development strategies at Takaful are geared towards prioritizing Bahraini nationals, focusing on nurturing local talent and contributing to the nation's economic prosperity through skill development and career opportunities.

	2024	2023
Nationalization among total workforce	79%	77.14%
Nationalization of senior management	70%	90%
Total number of national employees	93	81
Number of female national employees	37	28

- **Women Empowerment:** Takaful is committed to providing a fair and inclusive work environment and has a strong belief in women empowerment and inclusion. Women represent %50 of the Company's senior management team in 2024, which showcases the Company's dedication to promoting gender equality and empowering local women in leadership roles.

- Future Directions

Going forward, Takaful plans to further enhance these initiatives by integrating more advanced training modules, expanding its health and wellness programs, and continuing to build on its successes in diversity and inclusion. The company is committed to maintaining an environment that values continuous learning, healthful living, and equitable opportunities for all employees, thereby reinforcing its position as an employer of choice in the region.

Community Investment and Social Impact

	2024	2023
Community Investment	BD 15,233	BD 14,078

• Community Engagement Activities in 2024

During 2024, Takaful arranged for several community engagement activities, including the following:

- Sponsoring International Civil Day - Ministry of Interior
- Quran Competition for kids in Ramadhan
- Sponsoring Electric Vehicle Forum organized by Bahrain Insurance Association (BIA)

School supplies donation to Royal Humanitarian Foundation

Iftar Saem in Ramadan
(Iftar meals for the needy)

Blood Donation

Entertainment day for disabled kids

Football matches for male staff

National Day Celebrations

• Employee Engagement Activities in 2024

The Company arranged for several employee engagement activities in 2024, including the following:

Annual Staff Party

Staff Ghabga party

Sports Day and Team building

Bahraini Women's Day

GOVERNANCE AND BUSINESS ETHICS

1. Corporate Governance

Good Corporate Governance is an integral part of the Company's management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability, and transparency into the value system driving the Company.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision-making process. The Board has adopted high standards and values which set out the discipline expected of staff in their dealings with the participants, customers, shareholders, colleagues, brokers, and other stakeholders of the company. One of the core values communicated within the Company is the belief that the highest standard of integrity is essential in business. The governance of the Company remains under continuous review, in order to enhance compliance levels according to international standards and best practice.

The Company is committed to comply with the requirements of the Corporate Governance Code issued by the Ministry of Industry, and Commerce and the High-Level Controls (HC) Module of the Central Bank of Bahrain's (CBB) Rulebook, Volumes 3 and 6. No changes occurred in HC Module of the CBB Rulebook, Volumes 3 and 6 during the year 2024. The Company is also committed to comply with the requirements of Governance Standards as issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI).

The Company maintained its full commitment to all rules and regulations issued by the Central Bank of Bahrain, without reporting any violations during the year 2024.
of digital solutions. Takaful will maintain the momentum of creative adaptation and acceleration in upgrades of systems, talents, and culture while maintaining its proactivity, innovation, and customer centrism.

2. Shareholding Information

The Company's shares are listed and publicly traded on Bahrain Bourse. The Company has issued 85,000,000 ordinary shares with a face value of BD 0.100 per share (issued and fully paid-up share capital of BD 8,500,000). The Company has only one class of equity shares and the holders of the shares have equal voting rights.

Distribution of shareholding by Nationality

	Number of shareholders	Number of shares	Percentage of shareholding
Bahraini	185	78,731,765	92.63%
Other GCC Nationalities	7	6,268,235	7.37%
Total	**192**	**85,000,000**	**100%**

Distribution of shareholding by Size

	Number of shareholders	Number of shares	Percentage of shareholding
More than 50%	1	69,651,974	81.94%
10% up to less than 50%	-	-	-
5% up to less than 10%	1	5,250,000	6.18%
1% up to less than 5%	2	3,902,206	4.59%
Less than 1%	188	6,195,820	7.29%
Total	**192**	**85,000,000**	**100%**

Major shareholders of the Company (5% and more shareholding)

	Nationality	Number of shares	Percentage of shareholding
Bahrain Kuwait Insurance Company B.S.C.	Bahraini	69,651,974	81.94%
Kuwait Public Awqaf Foundation	Kuwaiti	5,250,000	6.18%

On 30 December 2024, Bahrain Kuwait Insurance Company B.S.C. acquired the shares of Kuwait Public Awqaf Foundation. The transaction was settled on 2 January 2025. Accordingly, Bahrain Kuwait Insurance Company increased its share in Takaful to 88.12%.

3. Board of Directors and Executive Management

Board Composition

The Board composition is based on the Company's Memorandum and Articles of Association. Board members, in compliance with corporate governance requirements, possess a mix of high-level professional skills and expertise. Members of board committees possess adequate professional background and experience.

The Board comprises of ten members. The classification of Executive/Non-Executive/Independent is as per the definitions stipulated by the CBB and the Company's own 'independence' criteria as approved by the Board of Directors.

Executive	**5**
Non-Executive	**1**
Independent	**4**

Board Member	Position	Date of Joining	Executive/ Non-Executive/ Independent
Mr. Ebrahim Mohamed Sharif Alrayis	Chairman	7-Apr-15	Independent
Mr. AbdulRahman Abdulla Mohamed	Vice Chairman	17-Jun-15	Non-Executive
Mr. Khaled Saud Al Hasan	Director	7-Apr-15	Executive
Mr. Ahmed AbdulRahman Bucheeri	Director	17-Jun-15	Executive
Mr. Osama Kamel Kishk	Director	20-Dec-17	Executive
Dr. Osama Taqi Albaharna	Director	21-Mar-18	Independent
Mr. Rashed Ali Abdulrahim	Director	21-Mar-18	Independent
Dr. Abdulla Salah Sultan	Director	7-Sep-21	Executive
Mr. Yahya Ebrahim Nooruddin	Director	27-Mar-24	Independent
Ms. Fatima Taqi Al Saffar	Director	27-Mar-24	Executive
Mr. Abdulla Rabea Mohamed Rabea	Director Term ended on 27-Mar-24	27-Jun-16	Executive
Mr. Saleh Fahad Al Zouman	Director Term ended on 27-Mar-24	23-Mar-21	Independent

As of 31st December 2024, the Board›s representation by gender was as follows: 90% Male/ 10% Female.

The current Board term started on 27th March 2024. According to the Company's article of association, the board term is defined to be three years.

The Board periodically reviews its composition and the contribution of its members and committees.

Directors are elected/ appointed by the shareholders at the Annual General Meeting (AGM). Election or re-election of a director at the AGM shall be accompanied by a recommendation from the board, based on a recommendation from the Nomination and Remuneration Committee with specific information such as biographical and professional qualifications and other directorships held. The appointment of directors is subject to prior approval of the CBB.

The Board is supported by the Board Secretary who provides professional and administrative support to the General Assembly, the Board, its committees and members. The appointment of the Board Secretary is subject to the approval of the Board.

3. Board of Directors and Executive Management (continued)

Board's Roles and Responsibilities

The Company is governed through its Board of Directors. The Board's main role is to create value addition to its participants and shareholders, to provide entrepreneurial leadership, to approve Company's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board, which meets at least four times in the financial year, has a schedule of matters reserved for its approval.

The specific responsibilities reserved to the Board include:

- Reviewing Company strategy and approving the annual budget for revenues and capital expenditure.
- Reviewing operational and financial performance.
- Approving acquisitions and divestments.
- Reviewing the Company's systems of financial control and risk management.
- Ensuring that appropriate management development and succession plans are in place.
- Approving composition of the Board and appointment of the Board Secretary; and
- Ensuring that a satisfactory dialogue takes place with shareholders.

Directors' Induction and Professional Development

The Board is required to be up to date with current business, insurance industry, regulatory and legislative development and trends that will affect the Company's business operations. Immediately after appointment, the Company will provide a formal induction, if necessary. Meetings will also be arranged with Executive Management and the Company's Heads of Departments. This will foster a better understanding of the business environment and markets in which the Company operates. A continuing awareness program is essential, and it may take many different forms, through distribution of publications, workshops, presentations at Board meetings and attendance at conferences encompassing topics on directorship, business, insurance industry and regulatory developments. During the year ended 31 December 2024, the Board of Directors' training program covered the following topics:

1. Transformative Trends, Emerging Technologies, and Potential Disruptions.
2. Cybersecurity for Board of Directors.
3. Senior Level Media and Presentation Coaching for Boards.

Board and Committees Evaluation

The Board performs board and self-evaluation on an annual basis. The Board annually reviews its Charter and its own effectiveness; and initiates suitable steps for any amendments. The Board will also review the board and self-evaluations of individual Board members and the Board Committees and consider appropriately any recommendations arising out of such evaluation.

Board and board members evaluations were performed by all Board members for the year 2024. The same was reviewed by the Board and all results are satisfactory.

Directors' Profile

Director's Name	Academic & Professional Qualification	Directors' external appointments
Mr. Ebrahim Mohamed Sharif Alrayis Chairman	• BSc. in Accounting from Beirut Arab University, Lebanon • Certificate of Insurance Proficiency (CIP) from Chartered Insurance Institute, UK	• Board Member of United Insurance Company B.S.C. Closed, Bahrain
Mr. Abdulrahman Abdulla Mohamed Vice Chairman	• Master's in business administration from University of Hull, UK	• None
Mr. Khaled Saoud Al Hasan Board Member	• Bachelor's degree in political science and Economics from Kuwait University, Kuwait	• Chairman of Kuwait Insurance Federation (KIF), Kuwait • Board Member of Arab Reinsurance Co., Lebanon • Vice Chairman and Chief Executive Officer of Gulf Insurance Group KSC, Kuwait • Board Member in many of Gulf Insurance Groups' Subsidiaries

Director's Name	Academic & Professional Qualification	Directors' external appointments
Mr. Ahmed Abdulrahman Bucheeri Board Member	• Chartered Alternative Investment Analyst (CAIA) • Investment representative program (Series 7) • Treasury and capital markets diploma • Commercial studies diploma	• Chief Investment Officer of Bahrain Kuwait Insurance Company BSC, Bahrain • Investment Advisor of Gulf Insurance Group • Member of the Investment & ALM Committee of GIG-KSA
Mr. Osama Kamel Kishk Board Member	• Bachelor of Commerce from Helwan University in Cairo, Egypt • Diploma in Modern Accounting from American University in Cairo, Egypt • Master of Business Administration from Maastricht School of Management, Kuwait • Certified Public Accountant (CPA), USA • Certified Risk Professional (CRP), USA • Certified Internal Auditor (CIA), USA	• Chief Financial Officer of Gulf Insurance Group KSC, Kuwait • Board Member of Egyptian Takaful Property & Liability, Egypt • Board Member of Egypt Life Takaful, Egypt • Independent Board Member of HSBC Management Fund, Egypt • Board Member of GIG (Gulf) B.S.C. Closed, Bahrain • Board Member of GIG, K.S.A
Dr. Osama Taqi Albaharna Board Member	• Doctorate (Ph.D.) in Computer Engineering from Imperial College London, UK • Master's and bachelor's degree in computer engineering from McGill University, Canada	• Managing Director of Continental Group, Bahrain and other GCC countries • Board Member of International Agencies Co. Ltd. (Intercol), Bahrain • Advisor to Technology & Digital Economy Committee at Bahrain Chamber of Commerce and Industry
Mr. Rashed Ali Abdulrahim Board Member	• Bachelor of Commerce (BCom) in Accounting from Beirut Arab University, Lebanon • Association of Chartered Certified Accountants (FCCA), UK	• None
Dr. Abdulla Salah Sultan Board Member	• Fellow of the Chartered Insurance Institute (FCII) - Chartered Insurance Institute, UK • Associate in Risk Management (ARM) - The Institutes, Pennsylvania, USA • Certified Catastrophe Modeler (CCM) - AIR Institute, Boston, USA • Doctor of Business Administration (DBA) - Swiss Business School, Switzerland • Master of Finance (MsF) – Cass Business School, City University, UK • Master of Business Administration (MBA) - University of Strathclyde, UK • MSc. in Applied Research – Swiss Business School, Switzerland • BSc. in Marketing with concentration in Finance – NYIT, USA	• Chief Executive Officer of Bahrain Kuwait Insurance Company BSC, Bahrain • Board Member of United Insurance Company BSC closed, Bahrain • Board Member of Bahrain Insurance Association, Bahrain • Board Member of Social Insurance Organization, Bahrain • Board Member of GIG Egyptian Takaful (Property & Liability), Egypt • Board Member of CBB Motor Compensation Fund, Bahrain • Board Member of Gulf Assist (Europe Assistance), Bahrain • Member of Bahrain Polytechnic Strategic Advisory Committee, Bahrain • Board Member of Etlaa Properties, Bahrain
Mr. Yahya Ebrahim Nooruddin Board Member	• Master's in Law from Beirut Arab University, Lebanon • Bachelor's in Law from Beirut Arab University, Lebanon • Diploma in Accounting and Finance from the Association of Chartered Certified Accountants (ACCA), UK • Marine Engineer Certificate from Arab Marine Transport Academy, Egypt	• Chairman of Braxtone Insurance and Reinsurance Brokers Company W.L.L., Bahrain • Board Member of Bahrain Institute of Banking and Finance (BIBF), Bahrain
Ms. Fatema Taqi AlSaffar Board Member	• B.Sc. in Accounting with Honors from University of Bahrain • Associate of Chartered Certified Accountants (FCCA), UK • CMI Certificate in Management and Leadership (fCMgr), UK	• Chief Financial Officer of Bahrain Kuwait Insurance Company BSC, Bahrain

3. Board of Directors and Executive Management (continued)

Board Meetings and Attendance

During the financial year ended 31 December 2024, the Board of Directors met six times. All meetings were convened in the Kingdom of Bahrain. A record of members' attendance is set below:

Board Members	26-Feb-24	27-Nar-24	9-May-24	6-Aug-24	5-Nov-24	11-Dec-24	No. of Meetings Attended
Mr. Ebrahim Mohamed Sharif Alrayes Chairman	✓	✓	✓	✓	✓	✓	6
Mr. AbdulRahman Abdulla Mohamed Vice Chairman	✓	✓	✓	✓	✓	✓	6
Mr. Khaled Saud Al Hasan Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Ahmed AbdulRahman Bucheeri Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Osama Kamel Kishk Board Member	✓	✓	✓	✓	✓	✓	6
Dr. Osama Taqi Albaharna Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Rashed Ali Abdulrahim Board Member	✓	✓	✓	✓	✓	✓	6
Dr. Abdulla Salah Sultan Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Yahya Ebrahim Nooruddin Board Member – Joined on 27th Mar 2024	-	✓	✓	✓	✓	✓	5
Ms. Fatema Taqi AlSaffar Board Member – Joined on 27th Mar 2024	-	✓	✓	✓	✓	✓	5
Mr. Abdulla Rabea Mohamed Board Member – Term ended on 27th Mar 2024	✓	-	-	-	-	-	1
Mr. Saleh Fahad Al Zouman Board Member – Term ended on 27th Mar 2024	✓	-	-	-	-	-	1

3. Board of Directors and Executive Management (continued)

Key matters discussed and final decisions taken

Meeting Date	Key Matters Discussed	Final Decision
26 February 2024	• The financial statements as of 31st December 2023 • Recommendation to the AGM to distribute cash dividend of 7.5% of the paid-up capital and transfer of BD 93,700 to statutory reserve • Recommendation to the AGM to approve the director's remuneration for 2023 • Recommendation of the list of candidates for membership in the Board of Directors for the upcoming term 2024-2027 to the AGM • Recommendation to the AGM to reappoint Shari'a Supervisory Board members for the upcoming three-years term (2024-2027) • Recommendation to the AGM to appoint external auditors for the year 2024 • Staff bonus for 2023 • Re-appointment of the Company's actuary • Policies & Procedures Manuals Update	Approved Approved Approved Approved Approved Approved Approved Approved Approved
27 March 2024	• Board and Board committees' Composition	Approved
9 May 2024	• The interim financial statements as of 31st March 2024 • New and Updated Policies & Procedures Manuals	Approved Approved
6 August 2024	• The interim financial statements as of 30th June 2024	Approved
5 November 2024	• The interim financial statements as of 30th September 2024 • Re-appointment of Internal Auditor for the year 2025	Approved
11 December 2024	• The Company's business plan review for 2025 and 2025 budget	Approved

Key Persons Trading Policy

The Company has established a "Key Persons Trading Policy" to ensure that insiders are aware of the legal and administrative requirements regarding holding and trading of Takaful shares, with the primary objective of preventing abuse of inside information. "Key Persons" are defined to include the members of the Board of Directors, members of Shari'a Supervisory Board, Senior Management, designated employees and any person or firm connected to the identified key persons. Responsibility for ensuring compliance with the Key Persons Trading Policy is entrusted to the Secretary to the Board. The policy covers the regulation of Bahrain Bourse relating to key persons.

Key Persons and Related Parties' Interests

The number of shares held by key persons and related parties as of 31 December 2024 was as follows:

Name	Position	No of shares
Dr. Shaikh Abdullatif M. Al-Mahmood	Shari'a Supervisory Board Chairman	98,867

The key persons did not trade in the shares of the company during the financial year ended 31 December 2024.

The Chief Executive Officer, Deputy Chief Executive Officer and other members holding positions of approved status within the Company do not hold any shares of the Company in their names or in the names of their families.

3. Board of Directors and Executive Management (continued)

Executive Management's Profile

Mr. Essam Al Ansari – Chief Executive Officer
Essam Al Ansari is the Chief Executive Officer of Takaful International Co. B.S.C. His professional career covers more than 30 years of extensive experience in the insurance and reinsurance industry; having held positions in Executive Management Cadre, his responsibilities included steering the company to a path of profitability, implementing its vision, mission and fulfilling short-term and long-term objectives, changing demands of the market while maintaining Company's leadership role in the Industry, overseeing the company's financial performance, investments and other business ventures.

He is currently the Board Director of Bahrain Insurance Association and Board Director in Gulf Takaful Insurance Company K.S.C.C. (GIG-Kuwait -Takaful).

He is a Fellow of the Chartered Insurance Institute (FCII) - United Kingdom and Fellow CIP from Australian and New Zealand Institute of Insurance and Finance.

Mr. Abdulaziz Al Othman – Deputy Chief Executive Officer
Mr. Al Othman holds a Master's degree in Business Administration from the University of Hull, UK, and has been a Certified Accountant since 2002. He also holds a Diploma CII from the Chartered Insurance Institute, London.

With over 30 years of experience in the insurance industry, he is recognized as a key professional in the field of Islamic Insurance in Bahrain. His deep expertise in Takaful markets stems from his long-standing association with the industry, beginning his distinguished career at Takaful International Company in 1989.

Mr. Al Othman has extensive experience in developing, evaluating, and analyzing business strategies, financial planning, insurance statistics, and financial statements. He currently serves as the Vice Chairman of Health 360 Ancillary Services W.L.L., Bahrain.

Board of Directors and Executive Management Remuneration

Board members are paid sitting fees for Board committees' meetings.

The Company follows the provisions of Article 188 of Bahrain Commercial Companies Law in determining the remuneration of the Directors. Remuneration paid to the Directors for the financial year ended 31 December 2023 was BD 90,000 as approved by the relevant authorities and the shareholders in the Annual General Meeting.
The proposed total remuneration to be paid to the Directors for the financial year ended 31 December 2024 is BD 110,000, which is subject to the relevant authorities' approval, and will be presented for the shareholders' approval in the upcoming Annual General Meeting.

Sitting fees paid to the Directors for attendance of Board committees' meetings and other expenses during the financial year ended 31 December 2024 were BD 21,984.

The remuneration of Executive Management personnel consists of fixed monthly salaries and allowances, and other benefits like bonus, medical, life insurance cover and retirement benefits.

The remuneration of Executive Management personnel, which includes the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Underwriting Officer – General Takaful, Chief Underwriting Officer – Family Takaful and Healthcare, and the Chief Underwriting Officer – Motor Takaful paid for the financial year ended 31 December 2024 was as follows:

Executive Management salaries, benefits and end of service benefits	**BD 629,445**

Code of Conduct

The Company's Code of Conduct covers the conduct of the Company's directors and executive management. The Code binds the signatories to the highest standards of professionalism and due diligence in performance of their duties. It also covers conflicts of interest, disclosure, and the confidentiality of insider information.

4. Board Committees' Responsibilities, Meetings and Record of Attendance

Board Committees

Board committees are formed, and their members are appointed by the Board of Directors at the beginning of each Board term. They are considered the high-level link between the Board and the Executive Management. The objective of these committees is to assist the Board in monitoring the actual operations of the Company, by reviewing issues that are submitted by management to the Board and making recommendations to the Board for their final review.

The Board reserves the right to form temporary committees and discontinue them from time to time and as it deems necessary. Further, the members of the Board are provided with copies of meeting minutes of the said committees, as required by the regulators.

The Board has formed four committees as follows:
- Executive Committee ("EXCOM")
- Audit Committee ("AC")
- Nomination, Remuneration and Environmental, Social & Governance Committee ("NRESGC")
- Risk Committee ("RC")

Executive Committee

Duties:
The Board has delegated the following responsibilities to the Executive Committee:

- The development and recommendation of strategic plans for consideration by the Board that reflect the long-term objectives and priorities established by the Board.
- Implementation of the strategies and policies of the Company as determined by the Board.
- Monitoring of the operational and financial results against plans and budgets.
- Monitoring the quality and effectiveness of the investment process against objectives and guidelines.
- Prioritizing allocation of capital, technical and human resources.

Meetings and Attendance:
The executive committee shall meet at least four times in the financial year. During the year ended 31 December 2024, the executive committee met four times.

		26-Feb-24	9-May-24	6-Aug-24	5-Nov-24	No. of Meetings Attended
Mr. Khaled Saud Al Hasan Executive	Chairman	✓	✓	✓	✓	4
Mr. AbdulRahman Abdulla Mohamed Non-Executive	Vice Chairman	✓	✓	✓	✓	4
Mr. Ahmed AbdulRahman Bucheeri Executive	Member	✓	✓	✓	✓	4
Dr. Abdulla Salah Sultan Executive	Member	✓	✓	✓	✓	4
Mr. Saleh Fahad Al Zouman Independent	Member Term ended on 27-Mar-24	✓	-	-	-	1

4. Board Committees' Responsibilities, Meetings and Record of Attendance (continued)

Audit Committee

Duties:
The Board has delegated the following responsibilities to the Audit and Corporate Governance Committee:

- Reviewing the Company's draft financial statements and interim results statement prior to the Board approval and reviewing the external auditors' details reports thereon.
- Reviewing the appropriateness of the Company's accounting policies and other operational procedures.
- Regularly reviewing the potential impact on the Company's financial statements of certain matter such as impairment of fixed assets, investments, receivables and other assets values and proposed changes in AAIOIFI and International Financial Reporting Standards as applicable to the company in case not covered by AAOIFI.
- Reviewing and approving the terms of engagement for the audit
- Reviewing the annual report of the company and reporting to the Board on the results of the review and receiving regular updates on key risk areas of financial control; and
- Reviewing the internal audit function terms of reference, its work program, and quarterly reports on its work during the year.

The Committee meets with Directors and management, and as and when considered necessary with both the external and internal auditors. The Company has outsourced the internal audit function to Grant Thornton – Abdulaal, who conduct their procedures on all transactions of the company as per the International Audit Standards and provides periodic reports directly to the Audit Committee.

Meetings and Attendance:
The Audit Committee shall meet at least four times in the financial year. During the year ended 31 December 2024, the Audit Committee met four times.

		25-Feb-24	9-May-24	5-Aug -24	4-Nov-24	No. of Meetings Attended
Mr. Rashed Ali Abdulrahim Independent	Chairman	✓	✓	✓	✓	4
Dr. Osama Taqi Albaharna Independent	Vice Chairman	✓	✓	✓	✓	4
Mr. Osama Kamel Kishk Executive	Member	✓	✓	✓	✓	4
Mr. Yahya Ebrahim Nooruddin Independent	Member Joined on 27-Mar-24	-	✓	✓	✓	3
Ms. Fatema Taqi AlSaffar Executive	Member Joined on 27-Mar-24	-	✓	✓	✓	3
Mr. Abdulla Rabea Mohamed Executive	Member Term ended on 27-Mar-24	✓	-	-	-	1

4. Board Committees' Responsibilities, Meetings and Record of Attendance (continued)

Nomination, Remuneration and Environmental, Social, and Governance Committee ("NRESGC")

Duties:
The Board has delegated the following responsibilities to the NRESG Committee:

Nomination:
- Assist the Board of Directors in identifying and nominating individuals qualified to serve as Board and committee members of the Board as well as key management.

Remuneration:
- Recommend the remuneration and rewards policy for the Company and in particular, for the directors and senior management team, and lead the performance review of the Board and committees.

Governance:
- Enhance the Company's governance and compliance levels according to international standards and best practice to be in line with policies of regulatory authorities and statutory.
- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management and Shari'a Supervisory Board.

Other ESG-related:
- Assist the Board of Directors in evaluating ESG strategies, and approving ESG initiatives, plans and budget.

Meetings and Attendance:
The NRESGC shall meet at least two times in the financial year. During the year ended 31 December 2024, the nomination and remuneration committee met twice.

			22-Feb-23	No. of Meetings Attended
Mr. Yahya Ebrahim Nooruddin Independent	Chairman Joined on 27-Mar-24	N/A	✓	1
Mr. Khaled Saud Al Hasan Executive	Vice Chairman	✓	✓	2
Mr. Ebrahim Mohamed Sharif Alrayis Independent	Member	✓	✓	2
Mr. Rashed Ali Abdulrahim Independent	Member	✓	✓	2
Dr. Abdulla Salah Sultan Executive	Member	✓	✓	2

The Shari'a Supervisory Board's ("SSB") Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, acts as a representative of the SSB in the NRESGC, for governance related matters.

4. Board Committees' Responsibilities, Meetings and Record of Attendance (continued)

Risk Committee

Duties:
The Board has delegated the following responsibilities to the Risk Committee:

- Assist the board in the preparation, review and approval of risk management policies and procedures and strategies in addition to setting acceptable limits and adequate internal controls and ensure the execution of these policies and strategies which commensurate with the size and nature of the business activity.
- Assist the board to identify and assess the acceptable level of risk in the company (Risk Appetite), and make sure that the company does not exceed the level of risk approved by the board.
- Evaluate the systems and techniques of risk management for identifying, measuring, and monitoring various risks that the company is exposed or may be exposed to, in order to determine its deficiencies.
- Supervise the implementation of the company's risk strategy, and Risk Management Framework, including coverage of all aspects of major and minor risks.
- Monitor the company's financial strength supported by strong capital adequacy, to ensure its ability to meet all its obligations towards all stakeholders.

Meetings and Attendance:
The Risk Committee shall meet at least two times in the financial year. During the year ended 31 December 2024, the risk committee met four times.

		21-Feb-23	8-May-23	7-Aug -23	6-Nov-23	No. of Meetings Attended
Dr. Osama Taqi Albaharna Independent	Chairman					4
Mr. Osama Kamel Kishk Executive	Vice Chairman					4
Mr. Ahmed AbdulRahman Bucheeri Executive	Member					4
Ms. Fatema Taqi AlSaffar Executive	Member Joined on 27-Mar-24	-				3

5. Shari'a Supervisory Board ("SSB")

SSB Composition and Meetings

The Shari'a Supervisory Board is an independent body of specialized jurists in Shari'a compliant transactions. The SSB may include a member other than those specialized in Fiqh Al-Mua'malat, but who should be an expert in the field of Islamic financial institutions and with knowledge of Fiqh Al- Mua'malat.

The SSB members are appointed by the shareholders in the Annual General Meeting ("AGM"), upon the recommendations of the Company's Board of Directors ("BoD"), taking the CBB regulations into consideration. Shareholders may authorize the Board of Directors to fix the remuneration of SSB.

The SSB should consist of at least three members. The SSB term is three years as per the CBB rules. The SSB consists of the following members:

Board Member	Position	Date of Joining
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Shari'a Supervisory Board Chairman	1989
Shaikh Esam Ishaq	Shari'a Supervisory Board Vice Chairman	24-Mar-20
Shaikh Dr. Osama Bahar	Shari'a Supervisory Board Member	24-Mar-20

The current SSB term started on 27th March 2024.

The SSB shall hold at least two regular meetings every financial year, and additional meetings as may be required. The SSB extends continuous support to the Company's management and Board of Directors. The SSB has met twice during the financial year ended 31st December 2024.

		7-Feb-23	28-Nov-23	No. of Meetings Attended
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Chairman			2
Shaikh Esam Ishaq	Vice Chairman			2
Shaikh Dr. Osama Bahar	Member			2

5. Shari'a Supervisory Board ("SSB") (continued)

SSB Roles and Responsibilities

The SSB is entrusted with the duty of directing, reviewing and supervising the activities of the Company in order to ensure its compliance with Shari'a rules and principles. The Fatwas and rulings of the SSB are binding on the Company. The SSB prepare and present an annual report to the General Assembly in the AGM, which states the SSB's opinion on the Company's overall compliance with Shari'a principles. The report shall also include opinions on administration of Zakah and other charity funds established by the Company.

The SSB appoints an Internal Shari'a Reviewer to help it in performing its duties, which include (but not limited to):
- Examining the extent of the Company's compliance, in all its activities, with Shari'a rules and principles.
- Assisting Company's management by providing guidance, advise and training relating to compliance with the Shari'a.
- Planning, executing and documenting Shari'a review procedures.

The SSB shall elect one of its members as a representative in the Nomination, Remuneration, Environmental, Social and Governance Committee ("NRESGC"), to guide in the Shari'a-related governance matters (if any) and act as a link between the SSB and the BoD. The SSB has elected the Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, as a representative in the NRESGC.

SSB Members Profiles

SSB Member's Name	Academic & Professional Qualification	Professional Experience
Shaikh Dr. Abdullatif Mahmood Al Mahmood Chairman of Shari'a Supervisory Board	• PhD degree from the Zitouna University of Sharia and Fundamentals of Religion in fiqh and Sharia Policy for his thesis (Social Insurance in the Light of Islamic Sharia). • Master's degree in Comparative fiqh from the College of Sharia and Law - Al-Azhar University. • Bachelor's degree in Islamic law from the College of Sharia and Law - Al-Azhar University. • General Diploma in education from the University of Education - Ain Shams University.	• Associate Professor and Head of the Department of Arabic Language and Islamic Studies until 2005 in the University of Bahrain. • Participated in the membership of Sharia supervisory boards in several Islamic banks and insurance and reinsurance companies, as well as chairing several Sharia supervisory boards. • A member of several Islamic fiqh academies and an expert in the International Islamic Fiqh Academy of the Organization of the Islamic Conference. • Chairman of the Islamic Association of Bahrain. • Published several books on insurance, education, and Islamic studies and research. He co-authored several Islamic education books for the Ministry of Education in Bahrain and the University of Bahrain. He has refereed and non-refereed research papers and working papers for seminars and workshops, and participated in many fiqh, educational, economic, intellectual, social and cultural conferences and seminars.
Shaikh Esam Ishaq Vice Chairman of Shari'a Supervisory Board	• Bachelor's degree from McGill University, Montreal, Canada • Studies in Shari'a under the supervision of specialized Shari'a jurists • Aural permission for attribution to the prophet Mohammed (pbuh), in the Quran, Hadeeth books and others by a number of specialized Shari'a jurists	• Chairman and member of several Shari'a Supervisory Boards of Islamic Banks and financial institutions in Bahrain and abroad. • Member of the Sharia Board of the Maldives Monetary Authority in the State of the Maldives. • Member of the Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain. • Member of the Sharia Board of the International Islamic Financial Market, Bahrain. • Member of the Supreme Council for Islamic Affairs, Bahrain. • The Sharia advisor and Vice president of Discover Islam Society, Bahrain. • Participated in many specialized banking conferences and seminars. • Presented several Arabic and English training courses in Islamic finance, fiqh, theology and Quranic exegesis.
Shaikh Dr. Osama Bahar Member of Shari'a Supervisory Board	• PhD. at Lahaye University - Holland • Master's degree at Al Emam Al Awzae University, Beirut • Bachelor's degree in Islamic Sharia'a from Prince Abdul Qader University of Islamic Studies, Algeria	• More than 31 years of experience in Islamic Banking. • Appointed as a member of Shari'a Supervisory Board in many Islamic financial institutions the Kingdom of Bahrain. • Published several Papers and articles related to Islamic Economic studies.

6. Auditors

The Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Company on an annual basis. This includes monitoring the use of the auditors for audit and non-audit services, and also the budget of the total fees paid to the auditors.

The audit and non-audit fees for the year ended 31 December 2024, paid by the Company are as follows:

Audit fees	**BD 36,992**
Non-Audit fees	**BD 1,818**

7. Other Matters

Capital Adequacy and Solvency Margin

Capital adequacy and solvency margin requirements are determined in accordance with the regulatory requirements established by the CBB and are calculated with reference to a prescribed contributions and claims basis. According to the CBB's rules, solvency margin is required on a combined basis for both participants' and shareholder's funds together. The capital available to cover the solvency margin required is as follows:

	2024	2023
Total available capital to cover required solvency margin	**9,047,000**	6,468,000
Total Margin required for General & Family Takaful funds	**5,049,000**	4,387,000
Excess Capital	**3,998,000**	2,081,000

Compliance and Anti-Money Laundering

Responsibility for ensuring the Company's compliance with the rules of the CBB and all other applicable laws and regulations resides with the Governance, Risk Management, Compliance & Shari'a Control Manager.

The Company has in place policies and procedures to handle all aspects of anti-money laundering activities in line with regulations of the CBB. The Company conducts, on an annual basis, a thorough review of its policies, procedures, internal directives in addition to arranging specialized courses to ensure ongoing compliance.

Related Party Transactions

Related parties represent major shareholders, directors and key management personnel of the Company, entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions. There were no major related party transactions during the year ended 31 December 2024.

Communication with Shareholders and Investors

The Company remains committed to communicating effectively with all its stakeholders, both internally and externally in a timely, transparent, and professional manners. The Company's main communications channels include the Annual General Meeting, financial statements and annual reports, the Company's website, press releases and announcements in the local media and social media channels.

Internal Control

The Directors have continued to review the effectiveness of the Company's system of financial and non-financial controls, including operational and compliance controls, risk management and the Company's high level internal control arrangements. These reviews have included an assessment of internal controls, and in particular internal financial controls, by the internal audit function, management assurance of the maintenance of control and reports from the external auditor on matter identified in the course of its audit work.

Conflict of Interest

The Board has approved the policy for dealing with situations involving 'Conflict of Interest' of Directors. In the event of the Board or its Committees considering any issues involving Conflict of Interest of Directors, the decisions are taken by the full Board / Committees. The concerned Director abstains from the discussion / voting process. These events are recorded in the Board / Committees proceedings. The Directors are required to inform the entire Board of Conflicts of Interest (potential or otherwise) in their activities with, and commitments to, other organizations as they arise and abstain from voting on the matter. This disclosure includes all material facts in the case of a contract or transaction involving the Director.

7. Other Matters (continued)

Whistle Blowing Policy

The Board has approved the whistle blowing policy with designated officials to whom the employee can approach. The policy provides adequate protection to the employees for any reports in good faith. The Board's Audit Committee oversees this policy.

Data Privacy & Personal Data Protection Policy

The Company is dedicated to safeguarding its stakeholders' privacy and personal information. The Company's Data Protection Policy was developed in line with the requirements of the Personal Data Protection Law in the Kingdom of Bahrain and aims at ensuring the lawful and responsible handling, collection, and storage of personal data while protecting the rights of the Company's stakeholders. The policy ensures compliance with relevant laws, encourages best practices. It also provides transparency on how personal data is processed and is integrated into the company's daily operations and covers areas like fair and lawful processing including processing conditions, limiting data to its intended purpose, minimizing data collection, ensuring accuracy, restricting data storage, consent management, security, retention, transfer, sharing, and breach reporting.

Policy on Employment of Relatives

The Board has approved the policy on employment of relatives which illustrates that the Company does not generally encourage the employment of "closely related" persons in order to maintain the integrity of the Audit, Control and Management Systems. "Closely related" persons in this context include spouses, parents, children, siblings, in-laws, and members of the same household.

Fines and Penalties

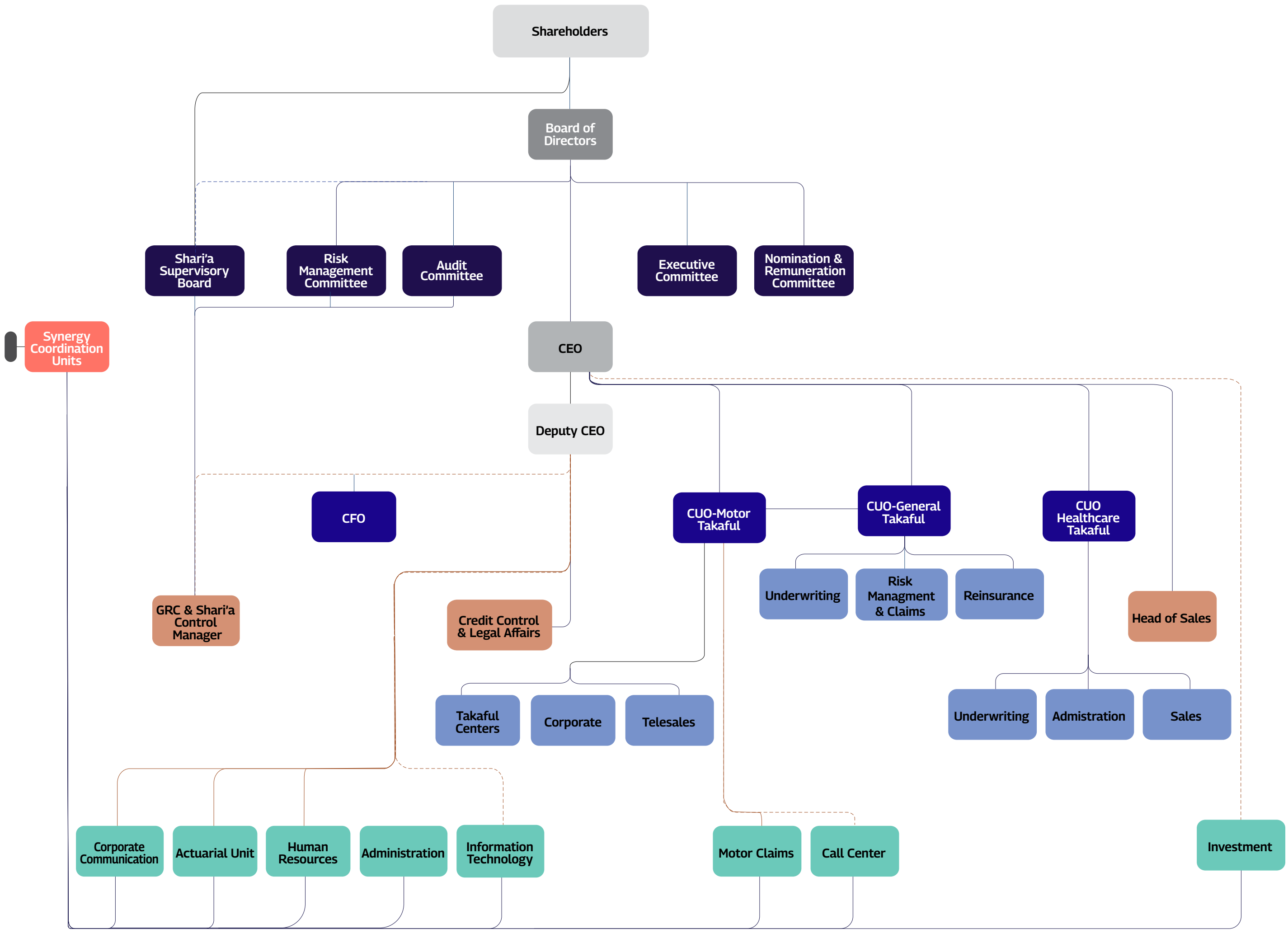
The Company did not pay any fines or penalties to regulatory or governmental agencies in the Kingdom of Bahrain during the year ended 31 December 2024.

Corporate Social Responsibility

The Company implements ideals of Islamic Social Responsibility to the best of its ability in all aspects of its operations. In line with these ideals, the Company has applied best practice standards on Islamic Corporate Social Responsibility issued by the AAOIFI.

The Company is committed to:
- Screening prospective clients based on the criteria approved by the Shari'a Supervisory Board ("SSB").
- Maintaining highest standards of integrity in order to maintain responsible dealing with clients.
- Investing in Shari'a compliant investments.
- Treating all employees fairly and with dignity.
- Calculating the shareholders' Zakah liability in accordance with the applicable standards.
- Protecting the environment, preventing pollution, and protecting the health and safety of all individuals affected by its activities including employees and others.
- Establishing a charity fund where income from impermissible sources is transferred.

8. Organizational Chart



Shari’a Supervisory Board’s Report

For the Financial Year Ended on 31.12.2024

In the name of Allah, The Merciful, The Compassionate

Thanks to Allah, the Almighty, Prayers and Peace be Upon the True Messenger, His Relatives and All His Companions.

To the Shareholders and Participants of Takaful International.

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh.

In compliance with our appointment to undertake the duties of Shari’a supervision, we hereby submit the following report.

The Shari’a Supervisory Board reviewed the procedures relating to the Takaful transactions and the applications introduced by the company for the year ended on 31.12.2024. The Board has reviewed and confirmed the implementation of the principles and guidelines governing the relationship between the participants and shareholders in order to identify the rights of each side. Discussions took place with the Company’s officers with regard to its items and the attached Notes. The Board gave its Shari’a directives for Takaful transactions and answered the queries made by the management.
It is the management responsibility to ensure that the company conducts it is business in accordance with Islamic Sharia’a principles, our responsibility is to express an opinion on the company operations and that the financial are prepared on the basis of and in accordance with the principle of Islamic Sharia’a.

In our opinion:

1. The computation of surplus deficit, charging of losses and expenses to the participants and shareholders fully confirm with the principles established by ourselves in compliance with Sharia’a rules and principles.
2. The Company has taken all the required measures to exclude any prohibited gains and spend them in the good.
3. The calculations of Zakah is in compliance with Islamic Sharia’a rules and principles and as directed by the Sharia’a supervisory Board. It should be noted that responsibility for payment of Zakah is undertake by the shareholders.

We pray to Allah the Almighty to grant the Company continuous success for purifying business transactions from suspicions and prohibitions.

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh

Sha’ban 5, 1446 corresponding to 4th February 2025.

Members of the Shari’a Supervisory Board

Dr. Shaikh Abdul Latif Mahmood Al Mahmood
Chairman

Shaikh Esam Mohamed Ishaq
Deputy Chairman

Dr. Shaikh Osama Mohamed Bahar
Member

Towards a Sustainable Future

Our journey is guided by a commitment to sustainability, ensuring long-term resilience and value creation. Through responsible practices and innovation, we strive to balance growth with environmental and social responsibility, shaping a future that benefits all stakeholders.

Financial Information
for the year 2024

Financial Statements

Independent Auditor's Report to the shareholders of

Takaful International Company B.S.C.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Takafut International Company B.SC. (the "Company") as at 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of changes in participants' funds for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with AAOlFl's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("AAOIFI Code") and the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, We have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI Code.

Our audit approach

Overview

Key audit matter	Valuation of liability for incurred claims - best estimate liability for claims incurred but not reported and risk adjustment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

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

Key audit matter	How the matter was addressed in our audit
Valuation of liability for incurred claims - best estimate liability for claims incurred but not reported and risk adjustment As at 31 December 2024, as disclosed in notes 10 and 11, the estimate of present vatue of cash flows amounted to BD 14,259 thousand (2023: BD 14,761 thousand) and the risk adjustment for nonfinancial risk amounted to BD 622 thousand (2023: BD 741 thousand).	We performed the following audit procedures Understood and evaluated management's process for the valuation of outstanding claims. Obtained from management's internal and external independent experts the IBNR estimation and the supporting judgements and assumptions.

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
The valuation of the liability for incurred claims (LIC) under FAS 43 is a key judgemental area for management as it requires the use of complex actuarial methods to estimate contractual cash flows, in particular ultimate claim expectations and claim development patterns. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or together with the related claims handling costs. In addition, the risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk. The Company applies key judgments and assumptions in deciding on the technique used to determine the risk adjustment for non-financial risks. Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for claims incurred but not reported and risk adjustment, we have considered this as a key audit matter.	Evaluated the competence, capabilities and objectivity of the management's experts based on their professional qualifications and experience and assessed their independence. Performed substantive tests, on a sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. Checked the completeness of the underlying data used as inputs into the actuarial valuations. We involved our actuarial specialists to: Evaluate the methodology and assumptions related to the best estimate liability (IBNR), risk adjustment, and discounting against the requirements of FAS 43 as well as alignment with industry practice. Assess the appropriateness of key actuarial assumptions used including claims ratios and development patterns. Independently catculate, on a sample basis, the incurred but not reported component of the best estimate liability for incurred claims using sensitivity testing on the key areas of judgment to develop a reasonable range for this component and compare it to management's estimate. Evaluate management's approach to determining the risk adjustment relative to the requirements of FAS 43, confirm that the risk adjustment is consistent with management's risk appetite and perform independent calculations (estimating claim provision volatility) to confirm that the risk adjustment loading is within the risk appetite set by management and FAS 43 methodology. Independently calculate the impact of the time value of money on the components of the liability for incurred claims and compare it to management's estimate. We assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Report on the Audit of the Financial Statements (continued)

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of those charged with governance for the financial statements

These financial statements and the Company's undertaking to operate in accordance with Islamic Sharia' Rules and Principles are the responsibility of the Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the FAS and the Bahrain Commercial Companies Law number (21) of 2001, as amended (the "Commercial Companies Law"), the Central Bank of Bahrain ("CBB") Rulebook (Volume 3 and applicable provisions of Volume 6) and for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

Report on other legal and regulatory and Sharia' requirements

As required by the Commercial Companies Law and the CBB Rulebook (Volume 3), we report the following:

I. The Company has maintained proper accounting records and the financial statements are in agreement therewith;

II. The financial information contained in the Shari'a Supervisory Board's Report and the Board of Directors Report is consistent with the financial statements;

III. Nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law, the CBB Rulebook (Volume 3 and applicable provisions of Volume 6), the Central Bank of Bahrain and Financial Institutions Law, and CBB directives or the items of its Memorandum and Articles of Association that would have a material adverse effect on its activities for the year ended 31 December 2024 or its financial position as at that date; and

IV. Satisfactory explanations and information have been provided to us by the Board of Directors in response to all our requests.

Further, we report that the Company has complied with the Islamic Sharia' Principles and Rules as determined by the Sharia' Supervisory Board of the Company during the year under audit.

The engagement partner on the audit resulting in this independent auditor's report is John Molloy.

PricewaterhouseCoopers

Partner's registration number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
13 February 2025

Statement of Financial Position

As At 31 December 2024 (Audited)

	Notes	31 December 2024 BD	31 December 2023* BD	1 January 2023* BD
ASSETS				
Cash and cash equivalents	6	1,886,524	3,427,531	8,087,048
Term deposits	7	4,699,880	5,899,742	13,780,000
Financial assets at amortised cost	8	-	804,508	394,648
Financial assets at fair value	8	28,713,416	22,085,886	8,237,645
Retakaful arrangement assets	10&11	1,959,339	2,947,026	1,666,714
Other receivables, accrued income and prepayments	12	5,028,946	4,913,328	5,507,953
Property and equipment	13	158,153	115,030	61,565
Intangible assets	14	625,601	569,952	-
Right of use asset	15	388,484	465,735	452,743
Investment in an associate	9	247,262	235,668	190,145
Statutory deposit	5	125,000	125,000	125,000
TOTAL ASSETS		43,832,605	41,589,406	38,503,461
LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY				
Liabilities				
Takaful arrangement liabilities	10&11	24,677,747	24,434,419	21,260,984
Retakaful arrangement liabilities	10&11	799,803	262,316	570,375
Payables and accrued liabilities	16	4,183,875	3,502,325	4,465,341
Ijara liabilities	15	427,002	502,626	477,515
TOTAL LIABILITIES		30,088,427	28,701,686	26,774,215
Participants' fund				
Surplus in participants' funds		1,172,197	856,864	268,503
Investments fair value reserve		(107,580)	(55,517)	(86,733)
		1,064,617	801,347	181,770
TOTAL PARTICIPANTS' FUNDS				
Shareholders' Equity				
Share capital	17	8,500,000	8,500,000	8,500,000
Treasury shares	17	(2,087)	(2,087)	(2,087)
Statutory reserve	17	1,191,041	1,057,598	963,869
General reserve	17	200,000	200,000	200,000
Retained earnings		2,896,315	2,332,705	1,884,720
Investments fair value reserve		(105,708)	(1,843)	974
TOTAL SHAREHOLDERS' EQUITY		12,679,561	12,086,373	11,547,476
TOTAL LIABILITES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY		43,832,605	41,589,406	38,503,461

* Refer to note 43 for certain adjustments made in respect of 2023 and 2022 corresponding amounts.

These financial statements were approved by the Board of Directors of the Company on 13 February 2025 and signed on their behalf by :

Mr. Ebrahim Mohamed Sharif Alrayes	**Mr. AbdulRahman Abdulla Mohammed**	**Mr. Essam Mohamed Al Ansari**
Chairman	Vice Chairman	Chief Executive Officer

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

Statement of Income

For the year ended 31 December 2024 (Audited)

	Notes	Shareholders' Year ended 31 December 2024	Shareholders' Year ended 31 December 2023*	Participants' Year ended 31 December 2024	Participants' Year ended 31 December 2023*	Total Year ended 31 December 2024	Total Year ended 31 December 2023*
Recognised takaful contributions	18	-	-	25,980,728	24,362,995	25,980,728	24,362,995
Recognised takaful costs	19	-	-	(22,623,503)	(20,550,815)	(22,623,503)	(20,550,815)
Retakaful net results		-	-	(3,333,586)	(3,310,455)	(3,333,586)	(3,310,455)
Takaful participants' gross margin		-	-	23,639	501,725	23,639	501,725
Participants' profit income on investment	20	-	-	1,057,805	882,174	1,057,805	882,174
Participants' other investment expense	20	-	-	(8,165)	(25,503)	(8,165)	(25,503)
ECL loss on financial assets	20	-	-	(520)	(26,285)	(520)	(26,285)
Mudarib share expense	20	-	-	(262,280)	(207,596)	(262,280)	(207,596)
Amortization of deferred cost (related to provision of takaful arrangements)	10&11	-	-	(619,286)	(694,648)	(619,286)	(694,648)
Amortization of deferred profit (related to provision of retakaful arrangements)	10&11	-	-	95,196	214,471	95,196	214,471
Other participants' expenses		-	-	28,944	(68,954)	28,944	(68,954)
Net participant's surplus		-	-	315,333	575,384	315,333	575,384
Wakala fee income	22	5,232,820	4,123,569	-	-	5,232,820	4,123,569
Shareholders profit income on investment	20	537,588	456,930	-	-	537,588	456,930
Shareholders other investment (expense) / income net	20	(148,128)	145,598	-	-	(148,128)	145,598
ECL loss on financial assets	20	(8,953)	(8,500)	-	-	(8,953)	(8,500)
Mudarib share income	20	262,280	207,596	-	-	262,280	207,596
Share of result of an associate	9	38,253	44,488	-	-	38,253	44,488
Other income	23	11,114	21,979	-	-	11,114	21,979
Total shareholders' income		5,924,974	4,991,660	-	-	5,924,974	4,991,660
General and administrative expenses	24	(2,565,928)	(2,312,423)	-	-	(2,565,928)	(2,312,423)
Commission expenses	25	(1,644,105)	(1,359,999)	-	-	(1,644,105)	(1,359,999)
Other expenses	26	(380,510)	(381,949)	-	-	(380,510)	(381,949)
Total shareholders' expense		(4,590,543)	(4,054,371)	-	-	(4,590,543)	(4,054,371)
Net profit for the year		1,334,431	937,289	315,333	575,384	1,649,764	1,512,673
Earnings per share (fils)	28	15.70	11.03				

* Refer to note 43 for certain adjustments made in respect of 2023 corresponding amounts.

These financial statements were approved by the Board of Directors of the Company on 13 February 2025 and signed on their behalf by :

Mr. Ebrahim Mohamed Sharif Alrayes	Mr. AbdulRahman Abdulla Mohammed	Mr. Essam Mohamed Al Ansari
Chairman	Vice Chairman	Chief Executive Officer

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

Statement of Comprehensive Income

For the year ended 31 December 2024 (Audited)

	Year ended 31 December 2024			Year ended 31 December 2023		
	Shareholders	Participants	Total	Shareholders	Participants	Total
	BD	BD	BD	BD	BD	BD
Net profit and surplus for the year	1,334,431	315,333	1,649,764	937,289	575,384	1,512,673
A. Items that will not be reclassified to statement of income in subsequent years						
Net changes in fair value of investments measured at FVOCI - equity instruments	(65,015)	-	(65,015)	29,214	-	29,214
B. Items that may be reclassified to statement of income in subsequent years						
Net changes in fair value of investments measured at FVOCI - debt instruments	(29,897)	(51,543)	(81,440)	11,317	73,633	84,950
Net changes in allowance for expected credit losses of investments measured at FVOCI - debt instruments	(8,953)	(520)	(9,473)	(8,500)	(26,285)	(34,785)
Total other comprehensive (loss) / gain	(103,865)	(52,063)	(155,928)	32,031	47,348	79,379
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,230,566	263,270	1,493,836	**969,320**	**622,732**	**1,592,052**

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

Statement of Changes In Shareholders' Equity

For the year ended 31 December 2024 (Audited)

	Share capital	Statutory reserve	General reserve	Retained earnings	Investments fair value reserve	Treasury shares	Total equity
	BD	BD	BD	BD	BD	BD	
Balance at 1 January 2024	**8,500,000**	**1,057,598**	**200,000**	2,332,705	(1,843)	(2,087)	12,086,373
Profit for the year	-	-	-	1,334,431	-	-	1,334,431
Other comprehensive loss	-	-	-	-	(103,865)	-	(103,865)
Dividend for the year 2023 (Note 31)	-	-	-	(637,378)	-	-	(637,378)
Transfer to statutory reserve	-	**133,443**	-	(133,443)	-	-	-
Balance as at 31 December 2024	**8,500,000**	**1,191,041**	**200,000**	2,896,315	(105,708)	(2,087)	12,679,561
Balance at 1 January 2023	8,500,000	963,869	200,000	1,884,720	974	(2,087)	11,547,476
Impact of initial application of FAS 30	-	-	-	29,345	(34,848)	-	(5,503)
Profit for the year	-	-	-	937,289	-	-	937,289
Other comprehensive gain	-	-	-	-	32,031	-	32,031
Dividend for the year 2022 (Note 31)	-	-	-	(424,920)	-	-	(424,920)
Transfer to statutory reserve	-	93,729	-	(93,729)	-	-	-
Balance as at 31 December 2023	8,500,000	1,057,598	200,000	2,332,705	(1,843)	(2,087)	12,086,373

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

Statement of Changes in Participants' Fund

For the year ended 31 December 2024 (Audited)

	Surplus in participants' fund		*Investments fair value reserve*		
	General takaful	**Family takaful**	**General takaful**	**Family takaful**	**Total**
	BD	BD	BD	BD	BD
Balance as at 1 January 2024	**676,063**	**180,801**	**(46,287)**	**(9,230)**	**801,347**
Other comprehensive loss	**-**	**-**	**(37,927)**	**(14,136)**	**(52,063)**
Surplus for the year	**259,225**	**56,108**	**-**	**-**	**315,333**
Balance as at 31 December 2024	**935,288**	**236,909**	**(84,214)**	**(23,366)**	**1,064,617**
Balance at 1 January 2023	284,051	(15,548)	(84,210)	(2,523)	181,770
Impact of initial application of FAS 30	12,118	859	(15,011)	(1,121)	(3,155)
Other comprehensive gain / (loss)	-	-	52,934	(5,586)	47,348
Surplus for the year	379,894	195,490	-	-	575,384
Balance as at 31 December 2023	676,063	180,801	(46,287)	(9,230)	801,347

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

Statement of Cash Flows

For the year ended 31 December 2024 (Audited)

	For the year ended 31 December	
	2024 BD	2023* BD
OPERATING ACTIVITIES		
Net shareholders' profit for the year	1,334,431	937,289
Surplus from participants' operations	315,333	575,384
Adjustments for:		
Depreciation & amortization	138,625	85,196
Amortization of right-of-use assets	77,251	65,380
Investment income on financial assets at amortised cost	(17,064)	(37,146)
Investment income on financial assets at fair value	(1,756,311)	(1,764,322)
ECL movement on financial assets	9,473	34,785
Share of result of an associate	(38,253)	(44,488)
Net takaful & retakaful finance costs	524,090	480,177
Ijara cost	37,941	41,177
Operating profit before changes in operating assets and liabilities	625,516	373,432
Changes in operating assets and liabilities:		
Retakaful arrangement assets	1,082,883	(1,065,841)
Other receivables, accrued income and prepayments	(153,557)	553,448
Takaful arrangement liabilities	(375,958)	2,478,787
Retakaful arrangment liabilities	537,487	(308,059)
Other liabilities and provisions	681,550	(963,016)
Net cash generated from operating activities	2,397,921	1,068,751
INVESTING ACTIVITIES		
Dividends received	160,556	135,963
Profit income received	1,430,395	1,257,734
Other Investment income & expenses received/paid	(129,103)	(129,772)
Purchase of property and equipment	(112,679)	(100,479)
Purchase of Intangible assets	(124,718)	(608,134)
Placement in term deposits	(7,025,002)	(5,900,000)
Redemption of term deposits	8,230,083	17,954,506
Additions to investments carried at fair value	(8,675,771)	(17,454,536)
Purchase of shares of associate	-	(17,955)
Amount received from associate	26,660	16,920
Disposals / Maturity of investments carried at fair value	2,993,653	3,770,666
Net cash used in investing activities	(3,225,926)	(1,075,087)
FINANCING ACTIVITIES		
Dividends paid	(637,378)	(424,920)
Ijara liabilities paid	(75,624)	(53,260)
Net cash used in financing activities	(713,002)	(478,180)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,541,006)	(484,517)
Cash and cash equivalents at the beginning of the year	3,427,531	3,912,048
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,886,525	3,427,531

* Refer to note 43 for certain adjustments made in respect of 2023 corresponding amounts.

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

1 BUSINESS OPERATIONS

Takaful International Company B.S.C. ("the Company"), is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 21100 obtained on 11 April 1989.

The activities of the Company are organised on the principles of Shari'a. The principal activity of the Company is to manage the General and Family takaful activities and investments by adopting wakala and mudarabha models respectively, on behalf of the participants in accordance with the Islamic Shari'a principles. The retakaful activities are organised on an underwriting year basis with the participants pooling their contributions to compensate for losses suffered in the pool on occurrence of a defined event.

The majority shareholder of the Company is Bahrain Kuwait Insurance Company B.S.C., a listed entity registered and incorporated in the Kingdom of Bahrain. The ultimate holding company is Fairfax Financial Holding Limited, a listed entity registered and incorporated in Canada.

The Company is licensed by the Central Bank of Bahrain (the "CBB") to carry out the following principal activities:

- Developing and providing protection covers for property, engineering, general accident, liability, marine cargo, marine hull, aviation, medical, group life, motor, level term assurance and decreasing term assurance; and
- Management of general takaful and family takaful funds in accordance with the Islamic Shari'a principles on behalf of the participants of the fund.

The Company's general takaful funds comprise of all protection covers except decreasing term assurance, level term assurance and savings takaful which are part of family takaful fund.

The registered office of the Company is in the Kingdom of Bahrain. The full address is stated on page 2.

The financial statements of the Company were authorised for issue in accordance with a resolution of the Board of Directors dated 13 February 2025.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), the Central Bank of Bahrain and Financial Institutions Law 2006, the applicable regulations set out in Volume 3 - Insurance, Volume 6 - capital markets of the Central Bank of Bahrain's rule book and the relevant provisions of the Bahrain Commercial Companies Law and its subsequent amendments. For the matters which are not covered by AAOIFI standards, International Financial Reporting Standards ("IFRS") have been applied.

Accounting convention
The financial statements have been prepared under the historical cost convention modified to include the measurement at equity and debt-type instruments at fair value through income and equity.

The preparation of financial statements in conformity with FAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Functional currency
The financial statements have been presented in Bahraini Dinars (BD) which is the functional currency of the Company.

New standards, interpretations and amendments adopted by the Company
During the year, the Company applied the following standards and amendments to standards in the preparation of the financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net income or equity of the Company.

FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements
AAOIFI has issued revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements. The Company has adopted this standard effectively from 1 January 2024. The adoption of this standard does not have any significant impact on recognition and measurement.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Some of the significant revisions to the standard are as follows:

a) Revised conceptual framework is now integral part of the AAOIFI FAS's;
b) Definition of Quasi equity is introduced;
c) Definitions have been modified and improved;
d) Concept of comprehensive income has been introduced;
e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
f) Disclosure of Zakah and Charity have been relocated to the notes;
g) True and fair override has been introduced;
h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
i) Disclosures of related parties, subsequent events and going concern have been improved;
j) Improvement in reporting for foreign currency, segment reporting;
k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date an amendments to other AAOIFI FAS's.

FAS 40 - Financial Reporting for Islamic Finance Windows
AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard shall be effective for the financial years beginning on or after 1 January 2024 with early adoption permitted. As per the Company evaluation, the implementation of this standard does not have any impact on its financial statements.

New standards, amendments and interpretations issued but not effective

The Company has not yet applied the following new and revised FASs that have been issued but are not yet effective. These standards are currently in process of being assessed by the Company's management to consider any implications in the current or future reporting periods and on foreseeable future transactions

FAS 45 - Quasi-Equity (Including Investment Accounts)
AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity. It further addresses financial reporting related to other quasi-equity instrum ents and certain specific issues. This standard shall be effective for the financial reporting years beginning on or after 1 January 2026.

The concept of quasi-equity has been introduced in FAS 1 "General Presentation and Disclosures in the Financial Statements (Revised 2021)" . The Company shall address the requirements of FAS 45 "Quasi-Equity (Including Investment Accounts)" on the effective date of the standard.

FAS 46 - Off-Balance sheet Assets Under Management
AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterisation of off-balance sheet assets under management, and the related principles of financial reporting in line with the ""AAOIFI Conceptual Framework for Financial Reporting"". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS 1 ""General Presentation and Disclosures in the Financial Statements"" in respect ofthe statement of changes in off-balance sheet assets under management. This standard, along with, FAS 45 ""Quasi-Equity (Including Investment Accounts)"", supersedes the earlier FAS 27 ""Investment Accounts"". This standard shall be effective for the financial years beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 - Quasi-Equity (Including Investment Accounts).

FAS 47 - Transfer of Assets Between Investment Pools
AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari'ah principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial years beginning or after 1 January 2026 and supersedes the earlier FAS 21 "Disclosure on Transfer of Assets.

3 SIGNIFICANT ACCOUNTING POLICIES

Accounting for Takaful: Recognition and Measurement
This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules. The requirements of this standard are duly aligned with the international best practices of financial reporting for the takaful business.

The Company has early adopted FAS 43 "Accounting for Takaful: Recognition and Measurement" with a date of initial application of 1 January 2023. The new standard brings fundamental changes to the accounting for takaful assets and takaful liabilities. The effective date of the standard from AAOIFI is financial reporting year, beginning on or after 1 January 2025. This standard applies to the Takaful Institution (including, in their capacity of being Takaful operator) and their managed participants' Takaful fund (PTF) in respect of:

- Takaful arrangements, including re-Takaful arrangements issued;
- Re-Takaful arrangements held;
- Investment contracts, with or without discretionary features that are issued along with, and being part of, the Takaful arrangements; and
- Ancillary transactions related to Takaful operations.

Accounting for Takaful arrangements - under general / variable fee approach
Combining and separating components of Takaful arrangements

Unbundling of non-Takaful components
A Takaful arrangement may contain one or more non-Takaful components, such as an investment or service component (generally in the form of a separate contract) or a promise to provide a good or service. The Company separates (unbundles) the components when they are distinct and measurable.

Where different components are unbundled, the Takaful institution ensures appropriate attribution to the Participants Takaful Fund, the Participant Investment Fund and the front-end fee, if any, charged to the participant. Such unbundling of non-Takaful components are performed before the Takaful component is recognised in the books of PTF.

The accounting treatment of non-Takaful components is made inline with the relevant AAOIFI FASs, as applicable.

Accounting for related Takaful arrangements
The Takaful institution may elect to present a set or series of Takaful arrangements, especially with the same or related participant(s), as one whole arrangement after determining that the rights, obligations, risks and rewards, as well as eligibility for surplus distribution are similar in nature. This election is be made immediately after the Takaful institution has made an assessment that combining the Takaful arrangements will faithfully represent the accounting treatments and the overall commercial effect after ensuring that the combination is not in conflict with Shari'ah principles and rules.

Level of aggregation of Takaful arrangements

The Takaful institution aggregates the Takaful arrangements into distinct portfolios that are subject to similar risks and are managed together. Arrangements within a product line are expected to be in the same portfolio if they are managed together, whereas arrangements in different product lines are expected not to have similar risks even when managed together.

The Takaful institution divides a portfolio of issued Takaful arrangements into groups (at the minimum) of:

- arrangements that are onerous at initial recognition; and
- arrangements that have no significant possibility of subsequently turning into becoming onerous from inception; and
- the remaining arrangements in the portfolio.

A set of arrangements is determined to be onerous or have no significant possibility of subsequently turning into / becoming onerous when the Takaful institution makes an assessment of the set of arrangements based on reasonable and supportable information. If reasonable and supportable information is not available for a set of arrangements (elected to be assessed together) for the determination of the group to which such Takaful arrangements belong, then the same is based on the assessment of the individual arrangements.

Where the general approach is applied, the Takaful Institution makes an assessment as to whether arrangements are not onerous at initial recognition or have no significant possibility of subsequently turning into / becoming onerous. The assessment is based on the following:

- the likelihood that any change in assumptions, which, if occurred, would result in the Takaful arrangement turning into / becoming onerous; and
- the estimates provided by the Takaful institution's internal reporting system.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Takaful institution is making an assessment as to whether the Takaful arrangements are not onerous at initial recognition but have a significant possibility of subsequently turning onerous, the information collected by the Takaful institution's internal reporting system is considered, and the Takaful institution is not required to gather any additional Information.

Subdivision of groups
The Takaful institution may subdivide the groups based on different levels of profitability or the different possibilities of arrangements turning onerous after initial recognition.

Takaful arrangements are included in a different group if issued more than one year apart.

Initial recognition

Timing of initial recognition
The Takaful institution recognises a Takaful arrangement it issues, in the books of PTF. at the earlier of:

- The date when a participant becomes a member of the PTF (and accordingly becomes entitled to the Takaful benefits in the form of sharing of risks), which may be evidenced through either the payment of contribution or issuance of Takaful arrangement documents or
- The date when the Takaful arrangement, being part of a group or an unavoidable commitment to the Takaful arrangement, becomes onerous (even if it happens before the date applicable).

Measurement of the provision for a Takaful arrangement at initial recognition
At initial recognition, the provision for a Takaful arrangement is measured at the total of the following estimates:

- Takaful fulfilment cashflows, pertaining to PTF, comprising of:
- an estimate of gross future cashflows (including, and distinguishing, the cashflows related to Wakala fee;
- deferred cost being the difference between gross future cashflows and their respective fair value of future cashflows;
- risk adjustment for the non-financial risks; and
- the Takaful residual margin

The Takaful institution includes all future cashflows within the boundary of a Takaful arrangement. Such a measurement:

- objectively incorporates all reasonable and supportable information available, without undue cost or effort, about the amount and timing by using a probability-weighted means of the full range of expected outcomes;
- is reflective of the institution's assessments of the market variables and is consistent with the observable market prices for those variables;
- reflects the current conditions at the measurement date; and
- distinguishes the adjustments to non-financial risk from other estimates and estimate cash flows disregarding adjustments for financial risks unless the most appropriate measurement technique implicitly includes financial risks and the effect is inseparable.

The cashflows arising from substantive rights and obligations existing at the reporting date are considered within the boundary year. This boundary year is the year in which the Takaful institution can compel the participant to pay the contribution or in which the PTF has a substantive obligation to provide benefits to the participants.

A substantive right to provide benefits ends when the Takaful institution is able to reassess the risks of the particular participants, or for a Takaful arrangement as a whole, and can set or reset the price or the level of benefits according to the reassessment if so allowed under Shari'ah principles and rules.

A liability or an asset is not be recognised relating to an expected contribution or expected claim for benefits that is outside the boundary of the Takaful arrangement. Such amounts relate to future Takaful arrangements.

The Takaful institution adjusts the estimate of the future cashflows and their fair values to reflect the effect of risk adjustment for non-financial risk for the PTF for bearing the uncertainty about the amount and timing of the cashflows.

Mudarib's share or Wakala fee (Including incentives, if any) for investment management for PTF's investments (excluding Participant Investment Fund's investments) are considered part of Takaful fulfilment cashflows and are adequately disclosed.

Surplus distribution, if any, and waiver of Qard Hasan, if any, are not part of the fulfilment cashflows.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial recognition of Takaful residual margin
The Takaful residual margin is measured as the difference of:

- the amount of Takaful fulfilment cashflows (including all its components) that was initially recognised;
- any cashflows arising from the Takaful arrangement at that date; and
- the derecognition of any asset for Takaful acquisition cashflows and any other asset or liability previously recognised relating to the cashflows of the arrangement at the date of initial recognition.

Initial recognition of onerous arrangements
A Takaful arrangement is onerous at the date of initial recognition, if the Takaful fulfilment cash flows, any previously recognised Takaful acquisition cashflows and any cash flows arising from the Takaful arrangement at the date of initial recognition, in total are a net outflow. Such a Takaful arrangement is separately classified from the Takaful arrangements that are not onerous.

A loss in the statement of income as activities of the managed PTF for the net outflow for onerous arrangements is recognised, resulting in the carrying amount of the provision for Takaful arrangement being equal to the Takaful fulfilment cashflows and the Takaful residual margin being zero.

A significant number of onerous arrangements, depending on the business realities, may imply an act of potential negligence by the Takaful institution in its capacity as an agent of the PTF. This may particularly be more relevant where the Wakala fee is excessive. In rare circumstances, in line with the relevant Shari'ah principles and rules or regulatory requirements, such negligence situations may require the recognition of a receivable from the agent. Such receivables form part of the Takaful fulfilment cashflows.

The Takaful institution identifies a group of onerous arrangements as a set instead of individual arrangements.

Subsequent measurement

Subsequent measurement of the provision for a Takaful arrangement

The carrying amount of the provision for a Takaful arrangement at the end of each reporting year is the sum of:
- the provision for the remaining entitlement year comprising of:
  - the Takaful fulfilment cash flows related to future benefits allocated to the Takaful arrangement at that date;
  - the Takaful residual margin of the Takaful arrangement at that date; and
- the liability for incurred claims, comprising of Takaful fulfilment cash flows related to the past benefits allocated to the Takaful arrangement at that date.

The income and expenses are recognised in the statement of income as activities of the managed PTF for the following changes in the carrying amount of the provision for remaining entitlement period:

- recognise contribution (as an income) representing the reduction in the provision for the remaining entitlement year because of benefits provided during the year;
- expenses representing losses (and any reversal of losses) on onerous arrangements; and
- amortisation (or adjustment) of deferred cost (including any experience adjustment and financial risk elements).

Recognised contribution (as an income) are recognised when benefits are provided for a period, with a simultaneous reduction in the provision for the remaining entitlement year. Such a reduction (or change) in provision for the remaining entitlement year (that does not relate to the benefits attributable to the current year) does not include the following:

- cash inflows from contribution received;
- transaction-based taxes collected on behalf of third parties;
- takaful acquisition cash flows;
- derecognition of liabilities transferred to third parties; and
- changes that relate to benefits attributable but for which compensation is not expected, i.e., increases and decreases in the loss component of the provision for the remaining entitlement year.

The income and expenses are recognised in the statement of income as activities of the managed PTF for the following changes in the carrying amount of the liability for incurred claims for benefits:

- expenses representing the increase in liability because of claims for benefit and expenses incurred in the period;
- expenses representing subsequent changes in Takaful fulfilment cash flows relating to incurred claims and expenses; and
- amortisation (or adjustment) of deferred cost (including any experience adjustment and financial risk elements) as applicable on amounts excluding established payables (debts). Established payables are not be subject to fair value measurement, in accordance with Shari'ah principles and rules.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement does not take into account any experience adjustments, if any, that may arise:

- in respect of the receipts of contribution (and any related cash flows such as Takaful acquisition cash flows and directly related taxes) — being the difference between the estimate at the beginning of the year of the amounts expected for the year and the actual cash flows during the period; or
- in respect of the Takaful acquisition cash flows - being the difference between the estimate at the beginning of the year of the amounts expected for the year and the actual costs incurred during the period.

Subsequent measurement of Takaful residual margin

The Takaful residual margin at the end of the reporting year represents the surplus in the Takaful arrangements that have not yet been recognised in the statement of income as activities of the managed PTF because it relates to the future benefits to be provided under the Takaful arrangement.

The carrying amount of the Takaful residual margin of a Takaful arrangement at the end of the reporting year equals the carrying amount at the start of the reporting year adjusted for:

- the effect of any new arrangements added, in case of accounting being performed collectively for a group;
- the amortisation of deferred Takaful residual margin over the entitlement year - through a systematic method reflecting the pattern of utilisation of entitlement for benefits;
- the changes in Takaful fulfilment cash flows relating to future benefits, except:
  - the increases in the Takaful fulfilment cash flows that exceed the carrying amount of the Takaful residual margin, giving rise to a loss; or
  - the decreases in the Takaful fulfilment cash flows that are allocated to the loss component of the provision for the remaining entitlement period.
- the effect of any currency exchange differences on the Takaful residual margin; and
- the contribution recognised as income in the statement of income as activities of the managed PTF because of the provision of benefits in the period, determined by the allocation of the Takaful residual margin remaining at the end of the reporting period (before any allocation) over the current and remaining entitlement period.

Certain changes in the Takaful residual margin offset changes in the Takaful fulfilment cash flows for the provision for the remaining entitlement year, resulting in no change in the total carrying amount of the provision for the remaining entitlement year. To the extent that changes in the Takaful residual margin do not offset changes in the Takaful fulfilment cash flows for the provision for the remaining entitlement year, the income and expenses for the changes are recognised in the statement of income as activities of the managed PTF.

The Takaful residual margin recognised during the year is taken to the statement of income as activities of the managed PTF.

The Takaful institution may decides to follow the variable fee approach (VFA) instead of the general approach, in the case of Takaful arrangements having a direct investment component in form of a PIF. In such case, the institution has an accounting policy in respect of the subsequent changes in the Takaful residual margin, to the extent that these relate to the financial risks (including the changes in the investment returns in PIF), in a manner that such proportion of provision for Takaful residual margin that relates to the future entitlement years may not be immediately recognised and apportioned over the remaining entitlement period.

Subsequent changes in onerous arrangements

A Takaful arrangement becomes onerous (or more onerous) on subsequent measurement, if the carrying amount (unamortised) of the Takaful residual margin is less than the unfavorable changes in the Takaful fulfilment cash flows allocated to the Takaful arrangement relating to future benefits.

After the recognition of a loss on an onerous arrangement, the subsequent changes in the estimates of Takaful fulfilment cash flows for the remaining entitlement year are allocated on a systematic basis between:

- the loss component of the provision for remaining entitlement year; and
- the provision for the remaining entitlement year, excluding the loss component.

Any subsequent decrease in Takaful fulfilment cash flows arising from changes in estimates of future cash flows relating to future benefits and any subsequent increases in the PTF's share in the fair value of the underlying assets is allocated solely to the loss component until that component is reduced to zero. The Takaful institution adjusted the Takaful residual margin only once the loss component has been reduced to zero.

The loss component is the amount equivalent to the total amount recognised in the statement of income as activities of the managed PTF to date, on initial recognition or subsequent measurement of the Takaful arrangement as onerous (net of any already recognised reversals).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)
Subsequent measurement (continued)

The subsequent changes in the Takaful fulfilment cash flows for the remaining entitlement year to be allocated includes:

- estimates of the fair value of the future cash flows for claims and expenses released (i.e., the difference between the opening estimate against the closing estimate) from the provision for the remaining entitlement year because of incurred Takaful benefit costs;
- changes in the risk adjustment for non-financial risk recognised in the statement of income as activities of the managed PTF because of the release of risk; and
- amortisation of deferred cost - through a systemic method reflecting the pattern of utilisation of entitlement for benefits, as applicable.

Derecognition
The Takaful institution derecognises a Takaful arrangement when, and only when:

- it is extinguished, i.e., when the obligations specified in the arrangement are expired, discharged or cancelled; or
- the terms of the arrangement are modified by mutual agreement or by a change in regulations, and the Takaful institution recognises the modified arrangement as a new arrangement.

Recognition and presentation in the statement of income as activities of the managed PTF

- The carrying amount of the following is presented separately in the statement of income as position of the managed PTF:
    - Takaful arrangements issued that are assets;
    - Takaful arrangements issued that are liabilities;
    - re-Takaful arrangements issued that are assets; and
    - re-Takaful arrangements issued that are liabilities.

The PTF presents income or expenses from re-Takaful arrangements held separately from the expenses or income from the Takaful arrangements.

The Takaful expenses include incurred benefits, other expenses, changes related to past benefits and changes to future benefits (including losses on onerous arrangements and reversal thereof).

The income or expenses from a group of re-Takaful arrangements held may either be presented as a single amount or presented separately as the amounts recovered from the re-Takaful and an allocation of the contribution paid that together result in a net amount equal to that single amount.

Accounting for Takaful arrangements - under contribution allocation approach

Application criteria for the contribution allocation approach
A simplified approach, namely the contribution allocation approach, is used to recognise, measure and report a Takaful arrangement if at the inception of the Takaful arrangement, either of the following condition is met:

- it is a reasonable expectation that such simplification would produce a measurement of the provision of the remaining entitlement year for the Takaful arrangement would not differ materially from the one produced by applying the requirements of "Accounting for Takaful arrangements - under the general approach / variable fee approach"; or
- the entitlement year of each Takaful arrangement (including the entitlement for benefits arising in respect of all contributions) is one year or less.

If at the inception of the Takaful arrangement, the Takaful institution expects significant variability in the Takaful fulfilment cash flows that would affect the measurement of the provision for the remaining entitlement year. Variability in the Takaful fulfilment cash flows increases with the following:

- the extent of future cash flows relating to the Takaful arrangement; and
- the length of the entitlement year of the Takaful arrangements.

Any general requirements contained in "Accounting for Takaful arrangements - under general approach / variable fee approach", may also apply to the contribution allocation approach unless contradicting with any specific requirements of "Accounting for Takaful arrangements - under contribution allocation approach.

Initial recognition

Assessment for onerous or potentially (in future) onerous arrangements
Where the contribution allocation approach is applied, the Takaful institution generally considers the whole portfolio at the time of initial recognition as not being onerous. However, if it is apparent (or there exists a significant risk) based on the facts and circumstances, then the Takaful institution shall perform an assessment in respect of:

- such arrangement(s) in the portfolio that are onerous in nature; and / or
- such arrangement(s) in the portfolio has a significant possibility of subsequently turning onerous.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)

On initial recognition, the provision for the remaining entitlement year is measured under the contribution allocation approach as follows:

- the contribution, if any, received (or receivable) at initial recognition;
- less: Wakala fee;
- less: any Takaful acquisition cash flows at that date unless these are recognised as expenses; and
- add or less: the amount arising from the derecognition at the date of the asset or liability recognised for Takaful acquisition cash flows.

In applying the contribution allocation approach, the Takaful institution:

- may choose to recognise any Takaful acquisition cash flows as expenses when it incurs those costs, provided that the entitlement year of each Takaful arrangement at initial recognition is not more than one year; and
- measures the liability for incurred claims for the Takaful arrangements and the Takaful fulfilment cash flows relating to incurred claims. However, the Takaful institution is not required to adjust future cash flows for the difference between the total cash flows and the fair value of those cash flows if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

In case the cash outflows are spread over a year of more than one year, and the difference between the total expected cash outflows and their fair value is material, the Takaful institution adjusts the carrying amount of the provision for remaining entitlement year to its fair value and records such difference initially as deferred cost.

Subsequent measurement

At the end of each subsequent reporting year, the carrying amount of the provision for the remaining entitlement year is:

- the carrying amount at the beginning of the reporting year;
- add : the contributions received during the year;
- less: Takaful acquisition cash flows, unless they are recognised as an expense;
- add: amortisation of Takaful acquisition cash flows recognised as expense (if applicable);
- less: amortisation of any deferred Takaful acquisition cash flows, if such deferred Takaful acquisition cash flows are recognised in line with the requirements of the standard;
- add: the amount recognised as earned Takaful contributions against the entitlement for benefits attributable to that year; and
- less: any investment component (from PIF) paid or transferred to the liability for incurred claims.

When the contribution allocation approach is applied, the amount of recognised contribution for the year is the amount of expected contributions allocated to the year. The expected contributions are allocated to each year:

- on the basis of the passage of time; but
- if the expected pattern of release of risk during the entitlement year differs significantly from the passage of time basis, then on the basis of the expected timing of incurred Takaful benefits.

Onerous arrangements

If at any time during the entitlement period, facts and circumstances indicate that a Takaful arrangement is onerous, the Takaful institution performs a computation of excess / shortfall of the following:

- the carrying amount of the provision for remaining entitlement period; and
- the Takaful fulfilment cash flows that relate to the remaining entitlement period of the Takaful arrangement.

In case of a shortfall of the carrying amount of the provision for the remaining entitlement year against Takaful fulfilment cash flows relating to the remaining entitlement year of the Takaful arrangement, the Takaful institution recognises a loss in the statement of income as activities of the managed PTF and increase the provision for remaining entitlement year by such amount of shortfall.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)

Accounting for re-Takaful arrangements held by the PTF

General approach for re-Takaful arrangements held
The Takaful institution divides portfolios of re-Takaful arrangements held by applying the requirements of "Accounting for Takaful arrangements - under general approach / variable fee approach" except that the references to onerous arrangements therein are replaced by a reference to arrangements on which there is a net gain on initial recognition. Such gain compensates for losses arising in PTF on account of the onerous arrangements.

Any general requirements contained in "Accounting for Takaful arrangements - under general approach / variable fee approach", also applies to the accounting for re-Takaful arrangements held unless contradicting with any specific requirements of "Accounting for re-Takaful arrangements held by the PTF".

Initial recognition
The PTF recognises an asset (or provision, as the case may be) for re-Takaful arrangements held:

- if the re-Takaful arrangements held provide a proportionate entitlement year - at the beginning of the entitlement year of the re-Takaful arrangement held or at the initial recognition of any underlying Takaful arrangement (whereby in case of underlying onerous arrangement, the corresponding effect is immediately recognised), whichever is the later; and
- in all other cases — from the beginning of the entitlement year of the re-Takaful arrangement held.

A re-Takaful arrangement held that provides proportionate benefits against underlying Takaful arrangements are not be initially recognised until the date that any underlying Takaful arrangement(s) is initially recognised if that date is later than the beginning of the entitlement year of such re-Takaful arrangement.

If the net cost of acquisition of re-Takaful arrangements has entitlement for benefits relating to events that have already occurred, such cost is immediately recognised in the statement of income as activities of the managed PTF.

In case a loss is recognised on initial recognition of an onerous underlying Takaful arrangement (or on the addition of an onerous underlying Takaful arrangement to a group), the Takaful residual margin of a related re-Takaful arrangement held (to such extent) is immediately recognised in the statement of managed financial activities of the managed PTF.

When such losses are recovered in a subsequent year, a loss-recovery component of an asset for the remaining entitlement year is correspondingly reversed.

Subsequent measurement
In applying the measurement requirements to re-Takaful arrangements held, the PTF applies consistent assumptions to measure the estimates of the fair value of the future cash flows for such re-Takaful arrangements held and the estimates of the fair value of the future cash flows for the underlying Takaful arrangements.

In respect of the re-Takaful arrangements held, the PTF also includes the risk of non-performance by the re-Takaful provider (including effects of collateral and losses from disputes) in the estimate of the future cash flows, as well as, their fair value.

The PTF determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the re-Takaful arrangements to the issuer of those re-Takaful arrangements.

Takaful residual margin on initial recognition, in respect of re-Takaful arrangements held, is subject to the following modifications:

- the PTF recognises any net cost or net gain (instead of unearned margin) on the acquisition of the re-Takaful arrangements held as a Takaful residual margin measured at an amount equal to the sum of the Takaful fulfilment cash flows, the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the re-Takaful arrangements held and any cash flows arising at that date; unless
- the net cost of acquiring re-Takaful entitlement relates to events that occurred before the acquisition of the re-Takaful arrangements, in which case, such a cost is immediately be recognised in the statement of income as activities of the managed PTF as an expense.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

The Takaful residual margin at the end of the reporting year in respect of re-Takaful arrangements held is computed as the carrying amount determined at the start of the reporting year, adjusted for:

- the effect of any new arrangements;
- amortisation of deferred cost added back to the carrying amount of the Takaful residual margin;
- changes in the Takaful fulfilment cash flows to the extent that the change:
  - relates to the future benefits entitlement; unless
  - it results from a change in the Takaful fulfilment cash flows allocated to the underlying Takaful arrangement that does not adjust the Takaful residual margin for the underlying Takaful arrangement;
- the effect of any currency exchange differences arising on the Takaful residual margin; and
- the amount recognised in the statement of income as activities of the managed PTF because of benefits received in the year, determined by the allocation of the Takaful residual margin remaining at the end of the reporting year of the re-Takaful arrangements held.

Changes in the Takaful fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a re-Takaful contract held do not relate to future benefits and is not adjust the Takaful residual margin.

A re-Takaful arrangement held cannot be onerous under the requirements of this standard.

Contribution allocation approach for re-Takaful arrangements held

The Takaful institution may use the contribution allocation approach (adapted to reflect the features of re-Takaful arrangements held that differ from Takaful arrangements issued, for example, the generation of expenses or reduction in expenses rather than revenue) to simplify the measurement of re-Takaful contracts held, if at the inception of the Takaful arrangement:

- the Takaful institution reasonably expects the resulting measurement would not differ materially from the result of applying the requirements of other available approaches; or
- the entitlement year of each of the re-Takaful arrangements held (including an entitlement for benefits from all contributions within the Takaful arrangement boundary is one year or less.

If at the inception of the Takaful arrangement, the Company expects significant variability in the Takaful fulfilment cash flows that would affect the measurement of the asset for remaining entitlement for benefits during the year before a claim is incurred. Variability in the Takaful fulfilment cash flows increases with, for example:

- the extent of future cash flows relating to the Takaful arrangement; and
- the length of the entitlement year of the re-Takaful arrangements held.

The Company has not disclosed the transition impact upon adoption of FAS 43 because the cost of providing this disclosure, which would include the running of parallel systems, would exceed the benefits, particularly because previous standards permitted an entity to use a wide range of practices.

Separation of accounting records

The assets, liabilities and owners' equity, as well as, income and expenditure, gains and losses of the Takaful operator shall be recorded and reported separately and distinctly from the assets, liabilities and surplus / deficit and related income and expenditure, gains and losses of the managed PTF or the managed PIF.

In the books of the Takaful operator

The Takaful operator shall recognise in its books the initial seed money as an expense at the earlier of:
- payment of seed money to the PTF; or
- making an irrevocable commitment for such payment.

In the books of the PTF

The PTF shall recognise the initial seed money received / receivable from the Takaful operator as PTF equity at the earlier of:
- payment of seed money to the PTF; or
- making an irrevocable commitment for such payment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

Transfer of assets between various funds

At times, there is a need to transfer assets (including cash, investments or other assets) between the Takaful operator and the PTF or PIF managed by the Takaful operator for routine business operations.

There is a rebuttable presumption that such assets, in line with the Shari'ah principles and rules, are transferred between the Takaful operator and any of the managed funds or between two of the managed funds at fair value(considering these are arms' length transactions).

A Takaful institution shall apply, in respect of all such transfers of assets, the disclosure requirements with the respective AAOIFI FAS 7.In addition, if the basis of valuation applied for the transfer of such assets is other than the fair value of such assets as of the date of transfer, the Takaful institution shall disclose the difference in the value applied with the fair value, as well as, the reasons for applying the value other than the fair value.

Surplus / deficit determination and surplus distribution

Surplus / deficit determination

Takaful surplus or Takaful deficit shall be determined as the net surplus or deficit for the reporting year appearing in the statement of income as activities of the managed PTF, in line with the requirements of this standard read with the requirements of FAS 42 "Presentation and Disclosures in the Financial Statements of Takaful Institutions", after due transfers from / to the technical reserves.

In case a Takaful institution determines surplus / deficit in respect of a PTF in a manner different from the requirements of the standard, the basis of determination of the same, along with the rationale for the same, shall be disclosed.

In case of deficit, the Takaful operator generally provides a Qard Hasan to the PTF.

A Takaful institution shall disclose the accumulated amounts of deficit in the PTF and its projections (at least for five years) with regard to the probable surplus in future years to compensate for such deficits.

Qard Hasan-recognition and measurement in the books of the PTF

In case of a deficit (or liquidity shortfall), the Takaful operator may decide (or may be required by virtue of the relevant regulations) to give a Qard Hasan to the PTF. This Qard Hasan has the nature of a temporary, profit-free loan that shall be payable when the PTF accrues a surplus (and / or generates sufficient liquidity).

Initial Recognition

The PTF shall recognise the Qard Hasan received from the Takaful operator as a liability at the par value of the amount received.

Subsequent Measurement

The PTF shall subsequently measure the liability for Qard Hasan at par value, accounting for any payments / repayments / adjustments during the period.

Waiver of Qard Hasan

Where the Takaful operator waives off its right to receive the Qard Hasan from the PTF, according to regulatory requirements or otherwise, the PTF shall immediately derecognise the liability and record the amount as its income for the year.

Qard Hasan-recognition and measurement in the books of the Takaful operator

In case of a deficit (or liquidity shortfall), the Takaful operator may decide (or may be required by virtue of the relevant regulations) to give a Qard Hasan to the PTF. This Qard Hasan has the nature of a temporary, profit-free loan that shall be payable when the PTF accrues a surplus (and / or generates sufficient liquidity).

Initial Recognition

The Takaful operator shall recognise the Qard Hasan extended to the PTF as a receivable at the par value of the amount paid since it is receivable on demand.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

Subsequent Measurement and expected credit losses
The Takaful operator shall subsequently measure the receivable against Qard Hasan at par value, accounting for any payments / repayments / adjustments during the year.

Qard Hasan receivable from the PTF shall be subject to yearly testing for expected credit losses in line with the requirements of the relevant AAOIFI FAS 11, whereby an allowance for expected credit losses if any, shall be maintained against such receivable. The Takaful operator shall consider, in particular, the deficit in the PTF and the PTF's projections (at least for five years) with regard to the probable surplus in future years to compensate for such deficits (or liquidity shortfalls) in line with the requirements of the standard.

Waiver of Qard Hasan
When the Takaful operator waives the Qard Hasan, the receivable shall be derecognised, and a corresponding expense shall be recorded in the books of the Takaful operator.

Recognition of Wakala fee earned from PTF in the books of the Takaful operator
The Takaful operator earns revenue in the form of Wakala (management) fee in different forms and under various contracts. This fee may be fixed or variable in nature.

The Wakala fee charged by the Takaful operator to the PTF is generally against performance obligations for various services / costs(excluding the investment management function) to be classified, and the relevant revenue recognition shall be commensurate with the relevant services as follows:

a. services initially or already delivered – hence, the related proportion of Wakala fee to be recognised immediately – including marketing services for Takaful products, initial administrative services (both before and at the time of issuance of a Takaful arrangement) and Takaful acquisition service costs including commissions and incentives etc.;

b. services delivered over time–hence, the related proportion of Wakala fee to be recognised over such time in a systematic manner–including support services during the Takaful entitlement year such as accounting and book-keeping services, administrative services related to benefits ascertainment and payment and administrative services related to re-Takaful acquisition and benefits management etc.; and

c. probable refund of Wakala fee against cancelled or discontinued Takaful arrangements (if so provided for in the Wakala contract between the Takaful institution and the PTF) – hence, the estimated effect to be recorded as a provision for Wakala fee refund and shown as a deduction from the total Wakala fee.

The Takaful institution shall adopt accounting policies for the Takaful operator in line with relevant AAOIFI FASs to separate the different components of the Wakala fee in line with the approach provided in standard, applying an appropriate methodology for ascertaining and assessing the same. The accounting policies shall also include the bases for recognition of each component of the Wakala fee and the corresponding costs. .

Takaful acquisition service cost – In the books of the Takaful operator

The Takaful acquisition service costs (or gain), including the allocation charges related to a Takaful arrangement that is received (or receivable) and paid (or payable) before the Takaful arrangement is recognised, shall be recorded as either:

a. an asset or liability in the books of the Takaful operator to be amortised over a year commensurate with the corresponding flow of economic benefits–provided that:
   i. any such asset shall be subject to testing for impairment on a yearic basis; and
   ii. in case of cancellation of the respective Takaful arrangement, the liability may be extinguished, and asset may be fully impaired immediately; or

b. as an expense or income in the books of the Takaful institution immediately.

Takaful operator's investment management fee / share of investment income from PIF and PDF

Mudarib's share
The
Takaful operator shall recognise the Mudarib's share arising out of investment profits from the PTF and PIF after adjusting for any risk reserves, as per contractual arrangements in line with the Shari'ah principles and rules, as its revenue, at the end of each reporting year.

Wakala fee: fixed, variable and performance incentive

The Takaful operator shall recognise the fixed Wakala fee, as well as, any variable Wakala fee which is not in form of a performance incentive, as its revenue in line with the contractual arrangements as it establishes right on such revenue and the same may be measurable with reasonable certainty.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

The Takaful operator shall recognise the variable element of the Wakala fee, which is in form of a performance incentive, at the end of each reporting year. However, if such an incentive is contractually determined at a later stage, the same shall be recognised once it is determined.

Corresponding recognition by the PTF and PIF
The PTF and PIF shall recognise corresponding costs for the items provided in the standard at the same time as the Takaful operator recognises its revenue.

Allocation charges
The Takaful operator shall recognise the allocation charges (including, Wakala fee / front-end fee etc., by whatever name called) recovered / recoverable from the participants in respect of the investment made in PIF as a part of net Takaful acquisition service cost (or gain) in line with the requirements of the standard.

The Takaful operator shall recognise the allocation charges (including, Wakala fee charges / front-end fee etc., by whatever name called) charged to the participants in respect of the investment made in PIF as a part of net Takaful acquisition service cost (or gain) in line with the requirements of the standard.

The allocation charges shall be disclosed by the Takaful operator separately from other Wakala fees.

Transitional provisions

A Takaful institution, at the time of the first time adoption of this standard, shall follow one of the following approaches.:

a full retrospective approach – whereby the effects of transition shall be incorporated from the beginning of the earliest year presented in the financial statements; however, the disclosure of the effect of such adoption in respect of each line item and to the basic and diluted earnings per share shall not be mandatory; or

b modified retrospective approach – whereby the effects of transition shall be taken to the retained earnings of the Takaful institution, as well as, accumulated surplus / deficit in the respective Takaful funds at the beginning of the current financial year; or

c fair value approach – whereby the Takaful residual margin or loss component of the provision for the remaining entitlement year, at the transition date (beginning of the current year) shall be determined as the difference between the fair value of the Takaful arrangements at that date and the fair value of the fulfilment cash flows measured at that date, and the corresponding effects shall be adjusted in the retained earnings of the Takaful institution, as well as, accumulated surplus / deficit in the respective Takaful funds.

Impairment, credit losses and onerous commitments

FAS 30 was issued in November 2017. The requirements relating to impairment and credit losses of FAS 30 represent a significant change from FAS 11 "Provisions and Reserves". As permitted by FAS 30, the standard will be modified retrospective approach and accordingly the comparative amounts will not be restated. FAS 30 replaces the 'incurred loss' model in FAS 11 with Expected Credit Loss (ECL) model. The new impairment model also applies to certain financing commitments and financial guarantee contracts but not to equity investments.

FAS 30 was introduced in order to overcome the delay in recognition of impairment and thus moves from an incurred loss model to an expected loss model. This model accounts for increasing credit risk to assess and compute loss allowances. The amount of expected credit loss (ECL) recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all exposures (from initial recognition) as long as there is no significant deterioration in credit quality; and
- Lifetime ECLs (Stage 2 and Stage 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

12-month ECLs will be calculated for all Stage 1 exposures and lifetime ECLs will be calculated for all Stage 2 and Stage 3 exposures.

An alternative to this approach is the simplified approach, which is required for receivables that do not contain a significant financing component. For trade and other receivables, it is an accounting policy choice to follow the simplified approach. Under the simplified approach, loss is calculated on lifetime ECLs rather than the two-stage process under the general approach. Tracking of credit risk is not required; instead the approach requires a loss allowance based on lifetime ECL at each reporting date, right from origination.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in sukuk, shares and similar instruments (continued)

An alternative to this approach is the simplified approach, which is required for receivables that do not contain a significant financing component. For trade and other receivables, it is an accounting policy choice to follow the simplified approach. Under the simplified approach, loss is calculated on lifetime ECLs rather than the two-stage process under the general approach. Tracking of credit risk is not required; instead the approach requires a loss allowance based on lifetime ECL at each reporting date, right from origination.

The Company's portfolio is made up of the following asset classes:

- Cash and cash equivalents
- Term deposits
- Financial assets at amortised cost
- Financial assets at fair value
- Other receivables

The general approach to ECL calculation applies to the Cash and cash equivalents, term deposits, financial assets at amortised cost and financial assets at fair value. The simplified approach to ECL calculation applies to other receivables.

Risk reserves
Changes in FAS 35 intends to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions.

Investment in sukuk, shares and similar instruments
FAS 33 aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investment in sukuk, shares and other similar instruments of investments made by Islamic financial institution. The standard defines the key types of instruments of Sharia's compliant investments and the primary accounting treatments commensurate to the characteristic and business model of institution under which the investments are made, managed and held.

This standard supersedes FAS 25 "Investment in Sukuk". For the purpose of this standard, each investment is to be categorized as one of the below investment categories depending on its nature:

- Monetary Debt-type instrument;
- Non-monetary Debt-type instrument;
- Equity-type instrument; and
- Other investment instruments.

Classification

Unless the irrevocable initial recognition choices provided below are exercised, the Company classifies investments subject to this standard as subsequently measured at either (i) amortised cost, (ii) fair value through equity or (iii) fair value through statement of income, on the basis of both the Company's business model for managing investments and the expected cash flow characteristics of the investment.

Investment in a monetary debt-type instrument, as it reflects a debt at the back-end, shall be classified and measured at cost, till the time the transaction at the back-end is executed, and at amortised cost thereafter.

Investment in a non-monetary debt-type instrument or other investment instrument, may be classified under any of the three categories depending on the Company's business model.

Investment in equity-type instrument is classified as investment at fair value through statement of income unless the Company makes an irrevocable classification choice at initial recognition to classify this as investment at fair value through equity.

An investment held for trading purposes shall always fall in fair value through statement of income classification.

Recognition and Initial measurement

All investment shall be initially recognised at their value plus transaction costs except for investments at fair value through statement of income. Transaction costs relating to investments at fair value through statement of income are charged to the statement of income when incurred. A regular way purchase of investments shall be recognised upon the transfer of control to investor.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in sukuk, shares and similar instruments (continued)

Subsequent measurement

Investments at amortised cost
Investments carried at amortised cost shall be re-measured as such using the effective profit rate method. All gains or losses arising from the amortisation process and those arising from de-recognition or impairment of the investment, are recognised in the statement of income. Investment carried at amortised cost shall be tested for impairment at each reporting year in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

Investments at fair value through statement of income
Investment carried at fair value through statement of income shall be re-measured at fair value at end of each reporting year. The resultant remeasurement gain or loss, if any being the difference between the carrying amount and the fair value shall be recognised in the statement of income.

Investments at fair value through equity
Investment carried at fair value through equity shall be re-measured at fair value at the end of each reporting year. The resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value shall be directly recognised in equity under "investments fair value reserve". Investment carried at fair value through equity shall be tested for impairment at each reporting year in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

Reclassification
When, and only when, the Company changes its business model for managing investments, it shall reclassify all affected financial assets prospectively from the reclassification date. In case of reclassification, the Company shall not restate any previously recognised gains, losses (including impairment gains or losses) or returns/ profits.

Share-based payments plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments against one-time award and/or long-term incentive plan, whereby employees render services over the vesting period as consideration. Since the Company awards shares of the ultimate parent and the Company has the obligation to settle the share-based payments, the same is accounted for as cash-settled share-based payment transactions. Liabilities are recognised as employee benefit expenses over the relevant service period based on the estimated number of rights that are expected to vest. The liabilities are presented as employee benefit obligations and remeasured to fair value at each reporting date, with any measurement changes recognised in profit or loss as employee benefit expense. Where share appreciation rights are forfeited due to a failure by the employee to satisfy the service conditions, the liability is derecognised, and expenses previously recognised are reversed.

Financial reporting for Zakah

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021.

This standard shall apply to an institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be generally applicable individually to each institution within a group, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe any specific method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to applicable relevant authoritative guidance, regulatory requirements, or guidance from the institution's Shari'a Supervisory Board to determine the Zakah base and measure Zakah due for a period.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits with original maturities of three months or less.

Term deposits

Term deposits comprise long-term deposits with original maturities of more than three months.

Statutory deposits

Statutory deposit is a financial deposit maintained as regulated by the Central Bank of Bahrain (CBB) and Financial Institutions Law, 2006. Statutory deposits are claasified as "Restricted Cash" as it cannot be accessed or utilised for general business operations. Such deposits cannot be withdrawn without the permission of the Central Bank of Bahrain.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Property and equipment
Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The assets' residual values and useful lives and method are reviewed and adjusted if appropriate at each financial year end.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the statement of income as an expense.

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

Following are the useful lives of classes of property and equipment:

Buildings on freehold lands	25 years
Furniture, fixtures and equipment's	3-10 years
Vehicles	4 years

Intangible assets

The software is recognized as an intangible asset at cost. The cost includes purchase price, any directly attributable costs of preparing the asset for its intended use, and any subsequent expenditure that enhances or extends the software's functionality. . All other expenditure is expensed as incurred. Software is amortised on a straight-line basis over it's estimated useful life of 12 years. Amortisation expense is recognized in the income statement. The carrying amount of software, depreciation methods, useful lives and residual values is reviewed annually/periodically for impairment. If an indication of impairment exists, the asset's recoverable amount is estimated, and any impairment loss is recognized in the income statement.

Following is the useful lives of classes of Intangible assets:

Intangible assets	12 years

Foreign currency transactions

The financial statements are presented in Bahraini Dinars which is the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of income as position date. All differences are taken to the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the statement of income, except for differences relating to items where gains or losses are recognised directly in equity, in which case the gain or loss is recognised in equity.

Dividends on share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the statement of income as position date are dealt with as an event after the reporting year.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Investment income
Income from investment in Murabaha deposits is recognised on a time proportion basis using the effective profit rate method.

Rental income
Rental income is recognised on an accruals basis.

Government grants
Amount received from government grants are generally taken as other income. International Accounting Standard 20 (IAS 20) provides guidelines for accounting for government grants and disclosure of government assistance. Grants related to income which provide financial support for specific expenses, e.g., Tamkeen benefit by offering grants, training, and various development programs. Government grants are recognized on cash basis .i.e when the grants are received. Grants related to assets which provide financial support for purchasing new assets, e.g., contribution for a particular project. The grant is subtracted from the cost of the asset, reducing the asset's depreciation expense.

Dividends

Dividends are recognised as income when the Company's right to receive the payment is established.

Wakala fee
The Company manages the general and family takaful operations on behalf of the participants for a wakala fee which is recognised on an accruals basis. Wakala fee is recognised as an expense in the participants' statement of income (charged on the General and Family Takaful funds) and as an income in the shareholders' statement of income.

Mudarib share
The investments of the participants are also managed by the Company for a mudarib share in the investment income on the basis of Mudarabah model. Mudarib share is recognised as expense in the statement of participants' statement of income and as income in the shareholders' statement of income.

Surplus / Deficit in Participants' Funds
Surplus in Participants' Funds arises when the Takaful contributions collected from participants exceed the claims paid, expenses, and reserves required for future claims. In Takaful, the policy for handling surplus or deficit in participants' funds is guided by Shari'a principles and the surplus distribution is recommended by the actuary, endorsed by the Shari'a Supervisory Board and the board of directors of the Company. The distribution of surplus from the participants' fund(s) is subject to the Central Bank of Bahrain's prior written approval.

If there's a deficit in the participants' fund at the end of the financial year, it is covered by an interest-free loan (Qard Hasan) from the shareholders' fund. The shareholders' fund is then reimbursed from any future surpluses of the participants' fund.

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

Employees' end of service benefits
The Company provides end of service benefits to its all employees (expatriates and locals) in accordance with the relevant regulations. The entitlement to these benefits is based upon the employees' final salaries and length of service, subject to the completion of a minimum service year. The expected costs of these benefits are accrued over the year of employment based on the notional amount payable if all employees had left at the statement of income as position date.

With respect to its national employees, the Company makes contributions to the Social Insurance Organization calculated as a percentage of the employees' salaries in accordance with the relevant regulations. The Company's obligations are limited to these contributions, which are expensed when due.

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

Payables and accruals
Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the provider or not.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings prohibited by Shari'a

The Company is committed to avoid recognizing any income generated from non-shari'a compliant sources. Accordingly, all non-sharia'a compliant income is credited to a charity account where the Company uses these funds for charitable purposes.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The most significant uses of judgements and estimates are as follows:

Estimates and assumptions

Takaful and retakaful arrangments

Methods used to measure takaful arrangments (GMM / VFA)

The Company applies GMM / VFA measurement to long-term life contracts underwritten by the Company such as term assurance and unit linked savings products. The company primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions were used when estimating future cash flows:

- **Mortality and morbidity rates (Family takaful and retakaful business)**

  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the covered person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by participant gender, underwriting class and contract type.

  An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the company.

- **Expenses**

  Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses (which will include Wakalah fees expected to be incurred). The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the expected level of expenses will reduce future expected profits of the company.

  The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful arrangments. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

- **Lapse and surrender rates**

  Lapses relate to the termination of policies due to non-payment of contributions. Surrenders relate to the voluntary termination of policies by participants. Policy termination assumptions are determined with consideration to the historical and future expected Company's experience and are considered separately for term assurance and unit linked business.

  An increase in lapse rates early in the life of the policy would tend to reduce profits of the company, but later increases are broadly neutral in effect. Limited lapses are expected on the term assurance and unit linked business underwritten by the Company given historical experience and the maturity and size of the book.

Methods used to measure takaful arrangments (PAA)

The Company applies the PAA to simplify the measurement of insurance contracts. This applies to policies with a coverage period of less than one year and where the coverage period is greater than one year and the policies were deemed to be PAA eligible. For general insurance busines, PAA eligibility was considered for groups underwritten in the engineering, liability and general accident lines of business as well as proportional reinsurance contracts held. When measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

Takaful acquisition cash flows
Insurance acquisition costs are defined as those costs related to the selling, underwriting and starting a group of insurance contracts. The Company's policy is to defer acquisition costs. Acquisition costs are amortised on a straight-line basis over the coverage period of the group of contracts and therefore an asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Onerous groups

If there are facts and circumstances that indicate that a group of contracts is onerous, a loss will be recognised in profit or loss equal to the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The loss recognised for an onerous group of contracts will be rebalanced at each reporting date, with any change in the loss component recognised as an increase or reversal of losses in profit or loss.

Where the Company 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 Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses."

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying groups are not covered by the group of reinsurance contracts held.

The loss component and loss-recovery component adjusts the carrying amount of the liability and asset for remaining coverage respectively.

Liability for incurred claims

The best estimate provision (probability weighted cash flows) for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (OCR) or not (IBNR). The cash flow projections comprise all future claim payments, receivables from salvage as well as the claims administration expenses arising from these events.

The reinsurance cash flow projections will make allowance for the best estimate credit risk arising from the potential default of reinsurance counterparties.

The ultimate cost of outstanding and unreported claims (on coverage provided) is estimated by using a range of standard actuarial claims projection techniques.

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

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

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Onerous groups (continued)

Discount rates

The takaful liability / asset for incurred claims allows for the discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to USD curve and Country Risk Premium. The illiquidity premium is determined by reference to observable market rates.

Yield Curve	*1 Yr*	*2 Yr*	*3 Yr*	*4 Yr*	*5 Yr*	*6 Yr*	*7 Yr*	*8 Yr*	*9 Yr*	*10 Yr*	*15 Yr*	*20 Yr*
2024	5.35%	5.96%	6.43%	6.84%	7.26%	7.63%	7.90%	8.11%	8.27%	8.37%	8.80%	8.95%
2023	6.09%	6.37%	6.67%	6.94%	7.24%	7.52%	7.76%	7.87%	7.97%	8.06%	8.44%	8.37%

The table below demonstrate the duration of the liability for incurred claims split by expected time to settlement.

	Portfolio Duration									
	1 year		***3 years***		***5 years***		***10 years***		***20 years***	
Takaful arrangements	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
issued										
BHD	**93%**	88%	**7%**	12%	**0%**	0%	**0%**	0%	**0%**	0%
Retakaful arrangements										
issued										
BHD	**97%**	85%	**3%**	13%	**0%**	1%	**0%**	0%	**0%**	0%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful arrangements and covers takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The risk adjustment held in relation to the Liability for Incurred Claims is determined such that the technical reserve held is between the 65th and 75th percentile of the ultimate reserve distribution with the final amount held selected to align with management's risk appetite"
Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of takaful arrangments that represents the unearned profit the company will recognise as it provides services in the future. An amount of the CSM for a group of takaful arrangments is recognised in profit or loss as takaful revenue in each period to reflect the takaful arrangment services provided under the group of takaful arrangments 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 takaful arrangment services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of takaful arrangments services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of family takaful arrangments, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of takaful arrangments 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.

For retakaful arrangments 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 quantity of benefit is the maximum probable loss. 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.

For retakaful arrangments held, the CSM amortisation is similar to the retakaful arrangments issued and 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.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)
Takaful and retakaful arrangments (continued)

Assets for takaful acquisition cash flows

The company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate takaful acquisition cash flows to groups of takaful arrangments. This includes judgements about whether takaful arrangments are expected to arise from renewals of existing takaful arrangments and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the company did not allocate any takaful acquisition cash flows to future groups of takaful arrangments, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, the company did not identify any facts and circumstances indicating that the assets may be impaired.

Impairment losses on financial assets

The measurement of impairment losses under FAS 30 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Company is also complied with Capital Adequacy & Solvency margin requirements established by the Central Bank of Bahrain, refer note 32. Therefore, the financial statements continue to be prepared on the going concern basis.

Family takaful reserves

Family takaful reserves represent the present value of future obligations in respect of contracts in force at the reporting date, computed based on internal calculation which is reviewed and assessed by an external actuary.

5 STATUTORY DEPOSITS

Statutory deposits are maintained under the regulations of the Central Bank of Bahrain and Financial Institutions Law, 2006. Such deposits, which depend on the nature of the takaful business and the number of branches, cannot be withdrawn except with the approval of the Central Bank of Bahrain. A sum of BD 125,000 (2023: BD 125,000) has been deposited with Bahrain Islamic Bank B.S.C. in the name of the Company and for the order of Central Bank of Bahrain.

6 CASH AND CASH EQUIVALENTS

	31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Balances with banks	1,102,233	645,793	138,554	1,886,580
Expected credit loss	(27)	(27)	(2)	(56)
	1,102,206	645,766	138,552	1,886,524

	31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Balances with banks	644,612	1,963,537	819,530	3,427,679
Expected credit loss	(7)	(112)	(29)	(148)
	644,605	1,963,425	819,501	3,427,531

All balances were classified under stage 1 and 2 as of 31 December 2024 and 31 December 2023 and carry an ECL provision of BD 56 (2023: BD 148)

Call account balance earn effective profit rates averaging 2.81% per annum (2023: 2.72% per annum).

The savings account balances with banks earn effective profit rates ranging between 0.36% and 0.41% per annum (2023: between 0.46% and 0.61% per annum).

The current account balances with banks are non-profit bearing.

7 TERM DEPOSITS

	31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Bank deposits with maturities more than three months	800,000	2,200,000	1,700,000	4,700,000
Expected credit loss	(42)	(77)	(1)	(120)
	799,958	2,199,923	1,699,999	4,699,880

	31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Bank deposits with maturities more than three months	2,500,000	1,900,000	1,500,000	5,900,000
Expected credit loss	(70)	-	(188)	(258)
	2,499,930	1,900,000	1,499,812	5,899,742

All balances were classified under stage 1 and 2 as of 31 December 2024 and 31 December 2023 and carry an ECL provision of BD 120 (2023: BD 258)

8 INVESTMENTS

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Financial asset at fair value - 8(a)	10,514,643	15,938,873	2,259,900	28,713,416	9,190,571	11,263,563	1,631,752	22,085,886
Financial asset at amortised cost - net - 8(b)	-	-	-	-	122,224	682,284	-	804,508
	10,514,643	15,938,873	2,259,900	28,713,416	9,312,795	11,945,847	1,631,752	22,890,394

8 (a) Details of Investments classified as financial assets at fair value are as follows:

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Investments at FVTPL (i)	2,672,269	258,110	408,991	3,339,370	1,581,424	281,418	445,771	2,308,613
Investments at FVOCI - Debt (ii)	6,827,660	15,680,763	1,850,909	24,359,332	6,828,696	10,982,145	1,185,981	18,996,822
Investments at FVOCI - Equity (iii)	1,014,714	-	-	1,014,714	780,451	-	-	780,451
	10,514,643	15,938,873	2,259,900	28,713,416	9,190,571	11,263,563	1,631,752	22,085,886

(i) Investments measured at FVTPL comprise of the following:

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Sukuk	-	-	284,231	284,231	-	-	287,371	287,371
Funds	116,436	43,557	-	159,993	181,665	55,909	-	237,574
Equity	2,555,833	214,553	124,760	2,895,146	1,399,759	225,509	158,400	1,783,668
	2,672,269	258,110	408,991	3,339,370	1,581,424	281,418	445,771	2,308,613

(ii) Investments at FVOCI - Debt comprise of the following

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Sukuk	6,827,660	15,680,763	1,850,909	24,359,332	6,828,696	10,982,145	1,185,981	18,996,822
	6,827,660	15,680,763	1,850,909	24,359,332	6,828,696	10,982,145	1,185,981	18,996,822

8 INVESTMENT IN AN ASSOCIATE (continued)

(iii) Investments at FVOCI - Equity comprise of the following

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Equity	1,014,714	-	-	1,014,714	780,451	-	-	780,451
	1,014,714	-	-	1,014,714	780,451	-	-	780,451

8 (b) Financial asset at amortised cost - net

Investments at amortised cost comprise of the following

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Sukuk	-	-	-	-	122,226	682,293	-	804,519
ECL allowance on investment at amortised cost	-	-	-	-	(2)	(9)	-	(11)
	-	-	-	-	122,224	682,284	-	804,508

Investment movement

	2024 31 December BD	2023 31 December BD
At the beginning of the year	22,890,394	8,632,293
Additions during the year	8,675,771	17,454,536
Disposals / maturities during the year	(2,834,209)	(3,579,373)
Amortisation during the year - net	120,702	73,208
Changes in fair value net	(139,243)	309,730
	28,713,415	22,890,394

9 INVESTMENT IN AN ASSOCIATE

The Company has a 22.22% (2023: 22.22%) interest in Health 360 Ancillary Services W.L.L which is engaged in the services of processing claims in connection with health insurance coverage offered or provided by insurance firms.

The movements in the carrying amount of the associate is as follows:

	2024 31 December BD	2023 31 December BD
At 1 January	235,668	190,145
Additional capital contributions	-	17,955
Dividend received for the financial year	(26,659)	(16,920)
Share of results in an associate	38,253	44,488
At 31 December	247,262	235,668

The associate is a limited liability Company and is not listed on any public exchange. Summarised financial statement of the associate, based on its un-audited financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below:

Summarised financial position of the associate:	2024 31 December BD	2023 31 December BD
Current assets	3,367,727	2,680,910
Non-current assets	838,738	689,214
Current liabilities	(2,958,266)	(2,205,251)
Non-current liabilities	(135,257)	(104,117)
Equity (100%)	1,112,942	1,060,756
Proportion of the Company›s ownership %	22.217%	22.217%
Carrying amount of investments in an associate	247,262	235,668
Company›s share of an associate›s results	38,253	44,488

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA

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

		31 December 2024			31 December 2023		
		Assets BD	Liabilities BD	Net BD	Assets BD	Liabilities BD	Net BD
Takaful arrangements assets and liablities							
Marine and General	10.1(a)	-	6,344,415	6,344,415	-	7,270,981	7,270,981
Motor	10.1(b)	-	8,685,152	8,685,152	-	9,836,347	9,836,347
Medical	10.1(c)	-	6,349,567	6,349,567	-	4,135,198	4,135,198
Total takaful arrangements assets and liablities		-	21,379,134	21,379,134	-	21,242,526	21,242,526
Re-takaful arrangements assets and liablities							
Marine and General	10.2(a)	1,944,584	(577,622)	1,366,962	2,888,761	(68,525)	2,820,236
Motor	10.2(b)		(61,825)	(61,825)	21,536	-	21,536
Medical	10.2(c)	-	(76,833)	(76,833)	29,741	-	29,741
Total re-takaful arrangements assets and liablities		1,944,584	(716,280)	1,228,304	2,940,038	(68,525)	2,871,513

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1 Analysis of takaful arrangment assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Takaful arrangements liabilities as at 1 January	5,880,204	-	14,621,059	741,264	21,242,527	7,124,391	-	10,040,015	502,122	17,666,528
Recognised takaful contributions	(25,598,605)	-	-	-	(25,598,605)	(23,982,920)	-	-	-	(23,982,920)
Incurred claims & other directly attributable expenses	-	-	22,923,621	518,039	23,441,660	-	-	21,728,603	588,720	22,317,323
Changes that relate to past service- Changes in FCF relating to LIC	-	-	(2,346,888)	(636,904)	(2,983,792)	-	-	(3,530,467)	(405,434)	(3,935,901)
Takaful acquisition cash flows amortisations	2,010,512	-	-	-	2,010,512	1,835,541	-	-	-	1,835,541
Recognised takaful costs	2,010,512	-	20,576,733	(118,864)	22,468,381	1,835,541	-	18,198,136	183,286	20,216,963
Net finance income from takaful contracts	-	-	371,559	-	371,559	-	-	696,607	55,856	752,463
Cash flows										
Contributions received	26,194,030	-	-	-	26,194,030	22,294,239	-	-	-	22,294,239
Claims and other directly attributable expenses paid	-	-	(21,366,842)	-	(21,366,842)	-	-	(14,313,699)	-	(14,313,699)
Takaful acquisition cash flows	(1,931,916)	-	-	-	(1,931,916)	(1,391,047)	-	-	-	(1,391,047)
Total cash flows	24,262,114	-	(21,366,842)	-	2,895,272	20,903,192	-	(14,313,699)	-	6,589,493
Takaful arrangements liabilities as at 31 December	6,554,225	-	14,202,509	622,400	21,379,135	5,880,204	-	14,621,059	741,264	21,242,527

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2 Analysis of retakaful arrangment assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding Loss Recovery component	Loss Recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	(538,231)	-	446,348	23,358	(68,525)		-	-	-	-
Retakaful arrangements assets as at 1 January	(1,681,775)	-	4,382,784	239,028	2,940,037	(1,737,899)	-	2,875,624	147,815	1,285,540
Retakaful arrangements (liabilities) / assets as at 1 January	(2,220,006)	-	4,829,132	262,386	2,871,512	(1,737,899)	-	2,875,624	147,815	1,285,540
Allocation of retakaful contribution expenses	(5,440,781)	-	-	-	(5,440,781)	(5,269,038)	-	-	-	(5,269,038)
Incurred claims recovery	-	-	2,720,035	125,172	2,845,207	-	-	2,180,226	137,318	2,317,544
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(438,412)	(182,552)	(620,964)	-	-	(157,945)	(38,947)	(196,892)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	(69,285)	-	(69,285)	-	-	(35,667)	-	(35,667)
Net expense from retakaful contracts held	-	-	2,212,338	(57,380)	2,154,958	-	-	1,986,614	98,371	2,084,985
Net finance income from retakaful arrangements	-	-	109,733	-	109,733	-	-	161,497	16,200	177,697
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	4,572,517	-	-	-	4,572,517	4,786,931	-	-	-	4,786,931
Recoveries from retakaful providers	-	-	(3,039,635)	-	(3,039,635)	-	-	(194,603)	-	(194,603)
Total cash flows	4,572,517	-	(3,039,635)	-	1,532,882	4,786,931	-	(194,603)	-	4,592,328
Retakaful arrangements held (liability) / asset as at 31 December	(3,088,270)	-	4,111,568	205,006	1,228,304	(2,220,006)	-	4,829,132	262,386	2,871,512
Closing retakaful arrangements liabilities	(1,432,385)	-	678,998	37,106	(716,281)	(538,231)	-	446,348	23,358	(68,525)
Closing retakaful arrangements assets	(1,655,885)	-	3,432,570	167,900	1,944,585	(1,681,775)	-	4,382,784	239,028	2,940,037
Retakaful arrangements held (liability) / asset as at 31 December	(3,088,270)	-	4,111,568	205,006	1,228,304	(2,220,006)	-	4,829,132	262,386	2,871,512

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1(a)Analysis of Marine and General takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Takaful arrangements liabilities as at 1 January	1,741,303	-	5,258,981	270,696	7,270,980	2,185,512	-	3,344,706	167,235	5,697,453
Takaful arrangements assets as at 1 January	-	-	-	-	-	-	-	-	-	-
Net takaful arrangements liabilities / (assets) as at 1 January	1,741,303	-	5,258,981	270,696	7,270,980	2,185,512	-	3,344,706	167,235	5,697,453
Recognised takaful contributions	(7,273,409)	-	-	-	(7,273,409)	(7,350,948)	-	-	-	(7,350,948)
Incurred claims & other directly attributable expenses	-	-	4,483,399	141,084	4,624,483	-	-	2,998,161	140,099	3,138,260
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(926,837)	(189,260)	(1,116,097)	-	-	(164,717)	(55,143)	(219,860)
Takaful acquisition cash flows amortisations	652,283	-	-	-	652,283	608,142	-	-	-	608,142
Recognised takaful costs	652,283	-	3,556,562	(48,176)	4,160,669	608,142	-	2,833,444	84,955	3,526,542
Net finance income from takaful contracts	-	-	158,781	-	158,781	-	-	223,008	18,506	241,514
Cash flows										
Contributions received	7,059,409	-	-	-	7,059,409	6,783,199	-	-	-	6,783,199
Claims and other directly attributable expenses paid	-	-	(4,385,428)	-	(4,385,428)	-	-	(1,142,177)	-	(1,142,177)
Takaful acquisition cash flows	(646,587)	-	-	-	(646,587)	(484,602)	-	-	-	(484,602)
Total cash flows	6,412,822	-	(4,385,428)	-	2,027,394	6,298,597	-	(1,142,177)	-	5,156,420
Net takaful arrangements liabilities as at 31 December	1,532,999	-	4,588,896	222,520	6,344,415	1,741,303	-	5,258,981	270,695	7,270,981

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2(a)Analysis of Marine and General retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Takaful arrangements liabilities as at 1 January	(538,231)	-	446,348	23,357	(68,526)	(274,157)	-	823,325	42,307	591,475
Takaful arrangements assets as at 1 January	(1,706,068)	-	4,357,116	237,713	2,888,760	(1,412,061)	-	1,983,306	101,958	673,203
Net takaful arrangements liabilities / (assets) as at 1 January	(2,244,300)	-	4,803,464	261,069	2,820,233	(1,686,218)	-	2,806,631	144,265	1,264,678
Allocation of retakaful contribution expenses	(5,285,665)	-	-	-	(5,285,665)	(5,222,350)	-	-	-	(5,222,350)
Incurred claims recovery	-	-	2,720,120	125,172	2,845,292	-	-	2,174,267	137,020	2,311,287
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(432,413)	(181,229)	(613,642)	-	-	(151,944)	(38,620)	(190,564)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	(69,159)	-	(69,159)	-	-	(35,823)	-	(35,823)
Net expense from retakaful contracts held	-	-	2,218,548	(56,057)	2,162,491	-	-	1,986,499	98,400	2,084,901
Net finance income from retakaful arrangements	-	-	109,381	-	109,381	-	-	160,617	15,829	176,446
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	4,593,549	-	-	-	4,593,549	4,664,270	-	-	-	4,664,270
Recoveries from retakaful providers	-	-	(3,033,028)	-	(3,033,028)	-	-	(150,284)	2,577	(147,707)
Total cash flows	4,593,549	-	(3,033,028)	-	1,560,521	4,664,270	-	(150,284)	2,577	4,516,564
Retakaful arrangements held (liability) / asset as at 31 December	(2,936,416)	-	4,098,365	205,012	1,366,961	(2,244,298)	-	4,803,463	261,071	2,820,238
Closing retakaful arrangements liabilities	(1,280,531)	-	665,797	37,112	(577,622)	(538,231)	-	446,348	23,357	(68,526)
Closing retakaful arrangements assets	(1,655,885)	-	3,432,569	167,900	1,944,584	(1,706,069)	-	4,357,116	237,713	2,888,760
Retakaful arrangements held (liability) / asset as at 31 December	(2,936,416)	-	4,098,366	205,013	1,366,962	(2,244,301)	-	4,803,464	261,069	2,820,234

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1(b)Analysis of Motor takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD
Retakaful arrangements liabilities as at 1 January	2,776,425	-	6,721,392	338,531	9,836,348	2,992,924	-	5,436,078	271,924	8,700,926
Retakaful arrangements assets as at 1 January	-	-	-	-	-	-	-	-	-	-
Net retakaful arrangements (liabilities) / assets as at 1 January	2,776,425	-	6,721,392	338,531	9,836,349	2,992,924	-	5,436,078	271,924	8,700,926
Recognised takaful contributions	(8,606,735)	-	-	-	(8,606,735)	(7,881,296)	-	-	-	(7,881,296)
Incurred claims & other directly attributable expenses	-	-	9,251,245	227,634	9,478,879	-	-	10,403,279	316,790	10,720,069
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(1,901,747)	(315,836)	(2,217,583)	-	-	(3,646,551)	(280,962)	(3,927,513)
Takaful acquisition cash flows amortisations	860,135	-	-	-	860,135	691,909	-	-	-	691,909
Recognised takaful costs	860,135	-	7,349,498	(88,202)	8,121,432	691,909	-	6,756,728	35,829	7,484,465
Net finance income from takaful contracts	-	-	160,546	-	160,546	-	-	425,310	30,780	456,090
Cash flows										
Contributions received	8,685,847	-	-	-	8,685,847	7,563,368	-	-	-	7,563,368
Claims and other directly attributable expenses paid	-	-	(8,732,362)	-	(8,732,362)	-	-	(5,896,724)	-	(5,896,724)
Takaful acquisition cash flows	(779,926)	-	-	-	(779,926)	(590,481)	-	-	-	(590,481)
Total cash flows	7,905,921	-	(8,732,362)	-	(826,440)	6,972,887	-	(5,896,724)	-	1,076,163
Takaful arrangements liabilities as at 31 December	2,935,746	-	5,499,074	250,329	8,685,152	2,776,424	-	6,721,392	338,532	9,836,347

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2(b)Analysis of Motor retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	-	-	-	-	-	-	-	-	-	-
Retakaful arrangements assets as at 1 January	15,391	-	5,852	293	21,536	-	-	5,664	291	5,955
Retakaful arrangements (liabilities) / assets as at 1 January	15,391	-	5,852	293	21,536	-	-	5,664	291	5,955
Allocation of retakaful contribution expenses	(79,932)	-	-	-	(79,932)	(46,688)	-	-	-	(46,688)
Incurred claims recovery	-	-	-	-	-	-	-	5,959	298	6,257
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(6,001)	(298)	(6,299)	-	-	(6,001)	(327)	(6,328)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	-	-	-	-	-	157	-	157
Net expense from retakaful contracts held	-	-	(6,001)	(298)	(6,299)	-	-	115	(29)	86
Net finance income from retakaful arrangements	-	-	42	-	42	-	-	73	31	104
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	2,828	-	-	-	2,828	62,079	-	-	-	62,079
Recoveries from retakaful providers	-	-	-	-	-	-	-	-	-	-
Total cash flows	2,828	-	-	-	2,828	62,079	-	-	-	62,079
Retakaful arrangements held (liability) / asset as at 31 December	(61,713)	-	(107)	(5)	(61,825)	15,391	-	5,852	293	21,536
Closing retakaful arrangements liabilities	(61,713)	-	(107)	(5)	(61,825)	-	-	-	-	-
Closing retakaful arrangements assets	-	-	-	-	-	15,391	-	5,852	293	21,536
Retakaful arrangements held (liability) / asset as at 31 December	(61,713)	-	(107)	(5)	(61,825)	15,391	-	5,852	293	21,536

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1 (c)Analysis of Medical takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD
Takaful arrangements liabilities as at 1 January	1,362,478	-	2,640,686	132,034	4,135,197	1,945,957	-	1,259,230	62,962	3,268,149
Recognised takaful contributions	(9,718,461)	-	-	-	(9,718,461)	(8,750,676)	-	-	-	(8,750,676)
Incurred claims & other directly attributable expenses	-	-	9,188,977	149,322	9,338,299	-	-	8,327,163	131,831	8,458,994
Changes that relate to past service-Changes in FCF relating to LIC	-	-	481,697	(131,807)	349,890	-	-	280,802	(69,329)	211,473
Takaful acquisition cash flows amortisations	498,093	-	-	-	498,093	535,489	-	-	-	535,489
Recognised takaful costs	498,093	-	9,670,675	17,516	10,186,281	535,489	-	8,607,965	62,502	9,205,956
Net finance income from takaful contracts	-	-	52,233	-	52,233	-	-	48,289	6,571	54,860
Cash flows										
Contributions received	10,448,774	-	-	-	10,448,774	7,947,671	-	-	-	7,947,671
Claims and other directly attributable expenses paid	-	-	(8,249,054)	-	(8,249,054)	-	-	(7,274,797)	-	(7,274,797)
Takaful acquisition cash flows	(505,403)	-	-	-	(505,403)	(315,964)	-	-	-	(315,964)
Total cash flows	9,943,371	-	(8,249,054)	-	1,694,318	7,631,707	-	(7,274,797)	-	356,910
Takaful arrangements liabilities as at 31 December	2,085,481	-	4,114,540	149,548	6,349,570	1,362,477	-	2,640,687	132,033	4,135,198

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2 (c)Analysis of Medical retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	**BD**	**BD**	**BD**	**BD**	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	-	-	-	-	-	-	-	-	-	-
Retakaful arrangements assets as at 1 January	8,903	-	19,816	1,022	29,741	(51,679)	-	63,329	3,259	14,909
Retakaful arrangements (liabilities) / assets as at 1 January	8,903	-	19,816	1,022	29,741	(51,679)	-	63,329	3,259	14,909
Allocation of retakaful contribution expenses	(75,183)	-	-	-	(75,183)		-	-	-	-
Incurred claims recovery	-	-	(85)	-	(85)	-	-	-	-	-
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	(1,022)	(1,022)	-	-	-	-	-
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	(125)	-	(125)	-	-	-	-	-
Net expense from retakaful contracts held	-	-	(210)	(1,022)	(1,232)	-	-	-	-	-
Net finance income from retakaful arrangements	-	-	310	-	310	-	-	807	340	1,147
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	(23,860)	-	-	-	(23,860)	60,582	-	-	-	60,582
Recoveries from retakaful providers	-	-	(6,609)	-	(6,609)	-	-	(44,320)	(2,577)	(46,897)
Total cash flows	(23,860)	-	(6,609)	-	(30,469)	60,582	-	(44,320)	(2,577)	13,685
Retakaful arrangements held (liability) / asset as at 31 December	(90,140)	-	13,307	-	(76,833)	8,903	-	19,816	1,022	29,741
Closing retakaful arrangements liabilities	(90,140)	-	13,307	-	(76,833)	-	-	-	-	-
Closing retakaful arrangements assets	-	-	-	-	-	8,903	-	19,816	1,022	29,741
Retakaful arrangements held (liability) / asset as at 31 December	(90,140)	-	13,307	-	(76,833)	8,903	-	19,816	1,022	29,741

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA

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

	31 December 2024			31 December 2023		
	Assets BD	Liabilities BD	Net BD	Assets BD	Liabilities BD	Net BD
Takaful arrangements assets and liablities (Note 11.1)	-	3,298,612	3,298,612	-	3,191,892	3,191,892
Re-takaful arrangements assets and liablities (Note 11.3)	14,754	(83,522)	(68,768)	6,989	(193,791)	(186,802)

11.1Analysis of takaful arrangement liabilities for contracts not measured under PAA

	31 December 2024					31 December 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD
Takaful arrangements liabilities as at 1 January	2,928,895	123,307	139,690	-	3,191,892	3,277,166	119,670	197,620	-	3,594,456
Recognised takaful contributions	(382,123)	-	-	-	(382,123)	(380,075)	-	-	-	(380,075)
Incurred claims & other directly attributable expenses	-	(12,185)	305,657	-	293,472	-	-	200,953	-	200,953
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(130,992)	-	(130,992)	-	-	134,244	-	134,244
Losses on onerous arrangements and reversal of those losses	-	(7,358)		-	(7,358)	-	(1,345)	-	-	(1,345)
Takaful acquisition cash flows assets impairment	-	-	-	-	-	-	-	-	-	-
Recognised takaful (costs) / income	-	(19,543)	174,665	-	155,122	-	(1,345)	335,197	-	333,852
Investment component	(155,786)		155,786		-					
Net finance (expense) / income from takaful contracts	240,484	6,896	347	-	247,727	(62,624)	4,982	(173)	-	(57,815)
Cash flows										
Contributions received	500,171	-	-	-	500,171	94,428	-	-	-	94,428
Claims and other directly attributable expenses paid	-	-	(414,177)	-	(414,177)	-	-	(392,954)	-	(392,954)
Total cash flows	500,171	-	(414,177)	-	85,994	94,428	-	(392,954)	-	(298,526)
Takaful arrangements liabilities as at 31 December	3,131,641	110,660	56,311	-	3,298,612	2,928,895	123,307	139,690	-	3,191,892

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.2 Reconciliation of family takaful arrangement liabilities for contracts not measured under PAA

	31 December 2024				31 December 2023			
	Present Value of Future Cash Flows	Risk adjustment for non-financial risk	CSM	Total	Present Value of Future Cash Flows	Risk adjustment for non-financial risk	CSM	Total
Takaful contracts liabilities at beginning of year	2,420,535	87,750	683,607	3,191,892	2,860,100	157,535	576,821	3,594,456
Changes that relate to current service								
CSM recognised for the services provided	-	-	(83,996)	(83,996)	-	-	(89,515)	(89,515)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(7,421)	-	(7,421)	-	(17,207)	-	(17,207)
Experience adjustments-relating to takaful service expenses	(44,499)	-	-	(44,499)	106,148	-	-	106,148
	(44,499)	(7,421)	(83,996)	(135,916)	106,148	(17,207)	(89,515)	(574)
Changes that relate to future service								
Changes in estimates that adjust the CSM	(90,677)	38,349	15,405	(36,924)	(50,650)	(55,745)	133,317	26,922
Changes in estimate that results in onerous contract losses or reversal of such losses	3,584	24,842	-	28,427	17,992	(14,669)	-	3,323
Contracts initially recognised in the year	(138,292)	11,228	128,203	1,139	(67,261)	11,973	58,441	3,153
Experience adjustments-arising from contributions received in the year that relate to future service	113,552	-	(113,552)	-	3,308	-	(26,921)	(23,613)
	(111,833)	74,419	30,056	(7,358)	(96,611)	(58,441)	164,837	9,785
Changes that relate to past service								
Changes that relate to past service- changes in the FCF relating to the LIC	(83,726)	-	-	(83,726)	(55,435)	-	-	(55,435)
Finance expenses from takaful arrangements issued	206,930	-	40,798	247,727	(95,141)	5,863	31,464	(57,814)
Cash flows								
Contributions received	500,171	-	-	500,171	142,694	-	-	142,694
Claims and other directly attributable expenses paid	(414,178)	-	-	(414,178)	(441,220)	-	-	(441,220)
Total cash flows	85,993	-	-	85,993	(298,526)	-	-	(298,526)
Takaful contracts liabilities at end of year	2,473,400	154,748	670,465	3,298,612	2,420,535	87,750	683,607	3,191,892

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.3 Analysis of family retakaful arrangement assets and liabilities for contracts not measured under PAA

	31 December 2024					31 December 2023				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	(432,694)	154,152	84,751	-	(193,791)	(602,447)	32,072	-	-	(570,375)
Retakaful arrangements assets as at 1 January	6,989	-	-	-	6,989	171,561	119,955	89,658	-	381,174
Net retakaful arrangements (liabilities) / assets as at 1 January	(425,705)	154,152	84,751	-	(186,802)	(430,886)	152,027	89,658	-	(189,201)
Allocation of retakaful contribution expenses	(167,276)	-	-	-	(167,276)	(178,691)	-	-	-	(178,691)
Incurred claims recovery	-	(5,087)	92,059	-	87,110	-	-	58,923	-	58,923
Changes that relate to past service- changes in the FCF relating to incurred claims recovery	-	-	36,682	-	36,682	-	-	(6,782)	-	(6,782)
Income on initial recognition of onerous underlying contracts	-		-	-	(4,143)	-	(5,293)	-	-	(5,293)
Reversal of a loss recovery component other than changes in FCF for RI contracts held	86,867	(91,010)	-	-	-	-	5,441	-	-	5,441
Changes in the FCF of retakaful contracts held from onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	-	-	(139)	-	-	-	-	-
Net expense from retakaful contracts held	86,867	(96,097)	128,741	-	119,511	-	148	52,141	-	52,289
Net finance income / (expense) from retakaful arrangements	(16,841)	2,209	95	-	(14,537)	34,808	1,977	(11)	-	36,774
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	343,181	-	-	-	343,181	149,064	-	-	-	149,064
Recoveries from retakaful providers	-	-	(162,845)	-	(162,845)	-	-	(57,037)	-	(57,037)
Total cash flows	343,181	-	(162,845)	-	180,336	149,064	-	(57,037)	-	92,027
Retakaful arrangements held (liability) / asset as at 31 December	(179,774)	60,264	50,742	-	(68,768)	(425,705)	154,152	84,751	-	(186,802)
Closing retakaful arrangements liabilities	(194,528)	60,264	50,742	-	(83,522)	(432,694)	154,152	84,751	-	(193,791)
Closing retakaful arrangements assets	14,754	-	-	-	14,754	6,989	-	-	-	6,989
Retakaful arrangements held (liabilities) / asset as at 31 December	(179,774)	60,264	50,742	-	(68,768)	(425,705)	154,152	84,751	-	(186,802)

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.4 Reconciliation of family retakaful arrangement assets and liabilities for contracts not measured under PAA

	31 December 2024				31 December 2023			
	Present Value of Future Cash Flows	Risk adjustment for non-financial risk	CSM	Total	Present Value of Future Cash Flows	Risk adjustment for non-financial risk	CSM	Total
	BD	**BD**	**BD**	**BD**	BD	BD	BD	BD
Retakaful arrangements held that are liabilities as at 1 January	(493,265)	54,239	245,235	(193,791)	(438,090)	34,405	(166,690)	(570,375)
Retakaful arrangements held that are assets as at 1 January	1,055	291	5,643	6,989	(12,445)	32,265	361,354	381,174
Retakaful arrangements held (liabilities) / asset as at 1 January	(492,209)	54,530	250,878	(186,801)	(450,535)	66,670	194,664	(189,201)
Changes that relate to current service								
CSM recognised for the services received	-	-	(22,718)	(22,718)	-	-	(31,570)	(31,570)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(4,040)	-	(4,040)	-	-	-	-
Experience adjustments-relating to incurred claims and other directly attributable expenses recovery	17,241	-	-	17,241	(83,408)	(8,189)	-	(91,597)
	17,241	(4,040)	(22,718)	(9,517)	(83,408)	(8,189)	(31,570)	(123,167)
Changes that relate to future service								
Changes in estimates that adjust CSM	38,271	32,344	(34,315)	36,300	(40,346)	(13,742)	50,916	(3,172)
Contracts initially recognised in year	(31,539)	5,080	26,459	(1)	(23,668)	4,692	22,148	3,172
CSM adjustment for income on initial recognition of onerous underlying arrangement	-	-	586	586	-	-	3,172	3,172
Changes in the FCF of retakaful contracts held from onerous underlying arrangements	(4,011)	(2,197)	-	(6,208)	334	1,936	-	2,270
Experience adjustments - arising from ceded contributions paid in the year that relate to future service	(21,785)	-	(13,036)	(34,820)	-	-	-	-
	(19,064)	35,227	(20,306)	(4,144)	(63,680)	(7,114)	76,236	5,442
Changes that relate to past service								
Changes that relate to past service -changes in the FCF relating to incurred claims recovery	(34,105)	-	-	(34,105)	(8,676)	-	-	(8,676)
Net finance income / (expenses) from retakaful arrangements held	(29,828)	-	15,292	(14,537)	22,061	3,163	11,548	36,772
Cash flows								
Contributions paid net of ceding commissions and other directly attributable expenses paid	343,181	-	-	343,181	149,065	-	-	149,065
Incurred claims recovered and other takaful service expenses recovered	(162,846)	-	-	(162,846)	(57,037)	-	-	(57,037)
Total cash flows	180,335	-	-	180,335	92,028	-	-	92,028
Retakaful contracts held (liabilities) / assets as at 31 December	(377,630)	85,716	223,146	(68,768)	(492,210)	54,530	250,878	(186,802)
Retakaful arrangements liabilities as at 31 December	(378,626)	85,300	209,804	(83,522)	(493,265)	54,239	245,235	(193,791)
Retakaful arrangements assets as at 31 December	996	417	13,342	14,754	1,055	291	5,643	6,989
Retakaful contracts held (liabilities) / assets as at 31 December	(377,630)	85,716	223,146	(68,768)	(492,210)	54,530	250,878	(186,802)

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.5 IFRS 17 Disclosures - Expected recognition of remaining CSM as revenue

GROSS	M0	M12	M24	M36	M48	M60	M72	M84	M96	M108	M120	M132
CSM Recognition Analysis	2024	2,025	2,026	2,027	2,028	2,029	2,030	2031	2032	2033	2034	2035
CSM_REMAINING	683,607	610,934	545,068	484,644	428,863	377,356	330,067	287,115	248,168	212,640	180,514	148,389
CSM_RECOGNISED	**-**	**72,673**	**65,866**	**60,424**	**55,781**	**51,507**	**47,289**	**42,952**	**38,946**	**35,529**	**32,125**	**32,125**

REIN												
CSM Recognition Analysis												
CSM_REMAINING	(250,878)	(230,264)	(210,512)	(191,660)	(173,715)	(156,974)	(141,077)	(125,981)	(111,876)	(98,562)	(85,629)	(72,696)
CSM_RECOGNISED	**-**	**(20,614)**	**(19,752)**	**(18,853)**	**(17,944)**	**(16,741)**	**(15,897)**	**(15,095)**	**(14,105)**	**(13,314)**	**(12,933)**	**(12,933)**

NET												
CSM Recognition Analysis												
CSM_REMAINING	432,729	380,670	334,556	292,984	255,147	220,382	188,990	161,134	136,292	114,077	94,885	75,693
CSM_RECOGNISED	**-**	**52,059**	**46,114**	**41,572**	**37,837**	**34,765**	**31,391**	**27,857**	**24,841**	**22,215**	**19,192**	**19,192**

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.6 IFRS 17 ANALYSIS OF CONTRACTS INITIALLY RECOGNISED IN THE PERIOD

Insurance Contracts Recognised in 2024	31 December 2024
PV of future income for profitable new business point of sale	380,562
PV of future outgo (excl acq exp) for profitable NB at point of sale	241,677
Risk adjustment for profitable NB at point of sale	10,682
CSM for profitable new business at point of sale	128,203
Total profitable initial contract recognition	-
PV of future income for onerous new business point of sale	11,764
PV of future outgo (excl acq exp) for onerous NB at point of sale	12,357
Risk adjustment for onerous NB at point of sale	546
Total loss making initial contract recognition	(1,139)
PV of future income for new business point of sale	392,326
PV of future outgo (excl acq exp) for NB at point of sale	254,034
Risk adjustment for NB at point of sale	11,228
Diff in risk adj on curr and locked in rate	-
CSM new business at point of sale	128,203
Total initial contract recognition	(1,139)
PV of future income for profitable new business point of sale reinsurance	(10,685)
PV of future outgo (excl acq exp) for NB at point of sale reinsurance	(10,787)
Risk adjustment for onerous NB at point of sale reinsurance	(547)
CSM new business reinsurance at point of sale	648
PV of future income for profitable new business point of sale reinsurance	(121,056)
PV of future outgo (excl acq exp) for NB at point of sale reinsurance	(89,415)
Risk adjustment for onerous NB at point of sale reinsurance	(4,533)
CSM new business reinsurance at point of sale	(27,108)
Total initial contract recognition reinsurance	-
PV of future income for profitable new business point of sale reinsurance	(131,742)
PV of future outgo (excl acq exp) for NB at point of sale reinsurance	(100,202)
Risk adjustment for onerous NB at point of sale reinsurance	(5,080)
CSM new business reinsurance at point of sale	(26,459)
Total initial contract recognition reinsurance	-

12 OTHER RECEIVABLES, ACCRUED INCOME AND PREPAYMENTS

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Staff related receivables	4,855	-	-	4,855
Accrued incomes	184,633	161,064	53,158	398,855
Prepaid expenses	130,873	-	-	130,873
Other receivables	298,283	3,940,224	47,980	4,286,488
Receivables from Participants	1,167,483	-	-	1,167,483
	1,786,127	4,101,288	101,138	5,988,554
Expected credit loss (note 27)	-	(926,840)	(32,768)	(959,608)
	1,786,127	3,174,448	68,370	5,028,946

	31 December 2023			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Staff related receivables	10,455	-	-	10,455
Accrued incomes	120,100	159,772	80,556	360,428
Prepaid expenses	26,247	-	-	26,247
Tender deposit	-	162,787	-	162,787
Other receivables	274,829	4,274,665	98,760	4,648,254
Receivables from Participants	693,709	-	-	693,709
At 31 December	1,125,340	4,597,224	179,316	5,901,880
Expected credit loss (note 27)	-	(930,927)	(57,625)	(988,552)
	1,125,340	3,666,297	121,691	4,913,328

13 PROPERTY AND EQUIPMENT

	Furniture and fixtures BD	**Office equipment BD**	**Motor vehicles BD**	**Total BD**
Cost				
At 1 January 2024	553,341	278,303	33,097	864,741
Additions	26,158	65,563	20,958	112,679
At 31 December 2024	579,499	343,866	54,055	977,420
Accumulated depreciation				
At 1 January 2024	533,809	182,805	33,097	749,711
Charge for the year	5,656	59,967	3,933	69,556
At 31 December 2024	539,465	242,772	37,030	819,267
Carrying amount:				
At 31 December 2024	40,034	101,094	17,025	158,153

	Furniture and fixtures BD	Office equipment BD	Motor vehicles BD	Total BD
Cost				
At 1 January 2023	549,213	181,953	33,097	764,263
Additions	4,128	96,350	-	100,478
At 31 December 2023	553,341	278,303	33,097	864,741
Accumulated depreciation				
At 1 January 2023	529,218	140,383	33,097	702,698
Charge for the year	4,591	42,422		47,013
At 31 December 2023	533,809	182,805	33,097	749,711
Carrying amount:				
At 31 December 2023	19,532	95,498	-	115,030

14 INTANGIBLE ASSETS

	31 December 2024 BD	31 December 2023 BD
Cost::		
At 1 January	608,135	-
Additions during the year	124,718	608,135
	732,853	608,135
Accumulated amortisation		
At 1 January	38,183	-
Amortisation charge during the year	69,069	38,183
	107,252	38,183
Net book value	625,601	569,952
Estimated useful live	12 years	12 years

The software is recognized as an intangible asset at cost. Software is amortised on a straight-line basis over its estimated useful life of 12 years. Amortization expense is recognized in the income statement under operating expenses.

The addition to software includes costs that enhance or extend the functionality of the software. Expenses related to the development of custom software and other direct costs.

15 IJARAH

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

15.1 Right of use asset

	2024 31 December BD	2023 31 December BD
At 1 January	465,735	452,743
Addition of lease	-	82,717
Depreciation for the year	(77,251)	(69,725)
At 31 December	388,484	465,735

15.2 Ijarah liabilities

	2024 31 December BD	2023 31 December BD
At 1 January	502,626	477,515
Addition of lease	-	80,380
Accretion of profit expense	37,942	41,177
Lease payments	(113,566)	(96,446)
	427,002	502,626

16 PAYABLES AND ACCRUED LIABILITIES

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Provision for employees' leaving indemnity (Note 29)	472,612	-	-	472,612
Accrued expenses	149,219	-	-	149,219
Provision for leave pay	30,085	-	-	30,085
Other liabilities and provisions	1,988,957	356,606	18,914	2,364,477
Payable to shareholders fund	-	600,500	566,983	1,167,483
	2,640,873	957,106	585,897	4,183,875

	31 December 2023			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Provision for employees' leaving indemnity (Note 29)	393,281	-	-	393,281
Accrued expenses	686,416	-	-	686,416
Provision for leave pay	19,227	-	-	19,227
Other liabilities and provisions	1,406,204	292,064	11,424	1,709,692
Payable to shareholders fund	-	182,618	511,091	693,709
	2,505,128	474,682	522,515	3,502,325

17 EQUITY AND RESERVES

	31 December 2024 BD	31 December 2023 BD	1 January 2023 BD
Authorised share capital:			
Ordinary shares			
200,000,000 ordinary shares of 100 fils each (2023: 200,000,000 ordinary shares of 100 fils each)	20,000,000	20,000,000	20,000,000
Issued and fully paid-up capital:			
Ordinary shares			
85,000,000 ordinary shares of 100 fils each (2023: 85,000,000 ordinary shares of 100 fils each)	8,500,000	8,500,000	8,500,000

Treasury shares amounting to 2,087 represent 16,252 shares (2023: 2,087 (16,252 shares)) which were purchased by the Company during the year ended 31 December 2022.

17 EQUITY AND RESERVES (continued)

Additional information on shareholding pattern

i) The names and nationalities and number of shares held by the major shareholders individually holding 5% and more of the issued and fully paid-up share capital as at 31 December 2024 and 31 December 2023 respectively is as follows:

		31 December 2024	
Name of the shareholders	Nationality	Number of shares	Percentage of shareholding interest
Bahrain Kuwait Insurance Company BSC	Bahraini	69,651,974	81.94%
Al Amana Alama State of Kuwait	Kuwaiti	5,250,000	6.18%

		31 December 2023	
Name of the shareholders	Nationality	Number of shares	Percentage of shareholding interest
Bahrain Kuwait Insurance Company BSC	Bahraini	69,651,974	81.94%
Al Amana Alama State of Kuwait	Kuwaiti	5,250,000	6.18%

Additional information on shareholding pattern (continued)

ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

	31 December 2024		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	188	6,195,820	7.29%
1% up to less than 5%	2	3,902,206	4.59%
5% up to less than 10%	1	5,250,000	6.18%
10% up to less than 82%	1	69,651,974	81.94%
	192	85,000,000	100.00%

iii) The distribution pattern of equity shares, setting out the number of shareholders and percentages in the following categories is as follows:

	31 December 2023		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	188	6,195,820	7.29%
1% up to less than 5%	2	3,902,206	4.59%
5% up to less than 10%	1	5,250,000	6.18%
10% up to less than 82%	1	69,651,974	81.94%
	192	85,000,000	100.00%

Subsequent to the reporting period, Bahrain Kuwait Insurance Company acquired an additional 5,250,000 shares on 30 December 2024 with the settlement occuring on 02 Janaury 2025, representing 6.18% of the total issued shares. As a result of this transaction, the Bahrain Kuwait Insurance Company's ownership interest in Takaful International Company has increased from 81.94% to 88.12%.

17 EQUITY AND RESERVES (continued)

Statutory reserve

As required by the Bahrain Commercial Companies Law and the Insurance Regulations contained in Volume 3 of the Central Bank of Bahrain Rulebook, 10% of the profit for the year is to be transferred to a statutory reserve until such time as the reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law and following approval of the Central Bank of Bahrain. The company transferred an amount of BD 133,443 (2023: BD 93,729) to the statutory reserve for the year ended 31 December 2024.

General reserve

Appropriations to the general reserve are made as proposed by the Board of Directors and approved by the shareholders. The reserve represents retained earnings and is available for distribution subject to approval of the Central Bank of Bahrain. No amount was teransferred to the General reserve for the year ended 31 December 2024.(2023: Nil). At 31 December 2024 and 31 December 2023, this reserve amounted BD 200,000 (2023: BD 200,000).

18 RECOGNISED TAKAFUL CONTRIBUTIONS

	31 December 2024				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Arrangements not measured under the PAA					
Amounts relating to the changes in the LRC					
Expected incurred claims and other expenses after loss component allocation	-	-	-	290,930	290,930
Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	-	-	-	7,197	7,197
CSM recognised in profit or loss for the services provided	-	-	-	83,996	83,996
Recognised takaful contributions from contracts not measured under the PAA	-	-	-	382,123	382,123
Recognised takaful contributions from contracts measured under the PAA	7,273,409	8,606,735	9,718,461	-	25,598,605
Total recognised takaful contributions	7,273,409	8,606,735	9,718,461	382,123	25,980,728

	31 December 2023				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Arrangements not measured under the PAA					
Amounts relating to the changes in the LRC					
Expected incurred claims and other expenses after loss component allocation	-	-	-	273,949	273,949
Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	-	-	-	16,610	16,610
CSM recognised in profit or loss for the services provided	-	-	-	89,516	89,516
Recognised takaful contributions from contracts not measured under the PAA	-	-	-	380,075	380,075
Recognised takaful contributions from contracts measured under the PAA	7,350,948	7,881,296	8,750,676	-	23,982,920
Total recognised takaful contributions	7,350,948	7,881,296	8,750,676	380,075	24,362,995

19 RECOGNISED TAKAFUL COSTS

	2024				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Incurred claims and other expenses	(5,628,266)	(10,179,225)	(9,835,388)	(162,480)	(25,805,359)
Amortisation of takaful acquisition cash flows	(652,283)	(860,135)	(498,093)	-	(2,010,511)
Losses on onerous arrangements and reversal of those losses	-	-	-	7,358	7,358
Changes to liabilities for incurred claims	2,119,881	2,917,929	147,200		5,185,010
Total	(4,160,668)	(8,121,431)	(10,186,281)	(155,122)	(22,623,503)

	2023				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Incurred claims and other expenses	(3,138,260)	(10,720,068)	(8,458,994)	(335,197)	(22,652,519)
Amortisation of takaful acquisition cash flows	(608,142)	(691,909)	(535,490)	-	(1,835,541)
Losses on onerous arrangements and reversal of those losses	-	-	-	1,345	1,345
Changes to liabilities for incurred claims	219,861	3,927,512	(211,473)		3,935,900
Total	(3,526,541)	(7,484,465)	(9,205,957)	(333,852)	(20,550,815)

20 NET PARTICIPANTS' AND SHAREHOLDERS INVESTMENT INCOME

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Deposit income	118,334	161,891	85,124	365,349
Coupon / Profit on investment securities	470,595	701,232	94,510	1,266,337
Dividend income	141,084	11,552	7,920	160,556
Gain /loss on sale of investment securities	(6,277)	(13,395)	806	(18,866)
Investment expenses	(334,276)	-	-	(334,276)
ECL on investments	(8,953)	2,324	(2,844)	(9,473)
Mudarib share income / (expense)	262,280	(215,901)	(46,379)	-
	642,787	647,704	139,136	1,429,627

	31 December 2023			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Deposit income	182,089	342,122	99,133	623,344
Coupon / Profit on investment securities	554,700	357,101	42,343	954,144
Dividend income	113,499	11,244	11,220	135,963
Gain on sale of investment securities	94,510	(6,502)	-	88,008
Investment expenses	(342,270)	-	-	(342,270)
ECL on investments	(8,500)	(25,357)	(918)	(34,775)
Mudarib share income / (expense)	207,596	(169,651)	(37,945)	-
	801,624	508,957	113,833	1,424,414

21 ECL ON RECEIVABLES FROM INTERMEDIARIES

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
ECL on receivables from intermediaries	-	926,840	32,768	959,608
	-	926,840	32,768	959,608

	31 December 2023			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
ECL on receivables from intermediaries	-	930,927	57,625	988,552
	-	930,927	57,625	988,552

22 WAKALA FEE AND MUDARIB SHARE

The shareholders manage the general and family takaful operations for the participants' and charged 18.8% (2023: 18.1%) and 20.5% (2023: 10%) respectively of gross contributions as a wakala fee. The shareholders also manage the participants' investment funds as a mudarib and charge 25% (2023: 25%) of the general takaful and family takaful investment income earned by the participants' investment funds, respectively. The maximum chargeable wakala fee and mudarib share, as approved by the Shari'a Supervisory Board, are 30% (2023: 30%) and 25% (2023: 25%) respectively.

23 OTHER INCOME

	31 December 2024 BD	31 December 2023 BD
Tamkeen - Government subsidy	11,114	21,979
	11,114	21,979

24 GENERAL ADMINISTRATIVE EXPENSES

	31 December 2024 BD	31 December 2023 BD
Employee related costs	1,629,045	1,551,586
Adminstrative expenses	725,281	610,261
Depreciation	211,602	150,576
	2,565,928	2,312,423

24 (a) AUDIT FEES INCLUDED IN GENERAL ADMINISTRATIVE EXPENSES

	31 December 2024 BD	31 December 2023 BD
Audit fee	36,992	30,174
Non-Audit fee	1,818	1,848
	38,810	32,022

25 COMMISSION EXPENSES

	31 December 2024 BD	31 December 2023 BD
Commission expenses	1,644,105	1,359,999
	1,644,105	1,359,999

26 OTHER EXPENSES

	31 December 2024 BD	31 December 2023 BD
Corporate expenses	380,510	381,949
	380,510	381,949

27 EXPECTED CREDIT LOSS (CHARGE) / REVERSAL ON FINANCIAL ASSETS

	2024		
		ECL charged	
	At 1 January BD	during the year BD	At 31 December BD
Balances with banks and term deposits (Note 7 & 6)	408	(232)	176
Debt securities at FVOCI (Note 8(a))	34,764	9,716	44,480
Debt securities at amortised cost (Note 8(b))	11	(11)	-
Other receivables, accrued income and prepayments (Note 11)	988,552	(28,944)	959,608
	1,023,735	(19,471)	1,004,264

	2023		
		ECL charged	
	At 1 January BD	during the year BD	At 31 December BD
Balances with banks and term deposits (Note 7 & 6)	81	325	406
Debt securities at FVOCI (Note 8(a))	216	34,548	34,764
Debt securities at amortised cost (Note 8(b))	15	(4)	11
Other receivables, accrued income and prepayments (Note 11)	919,598	68,954	988,552
	919,910	103,823	1,023,733

28 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of outstanding shares issued by the Company. Treasury shares represent 16,252 (2023: 16,252) shares which were purchased by the Company during the year ended 31 December 2022.

	31 December 2024	31 December 2023
Net profit	1,334,431	937,289
Weighted average number of outstanding shares issued	84,983,748	84,983,748
Earnings per share	15.70 Fils	11.03 Fils

	31 December 2024	31 December 2023
Other information		
Net asset value per share	149 Fils	142 Fils
Share price per Bahrain Bourse at 31 December	120 Fils	128 Fils
Price to earning ratio at 31 December	8 Times	12 Times
Total market capitalisation at 31 December (BD - thousand)	10,200	10,880

29 EMPLOYEES' END OF SERVICE BENEFITS

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organization in the Kingdom of Bahrain for the year ended 31 December 2024 amounted to BD 182,443 (2023: BD 133,634).

The movement in leaving indemnity liability applicable to employees is as follows:

	31 December 2024 BD	31 December 2023 BD
Opening balance	393,281	390,930
Accruals for the year	99,213	69,677
Payments during the year	(19,883)	(67,326)
Closing balance	472,611	393,281
Total number of staff employed by the Company	117	105

30 RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on mutual agreed terms.

Transactions with related parties included in the statement of income are as follows:

31 December 2024	Associate	Parent Company	Entities under common control*	Total
Recognised takaful contributions	38,184	479,024	25,916	543,124
Recognised takaful costs	-	704,113	358,607	1,062,720
Retakaful net results	33,670	398,805	336,277	768,752
Share of result of an associate	38,253	-	-	38,253

31 December 2023	Associate	Parent Company	Entities under common control*	Total
Recognised takaful contributions	25,339	154,786	-	180,125
Recognised takaful costs	-	106,177	41,975	148,152
Retakaful net results	-	205,360	91,698	297,058
Share of result of an associate	44,488	-	-	44,488

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

31 December 2024	Associate	Parent Company	Entities under common control*	Total
Takaful arrangement liabilities	3,378	597,149	87,425	687,952
Retakaful arrangement liabilities	-	451,783	96,705	548,488
Payables and accrued liabilities	3,738	20,562	19,932	44,232
Investment in an associate	247,262	-	-	247,262
Right of use assets	-	337,123	-	337,123
Ijara liability	-	383,450	-	383,450

31 December 2023	Associate	Parent Company	Entities under common control*	Total
Takaful arrangement liabilities	25,339	216,865	-	242,204
Retakaful arrangement liabilities	-	258,791	38,267	297,058
Payables and accrued liabilities	-	192,570	-	192,570
Investment in an associate	235,668	-	-	235,668
Right of use assets	-	394,101	-	394,101
Ijara liability	-	431,417	-	431,417

* Entities under common control include Gulf Insurance Group (GULF) B.S.C Closed & Gulf Insurance Group K.S.C.P

30 RELATED PARTIES (continued)

Compensation of directors and key management personnel

The remuneration of Board of Directors and the sitting fees paid to the Directors for attendance of Board Committees' meetings during the year and other expenses were as follows:

	31 December	
	2024 BD	2023 BD
Directors' remuneration	100,000	80,000
Directors' attendance fees	21,984	21,474
	121,984	101,474

	31 December	
	2024 BD	2023 BD
Salaries and other benefits	596,155	495,182
End of service benefits	33,290	30,610
	629,445	525,792

The Key Management personnel includes the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Underwriting Officer - General Takaful, Chief Underwriting Officer - Family Takaful & Health Care and the Chief Underwriting Officer - Motor Takaful.

31 DIVIDEND

The Board of Directors, at a meeting held on 13 February 2025, recommended cash dividend of 12.5 fils per share amounting to BD 1,062,500 (2023: BD 637,378), which are subject to approval of the shareholders at the Annual General Meeting to be held on 24 March 2025. Dividend of BD 637,378 for the financial year 2023 was paid during the year 2024. Dividend of BD 424,919 for the financial year 2022 was paid during the year 2023.

32 SEGMENTAL INFORMATION

For management purposes, the Company is organised into departments based on the classes of covered risks. The reportable operating segments of the Company are as follows:

- **Marine and general** offers takaful policies to cover various risks of marine & aviation, property, engineering, group life takaful and general accident;
- **Motor offers** takaful policies to cover risks of motor third party and motor comprehensive;
- **Medical** offers takaful policies to cover risks of group and health takaful; and
- **Family** offers takaful policies to cover risks of individual life and unit linked savings.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the year and their reconciliation to the Company's income and profit for the year.

32 SEGMENTAL INFORMATION (continued)

	31 December 2024				
	Marine and general BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Recognised takaful contributions	7,273,409	8,606,735	9,718,461	382,123	25,980,728
Recognised takaful costs	(4,160,669)	(8,121,430)	(10,186,281)	(155,123)	(22,623,503)
Retakaful net results	(3,123,176)	(86,231)	(76,415)	(47,765)	(3,333,586)
Takaful participants' gross margin	(10,435)	399,074	(544,235)	179,236	23,639
Participants' profit income on investment	248,625	294,202	332,204	182,774	1,057,805
Participants' other investment (expense) / income net	(3,450)	(5,690)	(4,610)	5,585	(8,165)
ECL gain / (loss) on financial assets	747	952	625	(2,844)	(520)
Mudarib share expense	(61,480)	(72,366)	(82,055)	(46,379)	(262,280)
Amortization of deferred cost (related to provision of takaful arrangements)	(158,781)	(160,546)	(52,233)	(247,727)	(619,286)
Amortization of deferred profit (related to provision of retakaful arrangements)	109,381	42	310	(14,537)	95,196
Other participants' expenses	1,958	17,259	9,727	-	28,944
Profit / (loss) for the period	126,565	472,927	(340,267)	56,108	315,333

	31 December 2023				
	Marine and general BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Recognised takaful contributions	7,350,948	7,881,296	8,750,676	380,075	24,362,995
Recognised takaful costs	(3,526,541)	(7,484,465)	(9,205,957)	(333,852)	(20,550,815)
Retakaful net results	(3,137,450)	(46,603)	-	(126,402)	(3,310,455)
Takaful participants' gross margin	686,957	350,228	(455,281)	(80,179)	501,725
Participants' profit income on investment	67,915	297,577	343,423	175,233	884,147
Participants' other income net	749	(1,810)	(3,152)	(21,784)	(25,996)
ECL loss on financial assets	(7,149)	(9,484)	(9,461)	(1,671)	(27,765)
Mudarib share expense	(15,092)	(71,571)	(82,989)	(37,945)	(207,596)
Amortization of deferred cost (related to provision of takaful arrangements)	(241,514)	(456,090)	(54,859)	57,815	(694,648)
Amortization of deferred profit (related to provision of retakaful arrangements)	176,446	105	1,146	36,774	214,471
Other participants' expenses	(114,979)	(21,221)	-	67,246	(68,954)
Profit / (loss) for the year	553,333	87,734	(261,173)	195,490	575,384

32 SEGMENTAL INFORMATION (continued)

The following table presents the disclosure of segment assets and liabilities of the statement of financial position segregated between Shareholders and the Takaful Funds as at 31 December 2024 and 31 December 2023:

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
ASSETS								
Cash and cash equivalents	1,102,206	645,766	138,552	1,886,524	644,677	1,963,329	819,525	3,427,531
Term deposits	799,958	2,199,923	1,699,999	4,699,880	2,499,930	1,900,000	1,499,812	5,899,742
Financial assets at amortised cost	-	-	-	-	122,225	682,283	-	804,508
Financial assets at fair value	10,514,643	15,938,873	2,259,900	28,713,416	9,190,570	11,263,564	1,631,752	22,085,886
Retakaful arrangement assets	-	1,944,585	14,754	1,959,339	-	2,940,037	6,989	2,947,026
Other receivables, accrued income and prepayments	1,786,129	3,174,447	68,370	5,028,946	1,125,340	3,666,297	121,691	4,913,328
Property and equipment	158,153	-	-	158,153	115,030	-	-	115,030
Intangible Assets	625,601	-	-	625,601	569,952	-	-	569,952
Right of use asset	388,484	-	-	388,484	465,735	-	-	465,735
Investment in an associate	247,262	-	-	247,262	235,668	-	-	235,668
Statutory deposit	125,000	-	-	125,000	125,000	-	-	125,000
TOTAL ASSETS	15,747,436	23,903,594	4,181,575	43,832,605	15,094,127	22,415,510	4,079,769	41,589,406
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY								
Liabilities								
Takaful arrangement liabilities	-	21,379,135	3,298,612	24,677,747	-	21,242,527	3,191,892	24,434,419
Retakaful arrangement liabilities	-	716,281	83,522	799,803	-	68,525	193,791	262,316
Payables and accrued liabilities	2,640,873	957,104	585,898	4,183,875	2,505,128	474,682	522,515	3,502,325
Ijara liabilities	427,002	-	-	427,002	502,626	-	-	502,626
Total liabilities	3,067,875	23,052,520	3,968,032	30,088,427	3,007,754	21,785,734	3,908,198	28,701,686
Participants' fund								
Surplus in participants' fund	-	935,289	236,908	1,172,197	-	676,063	180,801	856,864
Investments fair value reserve	-	(84,215)	(23,365)	(107,580)	-	(46,287)	(9,230)	(55,517)
Total Participants' fund	-	851,074	213,543	1,064,617	-	629,776	171,571	801,347
Shareholders' Equity								
Share capital	8,500,000	-	-	8,500,000	8,500,000	-	-	8,500,000
Treasury shares	(2,087)	-	-	(2,087)	(2,087)	-	-	(2,087)
Statutory reserve	1,191,041	-	-	1,191,041	1,057,598	-	-	1,057,598
General reserve	200,000	-	-	200,000	200,000	-	-	200,000
Retained earnings	2,896,315	-	-	2,896,315	2,332,705	-	-	2,332,705
Investments fair value reserve	(105,708)	-	-	(105,708)	(1,843)	-	-	(1,843)
Total shareholders' equity	12,679,561	-	-	12,679,561	12,086,373	-	-	12,086,373
TOTAL LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS› EQUITY	15,747,436	23,903,594	4,181,575	43,832,605	15,094,127	22,415,510	4,079,769	41,589,406

32 SEGMENTAL INFORMATION (continued)

	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD	Unallocated assets / liabilities BD	Total BD
Segment assets							
31 December 2024	1,944,584	-	-	14,754	1,959,338	41,873,267	43,832,605
31 December 2023	2,888,761	21,536	29,741	6,988	2,947,026	38,642,380	41,589,406
Segment liabilities							
31 December 2024	6,922,038	8,746,977	6,426,400	3,382,134	25,477,550	4,610,877	30,088,427
31 December 2023	7,339,505	9,836,349	4,135,199	3,385,682	24,696,735	4,004,951	28,701,686

33 RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities. The Company has no derivative financial instruments.

Financial assets include cash and cash equivalents, deposits, takaful arrangements, retakaful arrangements and investments. Financial liabilities include payables (to takaful and retakaful companies, participants and other parties). Accounting policies for financial assets and financial liabilities are set out in note 3.

The risks involved with financial instruments and the Company's approach to managing such risks are discussed below:

a) Takaful risk

Takaful arrangements and Retakaful arrangements

The Company principally issues the following types of takaful arrangements: marine and general, motor, medical and family takaful, as well as retakaful arrangements.

The main risks that the Company is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of participant death being different than expected.
- Morbidity risk – risk of loss arising due to participant health experience being different than expected.
- Expense risk – risk of loss arising from expense experience being different than expected.
- Participant decision risk – risk of loss arising due to participant experiences (lapses and surrenders) being different than expected.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the takaful and retakaful contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of takaful contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards retakaful arrangements.

The Company purchases retakaful as part of its risk mitigation programme. Retakaful held (outward retakaful) is placed on a proportional basis. The majority of proportional retakaful is quota-share retakaful which is taken out to reduce the overall exposure of the Company to certain classes of business.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying takaful contract liabilities and in accordance with the retakaful arrangements. Although the Company has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any reinsurer is unable to meet its obligations assumed under such retakaful agreements. The Company's placement of retakaful is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single retakaful contract.

There is no single counterparty exposure that exceeds 5% of total retakaful assets at the reporting date.

33 RISK MANAGEMENT (continued)

The following tables show the concentration of net takaful & retakaful contract liabilities by type of arrangements:

	31 December 2024			31 December 2023		
	Takaful BD	Retakaful held BD	Net BD	Takaful	Retakaful held	Net
Marine and general	6,344,415	-	6,344,415	7,270,980	(68,525)	7,202,455
Motor	8,685,152	-	8,685,152	9,836,348	-	9,836,348
Medical	6,349,567	-	6,349,567	4,135,199	-	4,135,199
Family	3,298,612	(83,522)	3,215,090	3,191,892	(193,791)	2,998,101
Total net takaful arrangements	24,677,746	(83,522)	24,594,224	24,434,419	(262,316)	24,172,103

The geographical concentration of the Company's takaful and retakaful arrangements issued (both before and after retakaful held) is in Bahrain only and is based on the carrying amounts of takaful contract liabilities and retakaful arrangements held disaggregated to countries where the business is written.

Sensitivities
Sensitivity information will vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous year.

SENSITIVITY	CSM IN FORCE	IFRS 17 PROFIT	CHANGE CSM IN FORCE	CHANGE IFRS 17 PROFIT
BASE	447,318	(20,607)	-	-
Increase in mortality by 15%	461,914	(183,642)	14,596	(163,035)
Decrease in mortality by 20%	539,715	85,519	92,397	106,126
Increase in disability by 35% in year 1, 25% in year 2 and reduced by 20% year 3 onwards	447,339	(20,597)	21	10
Increase in expense by 10% and inflation + 1%	447,318	(20,607)	-	-
Increase in lapse by 50%	447,241	(20,601)	(77)	7
Decrease in lapse by 50%	447,395	(20,614)	77	(7)
Mass lapse of 40%	409,668	(85,204)	(37,650)	(64,596)
Mortality + 0.15% for 1 year	566,932	(331,434)	119,614	(310,826)
Yield curve + 1%	448,264	120,176	946	140,784
Yield curve - 1%	446,122	(177,260)	(1,196)	(156,652)
Increase in risk adjustment by 10%	446,702	(26,895)	(616)	(6,287)
Decrease in risk adjustment by 10%	447,934	(14,320)	616	6,287

33 RISK MANAGEMENT (continued)

a) Takaful risk (continued)

Claims development table
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.

Gross claims development

	2019 BD	2020 BD	2021 BD	2022 BD	2023 BD	2024 BD	Total BD
Estimate of ultimate claim cost							
(net of retakaful, undiscounted)							
At end of accident year	6,848,499	10,182,371	11,817,056	14,940,254	16,009,562	18,727,137	18,727,137
One year later	7,262,874	9,579,111	10,728,359	14,188,456	15,290,842	-	15,290,842
Two years later	7,396,036	9,391,685	11,138,641	15,465,765	-	-	15,465,765
Three years later	7,260,416	9,243,421	10,562,007	-	-	-	10,562,007
Four years later	7,244,765	9,225,232	-	-	-	-	9,225,232
Five years later	7,394,867	-	-	-	-	-	7,394,867
undiscounted amounts of the claims	7,394,867	9,225,232	10,562,007	15,465,765	15,290,842	18,727,137	76,665,850
Cumulative gross claims payments to date	(7,097,658)	(9,011,868)	(10,126,537)	(14,460,424)	(13,535,870)	(8,713,222)	(62,945,578)
Cumulative gross undiscounted claim liabilities for accident years 2019 to 2024	297,209	213,364	435,470	1,005,341	1,754,973	10,013,915	13,720,272
Gross cumulative claims liabilities - prior accident years							621,666
Effect of discounting							(139,428)
Gross discounted liabilities for incurred claims							14,202,509
Effect of the risk adjustment margin for non-financial risk							622,400
Gross LIC for takaful arrangements originated							14,824,909

33 RISK MANAGEMENT (continued)

a) Takaful risk (continued)

Claims development table
Net undiscounted liabilities for incurred claims

Net claims development

	2019 BD	2020 BD	2021 BD	2022 BD	2023 BD	2024 BD	Total BD
Estimate of ultimate claim cost							
(net of retakaful, undiscounted)							
At the end of accident year	5,755,022	9,332,644	11,239,772	13,545,734	14,382,821	16,087,022	16,087,022
One year later	6,640,665	8,909,936	10,237,242	12,577,089	14,304,246	-	14,304,246
Two years later	6,820,092	8,727,882	10,162,986	12,758,654	-	-	12,758,654
Three years later	6,706,279	8,664,797	9,971,190	-	-	-	9,971,190
Four years later	6,691,974	8,670,171	-	-	-	-	8,670,171
Five years later	6,812,239	-	-	-	-	-	6,812,239
undiscounted amounts of the claims	6,812,239	8,670,171	9,971,190	12,758,654	14,304,246	16,087,022	68,603,522
Cumulative net claims payments to date	(6,586,729)	(8,569,114)	(9,784,010)	(12,268,459)	(12,949,167)	(8,272,284)	(58,429,763)
Cumulative net undiscounted claim liabilities for accident years 2019 to 2024	225,510	101,058	187,180	490,195	1,355,078	7,814,738	10,173,759
Net cumulative claims liabilities - prior accident years							48,447
Effect of discounting							(131,264)
net discounted liabilities for incurred claims							10,090,943
Effect of the risk adjustment margin for non-financial risk							417,394
Net LIC for takaful arrangements originated							10,508,336

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business. The Company's objectives, policies, and processes for managing the risk might involve strategies for ensuring sufficient cash flow or access to financial markets.

The table below summarises the maturity profile of the assets and liabilities of the Company based on remaining discounted contractual obligations. As the Company does not have any interest bearing liabilities, the totals in the table match the statement of financial position.

33 RISK MANAGEMENT (continued)

b) Liquidity risk (continued)

	31 December 2024						
ASSETS	0 to 90 days BD	91 to 365 days BD	1 to 3 yrs BD	3 to 5 years BD	More than 5 years BD	No term BD	Total BD
Cash and cash equivalents	1,886,524	-	-	-	-	-	1,886,524
Term deposits	4,699,880	-	-	-	-	-	4,699,880
Financial assets at amortised cost	-	-	-	-	-	-	-
Financial assets at fair value	-	16,768,852	5,983,098	4,245,402	1,716,064	-	28,713,416
Retakaful arrangement assets	1,944,584	-	14,754	-	-	-	1,959,338
Other receivables, accrued income and prepayments	3,003,263	1,467,856	374,353	183,474	-	-	5,028,945
Property and equipment	-	-	-	-	158,153	-	158,153
Intangible assets	-	-	-	-	625,601	-	625,601
Right of use asset	-	-	51,361	337,123	-	-	388,484
Investment in an associate	-	-	-	-	-	247,262	247,262
Statutory deposit	-	-	-	-	-	125,000	125,000
TOTAL ASSETS	11,534,251	18,236,708	6,423,566	4,765,999	2,499,818	372,262	43,832,603
LIABILITES							
Takaful arrangement liabilities	8,650,536	16,027,210	-	-	-	-	24,677,747
Retakaful arrangement liabilities	521,804	277,999	-	-	-	-	799,803
Payables and accrued liabilities	1,674,343	1,820,102	601,622	87,807	-	-	4,183,875
Ijarah liabilities	-	-	43,552	383,450	-	-	427,002
TOTAL LIABILITIES	10,846,683	18,125,312	645,174	471,257	-	-	30,088,427

	31 December 2023						
ASSETS	0 to 90 days BD	91 to 365 days BD	1 to 3 yrs BD	3 to 5 years BD	More than 5 years BD	No term BD	Total BD
Cash and cash equivalents	3,427,531	-	-	-	-	-	3,427,531
Term deposits	1,499,812	4,399,930	-	-	-	-	5,899,742
Financial assets at amortised cost	-	804,508	-	-	-	-	804,508
Financial assets at fair value	-	375,043	1,993,658	9,790,990	7,124,494	2,801,701	22,085,886
Retakaful arrangement assets	-	2,940,037	6,989	-	-	-	2,947,026
Other receivables, accrued income and prepayments	3,231,249	1,274,906	221,253	111,920	73,999	-	4,913,328
Property and equipment	-	-	-	-	115,030	-	115,030
Intangible assets	-	-	-	-	569,952	-	569,952
Right of use asset	-	-	71,634	394,101	-	-	465,735
Investment in an associate	-	-	-	-	-	235,668	235,668
Statutory deposit	-	-	-	-	-	125,000	125,000
TOTAL ASSETS	8,158,592	9,794,423	2,293,534	10,297,011	7,883,475	3,162,369	41,589,405
LIABILITES							
Takaful arrangement liabilities	13,242,527	-	-	11,191,892	-	-	24,434,419
Retakaful arrangement liabilities	68,525	-	-	193,791	-	-	262,316
Payables and accrued liabilities	1,375,121	1,075,973	963,424	87,807	-	-	3,502,325
Ijarah liabilities	-	-	71,209	431,417	-	-	502,626
TOTAL LIABILITIES	14,686,173	1,075,973	1,034,633	11,904,907	-	-	28,701,686

33 RISK MANAGEMENT (continued)

c) Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument, takaful contract issued or retakaful contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, profit rate risk and price risk.

(i) Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument, takaful contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Bahraini Dinars and its exposure to foreign exchange risk arises primarily. The table below summarises the Company's exposure to foreign currency exchange rate risk at the statement of financial position date by categorising monetary assets and liabilities by major currencies.

	31 December 2024				
ASSETS	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
Cash and cash equivalents	1,764,075	19,556	102,738	155	1,886,524
Term deposits	4,699,880	-	-	-	4,699,880
Financial assets at fair value	1,091,703	3,017,157	24,604,556	-	28,713,416
Retakaful arrangement assets	884,559	-	1,074,779	-	1,959,338
Other receivables, accrued income and prepayments	5,028,946	-	-	-	5,028,946
Property and equipment	158,153	-	-	-	158,153
Intangible assets	625,601	-	-	-	625,601
Right of use asset	388,484	-	-	-	388,484
Investment in an associate	247,262	-	-	-	247,262
Statutory deposit	125,000	-	-	-	125,000
TOTAL ASSETS	15,013,663	3,036,713	25,782,074	155	43,832,605
LIABILITES	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
Takaful arrangement liabilities	24,434,419	243,328	-	-	24,677,747
Retakaful arrangement liabilities	262,316	537,487	-	-	799,803
Payables and accrued liabilities	3,502,325	681,550	-	-	4,183,875
Ijara liabilities	427,002	-	-	-	427,002
TOTAL LIABILITIES	28,626,062	1,462,365	-	-	30,088,427

33 RISK MANAGEMENT (continued)

(i) Currency risk (continued)

	31 December 2023				
ASSETS	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
Cash and cash equivalents	2,091,894	14,937	1,320,545	155	3,427,531
Term deposits	5,899,742	-	-	-	5,899,742
Financial assets at fair value	1,242,381	2,068,426	18,775,079	-	22,085,886
Financial assets at amortised cost	-	-	804,508	-	804,508
Retakaful arrangement assets	2,947,026	-	-	-	2,947,026
Other receivables, accrued income and prepayments	4,913,328	-	-	-	4,913,328
Property and equipment	115,030	-	-	-	115,030
Intangible assets	569,952	-	-	-	569,952
Right of use asset	465,735	-	-	-	465,735
Investment in an associate	235,668	-	-	-	235,668
Statutory deposit	125,000	-	-	-	125,000
TOTAL ASSETS	18,605,756	2,083,363	20,900,132	155	41,589,406

LIABILITES	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
Takaful arrangement liabilities	24,434,419	-	-	-	24,434,419
Retakaful arrangement liabilities	262,316	-	-	-	262,316
Payables and accrued liabilities	3,502,325	-	-	-	3,502,325
Ijara liabilities	502,626	-	-	-	502,626
TOTAL LIABILITIES	28,701,686	-	-	-	28,701,686

(ii) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments or takaful contract or retakaful contract. Investments in sukuk consist of both fixed rate instruments and have maturities ranging from 1 year to 10 years.

The Company's exposure to profit rate risk sensitive takaful and retakaful arrangements and debt instruments are, as follows:

	31 December 2024 BD	31 December 2023 BD
Retakaful arrangment assets	(1,959,339)	(2,947,026)
Takaful arrangement liabilities		
Marine and General	6,344,415	7,270,980
Motor	8,685,152	9,836,348
Medical	6,349,567	4,135,199
Family	3,298,612	3,191,892
Retakaful arrangement liabilities	799,803	262,316
Debt instruments at FVOCI	25,374,046	19,777,273
Debt instruments at FVTPL	3,339,370	2,308,613
Debt instruments at amotised cost	-	804,508

33 RISK MANAGEMENT (continued)

(ii) Profit rate risk (continued)

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit.

	31 December 2024			31 December 2023		
	Change in profit rate	Impact on profit	Impact on equity	Change in profit rate	Impact on profit	Impact on equity
Takaful and Retakaful arrangements	+10%	23,495	23,495	+10%	29,487	29,487
Debt instruments	+10%	28,685	28,685	+10%	157,808	157,808
Takaful and Retakaful arrangements	-10%	(23,542)	(23,542)	-10%	(29,862)	(29,862)
Debt instruments	-10%	(28,742)	(28,742)	-10%	(157,808)	(157,808)

The Company does not use any derivative financial instruments to hedge its profit rate risk.

iii) Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or takaful contract assets and/or liabilities will fluctuate because 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 Company is exposed to price risk with respect to its investments (listed and unlisted shares, sukuk and managed funds). The geographical concentration of the Company's investments is set out below:

Geographical concentration of investments

	31 December 2024 BD	31 December 2023 BD
Kingdom of Bahrain	8,850,520	7,313,109
Other GCC countries	19,311,388	14,969,234
Asia	7,544	41,899
Other countries	543,963	566,152
	28,713,416	22,890,394

The Company limits market risk by maintaining a diversified portfolio, proactively monitoring the key factors that affect stock and sukuk market movements and yearly analysing the operating and financial performance of investees.

The Company's equity investments comprise securities quoted on the stock exchanges in Bahrain, Kuwait, Qatar, Saudi Arabia and UAE. A 5% change in the prices of the equities, with all other variables held constant, would impact the Company's statement of income by BD 51 thousand (2023: BD 39 thousand).

33 RISK MANAGEMENT (continued)

d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

e) Credit risk

Credit risk is the risk that one party to a financial instrument, takaful contract issued in an asset position or retakaful contract held will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk with respect to receivables from participants by monitoring risks in accordance with defined policies and procedures.

Management seeks to minimise credit risk with respect to takaful and retakaful companies by only ceding business to companies with good credit ratings in London, as well as European and Middle East retakaful markets.

The Company manages credit risk on its cash deposits and investments by ensuring that the counterparties have an appropriate credit rating. The Company does not have an internal credit rating of counterparties and uses external credit rating agencies' websites to rate the companies. The following balances are with counterparties having a credit rating of B+ (2023: B+) or above:

Industry Analysis		31 December 2024					
	Ratings	Financial Services BD	Government BD	Communication and Consumer Services BD	Construction and Materials BD	Others BD	Total BD
Cash and cash equivalents	A to BBB	1,886,524	-	-	-	-	1,886,524
Term deposits	BBB	4,699,880	-	-	-	-	4,699,880
Financial assets at fair value	BBB	5,292,321	13,713,630	1,248,405	278,148	8,180,910	28,713,416
Statutory deposit		125,000					125,000
Total credit exposure risk		12,003,725	13,713,630	1,248,405	278,148	8,428,172	35,672,082

		31 December 2023					
	Ratings	Financial Services BD	Government BD	Communication and Consumer Services BD	Construction and Materials BD	Others BD	Total BD
Cash and cash equivalents	A to BBB	3,427,531	-	-	-	-	3,427,531
Term deposits	BBB	5,899,742	-	-	-	-	5,899,742
Financial assets at amortised cost	BBB	-	-	-	804,508	-	804,508
Financial assets at fair value		3,953,235	9,453,240	1,295,360	353,159	7,030,891	22,085,885
Statutory deposit		125,000	-	-	-		125,000
Total credit exposure risk		13,405,508	9,453,240	1,295,360	1,157,667	7,266,560	32,578,335

The Company's maximum exposure to credit risk on its financial assets was BD 35,672,084 (2023: BD 32,578,335).

33 RISK MANAGEMENT (continued)

e) Credit risk (continued)

Credit risk staging in financial reporting and risk management as mentioned under FAS 30 highlights the financial assets based on their credit risk over time. This classification helps determine how provisions for credit losses are recognized, which is crucial for assessing potential losses. The following different stages are involved in credit risk staging :

	31 December 2024		
	Stage 1 Performing (Low credit Risk) BD	Stage 2 Under performing (Significant increase in credit Risk) BD	Stage 3 Non-Performing (Credit Impaired) BD
Cash and cash equivalents	1,886,524	-	-
Term deposits	4,699,880	-	-
Financial assets at fair value	28,713,416	-	-
Investment in an associate	247,262	-	-
Statutory deposit	125,000	-	-
Total credit exposure risk	35,672,082	-	-

	31 December 2023		
	Stage 1 Performing (Low credit Risk) BD	Stage 2 Under performing (Significant increase in credit Risk) BD	Stage 3 Non-Performing (Credit Impaired) BD
Cash and cash equivalents	3,427,531	-	-
Term deposits	5,899,742	-	-
Financial assets at amortised cost	804,508	-	-
Financial assets at fair value	22,085,885	-	-
Investment in an associate	235,669	-	-
Statutory deposit	125,000		
Total credit exposure risk	32,578,335	-	-

34 CAPITAL ADEQUACY AND SOLVENCY MARGIN

Capital Adequacy & Solvency margin requirements are determined in accordance with the regulatory requirements established by the Central Bank of Bahrain and are calculated with reference to a prescribed contributions and claims basis. The Central Bank of Bahrain (CBB) rulebook stipulates that solvency margin requirements are on a combined basis of both participants' and shareholder's funds together. The capital available to cover solvency margin required is as follows:

	2024	2023
Shareholder - Available capital	12,081,000	10,112,000
Less: Net Admissible assets of General Participants' Fund	(1,698,000)	(2,804,000)
Less: Net Admissible assets of Family Participants' Fund	(1,336,000)	(840,000)
Total available shareholders› capital to cover required solvency margin	9,047,000	6,468,000
Less: Margin required for General Takaful funds	(3,817,000)	(3,210,000)
Less: Margin required for Family Takaful funds	(1,232,000)	(1,177,000)
Excess Capital	3,998,000	2,081,000

35 SHARI'A SUPERVISORY BOARD

The Company's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of three members appointed by the shareholders in the Annual General Meeting. The Shari'a Supervisory Board performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Islamic Shari'a rules and principles.

36 ZAKAH

Zakah of **BD 310,173 at 3.65 fils** per share (2023: BD 293,915 at 3.46 fils per share) is to be directly borne by the shareholders and, accordingly, the financial statements includes no provision for Zakah. Zakah base is calculated using the 'Net Invested Funds' method of calculating Zakah base. The components used in the computation of Zakah are share capital, statutory reserve, general reserve and retained earnings, participants' equity and property and equipment. The basis of computation is approved by the Shari'a Supervisory Board and the amounts payable are notified to the shareholders.

37 EARNINGS PROHIBITED UNDER SHARI'A

There were no earnings retained during the year (2023: nil) from transactions which are not permitted under Shari'a.

38 CONTINGENT LIABILITIES

The Company is a defendant in a number of cases brought by takaful arrangement holders in respect of claims which the Company disputes in its normal course of business. The Company based on the independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial position.

39 COMMITMENTS

There are no commitments as at 31 December 2024 and 31 December 2023.

40 QARD AL HASSAN

In accordance with the capital adequacy requirements of the Central Bank of Bahrain' Insurance Rulebook, there is no Qard apportionment made through the Insurance Firm Return for the year ended 31 December 2024 (2023: Nil).

41 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Company as at 31 December 2024 & 31 December 2023.

	31 December 2024			
	Financial assets at fair value through equity BD	Financial assets at fair value through income BD	Financial assets at amortised cost BD	Total BD
Cash and cash equivalents	-	-	1,886,524	1,886,524
Term deposits	-	-	4,699,880	4,699,880
Financial assets at fair value	25,374,046	3,339,370	-	28,713,416
	25,374,046	3,339,370	6,586,404	35,299,820

	31 December 2024
	Financial liabilities at amortised cost Amount BD
Payables and accrued liabilities	4,183,875
Ijara liabilities	427,002
	4,610,877

	31 December 2023			
	Financial assets at fair value through equity BD	Financial assets at fair value through income BD	Financial assets at amortised cost BD	Total BD
Cash and cash equivalents	-	-	3,427,531	3,427,531
Term deposits	-	-	5,899,742	5,899,742
Financial assets at amortised cost	-	-	804,508	804,508
Financial assets at fair value	19,777,273	2,308,613	-	22,085,886
	19,777,273	2,308,613	10,131,781	32,217,667

	31 December 2023
	Financial liabilities at amortised cost Amount BD
Payables and accrued liabilities	3,502,325
Ijara liabilities	502,626
	4,004,951

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 December 2024				
	Level 1 BD	Level 2 BD	Level 3 BD	Total BD	Carrying Value BD
Financial assets measured at fair value:					
- Investments at FVTPL - Debt	284,231	-	-	284,231	284,231
- Investments at FVTPL - Equity	2,895,146	-	159,993	3,055,139	3,055,139
- Investments at FVOCI - Debt	24,359,332	-	-	24,359,332	24,359,332
- Investments at FVOCI - Equity	1,014,714	-	-	1,014,714	1,014,714
	28,553,423	-	159,993	28,713,416	28,713,416

	31 December 2023				
Investment property	Level 1 BD	Level 2 BD	Level 3 BD	Total BD	Carrying Value BD
Financial assets measured at fair value:					
- Investments at FVTPL - Debt	287,371	-	-	287,371	287,371
- Investments at FVTPL - Equity	1,783,668	-	237,574	2,021,242	2,021,242
- Investments at FVOCI - Debt	18,996,811	-	-	18,996,811	18,996,811
- Investments at FVOCI - Equity	780,462	-	-	780,462	780,462
	21,848,312	-	237,574	22,085,886	22,085,886

42 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3 investment reconciliation

	31 December 2024	2023
Opening balance	237,574	237,002
Purchase during the year	-	-
Disposal during the year	(24,618)	-
Changes in fair value	(52,963)	572
Closing balance	159,993	237,574

Transfers between Level 1, Level 2 and Level 3
During the year ended 31 December 2024 there were no transfers between Level 1 and Level 2 fair value hierarchies, and no transfers into or out of Level 3 fair value hierarchy (2023: No transfers).

Carrying amount and fair values of financial instruments not carried at fair value
Management assessed that the fair values of cash and bank balances, statutory deposits and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

A majority of the Company›s debt securities at amortised cost are in quasi-sovereign sukuk. Management has assessed that the fair values of debt securities at amortised cost approximate their carrying amounts as at the reporting date.

43 CORRESPONDING AMOUNTS

During the year ended 31 December 2024, the Company amended the presentation of certain balances in its primary statements to more appropriately reflect the nature of the balances and the requirements of AAOIFI and IAS 7 Statement of Cash Flows. Accordingly, the Company has restated the comparative 2023 financial statements, as summarized below. These reclassifications and correction of errors had no impact on the reported results for the year ended 31 December 2023 and the equity as at 31 December 2023 and 1 January 2023.

43 (a) Adjustments due to reclassifications

	Year ended 31 December 2023		
As previously reported	**As previously reported**	**Adjustments**	**As restated**
Statement of financial position			
Cash and balances with banks (i)	9,327,273	(9,327,273)	-
Cash and cash equivalents (i)	-	3,427,531	3,427,531
Term deposits (i)	-	5,899,742	5,899,742
Investments (ii)	22,890,394	(22,890,394)	-
Financial assets at amortised cost (ii)	-	804,508	804,508
Financial assets at fair value (ii)	-	22,085,886	22,085,886

43 CORRESPONDING AMOUNTS (continued)

43 (a) Adjustments due to reclassifications (continued)

	Year ended 1 January 2023		
As previously reported	As previously reported	Adjustments	As restated
Statement of financial position			
Cash and balances with banks (i)	21,867,048	(21,867,048)	-
Cash and cash equivalents (i)	-	8,087,048	8,087,048
Term deposits (i)	-	13,780,000	13,780,000
Investments (ii)	8,632,293	(8,632,293)	-
Financial assets at amortised cost (ii)	-	394,648	394,648
Financial assets at fair value (ii)	-	8,237,645	8,237,645

	Year ended 31 December 2023		
	As previously reported	Adjustments	As restated
Statement of income			
Participants’			
Net participants' Investment income (iii)	622,790	(622,790)	-
Participants' profit income on Investment (iii)	-	882,174	882,174
Participants' other investment (expense) / income net (iii)	-	(25,503)	(25,503)
ECL gain / (loss) on financial assets (iii)	-	(26,285)	(26,285)
Mudarib share expense (iii)	-	(207,596)	(207,596)
Participants'			
Net shareholders Investment income (iv)	594,521	(594,521)	-
Shareholders profit income on investment (iv)	-	456,930	456,930
Shareholders other investment (expense) / income net (iv)	-	145,598	145,598
ECL gain / (loss) on financial assets (iv)	-	(8,500)	(8,500)

43 CORRESPONDING AMOUNTS (continued)

43 (b) Prior year adjustments

	Year ended 31 December 2023		
As previously reported	**As previously reported**	**Adjustments**	**As restated**
Statement of cash flow (v)			
OPERATING ACTIVITIES			
Adjustments for:			
Investment income on financial assets at amortised cost	-	(37,146)	(37,146)
Investment income on financial assets at fair value	-	(1,764,322)	(1,764,322)
Amortisation of right- of- use assets	69,725	(4,345)	65,380
ECL movement on financial assets	-	34,785	34,785
Retakaful arrangement assets	(1,280,312)	214,471	(1,065,841)
Other receivables, accrued income and prepayments	594,625	(41,177)	553,448
Takaful arrangement liabilities	3,173,435	(694,648)	2,478,787
Net cash from operating activities	**1,923,398**	**(854,647)**	**1,068,751**
INVESTING ACTIVITIES			
Inestment income	1,420,815	(1,420,815)	-
Proceed from the sale of investments	2,801,564	(2,801,564)	-
Purchase of property and equipment	(100,479)	-	(100,479)
Purchase of intangible assets	(608,135)	608,135	-
Bank deposits with original maturities of more than three months	7,880,000	(7,880,000)	-
Dividends received	-	135,963	135,963
Profit income received	-	1,257,734	1,257,734
Other Investment income & expenses received/paid	-	(129,772)	(129,772)
Placement in term deposits	-	(5,900,000)	(5,900,000)
Redemption in term deposits	-	17,954,506	17,954,506
Disposals of investments carried at fair value	-	3,770,666	3,770,666
Net cash used in investing activities	**(6,061,807)**	**4,986,720**	**(1,075,087)**
FINANCING ACTIVITIES			
Payment of Ijara liabilities	(96,446)	43,186	(53,260)
Net cash used in financing activities	**(521,366)**	**43,186**	**(478,180)**

43 CORRESPONDING AMOUNTS (continued)

Order of liquidity (continued)

Further, the order of assets and liabilities on the face of the statement of financial position was amended to reflect the appropriate order of liquidity of such assets and liabilities, respectively.

(i) The Company included bank deposits with a maturity of more than 3 months from the acquisition date as part of "Cash and Bank balances" on the face of the statement of financial position which is not in line with the requirements of International Accounting Standard 7 Statement of cash flows ("IAS 7"). IAS 7 requires that only investments with a maturity of 90 days or less may be included within Cash and cash equivalents. Furthermore, International Accounting Standard 1 - Financial Statement Presentation ("IAS 1") requires cash and cash equivalents to be presented on the face of the statement of financial position. Accordingly, the amounts previously shown as "Cash and Bank balances" have been bifurcated to the appropriate financial statements line items.

(ii) Previously the Company presented "Financial assets at amortised cost" and "Financial assets at fair value" as one financial statements line item "Investments", which is not in accordance with Financial Accounting Standards 33 - Investment in Sukuk Shares and similar instrument ("FAS 33"). Accordingly, management has now appropriately classified separate financial statements line items for "Financial assets at amortised cost" and "Financial assets at fair value" as required by FAS 33.

(iii) During the previous year, the Company presented the Participants' profit income on investment", "participants' other investment income net", "Mudarib share expense" and "ECL gain on financial assets" under "Net participants' investment income. FAS 1- Conceptual framework for financial reporting by Islamic Financial Institution does not allow offsetting of assets and liabilities or income and expenses, unless required or permitted by another FAS. Further, FAS 1 requires ECL gain on financial assets to be shown separately on the face of the statement of income. Accordingly, the Company has now disaggregated these amounts into separate financial statements line items in the statement of income.

(iv) During the previous year, the Company presented the «Shareholders profit income on investment», "Shareholders other investment income net" and «ECL loss on financial assets» under «Net shareholders' investment income». FAS 1 - Conceptual framework for financial reporting by Islamic Financial Institution does not allow offsetting of assets and liabilities or income and expenses, unless required or permitted by another FAS. Further, FAS 1 requires ECL loss on financial assets to be shown separately on the face of the statement of income. Accordingly, the Company has now disaggregated these amounts into separate financial statements line items in the statement of income.

(v) The Company changed the presentation to more appropriately reflect certain items between operating, investing and financing cash flows in the statement of cash flows and other adjustments.

44 DOMESTIC MINIMUM TOP-UP TAX

On 1 September 2024, the Kingdom of Bahrain issued the Decree Law (11) of 2024 which introduces a Domestic Minimum Top-Up Tax ("DMTT") for Multinational Enterprises ("MNEs") (hereinafter referred to as the "DMTT Law") with an effective date of 1 January 2025.

DMTT Law is largely in line with the OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') and applies a %15 effective tax rate to Bahrain profits of MNEs with global consolidated revenues of at least EUR 750 million in at least two of the previous four fiscal years. This includes MNEs headquartered in Bahrain as well as foreign MNEs with operations in Bahrain.

The Company has made an assessment and has concluded that it is within the scope of DMTT Law based on the revenue threshold and its operations in multiple jurisdictions.
However, since the newly enacted regulations are only effective from fiscal years commencing on or after 1 January 2025, there is no current tax impact for the year ended 31 December 2024.

The Company is currently preparing for compliance with the DMTT Law and GloBE and as at 31 December 2024, the Company's management has not yet completed their assessment and estimation of the quantitative impact of the DMTT law and GloBE rules.

Minutes of the Annual General Meetings