INTEGRATED REPORT 2022

AMLAK

www.amlakfinance.com

Amlak Finance PJSC
is a leading specialized real estate financier in the Middle East. Since its establishment in November 2000 as the region's pioneer financial services provider, it has provided its customers with innovative, Sharia-compliant property financing products and solutions designed to meet the rapidly evolving market demands.

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About Amlak

Amlak Finance PJSC is a leading specialized real estate financier in the Middle East. Since its establishment in November 2000 as the region's pioneer financial services provider, it has provided its customers with innovative, Sharia compliant property financing products and solutions designed to meet the rapidly evolving market demands.

It was first established as a private shareholding company in Dubai, United Arab Emirates, in accordance with UAE Federal Law. In 2004, it was converted to a Public Joint Stock Company.

The Company is licensed by the UAE Central Bank as a finance company. It is primarily focused on financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. All activities of the Company are conducted in accordance with Islamic Sharia and within the provisions of its Articles and Memorandum of Association.

During 2007, Amlak expanded its operations and launched its first international office in Cairo, which operates under the name 'Amlak Finance Egypt Company S.A.E.' It also has business associations in Saudi Arabia under the name 'Amlak International For Real Estate and Finance Co.'.

Over the years, Amlak Finance has received a number of prestigious awards. These achievements are a testament to the Company's leading services, diligent corporate values, and ongoing efforts toward innovation.

Past Awards include:

- **Global Islamic Business Award (GIBA)**
- **Dubai Chamber of Commerce and Industry's CSR Label**
- **Best Sharia Compliant Property Finance Company**
- **Best Islamic Finance CSR Company in UAE**

Today, through a variety of customized property finance solutions, Amlak enables individuals and businesses to achieve their goals of owning a property in the UAE and remains committed to making a positive contribution not just to its customers, but also the wider UAE community.

Chairman's Message

On behalf of the Board of Directors, I would like to express my sincere gratitude to His Highness Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and ruler of Dubai, for his aspirational leadership, vision and drive for excellence across all sectors in the UAE.

Amidst a challenging macroeconomic environment and continued global economic unrest further accelerated by rising inflation, Amlak Finance demonstrated strong resolve, and the resilience of its operating model throughout 2022, successfully marking the year's end with a number of milestone achievements.

Globally, the operating environment in 2022 remained challenging, however despite the various factors hindering global growth and economic progress, there were notable indicators pointing at an eminent recovery in key markets, primarily the United Arab Emirates and Saudi Arabia. Underpinned by Gross Domestic Product growth across the Gulf Cooperation Council as a result of surging commodity prices that have supported the region's post-pandemic economic recovery, Amlak's key markets were met with rising consumer confidence and restored appetite. The real estate sector across core markets emerged stronger on the back of growing foreign investor interest coupled with local appetite following a number of government initiatives.

In 2022, Amlak Finance focused on prudently managing its balance sheet and remained successful, particularly by deleveraging its financial obligations. Initiatives taken had a positive reflection on the income statement and strengthened Amlak's financial position through gains from debt management and the successful closure of litigation cases.

In the region, Amlak's investments in KSA and Egypt witnessed appetite across the real estate sector yet the pressures caused by the Egyptian currency's devaluation weighed on the group's financial position. Throughout the year, Amlak also focused on improving customer satisfaction while supporting its customers in navigating the challenging period through its commitment to enhancing customer centricity through various strategic initiatives.

As the world leaves the pandemic behind, Amlak Finance continues to look inwards at its employees, continuously exploring initiatives to foster a safe working environment but also an inspirational one as it ushers in a new era for the workplace in support of its employees. A Corporate Citizen, Amlak holds a particular responsibility towards citizens, residents and the sustainability of the planet we all share; Therefore, Amlak encourages its employees to volunteer and participate in its national CSR initiatives as it strives to uphold its corporate citizenship.

As we look ahead, in 2023, Amlak is focused on exploring further initiatives to expedite the settlement of financiers' exposure to exit from the common term agreement before the agreed timeline and will continue to explore new opportunities that will further enable it to adapt swiftly, respond to changing market realities and build on its successes whilst the company moves forward with a reinvigorated focus on the UAE real estate market.

Our vision remains clear as we continue to seek sustainability for Amlak Finance. Our commitment towards generating value for our shareholders, managing our obligations, nurturing our employees and implementing prudent risk management will remain unwavering and continue to be at the top of our corporate agenda.

I would also like to express my heartfelt thanks to the management and employees for their dedication and hard work, and to our customers for their continued loyalty and support. It is only with their contributions that we continue to steer Amlak Finance confidently towards a successful future.

Ali Ibrahim Mohamed Ismail
Chairman of the Board

CEO's Message

In a year defined by extraordinary challenges and opportunities, Amlak Finance has displayed resilience and resolve. At Amlak Finance, 2022 has been a year of purposeful action and results.

Despite the challenging economic landscape, we were able to successfully achieve a number of important milestones over the course of the year and were able to report a net profit of AED 476 million and maintain an asset base of AED 3.4 billion.

One of our most significant achievements in 2022 was the successful execution of the debt management program resulting in reducing Amlak's debt by over a AED 1 billion and yielding a net gain of more than AED 340 million, this milestone assisted the company in achieving significant savings on costs related to operating expenses. The program facilitated the successful exiting of two financiers from the debt agreement in addition to a partial exit for another three financiers. Furthermore, we focused our efforts on closing open legal cases, achieving gross recoveries of AED 129 million. At year end, we also managed to reduce portfolio delinquency rate through effective customer management.

In the region, our investments have continued to do well, contributing positively to our Group financial performance in 2022. In Egypt however, our investments were pressured by the devaluation of the Egyptian Pound against the Arab Emirates' Dirham.

Looking internally – throughout the course of the year, our cultural transformation journey stayed its course, further reinforcing our previously launched corporate values underpinned by our employees' overwhelming adoption. Over the year, we have noted significant progress across multiple areas leading to increased employee engagement and satisfaction as we remain committed to supporting our employees through exploring progressive ways of working, enhanced compensation and benefit structures, and improved opportunities for learning and development.

Among our other remarkable achievements were the outstanding customer satisfaction scores that have exceeded industry standards. As we continue to focus on customer-centricity, we are proud of the progress we have made in improving customer satisfaction and in our ability to ensure we continuously meet our clients' growing needs. Equally, we recognize the vital role our employees play in delivering exceptional service levels and our duty to ensure they are well supported and positioned to continue doing so.

In addition to our dedication towards our employees and customers, during the year we reviewed and revised our Corporate Social Responsibility Strategy and as a result have relaunched our CSR initiatives for the year. The following year will see a continued focus on CSR in line with the UAE government's priorities and the United Nation's Sustainable Development Goals (SDGs) as we strive to uphold our corporate citizenship and carry forward the momentum we have built in making Amlak a CSR champion in 2022 and in the years to come.

Amlak remains committed to exploring all initiatives that would expedite the settlement and payment of the company's financiers' facilities in order to exit from the debt agreement before the specified deadline in addition to considering other activities that would enhance the company's position and drive further growth.

As we step into the future, we recognise the potential opportunities present and are confident in our agility and readiness to embrace the future ahead of us.

In closing, I would like to thank the Board of Directors, the Management Team and all of Amlak's employees for their unwavering support and dedication.

I would also like to thank our loyal customers, shareholders and stakeholders for their continued trust and support in us.

Arif Alharmi Albastaki
CEO

Board of Directors

Mr. Ali Ibrahim Mohamed Ismail
Chairman

Mr. Khalid Salim Alhalyan
Vice Chairman

Mr. Mastafa Ismail Karam
Member of the Board

Mr. Ayad Hammad Alharazeen
Member of the Board

Mr. Shaker Fareed Zainal Karmastaji
Member of the Board

Mr. Rashed Mohammad Ali Abdulrahman
Member of the Board

Mrs. Fatima Ahmed Rashid Qasimi
Member of the Board

Executive Management

Arif Albastaki
Chief Executive Officer

Ahmad Salameh
Chief Financial Officer

Syed Kashif Hussain
Head of Revenue

Nilesh Dutta
Head of Strategy

Emad Naqvi
Head of Enterprise
Risk Management

Zaki Ahmed
Head of
Asset Transformation

Sarrah Tambawala
Head of Human Resources
and Administration

Muhammad Sajid Latif
Head of Finance

Rawad Khoja
Head of Legal

Mohamed AlMaazmi
Head of Collections and
Customer Service

Yasser Asser
Head of
Asset Management

Ismail AlAwadhi
Head of
Internal Sharia Control

Lama Takieddin
Head of Corporate Governance
and Company Secretary

Ghassan Telfah
Head of
Internal Sharia Audit

What Drives Us Forward

Vision

To be the specialized and customer centric real estate financing institution of the UAE.

Mission

To provide niche financial solutions, customized to fit our customers' needs while maximizing shareholders' value and nurturing our employees.

Our Corporate Values

Agility

We are innovative and imaginative in working with opportunities and challenges. We continuously improve the way we work, making it simpler, better and faster.

Trust

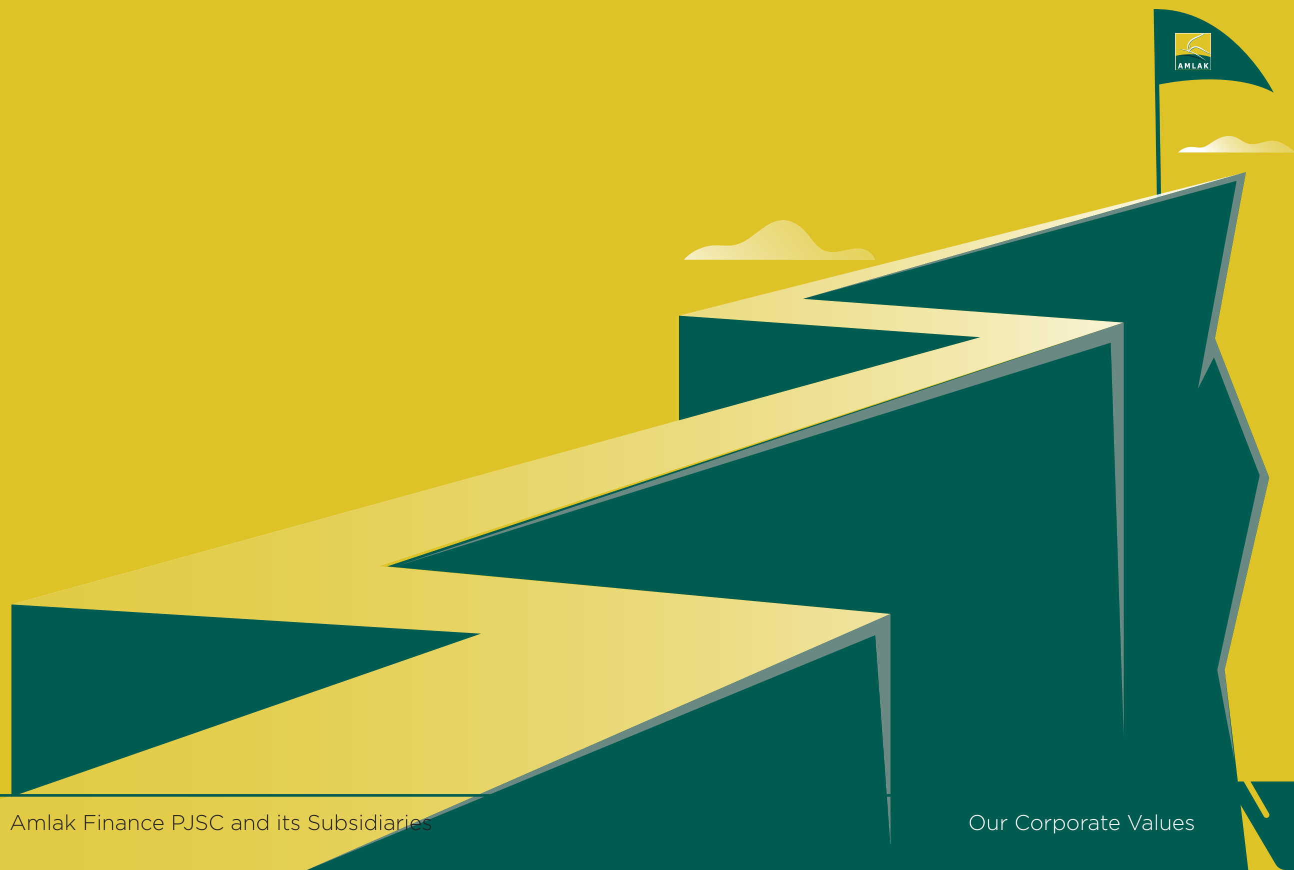
We do what is best for Amlak and our customers. We deliver on our promises and work to high standards. We are reliable, open and honest.

Collaboration

We work collaboratively with colleagues and form effective partnerships with internal and external stakeholders. Promoting cross-disciplinary working as a means of achieving shared goals.

Accountability

We hold ourselves and others accountable for delivering high quality and end to end service. We are courageous and speak up when the interest of the department and Amlak is at stake.



Amlak Through The Years

2000
Incorporated as a private shareholding company in Dubai, UAE.

2004
- Converted into Sharia compliant public joint stock company.
- Listed on DFM.

2005
- Rights issue.
- Successfully launched Sukuk.

2006
- Launched "First Amlak Real Estate Fund".
- Invested in Amlak International for Real Estate Finance Company KSA (Associate).

2007
- Invested in Amlak Finance & Real Estate Investment (S.A.E.)
- (100% subsidiary in Egypt) CCI Redemption of AED 100 Mn.

2008
- The financial turmoil hit the UAE.
- Suspension of share trading on DFM.

2009-13
It was the stand still period for Amlak growth. However, management proactively adopted focused strategies covering.

I. Continue serving financier.
II. Effective Portfolio management.
III. Robust liquidity management.
IV. Cost rationalization.
V. Negotiated significant reduction in liabilities & commitments.
VI. Protecting Shareholders' value.

2014
- Implementation of the approved restructuring plan in November.
- Settled AED 2.8 Bn of liabilities in cash.

2015
Resumption of share trading on DFM in June.

Redemption of AED 200 Mn of Contingent Convertible Instrument (CCI) within the first year after restructuring Advance Payment of AED 558 Mn to Financiers.

2016
Successful renegotiation of key restructuring terms led Amlak to meet its strategic intents.

I. Long term sustainability and growth.
II. Improved ability to attract new funding.
III. Enhancement in shareholder value.
IV. Advance Payment of AED 274 Mn to Financiers.

2017
CCI Redemption of AED 100 Mn.

2018
Advance payment of AED 684 million to financiers

2019
- Amlak announces Renegotiation of Restructuring Terms with its Financiers.
- Amlak announces completion of labour camp project.

2020
- Debt restructuring completed in 2020.
- Debt settlement of AED 257 million and full settlement with three financier.
- Partial exit from Amlak KSA through IPO generating AED 98.3 million.
- Repayment of AED 157 million to financiers (Tranche B) in 2020 and full settlement of liquidity support providers (Tranche A) in 2020
- Amlak's Egypt affiliate records 68% increase in profit from previous year

2021
- Debt settlement of AED 1.15 billion and full settlement with four financiers.
- Concluded arbitration ruling in Amlak's favor with a net value of AED 725 million.

2022
Debt settlement of AED 1.08 billion and full settlement with 2 Financiers.

Strategy

Guided by its vision and mission, Amlak pursues a strategy of sustainable growth, customer centricity and operational excellence, underpinned by prudence, corporate governance and corporate responsibility.

Shareholder Value

Sustainable growth has been placed at the root of Amlak's corporate strategy. The key focus will be on maximizing shareholder value through delivering dedicated service to our customers and generating optimum value from financial assets.

Amlak is also committed to create long term value from its real estate investment portfolio by considering development of land parcels in conjunction with suitable partners in an effort to better and faster fulfill its restructuring commitment to its financiers.

Cost Rationalization

Achieving operational efficiency with a view to reduce costs is a key area of focus. Amlak continues to explore digital solutions as a means to deliver improved internal and external service delivery while effectively managing costs.

Funding

Optimum and sustainable long- term funding remains a critical focus for the organization while we continue to flawlessly implement the restructuring milestones in the financing structures. This will underpin Amlak's balance sheet and profitability growth strategy in years to come.

Amlak continues to explore innovative options to repay financiers with a view to achieve a sustainable capital structure.

Organization Capabilities

Other main strategic priorities will include improving customer service delivery through technology, process reengineering to drive efficiency, robust risk management, progressive staff development and talent management as well as boosting corporate brand.

Risk Management

Guided by its vision and mission, Amlak pursues a strategy of sustainable growth, customer centricity and operational excellence, underpinned by prudence, corporate governance and corporate responsibility.

Enterprise Risk Management

Risk Management continues to be a top priority of Amlak Finance. Risk is an integral part of our business and decision-making process. Our performance depends on our ability to manage risk at every level. Amlak is committed to achieving an optimum balance between risk and return to minimize potential adverse impacts on the Company's financial performance.

Aligned with this objective, the Board of Directors established the Board Risk Committee (BRC). The BRC's main responsibility is to oversee the organization's enterprise risk management. It is governed by a Charter that sets the roles and responsibilities of the Committee, its authority, composition and relationship with different stakeholders.

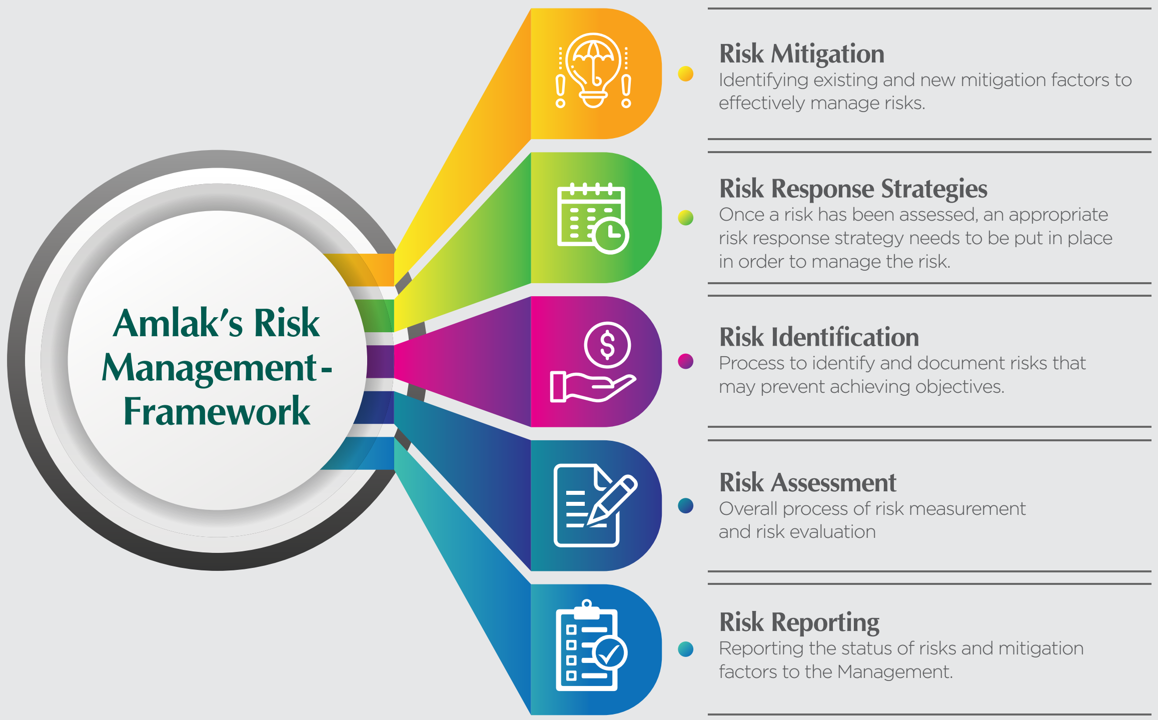
Furthermore, Amlak has established subcommittees, working groups comprising of stakeholders form business units and support functions to discuss financial and non-financial risks.

Risk Management Philosophy / Strategy

Amlak mlak has a strong risk culture, anchored to our strategy, and all staff are responsible for highlighting and managing potential risks in the course of their work. We reinforce individual accountability through a focus on the Three Lines of Defence model. In this model, as depicted here, management control is the first line of Defence in risk management, Enterprise Risk Management (ERM) and compliance oversight functions are the second line of Defence, while independent assurance internal audit team is the third.

Risk Appetite

As part of our continued efforts to improve the enterprise risk management, Amlak manages its risks by seeking to ensure that its exposures in each business segment remain within acceptable risk tolerance levels. The risk tolerances are translated into risk limits for operational purposes. The risk appetite is collectively managed throughout the organization through adherence to its risk management policies and procedures. Risk Limits are periodically reviewed to ensure that they remain within the risk appetite of the Group.



Risk Management Approach:

Amlak addresses the challenges of risks through enterprise wide risk management framework, key features of the framework are as follows:

- The Board of Directors provide overall risk management direction and oversight.
- Company's risk appetite is approved by the Board of Directors
- Risk Management is embedded as intrinsic process and is a core competence of all employees.
- Amlak manages its Credit, Market, Operational, Information Security and Liquidity risks in a coordinated manner within the organization.
- Enterprise Risk management Department is independent of the business units.

Amlak continuously modifies and enhances its risk management policies and systems to reflect changes in the market, products, and international best practices.

Training, individual responsibility and accountability together with disciplined and cautious culture of control is an integral part of Risk management.

Amlak's risk management structures and processes are continually reviewed and ensure their adequacy and appropriateness for the Company's risk and opportunities profile as well as bringing them up to date with changes in strategy, business environment, evolving thoughts and tends in Risk Management.

Products & Services

Since Inception, Amlak Finance has been the real estate specialist providing Shari'a compliant property financing solutions, designed to meet the rapidly evolving ecosystem comprising real estate markets and customer demands.

Through its innovative & customized products and services, Amlak has been making the dream of owning a property in the UAE become a reality for UAE residents, and contributes positively to the growth of Dubai's real estate sector.

Customer Service:

Amlak provides focused customer service by servicing each customer through a dedicated relationship. Amlak's customer service has been rated above industry benchmarks by independent evaluators.

Our Suite of Products & Services Includes:

Istithmari

Istithmari is the first-of-its-kind Buy-To-Let property finance (Ijarah) product in the region, designed for investors looking to invest in completed residential and commercial properties. In addition to providing personalized and professional relationship management, customers are provided with a full suite of Property Management Services.

Ijarah

Ijarah is the standard home finance product aimed towards end users of ready residential and commercial properties. Under Ijarah, Amlak buys the property from the developer/seller and leases it out to the customer with a promise to sell at the end of the lease term. The customer pays monthly rentals that comprise of fixed, variable and supplementary rentals

Double Your Property

This product has been designed for UAE resident investors who have own a property in UAE to avail an opportunity to double their property portfolio. The product offers eligible investors to unlock their equity and increase their real estate returns through attractive financing terms from Amlak.

Amlak will facilitate the second investment process from offering its real estate portfolio to financing the transaction. In addition, investors can also avail of professional property management services.

Tatweer

Tatweer is a product aimed at financing under-construction properties for investors as well as for end users. Finance is supplemented with a full suite of property management services that come into effect post completion and handover of the property.

Private Construction Finance

Private Construction Finance is offered to individuals or corporates that undertake the construction of commercial or residential projects. Amlak is one of the handful of financiers offering this product to a target market comprising UAE nationals as well as Expatriates for the purposes of renting in future or occupying. Amlak also prides in having substantial experience in managing construction financing transactions via trusted third party contractors and consultants as well as personalized relationship management of its clients.

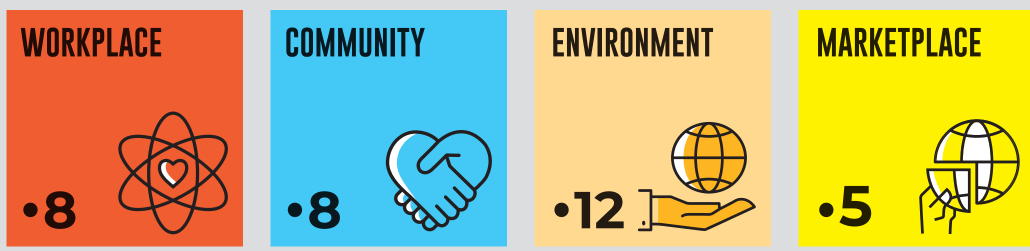
Corporate Social Responsibility (CSR)

Embedded as an integral part of Amlak's corporate culture, we remain fully committed to achieving our Corporate Social Responsibility (CSR) objectives as we continue to integrate them into our everyday business operations.

To further empower Amlak Finance's CSR initiatives, we have sought budgetary approval from our Board of Directors and Shareholders during the company's annual general assembly to boost our CSR efforts.

We remain committed to the UAE's CSR priorities and aligned with the International Sustainable Development Goals (SDGs).

Our Key Impact Areas



Our key CSR initiatives of 2022 include:

- **Volunteering Time Off (VTO)** - To enable employees to participate in volunteering activities with recognized charities and community organizations, the HR department has introduced time out for volunteering purposes that will not impact employee's annual leaves.
- **Rice Bag Collection Drive for Emirates Red Crescent.** With the generous support of so many of our colleagues we were able to donate 128 kilograms of rice bags to the Emirates Red Crescent.
- **Umrah for Junior Staff:** Amlak sponsored the Umrah pilgrimages of a selected number of employees, as well as the junior staff of our long-standing vendors. The umrah pilgrimage was sponsored for a total of eight people.
- Amlak supported **Al Noor Training Centre for Children with Special Needs** through sponsoring most-needed items from its wish-list. This included support for assistive technologies and physical therapy to aid students with visual impairments.
- **Al Jalila Foundation:** As part of our commitment to serving the community, Amlak Finance made a contribution to Al Jalila Foundation. As a token of their appreciation, our company name was engraved on a special donor's wall– Bassmat Rashid Bin Saeed - at Al Jalila Foundation.
- **Leaders of Change Program – Emirates Nature WWF:** We secured five slots for Amlak Finance employees to partake in activities, missions, and more that are centered around three pillars:
  - Train: Cultivate skills with expert-led training courses & certification.
  - Ideate: Collaborate and grow with a community of change-makers.
  - Act: Give back to people and nature through unique volunteer opportunities.
- **Dubai Foundation for Women and Children:** Pre-loaded Gift cards to provide immediate support to victims of abuse and human trafficking.
- **Eco-friendly Procurement:** Purchased and distributed sustainable and eco-friendly water bottles to everyone in the organization to reduce use of single-use plastic.
- **Stationary Drive** –Amlak took part in a Stationary Drive organized by Education for All, an organization registered with the Dubai Chamber of Commerce & Industry, and part of Engage Dubai. The donations were delivered to Emirates Red Crescent for those who struggle to afford necessary stationary items required for their children's education needs.
- **Ongoing waste monitoring** – the Admin Department (Noor Bawazir) manages waste monitoring. She ensures that glass, paper, plastic and general waste are recorded twice a day: mornings and afternoons.
- **Dubai Fitness Challenge** – To encourage employees to be fit and healthy, Amlak kept prizes for the top three participants in Dubai's Fitness Challenge.
- **Paper and Plastic Recycling Initiative, Green Call:** Amlak participated in recycling initiatives by Emirates Environmental Group.

Key Highlights

33 Initiatives across Workplace, Community, Environment and Marketplace categories

Areas of Impact linked to 9 SDGs

96% employee satisfaction rate with company's CSR programs

Certification of Appreciation from Dubai Chamber of Commerce

Cross-functional & multi-level Employees engaged in CSR

VTO introduced for the first time

Key CSR Stakeholders in 2022: Dubai Chamber of Commerce & Industry, Emirates Nature, Emirates Red Crescent, Al Noor Training Center for Children with Special Needs, Al Jalila Foundation, Green Eco-store, Dubai Fitness Challenge 30 x 30 and Emirates Environmental Group

Annual CSR Reports are available on Amlak Finance's website in the CSR Library Section https://www.amlakfinance.com/csr-library/

CSR Reports are shared with all employees considering it is their generous and enthusiastic participation that greatly helps to continue CSR's successful run at Amlak

For any questions, please contact Komal Naqvi on knaqvi@amlakfinance.com

UAE National Day Celebration

Dubai Fitness Challenge Winners from Amlak Finance - Sabir Hussain, Rony Varghese & Syed Yasir Baqar

Clean up and Data Collection. Ramil Asambrado is our most active Leader of Change.

Mangrove Planting

Amlak Sponsored the Umrah of 8 people

DUBAI CHAMBER | CENTRE FOR RESPONSIBLE BUSINESS
ENGAGE DUBAI

شهادة تقدير

Certificate of Appreciation

يتقدم مركز أخلاقيات الأعمال في غرفة تجارة دبي بالشكر إلى

The Dubai Chamber of Commerce Centre for Responsible Business would like to thank

للمساهمة الفعالة في فعالية اعط واحصد 2022

For contributing to Give and Gain in 2022

• Valid one year from date

Certificate of Appreciation - Amlak Finance

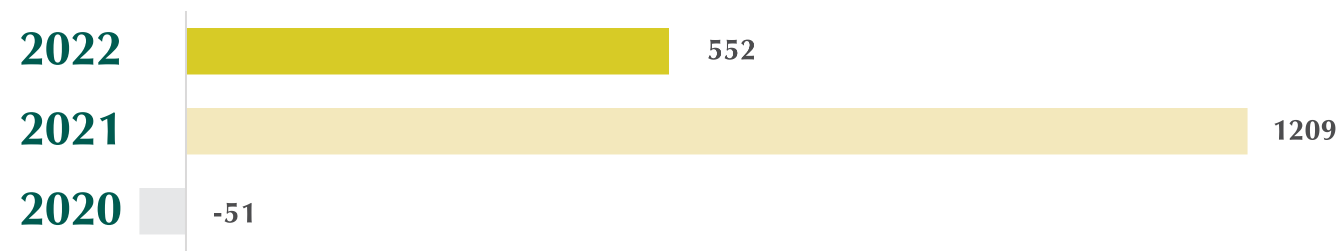
www.amlakfinance.com

Financial Trends

1. Group Income Statement

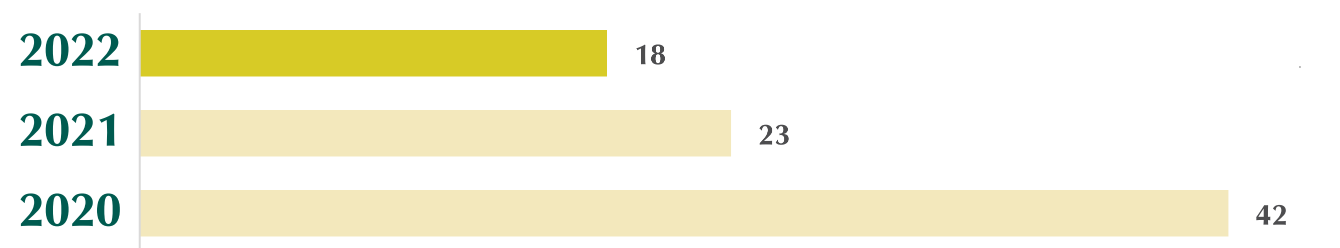
AED in Mn

Total Income



Income from Financing and Investing Assets

Rental Income

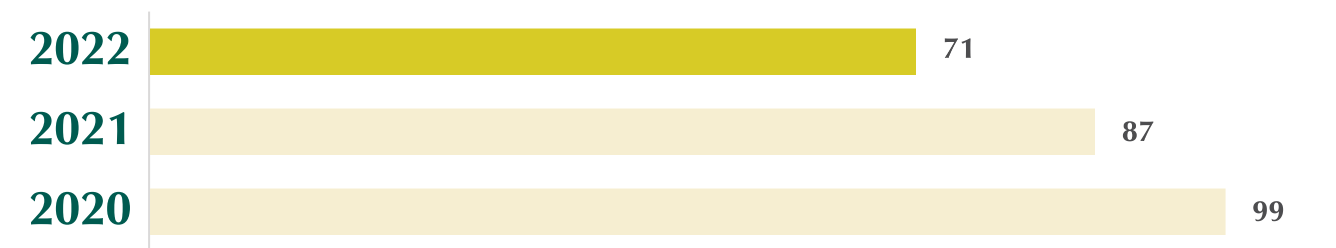


1. Group Income Statement

AED in Mn

Operating Expenses

Distribution to Financiers/ Investors



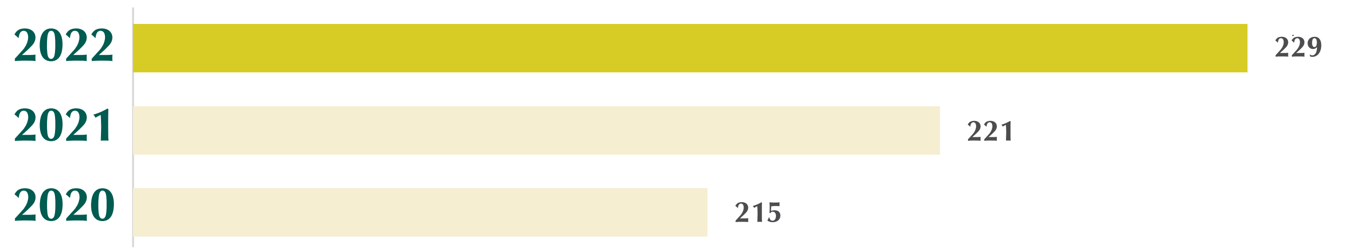
Profit / Loss for the year*

2. Group Balance Sheet

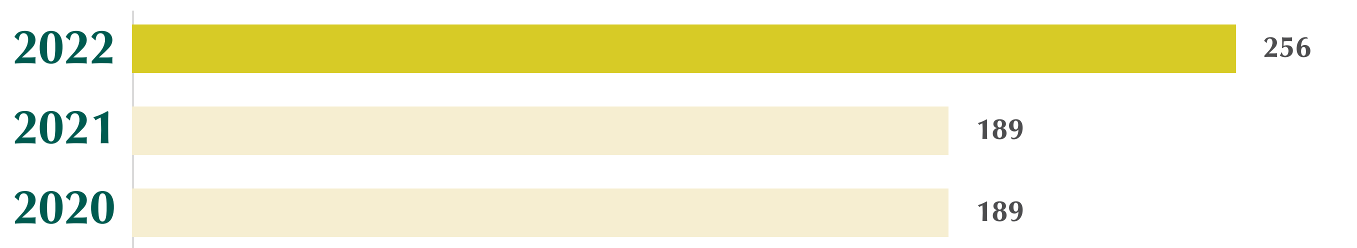
AED in Mn

Real Estate Investments

Corporate Investments



Cash and Balances with banks

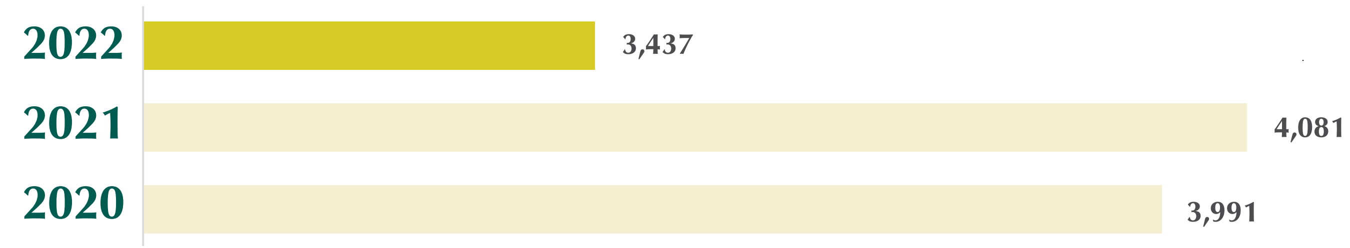


2. Group Balance Sheet

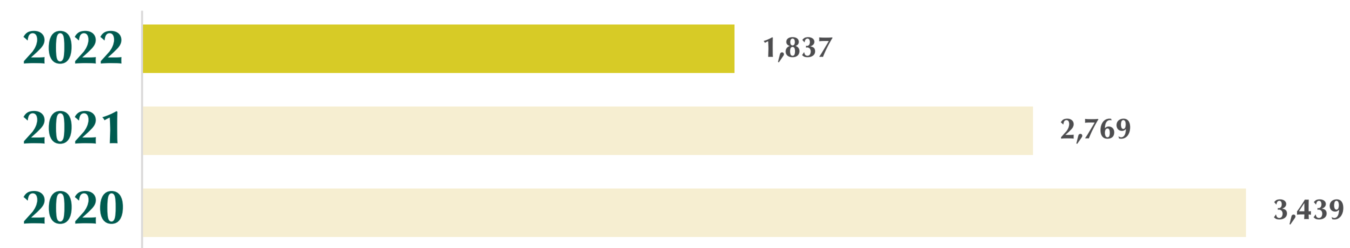
AED in Mn

Islamic financing and investing assets

Total Assets

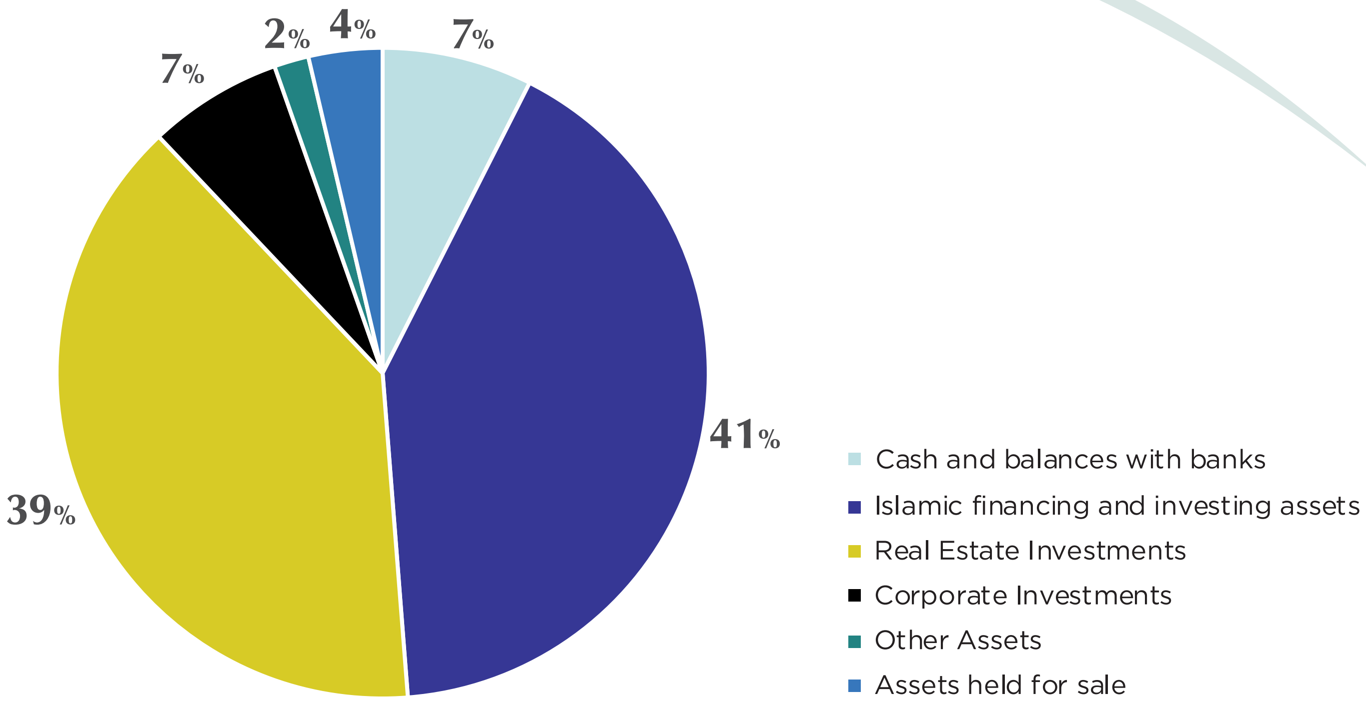


Investment Deposits and Other Islamic Financing

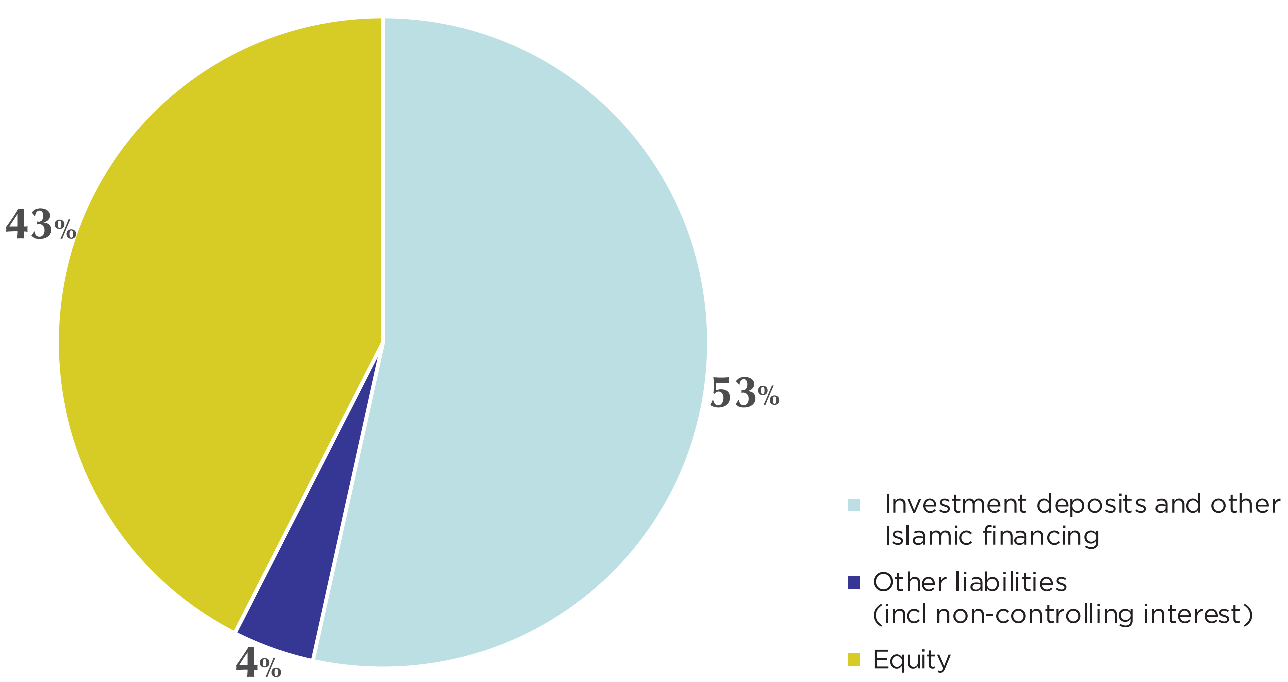


2. Group Balance Sheet

Assets Mix – Dec 2022

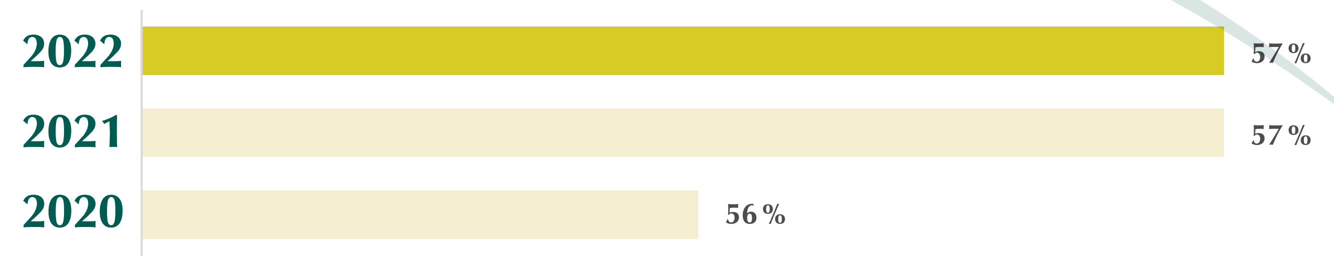


Liability and Equity Mix – Dec 2022

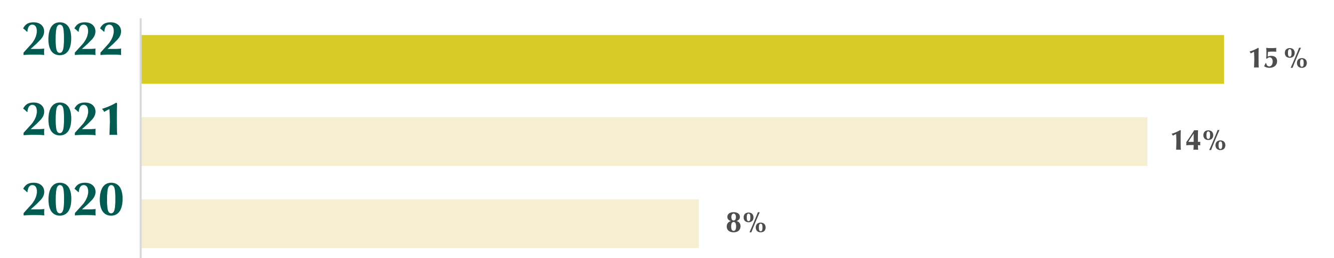


3. Financial Ratios

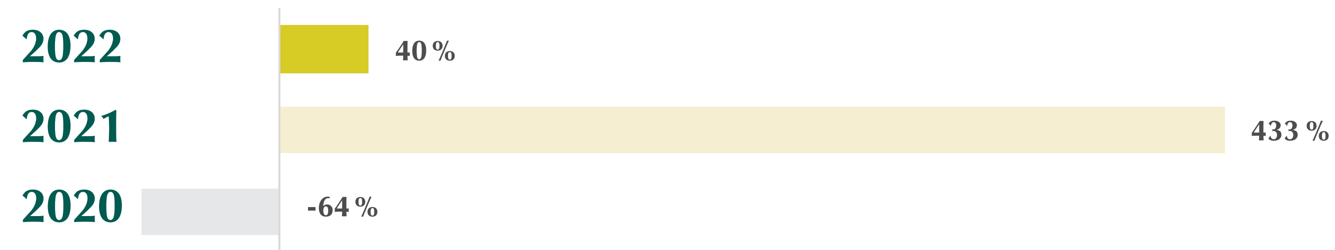
Net Financing to Deposit Ratio



Liquid Assets to Total Assets Ratio

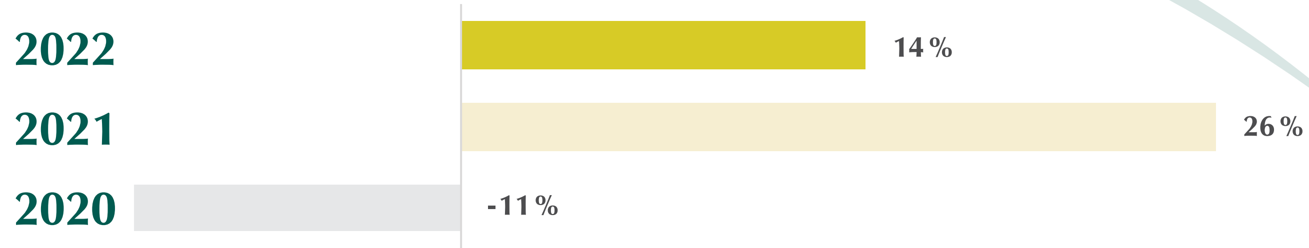


Return on Equity (ROE)

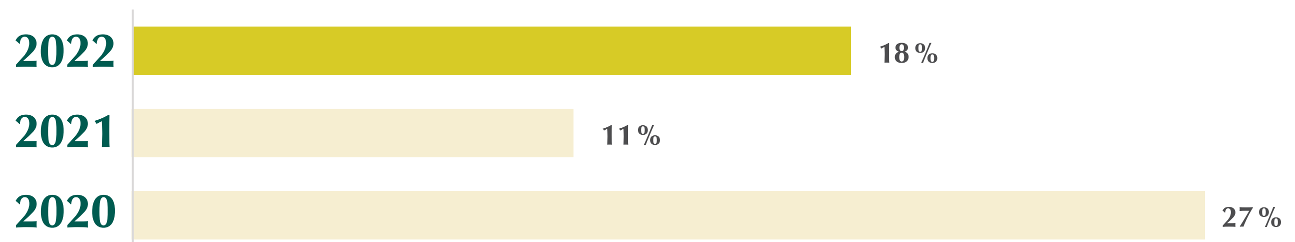


3. Financial Ratios

Return on Assets (ROA)

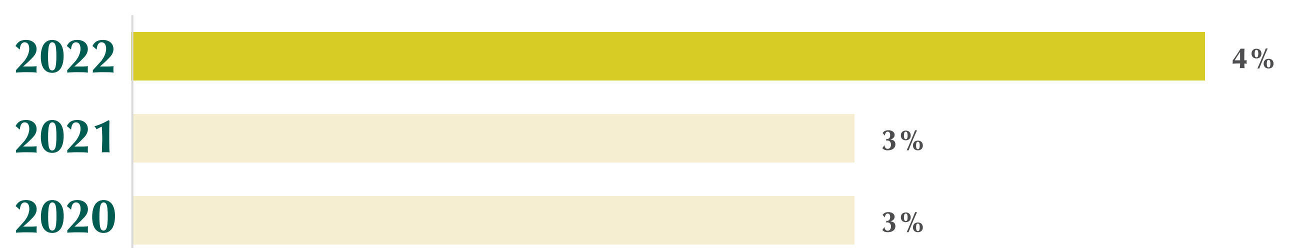


Cost to Income Ratio



Non-performing financing to total asset ratio

Net profit margin



Annual Report of the Internal Shari'ah Supervision Committee

of Amlak Finance PJSC for the year Ended 31st December 2022

Praise be to Allah – lord of the worlds, and peace and blessings be upon the best of messengers our Prophet Muhammad, His family and companions.

Issued on: 2nd February 2023
To: Shareholders of Amlak Finance PJSC ("Amlak")

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of Amlak ("ISSC") presents to you the ISSC's Annual Report for the financial year ending on 31st December 2022 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of Amlak; and Amlak's policies, accounting standards, operations and activities in general (to the extent of what was presented to the ISSC), memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between Investment accounts holders and shareholders ("Amlak's Activities") and issue Shari'ah resolutions in this regard, and determine Shari'ah parameters necessary for Amlak's Activities, and Amlak's compliance with Islamic Shari'ah within the scope of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of Amlak with Islamic Shari'ah.

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

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), the ISSC has, to the best of its judgment, abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to Amlak's Activities.

3. Duties Fulfilled by the ISSC During the Financial Year

ISSC conducted Shari'ah supervision of Amlak's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah Control Department and Shari'ah Audit Department, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening (4) meetings during the year.
b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to Amlak's Activities.
c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by Amlak to the ISSC for approval / ratification.

Annual Report of the Internal Shari'ah Supervision Committee

of Amlak Finance PJSC for the year Ended 31st December 2022

d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
e. Supervision through the Internal Shari'ah Control Department and the Shari'ah Audit Department of Amlak's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
f. Providing guidance to relevant parties in Amlak – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Shari'ah Audit Department– and where applicable issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
h. Clarifying the amount of Zakat due on each of Amlak's shares.
i. Communicating with the Board and its subcommittees, and the senior management of Amlak (as needed) concerning Amlak's compliance with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that Amlak is compliant with Islamic Shari'ah.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties with utmost independence. The ISSC received the required support and cooperation of the senior management and the Board of Amlak to have access to all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah

Compliance Status of Amlak Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that Amlak's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

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

Dr. Mohammad Abdul Rahim Sultan Al Olama
Chairman

Mr. Moosa Tariq Khoory
Executive Member

Dr. Azzedine Ben Zughaiba
Member

Zakat

on Amlak Shares for the year Ended 31st December 2022

Praise be to Allah – Lord of the worlds, and peace and blessings be upon the best of Messengers our Prophet Muhammad, His family and companions.

The Internal Sharia Supervision Committee of Amlak Finance has reviewed the financial statements and clarifications and information related to its items for the purpose of calculating the zakat on the company's shares, and after reviewing and examining the necessary information in this regard, the committee states that the amount of zakat due is 0.0066 AED for each share owned.

This, and God knows best.

Board of Directors' Report

The Directors present their report and consolidated financial statements for the year ended 31 December 2022.

Principal Activities

Amlak Finance PJSC is primarily engaged in Islamic financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. These activities are conducted in accordance with Islamic Sharia'a which prohibits usury, and within the provisions of its Articles and Memorandum of Association.

Results

The results of the Group for the year ended 31 December 2022 are set out in the attached consolidated financial statements.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the years presented in the report.

Signed on behalf of the Board of Directors

23 February 2023
Dubai, United Arab Emirates

www.amlakfinance.com

Independent Auditor's Report

The Shareholders Amlak Finance PJSC Dubai, United Arab Emirates.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Amlak Finance PJSC (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key audit matters

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

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
Impairment of Islamic financing and investing assets	
As at 31 December 2022, the Group's gross Islamic financing and investing assets amounted to AED 1.4 billion and the related expected credit loss (ECL) allowances amounted to AED 404 million, comprising of AED 39 million against Stage 1 and 2 exposures and AED 365 million against exposures classified under Stage 3. The audit of the impairment of Islamic financing and investing assets is a key area of focus because of its size (representing 50 % of total assets) and due to the significance of the estimates and judgments used in classifying Islamic financing and investing assets into various stages, determining related allowance requirements, and the complexity of the judgements, assumptions and estimates used in the Expected Credit Loss models. Refer to Note 3 to the consolidated financial statements for the accounting policy, Note 2.4 for critical judgements and estimation used by management and Note 32 for the credit risk disclosure. The Group recognizes allowances for expected credit losses (ECLs) at an amount equal to 12-month ECL (Stage 1) or full lifetime ECL (Stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective profit rate. The Group employs statistical models for ECL calculations and the key variables used in these calculations are probability of default (PD), loss given default (LGD); and	We obtained a detailed understanding of the Group's Islamic financing and investing assets business processes and the accounting policies of IFRS 9 Financial Instruments including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the IFRS 9 ECL models as at 31 December 2022. We tested the design, implementation and operating effectiveness of the relevant controls which included testing: • System-based and manual controls over the timely recognition of impaired Islamic financing and investing assets and advances; • Controls over the ECL calculation models; • Controls over collateral valuation estimates; and • Controls over governance and approval process related to impairment provisions and ECL Models including continuous reassessment by the management. We understood and evaluated the theoretical soundness of the ECL model by involving our internal experts to ensure its compliance with the minimum requirements of the standard. We tested the mathematical integrity of the ECL model by performing recalculations. We assessed the consistency of various inputs and assumptions used by the Group's management to determine impairment. For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology, assessed the underlying assumptions and the sufficiency of the data used by the

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
Impairment of Islamic financing and investing assets	
exposure at default (EAD), which are defined in Note 3 to the consolidated financial statements. The measurement of ECL amounts for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention, however, it is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period. Exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms. Stage 3 in default Islamic financing and investing assets are measured on the basis of the present value of expected future cash flows including observable market price or fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing and investing assets carrying value compared to the net present value of future cash flows using original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts.	management. We assessed the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we evaluated the appropriateness of the Group's staging. For forward looking assumptions used by the Group's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We selected samples of Islamic financing and investing assets and checked the accuracy of the Exposure at Default (EAD), appropriateness of the Probability of Default (PD) and calculations of the Loss Given Default (LGD) used by the management in their ECL calculations. For exposures determined to be individually impaired, we tested samples of Islamic financing and investing assets and examined and assessed management's estimate of future cash flows, and reperformed the resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default.
Fair valuation of investment properties	
Investment properties comprise 39% of the total assets of the Group. Investment properties are carried at AED 1.35 billion in the consolidated statement of financial position. The Group's investment properties are measured under the fair	We obtained an understanding of the Group's investment properties and the relevant controls over inputs and assumptions used by the Group in the valuation of the investment properties. In

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Key audit matters (continued)

value model, with changes in fair value presented in the consolidated statement of profit or loss. Management determines the fair values of the investment properties on a quarterly basis and has used external third party specialists in accordance with the RICS Valuation - Professional Standards and the requirements of IFRS 13 Fair Value Measurement and take into account, where available, discounted cash flows and evidence of market transactions for properties and locations comparable to those of the Group's properties. The Group's portfolio comprises retail, offices and residential property. The valuation of an investment property at fair value is highly dependent on estimates and assumptions, such as realisable sales values, rental value, occupancy rate, discount rate, maintenance status, financial stability of tenants, market knowledge and historical transactions. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we assessed this as a key audit matter. Refer to the following notes in the financial statements for further detail: • Note 3 – Significant accounting policies on investment properties; • Note 2.4 – Critical accounting judgement and key sources of estimation uncertainty of valuation of investment properties; and • Note 15 – Investment properties.	addition, our work performed included the below procedures, amongst others on the Group's valuations: We assessed the design and implementation and tested the operating effectiveness of the key controls over the estimation of the fair value of the investment properties; We assessed the valuer's skills, competence, objectivity and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes; We agreed the total valuation in the valuer's report to the amount reported in the consolidated statement of financial position; We tested, on a sample basis, the accuracy of the standing data provided by the Group to the Valuers; We utilised our internal real estate valuation specialists to review selected properties valued by the external valuers and internally by management and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 Fair Value Measurement. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reperformed the arithmetical accuracy of the valuations on a sample basis. We assessed the disclosures in the consolidated financial statements against the requirements of IFRSs.

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Board of Directors' report. We obtained the Board of Directors' report prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed 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 remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

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

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

We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor's Report

To the Shareholders of Amlak Finance PJSC, Dubai (continued)

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- the Group has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Group's books of account;
- note 13 to the consolidated financial statements of the Group discloses its investments in equity instruments during the financial year ended 31 December 2022;
- note 30 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests as at 31 December 2022;
- based on the information that has been made available to us, the accumulated losses of the Group exceeded 50% of its share capital. Article 302 of the UAE Federal Law No. (22) of 2021 requires that, under such circumstances, the Board of Directors of the Group should convene a General Assembly to take a special Decision to resolve the Group or to continue in the activity of the Group. This meeting will be held in April 2023. Other than this matter, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022, with any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- note 33 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2022.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Mohammad Jallad
Registration No. 1164
28 February 2023
Dubai
United Arab Emirates

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Income from Islamic financing and investing assets	4	**126,581**	156,865
Fee and commission income		**3,506**	8,534
Income from investment properties, net	5	**8,668**	10,946
Gain on debt settlement, net	20	**348,928**	387,633
Income on settlement against advance for investment properties	14	**-**	613,059
Share of results of an associate	17	**17,422**	19,043
Other income	6	**46,591**	12,560
		551,696	1,208,640
Reversal of impairments, net	7	**157,821**	146,163
Amortisation of initial fair value gain on investment deposits	20	**(54,758)**	(64,093)
Operating expenses	8	**(107,210)**	(143,788)
PROFIT BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		**547,549**	1,146,922
Distribution to financiers / investors	9	**(71,400)**	(87,286)
PROFIT FOR THE YEAR		**476,149**	1,059,636
Profit per share attributable to equity holders of the parent			
Basic profit per share (AED)	10	**0.32**	0.71
Diluted profit per share (AED)	10	**0.19**	0.38

The attached notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 AED'000	2021 AED'000
Profit for the year	**476,149**	1,059,636
Other comprehensive income		
Item that will be reclassified subsequently to profit or loss:		
Exchange losses on translation of foreign operations	**(83,116)**	(2,479)
Share of other comprehensive income of an associate	**3,351**	-
Items that will not be reclassified subsequently to profit or loss:		
Losses on remeasuring of investment securities	**-**	(597)
Other comprehensive loss for the year	**(79,765)**	(3,076)
Total comprehensive income for the year	**396,384**	1,056,560

The attached notes 1 to 36 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31-Dec 2022 AED'000	31-Dec 2021 AED'000
ASSETS			
Cash and balances with banks	11	**255,696**	189,056
Islamic financing and investing assets	12	**1,419,904**	2,052,252
Investment securities	13	**7,397**	7,824
Investment properties	15	**1,347,043**	1,558,830
Investment in an associate	17	**222,132**	212,799
Other assets	18	**47,732**	47,363
Furniture, fixtures and office equipment	19	**11,120**	12,435
		3,311,024	4,080,559
Assets held for sale	16	**125,953**	-
TOTAL ASSETS		**3,436,977**	4,080,559
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	20	**1,670,602**	2,496,034
Term Islamic financing	21	**166,241**	273,089
Employees' end of service benefits	22	**4,306**	3,309
Other liabilities	23	**135,065**	125,432
Total liabilities		**1,976,214**	2,897,864
Equity			
Share capital	24	**1,500,000**	1,500,000
Statutory reserve	25	**276,229**	228,614
General reserve	26	**276,229**	228,614
Special reserve	27	**99,265**	99,265
Mudaraba Instrument	28	**107,624**	155,567
Mudaraba Instrument reserve	28	**404,627**	584,867
Cumulative changes in fair value		**4,213**	862
Foreign currency translation reserve		**(384,703)**	(301,587)
Accumulated losses		**(822,721)**	(1,313,507)
Total equity		**1,460,763**	1,182,695
TOTAL LIABILITIES AND EQUITY		**3,436,977**	4,080,559

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for the years presented therein.

Approved by the Board of Directors on 23 February 2023 and signed on its behalf by:

Chairman ______________ Chief Executive Officer ______________

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
OPERATING ACTIVITIES			
Profit for the year		**476,149**	1,059,636
Adjustments for:			
Depreciation	19	**2,666**	3,704
Share of results of an associate	17	**(17,422)**	(19,043)
Reversal of impairment, net	7	**(157,821)**	(146,163)
Fair value loss on investment properties	15	**11,149**	12,620
Amortisation of fair value adjustment on investment deposits	20	**54,758**	64,093
Distribution to financiers/investors	9	**71,400**	87,286
Income on deposits	6	**(2,035)**	(1,218)
Gain on initial recognition of repossessed properties	6	**(29,786)**	-
Gain on sale of investment properties	5	**(872)**	(890)
Gain on debt settlement	20	**(348,928)**	(387,633)
Gain on settlement of advance for investment properties	14	**-**	(613,059)
Provision for employees' end of service benefits	22	**1,416**	689
Operating profit before changes in operating assets and liabilities:		**60,674**	60,022
Islamic financing and investing assets		**510,808**	386,240
Other assets		**(98,386)**	10,549
Other liabilities		**9,990**	16,208
Cash from operations		**483,086**	473,019
Employees' end of service benefits paid	22	**(419)**	(786)
Net cash generated from operating activities		**482,667**	472,233
INVESTING ACTIVITIES			
Dividend from an associate	17	**13,131**	12,367
Sale of investment properties		**21,636**	159,550
Movement in restricted cash flow	11	**(2,524)**	(4,590)
Proceeds on settlement of advance for investment property		**100,000**	50,000
Proceeds from Wakala deposits		**2,202,000**	1,323,000
Placement of Wakala deposits		**(2,094,500)**	(1,558,500)
Purchase of furniture, fixtures and office equipment	19	**(1,435)**	(813)
Income on deposits		**2,035**	1,218
Net cash generated from / (used in) investing activities		**240,343**	(17,768)

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
FINANCING ACTIVITIES			
Receipt of Term Islamic financing		**37,523**	122,053
Repayment of Term Islamic financing		**(63,280)**	(62,282)
Investment deposits and other Islamic financing		**(464,369)**	(459,375)
Redemption of Mudaraba instrument		**(84,970)**	(56,363)
Director's fee paid		**(682)**	-
Net cash used in financing activities		**(575,778)**	(455,967)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**147,232**	(1,502)
Foreign currency translation reserve		**(83,116)**	(3,122)
Cash and cash equivalents at the beginning of the year		**79,020**	83,644
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	**143,136**	79,020
Non-cash transactions:			
Transfer of investment property in settlement of liability		**147,595**	290,728
Initial recognition of repossessed properties		**132,218**	23,304
Addition to investment property in settlement of advance for investment property		**-**	705,840

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Mudaraba Instrument AED'000	Mudaraba Instrument reserve AED'000	Cumulative changes in fair value AED'000	Foreign Currency Translation Reserve* AED'000	Accumulated losses AED'000	Total Equity AED'000
At 31 December 2021	1,500,000	228,614	228,614	99,265	155,567	584,867	862	(301,587)	(1,313,507)	1,182,695
Profit for the year	-	-	-	-	-	-	-	-	476,149	476,149
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	3,351	(83,116)	-	(79,765)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	3,351	(83,116)	476,149	396,384
Transfer to general reserve	-	-	47,615	-	-	-	-	-	(47,615)	-
Transfer to statutory reserve	-	47,615	-	-	-	-	-	-	(47,615)	-
Debt settlement adjustment (note 17.2)	-	-	-	-	(47,943)	(180,240)	-	-	-	(228,183)
Gain on debt settlement through equity (note 17.2)	-	-	-	-	-	-	-	-	110,549	110,549
Director's fee paid	-	-	-	-	-	-	-	-	(682)	(682)
At 31 December 2022	1,500,000	276,229	276,229	99,265	107,624	404,627	4,213	(384,703)	(822,721)	1,460,763

The attached notes 1 to 36 form part of these consolidated financial statements.

The attached notes 1 to 36 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Mudaraba Instrument AED'000	Mudaraba Instrument reserve AED'000	Cumulative changes in fair value AED'000	Foreign Currency Translation Reserve* AED'000	Accumulated losses AED'000	Total Equity
At 1 January 2021	1,500,000	122,650	122,650	99,265	204,896	770,324	1,459	(299,108)	(2,277,605)	244,531
Profit for the year	-	-	-	-	-	-	-	-	1,059,636	1,059,636
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	(597)	(2,479)	-	(3,076)
Total comprehensive income/(loss) for the year		-	-	-	-	-	(597)	(2,479)	1,059,636	1,056,560
Transfer to general reserve	-	-	105,964	-	-	-	-	-	(105,964)	-
Transfer to statutory reserve	-	105,964	-	-	-	-	-	-	(105,964)	-
Debt settlement adjustment (note 17.2)	-	-	-	-	(49,329)	(185,457)	-	-	-	(234,786)
Gain on debt settlement through equity (note 17.2)	-	-	-	-	-	-	-	-	116,390	116,390
At 31 December 2021	1,500,000	228,614	228,614	99,265	155,567	584,867	862	(301,587)	(1,313,507)	1,182,695

* This relates to foreign exchange differences on translation of the Group's subsidiaries in Egypt.

The attached notes 1 to 36 form part of these consolidated financial statements.

The attached notes 1 to 36 form part of these consolidated financial statements.

1. Activities

Amlak Finance PJSC (the 'Company') was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a private shareholding company in accordance with UAE Federal Law No (8) of 1984, as amended. At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 28 June 2016, replacing the Federal Law No. 8 of 1984 and was amended by the Federal Decretal Law No. 26 of 2020 issued on 27 September 2020 and the Decretal Federal Law No. (14) of 2018.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law").

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. The activities of the Company are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association.

The registered address of the Company is P.O. Box 2441, Dubai, United Arab Emirates.

2. Accounting Policies

2.1 Assessment of Going Concern Assumption

Due to the shrinking of the financing assets portfolio, the Group has reported a decline in financing income. The Group has inventory of investment properties and other investments outside the UAE which are required to be disposed of by June 2023 to continue to remain compliant with the Finance Companies Regulations. Continued delinquencies in the financing assets portfolio also poses a future risk to generate sufficient cashflow to meet the repayment obligation of financiers.

The Group's management has taken several steps to address the situation including the following:

- Debt settlement auctions undertaken throughout the year generated a net profit of AED 349 million (31 December 2021 AED 388 million) during the year.
- Planned offloading of assets within the real estate portfolio throughout the year generated a net profit of AED 93 million (31 December 2021 AED 199 million) during the year.
- Exploring different options to address investments in order to remain compliant with regulations.

Management has witnessed increased demand for certain properties within the Group's investment property portfolio and expects this to continue throughout 2022 given the various government initiatives being implemented. These realisations will ultimately contribute to profitability of the Group.

The Central Bank (CB) in its examination report 2021 pointed out that, growing the financing assets is critical, without which Amlak may not generate sufficient cash flows in future to meet financiers obligations. Further, the company is not competitive with other banks in terms of pricing the financing portfolio and has a significant inventory of real estate assets which may pose a risk on the company to become non-compliant with the Finance Companies Regulations by June 2023.

Management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared these consolidated financial statements on a going concern basis.

The consolidated financial statements have been presented in UAE Dirhams (AED) and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

Basis of preparation
The Group consolidated financial statements have been prepared under the historical cost basis except for investment properties carried at fair value and investment securities measured at fair value through other comprehensive income.

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), the Shariah rules and principles as determined by the Internal Sharia Supervision Committee of the Company and applicable requirements of United Arab Emirates laws.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Amlak Finance PJSC and its subsidiaries (the Group) as at 31 December 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

The principal activities of the subsidiaries are the same as those of the parent company. The extent of the Group's shareholding in the subsidiaries is as follows:

Company	Basis for consolidation	Basis for consolidation	Percentage Shareholding	
			2022	2021
Amlak Finance Egypt Company (S.A.E.)	Subsidiary	Egypt	**100%**	100%
Amlak Sky Gardens LLC	Subsidiary	UAE	**100%**	100%
Amlak Holding Limited	Subsidiary	UAE	**100%**	100%
Warqa Heights LLC	Subsidiary	UAE	**100%**	100%
Amlak Capital LLC	Subsidiary	UAE	**100%**	100%
Amlak Property Investment LLC	Subsidiary	UAE	**100%**	100%
Amlak Limited	Subsidiary	UAE	**100%**	100%
Amlak Nasr City Real Estate Investment LLC	Subsidiary	Egypt	**100%**	100%

2.2 Changes in Accounting Policies, Estimates and Judgements

New and revised IFRSs applied on the consolidated financial statements:
The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 16 *Property, plant and equipment relating to proceeds before intended use;*
- Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts;*
- Amendments to IFRS 3 *Business Combinations relating to reference to conceptual framework; and*
- Annual improvements to IFRS standards 2018 – 2020.

2.3 Definitions

The following terms are used in the consolidated financial statements with the meaning specified:

Istisna'a
Istisna'a is a sale contract between two parties whereby one party (seller) undertakes to construct, for the other party (buyer), an asset or property according to certain pre-agreed specifications in consideration of a pre-determined price to be delivered during a pre-agreed period of time. The work undertaken is not restricted to be accomplished by the Seller alone, whole or part of the construction can be undertaken by third parties under the seller's control and responsibility. Under an Istisna'a contract the Group may act as the seller or the buyer, as the case may be.

Ijarah (Ijarah Muntahia Bittamleek)
A lease agreement whereby one party (lessor) leases an asset to the other party (lessee), after purchasing/acquiring the asset according to the other party's request against certain rental payments for specified lease term/periods. The duration of the lease, as well as the basis for rental payments, are set and agreed in advance. The lessor retains ownership of the asset throughout the lease term. Ijarah ends by transfer of ownership in the asset to the lessee pursuant to a sale and purchase agreement. Under an Ijarah contract the Group may act as a lessor or a lessee as the case may be.

Forward Ijarah (Ijara Mausoofa Fiz Zimma)
Forward Ijarah is an arrangement whereby the parties' (i.e. lessor and lessee) agree that the lessor shall on a specified future date provide certain described property on lease to the lessee upon its completion and delivery by the developer, from whom the lessor has purchased the property. The lessee pays on-account rentals during the construction period which is setoff against lease rental obligations which commence only upon the lessee having received possession of the property from the Group. Forward Ijarah ends by transfer of ownership in the asset to the lessee. Under a Forward Ijara, the Group may act as a lessor or a lessee, as the case may be.

Sharikatul Milk
Sharikatul Milk is a joint ownership of two or more entities / persons is created in a particular asset or property without common intention to engage in business with respect to such asset or property. The parties share income / revenues from such joint ownership when the asset or property is either leased or sold.

Murabaha to the purchase orderer
Murabaha to the purchase orderer is an agreement whereby one party sells (seller) an asset to the other party (purchaser) after purchasing the assets which the seller has purchased based on a promise received from the purchaser to buy the asset to be purchased according to specific terms and conditions. The seller should disclose cost of the asset and an agreed profit to the purchaser. Under the Murabaha contract the Group may act either as a seller or a purchaser, as the case may be.

Mudaraba
An agreement between two parties whereby one party as a fund provider (Rab Al Mal) would provide funds (Mudaraba Capital), to the other party (Mudarib). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity against an agreed share in the profit. Mudaraba is an investment contract, however the Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba by the Mudarib.

Under the Mudaraba contract the Group may act either as Mudarib or as Rab Al Mal, as the case may be.

Sharia'a
Sharia'a is the body of Islamic law and is essentially derived from the Quran and the Sunna'h, Ijma and Qiyas. The Group, being an Islamic Financial Institution, incorporates the Principles of Sharia'a in its activities, as interpreted by its Internal Sharia Supervision Committee.

Wakala Investments
An agency agreement whereby the principal (Muwakkil) provides a certain sum of money (Wakala Capital) to an agent (Wakeel) to invest it in a Sharia'a compliant manner and in accordance with the feasibility study/investment plan submitted to the Muwakkil by the Wakeel. Wakeel for the services is entitled to a fixed fee (Wakala fee) and if the Wakeel achieves a return over and above the amount of expected profit (as stated in the feasibility study/investment plan) Muwakkil may grant such excess to the Wakeel as an incentive for its excellent performance. However, the Wakeel is obliged to return the invested amount in case of its default, negligence or violation of any of the terms and conditions of the Wakala. The Group may either receive the funds from the investors as their investment agent (Wakeel) or provide the funds for management/investment as Muwakkil.

Mudaraba Instrument
An instrument issued in favour of a facility agent, acting for and on behalf of the financiers (as Agent) in respect of their share in the finance portfolio pursuant to which the Agent transferred rights, interests, benefits and entitlements in the finance portfolio to Amlak Shaheen Limited (as Issuer). The Company and the Issuer (as Rab Al Maal) entered into Mudaraba whereby the finance portfolio as Mudaraba Capital will be invested by the Company. Any redemption of the Mudaraba Instrument will be through the Group making a payment under a Mudaraba contract to the Issuer.

2.4 Significant Management Estimates and Judgments

Use of estimates
The preparation of the consolidated financial statements requires management to use its judgment and make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions for impairment and fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:

(i) Financial instruments
Judgments made in applying accounting policies that have most significant effects on the amounts recognized in the consolidated financial statements of the year ended 31 December 2022 pertain:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and profit on the principal amount outstanding.
- Calculation of expected credit loss (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 20221. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Inputs, assumptions and techniques used for ECL calculation
Key concepts that have the most significant impact and require a high level of judgment, as considered by the Group while determining the ECL, are:

Assessment of Significant Increase in Credit Risk
The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting

date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

The Group's assessment of significant increases in credit risk is being performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. The Group has established thresholds for significant increase in credit risk based on movement in Probability of Default relative to initial recognition.
2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment is based on individual assessment of financial assets for objective evidence of impairment.

The Group reviews its loans and receivables portfolio and Islamic financing receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans and receivables or Islamic financing receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the Group's ECL calculation will have forecasts of the relevant macroeconomic variables.

The Group estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

The Group base case scenario is based on macroeconomic forecasts published by the external experts and other publicly available data. Upside and downside scenarios are set relative to the Group base case scenario based on reasonably possible alternative macroeconomic conditions. Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant.

Scenarios are probability-weighted according to the Group best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group.

In some instances the inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are

Notes to the Consolidated Financial Statements
At 31 December 2022

occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Group's Governance process for oversight.

(i) Definition of default

The definition of default used in the measurement of ECL and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

(ii) Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

(iii) Governance

In addition to the existing risk management framework, the Group has established an internal workgroup to provide oversight to the IFRS 9 impairment process. The workgroup is comprised of senior representatives from Finance and Risk Management team and will be responsible for reviewing and approving key inputs and assumptions used in the Group ECL estimates. It also assesses the appropriateness of the overall allowance results to be included in the Group financial statements.

(iv) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from quoted prices, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Fair values are subject to a control framework designed to ensure that they are either determined or validated, by a function independent of the risk taker.

(v) Impairment loss on investment in associates and jointly controlled entities

Management reviews its share of investments in associates and jointly controlled entities to assess impairment on a regular basis. In determining the assessment, management compares the recoverable amount with the carrying value of the investment. Estimating recoverable amount using value in use requires the Group to make an estimate of the expected future cash flows from the associates and jointly controlled entities and choosing a suitable discount rate in order to calculate the present value of those cash flows.

(vi) Contingent liability arising from litigations

Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

(vii) Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

(viii) Impairment of associate

When indications exist that the carrying amount of the investment in associates would not be recoverable, an impairment is recognised. The recoverable amount is the higher of value in use and fair value less cost to sell. The fair value less cost to sell is based on the Group's best estimate of the price the Group would achieve in a sale transaction of the investment.

(ix) Provisions, contingent liabilities and commitments

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the market assessments of the time value of money and the increase specific to the liability.

(x) Revaluation of investment properties and advances for investment properties

The Group carries its investment properties and advances for investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit and loss. The Group engaged independent valuation specialists to assess fair value during the year. These are valued using appropriate valuation technique by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

(xi) Allocation of transaction price to performance obligations in contracts with customers

The Group has elected to apply the input method in allocating the transaction price between respective performance obligations in a contract. In applying the input method the Group uses the fair values of the respective obligations to apportion the transaction value.

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Judgements

In addition to specific allowance against individually significant loans and receivables and Islamic financing receivables, the Group also makes a collective impairment allowance to recognise that at any reporting date, there will be an amount of loans and receivables and Islamic financing receivables which are impaired even though a specific trigger point for recognition of the loss has not yet been evidenced (known as the "emergence period").

Impairment of non-financial assets

The Group reviews its non-financial assets to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of non-financial assets.

The Group reviews its non-financial assets to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of non-financial assets.

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgments the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when control of the unit has been handed over to the customer.

2.5 New and revised IFRSs in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current	1 January 2023
Amendment to IFRS 17 Insurance contracts	1 January 2023
Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

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

3. Summary of Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements, except for the changes explained in note 2.2.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to credit risks. Revenue is recognised in the income statement as follows:

Ijarah
Ijarah income is recognised on a time-proportion basis over the lease term.

Sharikatul Milk
Sharikatul Milk income is recognised on a time-proportion basis over the lease term or on transferring to the buyer the significant risks and rewards of ownership of the property.

Murabaha
Murabaha deferred profit is accounted for on a time-proportion basis over the period of the contract based on the net Murabaha amounts outstanding.

Mudaraba
Income or losses on Mudaraba financing are accounted for on a time-proportion basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas losses are charged to income on their declaration by the Mudarib.

Musharaka
Income is accounted for on the basis of the net invested Musharaka capital on a time- apportioned basis that reflects the effective yield on the asset.

Documentation fees
Documentation fees estimated to cover processing costs are recognised when related facilities are approved.

Revenue from contracts with customers
The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Rental income
Rental income on investment properties is recognised in the profit and loss component of the statement of income on a straight-line basis over the term of the lease where the lease is an operating lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease on a straight line basis.

Dividend
Dividend revenue is recogznised when the right to receive the dividend is established.

Income on deposits
Income on deposits is accounted for on a time-apportioned basis based on the estimates of management and past history of income on similar deposits.

Allocation of profit
Allocation of profit between the financiers and the shareholders is calculated according to the Group's standard procedures and is approved by the Group's Internal Sharia Supervision Committee.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank dues, if any.

Islamic financing and investing assets
Islamic financing and investing assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Islamic financing and investing assets are initially recognised at fair value, which is the cash consideration to originate the Islamic financing and investing assets including any transaction costs, and measured subsequently at amortised cost using the effective profit rate method. Income on Islamic financing and investing assets is included in the statement of income and is reported as income from Islamic financing and investing assets. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the Islamic financing and investing assets, and recognised in the statement of income as an impairment charge.

The Group assesses at the end of each reporting period whether there is objective evidence that Islamic financing and investing assets are impaired. Islamic financing assets are considered impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or profit;
- National or local economic conditions that correlate with defaults on the assets in the portfolio; and
- Demise of the debtor
- Skip customers

The Group first assesses whether objective evidence of impairment exists individually for Islamic financing and investing assets that are individually significant and collectively for Islamic financing and investing assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed Islamic investing and financing asset, it includes it in a group of Islamic financing and investing assets with similar credit risk characteristics and collectively assesses them for impairment. Islamic financing and investing assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, Islamic financing and investing assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's evaluation process that considers category type, past-due status and other relevant factors).

The impairment charge on a group of Islamic financing and investing assets is collectively evaluated for impairment and estimated on the basis of historical trends of the probability of default, timing of recoveries and amount of loss incurred. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate. Where historical data is not sufficient to assess trends, market loss experience is substituted using a lagged approach whereby loss rates are based on movement of accounts from one stage of delinquency to another.

The amount of the loss is measured as the difference between the carrying amount of the Islamic financing and investing assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective profit rate of the Islamic financing and investing assets. The carrying amount of the Islamic financing and investing asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a Islamic financing and investing asset has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

When an Islamic financing and investing asset is uncollectible, it is written off against the related impairment allowance. If no related impairment allowance exists, it is written off to the statement of comprehensive income. Subsequent recoveries, if any, are credited to the statement of income. If the amount of impairment subsequently decreases due to an event occurring after the write down, the release of the allowance is credited to the statement of income.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the statement of financial position. Fair values in the consolidated financial statements are determined based on valuations performed by an accredited external, independent valuer. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the statement of income in the period of derecognition.

Fair value is determined by reference to open market values based on valuations performed by independent surveyors and consultants. For advances for investment properties, valuations are adjusted for amounts to be paid in accordance with property purchase agreements.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or property under development, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property or property under development becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment or property under development up to the date of change in use.

Properties under development

Properties in the course of construction for sale are classified as properties under development. Sold and unsold properties under development are stated at cost less any impairment. Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the property, which are capitalised as and when activities that are necessary to get the property ready for the intended use are in progress.

Where revenue is recognised over the duration of a contract, the associated share of costs within properties under development are released to cost of sales in the income statement.

Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Upon completion, cost in respect of properties with the intention to sell or capital appreciation/rentals are eliminated from properties under construction and transferred to properties held for sale at cost.

Assets held for sale

Assets held for sale classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Investment securities

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition costs.

At fair value through profit or loss

These are initially recognised at fair value. Gains and losses arising from changes in fair values are included in the statement of income for the year. Dividends received are included in other income according to the terms of the contract or when the right to the payment has been established.

At fair value through other comprehensive income

After initial recognition, investments classified as "fair value through OCI," are remeasured at fair value. Unrealised gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. Cumulative gains and losses on equity instruments recognized in OCI are transferred to retained earnings on disposal of an investment.

Investment in associates and joint operations

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group has an interest in a joint operation and recognises in relation to its interest in the joint operation its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Furniture, fixtures and office equipment

Furniture, fixtures and office equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Offices	25 years
Furniture and fixtures	4 - 7 years
Computer and office equipment	3 - 5 years

Capital work in progress is stated at cost and is transferred to the appropriate asset category when it is brought into use and is depreciated in accordance with Group's accounting policies.

The carrying values of furniture, fixtures and office equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace furniture, fixtures and office equipment is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

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

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset

are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

Employees' end of service benefits

With respect to its national employees in the UAE, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are recognised in the statement of income when due.

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

Trade and settlement date accounting

All "regular way" purchases and sale of financial assets are recognised on the "trade date", i.e. the date that the Group purchases or sells the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial instruments

(i) Initial recognition and measurement

a) Financial assets

Initial recognition

On initial recognition, a financial asset is classified as measured: at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Group's financial assets at amortized cost include Islamic financing and investing assets, cash and bank balances with banks and other assets except for prepayments.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in two categories:

- At amortised cost
- Financial assets at fair value (FVTPL or FVOCI)

Debt instrument

A financial asset (debt instrument) is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

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

Group's financing assets and receivables including advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective profit rate (EPR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included in finance income in the consolidated statement of income. The losses arising from impairment are recognised in the statement of income.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

Equity instrument

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI, with only dividend income recognized in profit or loss. This election is made on an investment-by-investment basis.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of profit rate.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

Write-off

Assets carried at amortised cost and equity securities at FVOCI are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Finances and advances

'Islamic financing and investing assets' caption in the statement of financial position include:

Finances and advances measured at amortised cost: they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective profit method.

Investment securities

The 'investment securities' caption in the statement of financial position includes equity investment securities designated as FVOCI.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

b) Financial liabilities

Criteria for classification of financial liabilities under IFRS 9 is similar to IAS 39; financial liabilities are classified as financial liabilities at fair value through profit or loss, amortised cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Initial recognition

Financial liabilities are initially recognized at fair value and, in case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, financing including bank overdrafts, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are recorded at amortized cost.

The Group classifies financial liabilities as held for trading when they have issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Gains and losses arising from changes in fair values are included in the consolidated income statement in the year in which they arise.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group's financial liabilities at fair value through profit or loss are comprised of its finance rate derivative bifurcated from its term finance agreement.

Financing

After initial recognition, any financing obtained is subsequently measured at amortised cost using the EPR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included as finance costs in the consolidated statement of income.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(i) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

(ii) Impairment

The Group recognises allowance for impairment for expected credit losses (ECL) on financial assets measured at amortised cost and commitments issued.

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

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

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn finance commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the customer;
- A breach of contract such as a default or past due event;
- The restructuring of a finance or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a collateral because of financial difficulties.

Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Zakat

Zakat is computed on the following basis:

- Zakat on shareholders' equity is computed on their Zakat pool (shareholders' equity less paid up capital, plus employees' end of service benefits).
- Zakat on the paid up capital is not included in the Zakat computation as well and is payable by the shareholders personally.

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each reporting date.

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

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted investment securities.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

All the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. Income From Islamic Financing and Investing Assets

	2022 AED'000	2021 AED'000
Financing assets:		
Ijarah	113,027	138,511
Forward Ijarah	1,867	7,003
Shirkatul Milk	3,304	9,267
Others	426	250
	118,624	155,031
Investing assets:		
Wakala	7,957	1,834
	126,581	156,865

5. Income from Investment Properties

	2022 AED'000	2021 AED'000
Rental income	17,699	22,676
Gain on sale of investment properties in joint operation-net of cost (note 15)	1,246	-
Gain on sale of investment properties	872	890
Fair value loss on investment properties	(11,149)	(12,620)
	8,668	10,946

6. Other Income

	2022 AED'000	2021 AED'000
Gain on initial recognition of repossessed properties	29,786	-
Reversal of legal claims provision	5,400	427
Reversal of liabilities no longer payable	5,102	5,316
Income on deposits and saving accounts	2,035	1,218
Others	4,268	5,599
	46,591	12,560

7. Impairments, net

	Notes	2022 AED'000	2021 AED'000
Reversal / (Impairment) on:			
- Islamic financing and investing assets	12	28,198	(26,463)
- Investment properties	15	27,640	30,375
- Other assets		1,983	(530)
- Advances for investment properties	14	100,000	142,781
		157,821	146,163

8. Operating Expenses

	2022 AED'000	2021 AED'000
Personnel expenses	42,823	40,218
Legal, consultancy and professional	20,207	29,024
Property management (note 13)	13,585	13,692
Business process	4,894	4,685
IT related expense	2,281	4,373
Depreciation	2,666	3,704
Rent	930	1,191
Marketing and selling expenses	764	4,017
Registration charges	587	31,845
Others	18,473	11,039
	107,210	143,788

9. Distribution to Financiers / Investors

The distribution of profit between the financiers and shareholders has been made in accordance with a basis ratified by the Internal Sharia Supervision Committee and in accordance with the agreements with the respective financiers.

10. Basic and Diluted Profit per share

Profit per share is calculated by dividing profit attributable to the equity holders of the parent for the year net of directors' fees, by weighted average number of shares outstanding during the year.

Diluted profit per share is calculated by dividing the profit attributable to equity holders of the parent for the year net of directors' fees by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares:

	2022 AED'000	2021 AED'000
Profit for the year attributable to equity holders of the parent net of Directors' fee (AED'000)	475,468	1,059,636
Weighted average number of shares for basic EPS (in thousands)	1,500,000	1,500,000
Effect of dilution:		
Mudaraba Instrument (in thousands)	941,231	1,278,494
Weighted average number of ordinary shares adjusted for the effect of dilution	2,441,231	2,778,494
Attributable to equity holders of the parent:	2022	2021
Basic profit per share (AED)	0.32	0.71
Diluted profit per share (AED)	0.19	0.38

11. Cash and Balances with Banks

		2022 AED'000	2021 AED'000
Cash on hand		58	58
Balances with banks		143,078	78,962
Deposits with banks		112,560	110,036
Cash and balances with banks		255,696	189,056
Less: Restricted cash and deposits			
Regulatory deposit with no maturity	(note 11.1)	(35,000)	(35,000)
Restricted cash	(note 11.2)	(77,560)	(75,036)
Cash and cash equivalents		143,136	79,020

11.1 Represents deposits with a local bank under lien to the Central Bank of UAE in accordance with Central Bank regulations for licensing.

11.2 At year end, the Group reported AED 78 million (31 December 2021: AED 75 million) of restricted cash. This represents the Group's share of the cash held and controlled by a joint venture (note 13).

12. Islamic Financing and Investing Assets

	2022 AED'000	2021 AED'000
Financing assets:		
Ijarah	1,275,983	1,777,788
Forward Ijarah	116,459	204,571
Shirkatul Milk	4,914	68,830
Real estate Murabaha	107	278
Others	54,617	94,044
	1,452,080	2,145,511
Allowance for impairment	(404,176)	(572,759)
Total financing assets	1,047,904	1,572,752
Investing assets:		
Wakala	372,000	479,500
Total investing assets	372,000	479,500
	1,419,904	2,052,252

Net Islamic financing and investing assets by geographical area are as follows:

	2022 AED'000	2021 AED'000
Within U.A.E.	1,231,951	1,749,140
Outside U.A.E.	187,953	303,112
	1,419,904	2,052,252

The movement in the allowance for impairment is as follows:

	2022 AED'000	2021 AED'000
Balance at 1 January	572,759	627,970
(Allowances) / reversal for impairment made during the year	(19,928)	29,504
Write back / recoveries made during the year	(8,270)	(3,041)
	(28,198)	26,463
Amounts written off during the year	(140,182)	(79,277)
Exchange and other adjustments	(203)	(2,397)
Closing balance	404,176	572,759

12.1 Allowance for impairment includes AED 86 million (2021: AED 81 million) in respect of profit in suspense for impaired financing and investing assets.

12.2 The allowance for impairment is management's best estimate and is based on assumptions considering several factors as per IFRS 9.

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12.3 Carrying Value of Exposure by Stage

31 December 2022	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross Exposure	658,311	235,890	557,879	1,452,080
Expected Credit Losses	(17,437)	(21,624)	(365,115)	(404,176)
	640,874	214,266	192,764	1,047,904

31 December 2021	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross Exposure	797,373	544,232	803,906	2,145,511
Expected Credit Losses	(16,692)	(53,953)	(502,114)	(572,759)
	780,681	490,279	301,792	1,572,752

13. Investment Securities

	2022 AED'000	2021 AED'000
Equities (FVOCI)	7,397	7,824

		Investments carried at fair value		
31 December 2022	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Equities (FVOCI)	7,397	-	-	7,397

		Investments carried at fair value		
31 December 2021	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Equities (FVOCI)	7,824	-	-	7,824

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior year.

The following shows a reconciliation from the opening balances to the closing balances for level 3 fair values:

	2022 AED'000	2021 AED'000
Balance at 1 January	7,824	8,420
Decline in fair value	-	(597)
Exchange movement	(427)	1
Balance at 31 December	7,397	7,824

14. Advances for Investment Properties

The Group paid advances towards the acquisition of units in under-development real estate project in Dubai. The project has been delayed by a number of years and the date of completion is uncertain. The Group commenced arbitration in 2013 with one developer to facilitate recovery of advances paid of AED 780 million with a carrying value of AED Nil (31 December 2020: AED Nil). During the year ended 31 December 2019, the arbitration was awarded in the Group's favor with the cancelation of the original SPAs and addendum. Post arbitration ruling in Amlak's favor, negotiation for a settlement was initiated with the developer, which was concluded in September 2021, with a settlement for undeveloped plots approximately valued at AED 706 million and four cash installments of AED 50 million each, over 2 years.

During the year ended 31 December 2022, two cash installments of AED 100 million were received, accordingly provision of same amount was released. Since settlement date the Group has received in total three instalments amounting to AED 150 million as of 31 December 2022.

15. Investment Properties

	2022 AED'000	2021 AED'000
At 1 January	**1,558,830**	1,251,854
Additions during the year	**137,312**	32,588
Additions on settlement of advance for investment properties (note 14)	**-**	705,840
Disposals during the year	**(18,564)**	(158,660)
Fair value loss on investment properties	**(11,149)**	(12,620)
Investment properties exchanged in debt settlement (note 20.2)	**(147,595)**	(290,728)
Investment properties transferred to held for sale (Note 16)	**(125,953)**	-
Foreign exchange fluctuation	**(73,478)**	181
Reversal of provision on foreclosed properties	**27,640**	30,375
At 31 December	**1,347,043**	1,558,830

Investment properties consist of land, villas and units in buildings held for lease or sale. In accordance with its accounting policy, the Group carries investment properties at fair value.

The fair values of the properties are based on valuations performed at year end by independent professionally qualified valuer who hold a recognised relevant professional qualification and has relevant experience in the locations and segments of the investment properties valued. The valuation model used is in accordance with that recommended by the Royal Institute of Chartered Surveyors.

Provision of AED 30 million on foreclosed properties was maintained at end of the year 2021, as recommended by the Central Bank. Due to the sale of certain properties during the current year a provision of AED 28 million has been released on the foreclosed properties.

All investment properties are located within the UAE. Except for investment properties in a joint operations, investment properties are categorised as Level 3 for fair value measurement as they have been derived using the comparable price approach based on comparable transactions for similar properties. Sales prices of comparable properties in proximity are adjusted for differences in the key attributes such as property size and location. The most significant input into this valuation approach is the estimated price per square foot for each given location. There were no transfers into or out of the Level 3 category during the year.

Valuation technique used for investment properties in the joint venture -Warqa Gardens Project- has been derived using the comparable price approach based on comparable transactions for similar properties. . Inputs used by valuator include sale price range is from AED 80 to

for mixed use plots. Sales price for showroom plots is AED 294 per sqft and for school plots is AED 250 per sqft.

As at 31 December 2022, investment properties having fair value of AED 544 million (31 December 2021: AED 574 million) are mortgaged / assigned in favor of the security agent as part of the restructuring (note 20).

	2022 AED'000	2021 AED'000
Rental income derived from investment properties	**17,699**	22,676
Direct operating expenses (including repairs and maintenance) generating rental income	**(13,585)**	(13,692)
Profit arising from rental on investment properties carried at fair value	**4,114**	8,984

On 1 October 2014, the Group entered into a joint venture agreement with another party to develop a jointly owned plot of land in Nad Al Hammar. Amlak Finance PJSC acquired a 50% interest in Al Warqa Gardens LLC, a jointly controlled entity. The Group has a 50% share in the assets, liabilities, revenue and expenses of the joint venture and accordingly under IFRS 11 it is deemed to be a jointly controlled operation. As the land was under development with a view to disposal in the market, it had been treated as property under development with an initial cost equal to its fair value at the time of transfer to investment property portfolio for AED 330 million in June 2019. Subsequent expenditure to develop the land for resale is included in the cost of the property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The Group's share of this restricted cash balance at 31 December 2022 is AED 78 million (31 December 2021: AED 75 million).

The following items represent the Group's interest in the assets, liabilities, revenue and expenses of the joint operation after elimination of intercompany transactions:

	2022 AED'000	2021 AED'000
Investment properties	**232,428**	240,980
Cash and balances with banks (Note 11)	**77,560**	75,036
Other assets – receivables (note 18.2)	**3,401**	6,871
Deferred income and other liabilities	**(11,063)**	(15,300)
Net Assets	**302,326**	307,587
Income on deposits	**1,162**	573
Other income	**1,410**	384
Income on sales	**1,246**	-
Operating expenses	**(3,766)**	(34)
Profit for the year	**52**	923

16. Assets Held for Sale

Assets held for sale include a plot of land with total area of 42,676.39 sqm in Egypt owned by the Group's subsidiary and was reclassified from investment properties during the year based on management decision to sell itand was measured at fair value conducted by an independent professionally qualified valuer who holds a recognized relevant professional qualification and has relevant experience in the location. As at 31 December 2022 asset is measured at the lower of carrying amount and fair value less costs to sell.

	2022 AED'000	2021 AED'000
Carrying value	125,953	-
	125,953	-

17. Investment in an Associate

Amlak International for Real Estate Finance Company Saudi Arabia (AIRE) is Saudi joint stock company established to provide real estate finance under Saudi Central Bank (SAMA) regulations

	Percentage holding 2022	2021	2022 AED'000	2021 AED'000
Amlak International for Real Estate Finance Company, Saudi Arabia (AIRE)	18.35%	18.35%	222,132	212,799

The following table illustrates the summarised financial information of the Group's investment in AIRE:

	2022 AED'000	2021 AED'000
Assets	3,365,565	3,460,956
Liabilities	(2,166,865)	(2,300,185)
Equity	1,198,700	1,160,771
Group's carrying amount of the investment	222,132	212,799
Revenue	285,464	282,295
Profit for the year	94,941	104,661
Group's share of profit for the year	17,422	19,043

During the year, the Group received a dividend of AED 13.13 million (2021: AED 12.37 million) from AIRE. Financial information and results of AIRE are based on the latest available management accounts as at 30 November 2022 (2021: as at 30 November 2021) and extrapolated for the remaining 1 month (2021: 1 month) to 31 December 2022.

18. Other Assets

	2022 AED'000	2021 AED'000
Land registration and service fees	10,040	8,842
Foreclosed accounts receivables (note 18.1)	7,010	24,327
Advances	4,609	1,887
Profit receivable	3,414	859
Prepayments	2,223	1,397
Others (note 18.2)	20,436	10,051
	47,732	47,363

18.1 This represents the fair values of the foreclosed units in relation to settlement of financing assets wherein units will be transferred to investment properties in subsequent period post completion of ownership transfer formalities with the Dubai Land Department.

18.2 Balance includes AED 3.40 million (31 December 2021: AED 6.87 million) pertaining to receivables of Al Warqa Gardens LLC (Note 15).

19. Furniture, Fixtures and Office Equipment

	2022 AED'000	2021 AED'000
Furniture, fixtures and office equipment (note 19.1)	10,697	12,326
Capital work in progress (note 19.2)	423	109
	11,120	12,435

19.1 Furniture, fixtures and office equipment are as follows:

2022

	Head Office AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Total AED'000
Cost:				
At 1 January 2022	8,338	16,710	67,699	92,747
Additions during the year	-	40	1,081	1,121
Exchange adjustments	-	(165)	(597)	(762)
At 31 December 2022	8,338	16,585	68,183	93,106
Accumulated depreciation:				
At 1 January 2022	501	15,316	64,604	80,421
Depreciation charge for the year	334	441	1,891	2,666
Exchange adjustments	-	(154)	(524)	(678)
At 31 December 2022	835	15,603	65,971	82,409
Net book value:				
At 31 December 2022	7,503	982	2,212	10,697

2021	Head Office AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Total AED'000
Cost:				
At 1 January 2021	8,338	15,702	66,402	90,442
Additions during the year	-	1,008	1,290	2,298
Exchange adjustments	-	-	7	7
At 31 December 2021	8,338	16,710	67,699	92,747
Accumulated depreciation:				
At 1 January 2021	167	14,851	61,718	76,736
Depreciation charge for the year	334	469	2,901	3,704
Exchange adjustments	-	(4)	(15)	(19)
At 31 December 2021	501	15,316	64,604	80,421
Net book value:				
At 31 December 2021	7,837	1,394	3,095	12,326

19.2 The amount relates to ongoing IT projects.

20. Investment Deposits and other Islamic Financing

2022	*Frequency of instalments*	*Final instalment date*	*Profit rate*	**2022 AED'000**	2021 AED'000
Purchase price payable	Monthly	25-Oct-26	2%	**1,815,051**	2,771,763
				1,815,051	2,771,763
Unamortised fair value adjustment (note 20.1)				**(144,449)**	(275,729)
				1,670,602	2,496,034

20.1 Unamortised fair value adjustment

	2022 AED'000	2021 AED'000
At 1 January	**275,729**	417,041
Amortisation charged for the year - regular	**(54,758)**	(64,093)
Amortisation charged for the year - debt settlement	**(76,522)**	(77,219)
	144,449	275,729

The nature of the Company's deposits was significantly changed due to the restructuring undertaken in 2014, resulting in a fixed obligation to be paid to the Commercial Financiers and Liquidity Support Providers. In accordance with IFRS, due to the substantial changes in the terms of the investment deposits through the restructuring, a fair valuation assessment of the restructured obligations was performed based on the net present value of the contracted cash flows. As at 25 November 2014, the restructured obligations were initially recognised at fair value in the statement of financial position giving rise to AED 911 million of fair value gain which was recorded in the consolidated statement of profit or loss.

In June 2020, the Company again undertook restructuring of the deposits of Commercial financiers; the face value of the restructured fixed obligations at 30 June 2020 is AED 4,219 million. Upon revised restructuring, repayment behaviour was significantly changed resulting into scheduled and non scheduled instalment payments wherein:

- AED 1.36 billion is payable in 74 monthly installments which commenced from 25 August 2020 and the remaining outstanding amount is payable on maturity in October 2026.
- The Group shall apply 75% proceeds from sale of qualified real estate assets in prepayments of the outstanding in inverse order of maturity.

The fair value adjustment is calculated using the original effective profit rate of 4.89%. The cumulative value of fair value gain amortised up to 30 June 2020 was AED 627 million (31 December 2020: AED 584 million) giving a residual fair value gain of AED 284 million as at 30 June 2020 (31 December 2020: AED 328 million). However, upon restructuring in 2020, this residual fair value gain as at 30 June 2020 was increased to AED 497 million which will be fully reversed over the repayment period till October 2026, with a resulting charge to the consolidated statement of income each year.

The obligations are subsequently to be measured at amortised cost using the effective finance rate method.

Restructured investment deposits and other Islamic financing are secured against assignment and mortgage over the Group's investment properties located in UAE (note 13), assignment of insurances, pledge over bank accounts (note 9), assignment of rights to receive payments in connection with the Islamic financing and investing assets portfolio and corporate guarantees of the Group's subsidiaries. Securities offered would be held by a security agent on behalf of the financiers.

20.2 Debt Settlement

Based on the revised CTA, the Group initiated debt settlement auctions either through a cash swap or an asset swap during the year ended 31 December 2022.

For the debt settlement through cash, a cash consideration of AED 383 million (31 December 2021: AED 267 million) was offered to financiers against settlement of their exposures and certain financiers settled their exposure of AED 782 million (31 December 2021: AED 566 million) which included investment deposits of AED 608 million (31 December 2021, AED 447 million), Mudaraba Instrument of AED 166 million (31 December 2021: AED 115 million) and profit in kind of AED 8 million.(31 December 2021: AED 4 million). As a result of this settlement, the Group has recorded a gain of AED 256 million (31 December 2021: AED 189 million) in statement of profit or loss after netting of amortization of fair value adjustment on restructuring amounting to AED 55 million (31 December 2021: AED 46 million) and recorded a gain of AED 85 million (31 December 2021: AED 59 million) related to Mudaraba instrument, in statement of changes in equity.

For the debt settlement through asset swap, consideration in form of investment properties amounting to AED 148 million was offered to financiers against settlement of their exposures and certain financiers settled their exposure of

AED 295 million which included investment deposits of AED 230 million, Mudaraba Instrument of AED 62 million and profit in kind of AED 3 million. As a result of this settlement, the Group has recorded a gain of AED 93 million in statement of profit or loss after netting of amortization of fair value adjustment on restructuring amounting to AED 22 million and recorded a gain of AED 31 million related to Mudaraba instrument, in statement of changes in equity.

21. Term Islamic Financing

	2022 AED'000	2021 AED'000
Egyptian Mortgage Refinance Company (note 21.1)	**76,045**	133,855
National Bank of Egypt (NBE)	**48,977**	63,746
Ahli United	**25,577**	34,350
Egyptian Arab Land Bank (note 21.2)	**14,280**	30,496
Suez Canal - Egypt	**1,362**	10,642
	166,241	273,089

21.1 Egyptian Mortgage Refinance Company (EMRC)

As at the year end, EMRC long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 513 million (31 December 2021: Egyptian Pounds 574 million) to finance the subsidiary's activities. These facilities carry a profit rate range from 1% per annum to 19% per annum (2021: 1% per annum to 19% per annum) payable on a monthly basis over a maximum period of 20 years.

21.2 Egyptian Arab Land Bank (EALB)

As at the year end, EALB long term facilities to the Group's subsidiary in Egypt amounted to Egyptian Pounds 96 million (31 December 2021: Egyptian Pounds 131 million) to finance the subsidiary's activities. These facilities carry a profit rate of 1.5% per annum plus average corridor rate from Central Bank of Egypt (2021: 1.5%) payable on a monthly basis over a maximum period of 7 years.

22. Employees' end of Service Benefits

	2022 AED'000	2021 AED'000
At 1 January	**3,309**	3,406
Provided during the year	**1,416**	689
Paid during the year	**(419)**	(786)
At 31 December	**4,306**	3,309

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23. OTHER LIABILITIES

	2022 AED'000	2021 AED'000
Provisions and accruals	**71,174**	60,042
Provision for litigation claims (note 23.1)	**18,155**	13,853
Dividend payable	**6,451**	6,464
Unearned rental income	**3,490**	-
Anticipated profits payable on investment deposits and other Islamic financing	**721**	1078
Zakat payable	**56**	56
Other payables (note 23.2)	**35,018**	43,939
	135,065	125,432

23.1 This represents provision against certain litigation proceedings in the United Arab Emirates, involving claims by and against it, mainly in respect of certain sale and financing transactions.

23.1 This includes AED 11 million (31 December 2021: AED 15.3 million) pertaining to deferred income and other liabilities of Al Warqa Gardens LLC (note 13).

24. SHARE CAPITAL

	2022 AED'000	2021 AED'000
Authorised, Issued and fully paid 1,500,000,000 shares of AED 1 each (31 December 2021: 1,500,000,000 ordinary shares of AED 1 each)	**1,500,000**	**1,500,000**

Mudaraba Instrument
The Group has issued a Mudaraba Instrument which is convertible to ordinary shares (note 26) on completion of certain conditions. At the time of issuance of the Mudaraba Instrument, the shareholders passed resolutions in the extraordinary general assembly meeting held on 28 September 2014 to increase the share capital of the Company by upto AED 2.1 billion from time to time in such amount or amounts as may be required.

25. STATUTORY RESERVE

As required by the UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, 10% of the Company's profit for the year is to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. During the year, the Company transferred AED 48 million (31 December 2021: AED 106 million) to statutory reserve.

26. GENERAL RESERVE

As per the Company's Articles of Association, the remaining amounts of the net profits are distributed among the shareholders or shall be moved to the subsequent year pursuant to a recommendation made by the Board of Directors, or allocated to form an extraordinary reserve, all in accordance with the General Assembly resolutions. During the year, the Company transferred AED 48 million (31 December 2021: AED 106 million) to general reserves.

27. Special Reserve

The special reserve, which has been created in accordance with the recommendations of the UAE Central Bank is not available for distribution.

28. Mudaraba Instrument

	2022 AED'000	2021 AED'000
Mudaraba Instrument (nominal value)	512,251	740,434
Mudaraba Instrument Reserve	(404,627)	(584,867)
Mudaraba Instrument (carrying value)	107,624	155,567

On 25 November 2014, a Mudaraba Instrument of AED 1,300 million with a maturity in November 2026 was issued through a special purpose vehicle owned by the Group. On maturity, the Mudaraba Instrument to the extent it is not redeemed, will mandatorily convert into ordinary shares of the Company with the face value of AED 1 each.

The Mudaraba Instrument at the time of issue comprised:

1. Face Value of AED 1,300 million.
2. An expected profit rate of 1% per annum on the outstanding balance each year, payable as profit in kind ("PIK") which the Company can elect to make distributions in cash or in the form of shares.
3. A contingent issuance of upto 500 million shares applicable only to the extent the Mudaraba Instrument remains outstanding at maturity. The number of contingent shares to be issued is prorated with the amount of Mudaraba Instrument remaining outstanding.

As the Mudaraba Instrument is redeemed, there will be a proportionate reduction in the contingent share issuance due.

The Mudaraba Instrument was recorded at fair value at the time of issuance. The difference between the fair value of the Mudaraba Instrument and the carrying value of the deposits it replaced of AED 1,027 million was recorded as a gain in the 2014 income statement as required by IFRS. Subsequent to initial recognition, the carrying value of the Mudaraba Instrument will not be re-measured. The fair value gain of AED 1,027 million on initial recognition of the Mudaraba Instrument was transferred from accumulated losses to the Mudaraba Instrument reserve. This reserve will be utilized in the event of any repayment of the Mudaraba Instrument or on issue of shares in the Company on maturity of the Mudaraba Instrument. Any difference between the par value of shares issued on conversion and the carrying value of the Mudaraba Instrument and Mudaraba Instrument reserve will be posted to retained earnings / accumulated losses.
The fair value of the Mudaraba Instrument was determined based on management's best estimate of the expected cash flows that will arise, discounted at the Company's cost of equity. For this purpose, management assumed that the Mudaraba Instrument will be redeemed, in full, in year 12 and the PIK charge for the 12 year period will be settled on the same date.

The fair value of the Mudaraba Instrument was calculated using a cost of equity of 14.96% calculated under the Capital Assets Pricing Model wherein the risk free return was based on UAE Government's long term bond; levered beta was based on comparable company's beta within similar businesses and a market risk premium was based on current market conditions which reflects the additional expected return over a risk free investment.

On 12 August 2015, the Board of Directors of the Company voluntarily opted to redeem AED 200 million against the Mudaraba Instrument which which has reduced the Mudaraba Instrument and

Mudaraba Instrument reserve by AED 42 million and 158 million respectively. The Company also paid AED 9 million in 2015, in respect of PIK charge falling due as a consequence of the repayment of the Mudaraba Instrument with the amount being 1% of the outstanding Mudaraba Instrument from the date of restructuring to the date of redemption. This charge was recorded in accumulated losses in equity.

On 23 November 2017, the Board of Directors of the Company voluntarily opted to redeem AED 75 million against the Mudaraba Instrument which has reduced the Mudaraba Instrument and Mudaraba Instrument reserve by AED 16 million and AED 59 million respectively. The Company also paid AED 25 million in 2017, in respect of PIK (profit) as a consequence of the redemption of the capital under the Mudaraba Instrument with the amount being 1% of the outstanding Mudaraba Instrument from the 1st redemption date to the 2nd redemption date. This charge was recorded in accumulated losses in equity.

During the year ended 31 December 2022 the Group redeemed Mudaraba instrument in the value of AED 228 million (31 December 2021: AED 235 million) through the debt settlement mechanism (note 20).

At 31 December 2022, the maximum number of shares which may convert under the instrument are 755 million
(31 December 2021: 1,092 million).

29. Segmental Information

For management purposes, the Group is organised into three business segments, real estate finance (comprising of financing and investing activities), real estate investment (comprising of property transactions) and corporate finance investments.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and assessment of performance.

Operating segments:
The Group's revenues and expenses for each segment for the year ended 31 December are as follows:

2022	Real Estate Finance AED'000	Real Estate Investment AED'000	Corporate Finance Investments AED'000	Total AED'000
Operating income	496,875	(499)	55,320	551,696
Distribution to financiers / investors	(31,724)	(30,483)	(9,193)	(71,400)
Allowances for impairment	55,615	101,479	727	157,821
Amortization of initial fair value gain on investment deposits	(24,330)	(23,378)	(7,050)	(54,758)
Expenses (including allocated expenses)	(61,623)	(29,777)	(15,810)	(107,210)
Segment results	434,813	17,342	23,994	476,149

2021	Real Estate Finance AED'000	Real Estate Investment AED'000	Corporate Finance Investments AED'000	Total AED'000
Operating income	563,928	587,507	57,205	1,208,640
Distribution to financiers / investors	(41,804)	(33,897)	(11,585)	(87,286)
Allowances for impairment	10,694	136,417	(948)	146,163
Amortization of initial fair value gain on investment deposits	(30,696)	(24,890)	(8,507)	(64,093)
Expenses (including allocated expenses)	(69,011)	(60,238)	(14,539)	(143,788)
Segment results	433,111	604,899	21,626	1,059,636

Segment assets and liabilities:
The following table presents segment assets and liabilities of the Group as at 31 December:

2022	**Real Estate Finance AED'000**	**Real Estate Investment AED'000**	**Corporate Finance Investments AED'000**	**Total AED'000**
Segment assets	**1,523,640**	**1,474,812**	**438,525**	**3,436,977**
Segment liabilities	**1,760,079**	**32,631**	**183,504**	**1,976,214**
Depreciation	**2,514**	**-**	**152**	**2,666**
Capital expenditure	**423**	**-**	**-**	**423**

2021	Real Estate Finance AED'000	Real Estate Investment AED'000	Corporate Finance Investments AED'000	Total AED'000
Segment assets	1,954,307	1,584,665	541,587	4,080,559
Segment liabilities	2,584,438	32,686	280,740	2,897,864
Depreciation	3,482	-	222	3,704
Capital expenditure	109	-	-	109

30. Related Party Transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

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

31 December 2022:	**Major shareholders AED'000**	**Directors and senior management AED'000**	**Other related parties AED'000**	**Total AED'000**
Islamic financing and investing assets	**-**	**315**	**-**	**315**
Investment deposits	**55,524**	**-**	**121,416**	**176,940**
Other liabilities	**22**	**-**	**47**	**69**

31 December 2021:	Major shareholders AED'000	Directors and senior management AED'000	Other related parties AED'000	Total AED'000
Islamic financing and investing assets	-	2,788	-	2,788
Investment deposits	107,093	-	60,979	168,072
Other liabilities	42	-	24	66

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

31 December 2022:	**Major shareholders AED'000**	**Directors and senior management AED'000**	**Other related parties AED'000**	**Total AED'000**
Income from Islamic financing and investing assets	**-**	**26**	**-**	**26**
Distributions to financiers / investors	**1,751**	**-**	**2,539**	**4,291**

31 December 2021:	Major shareholders AED'000	Directors and senior management AED'000	Other related parties AED'000	Total AED'000
Income from Islamic financing and investing assets	-	243	75	318
Distributions to financiers / investors	2,229	-	1,269	3,498

Compensation of key management personnel
The compensation paid to key management personnel of the Group is as follows:

	2022 AED'000	2021 AED'000
Salaries and other benefits	**13,206**	8,913
Employee terminal benefits	**328**	425
	13,534	9,338

31. Commitments And Contingencies

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

Commitments

	Notes	2022 AED'000	2021 AED'000
Irrevocable commitments to advance financing	31.1	7,000	96,038
		7,000	96,038

31.1 Credit-related commitments include commitments to extend facilities designed to meet the requirements of the Group's customers. Commitments generally have fixed expiration dates, or other termination clauses, and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Contingencies

a) The Group is engaged in certain litigation proceedings in the United Arab Emirates, involving claims by and against it, mainly in respect of certain sale and financing transactions. The Group is defending these cases and, based on legal counsel advice received, believes it is less than probable that such actions taken by counter parties would succeed, except for cases against which a provision of AED 18 million (2021: AED 23 million) has been made.

b) As at 31 December 2022, the Group had a contingent liability for proposed Directors' remuneration of AED 2 million (2021: AED 3 million). Directors' remuneration is governed by UAE Federal Law No (32) of 2021. During the year 2022 AED 0.682 million was approved during the year. During the year 2022 AED 0.682 million (2021; AED NIL) was approved by shareholders and paid during the year to Directors.

32. Risk Management

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement, mitigation and monitoring subject to risk limits and other controls. This process of risk management is critical to the Group's sustainability. The Group is exposed to credit risk, liquidity risk, market risk and operational risks.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organizational structure it employs in seeking to manage them strategically in its attempt to build stakeholder's value are outlined below.

The Board of Directors ("Board") is responsible for the continuous review and approval of the Group's Enterprise Risk Management Policies. The Board reviews the Group's Risk Profile to ensure that it is within the Group's Risk Policies and appetite parameters. It delegates authority to senior management to conduct day-to-day business within the prescribed policy and strategy parameters, whilst ensuring that processes and controls are adequate to manage the Group's Risk Policies and Strategy.

Executive Management is responsible for implementing the Group's Risk Strategy and Policy guidelines as set by the Board including the identification and evaluation on a continuous basis of all significant risks to the business and the design and implementation of appropriate internal controls to minimise them. This is done through the following senior management committees:

The Board Audit Committee is responsible to the Board for ensuring that the Group maintains an effective system of financial, accounting and risk management controls and for monitoring compliance with the requirements of the regulatory authorities.

The Group's Internal Sharia Supervision Committee is responsible to review the operational, financing and investing activities of the Group ensuring their alignment and compliance with the principles of Sharia. Being a supervisory board they are also required to audit the business activities undertaken and present an independent report to the shareholders. Fatwas and ongoing pronouncements issued by Internal Sharia Supervision Committee are coordinated and implemented by the management of the Group. The management of the Group seeks guidance from the Internal Sharia Supervision Committee for the implementation of its Fatwas and pronouncements.

Credit department is responsible for portfolio management and evaluation, credit policy and procedure formulation, counterparty analysis, approval/review and exposure reporting, control and risk-related regulatory compliance, dealing with impaired assets and portfolio management.

The Asset and Liability Committee (ALCO) is chiefly responsible for defining long-term strategic plans and short-term tactical initiatives for directing asset and liability allocation prudently for the achievement of the Group's strategic goals. ALCO monitors the Group's liquidity and market risks and the Group's risk profile in the context of economic developments and market fluctuations, to ensure that the Group's ongoing activities are compatible with the risk/reward guidelines approved by the Board.

Enterprise Risk Management (ERM) is responsible for managing risks within the Group. The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur. It is also responsible for identifying market and operational risks arising from the Group's activities, recommending to the relevant committees appropriate policies and procedures for managing exposure to such risks and establishing the systems necessary to implement effective controls.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular nationality, industry or geographical location. The Group's risk is mainly related to the property market in the UAE, in particular in Dubai.

In order to avoid further excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on counter party limits and maintaining a diversified portfolio. Identified concentration of credit risks are controlled and managed accordingly. ERM monitors the concentration risk on monthly basis and reports to MANCO and Board Risk Committee (BRC) on quarterly basis.

Credit risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk stems mainly from day to day Islamic financing activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated financing authorities, policies and procedures. For details of composition of Islamic financing assets refer note 12.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the creditworthiness of counter parties. The Group has built and maintains a sound receivable portfolio in terms of a well-defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its financing activities and ensuring quality of asset portfolio. Special attention is paid to the management of non-performing financing assets. However, Group is not originating any new business as a result of restriction laid by CBUAE during 2021.

The Group constantly monitors overall credit exposure and takes analytical and systematic approaches to its credit structure categorized by individuals, group and industry and consequently, the credit portfolio is diversified sectorally and by nationalities. Few per-party risk concentrations that were observed are monitored and reported to BRC.

The Group provides Ijara financing, as evident from the portfolio composition, which entails the ownership of the property with the Group till clearance of all rental payments due. This results in collateralisation of the finance amount (fixed rentals). The Group's customers are mainly based in the United Arab Emirates.

Credit risk measurement
The estimation of credit risk for risk management purpose is complex and requires use of models, as the exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk using PD, EAD and LGD. This is similar to the approach used for the purpose of measuring ECL under IFRS 9.

ECL measurement
IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit-quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition date is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired. If the financial instrument is credit-impaired, the financial instrument is then moved to stage 3.
- Financial instrument in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months.
- Instruments in stages 2 or 3 have their ECL measured based on a lifetime basis. ECL is measured after factoring forward-looking information.
- ECL on purchase or originated credit-impaired financial assets is measured on a lifetime basis.

Significant increase in credit risk
The Company uses the many indicators to identify any significant increases in credit risk (SICR). The occurrence of any one of those indicators should be considered as an indicator of SICR and consequently the related financial instrument will be classified as Stage 2 and attract a lifetime ECL. Following are key indicators.

- Internally set scorecard
- Customer delinquency status
- Watch list status
- Probability of default
- Restructured status of the customers
- Regulatory guidance

Backward transition

Back ward transition from stage 2 to stage 1
The Group continues to monitor such financial instruments for a minimum cooling period of 12 months to confirm if the risk of default has decreased on the basis of meeting certain criteria, sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1)

The Group is observing a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading from Stage 3 to 2.

Back ward transition from stage 3 to stage 2
The Group monitors that underlying facility have become regular, is current and no longer meets the definition of credit impaired or is in default before it is reclassified back from stage 3. Any upgrading of non-performing exposure to a performing status is subject to a cooling off period of 12 months from the date of becoming regular in repayment. Any facility classified in Stage 3 cannot be directly classified in Stage 1 and should meet the backward transition criteria for Stage 2 to Stage 1 as documented above.

Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables (the "base economic scenario") are provided by the Group's ERM team on a quarterly basis.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Quantitative Information

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross.

	Gross maximum exposure 2022 AED'000	Gross maximum exposure 2021 AED'000
Balances with banks (note 11)	**255,638**	188,998
Islamic financing and investing assets (note 12)	**1,419,904**	2,052,252
Other assets (excluding prepayments) (note 15)	**45,509**	45,966
Total credit risk exposure	**1,721,051**	2,287,216

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. For more details on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown below.

31 December 2022

	Neither impaired nor past due on reporting date				Past due but not impaired on reporting date				Individually impaired on reporting date		
	Carrying amount AED'000	Low/fair risk AED'000	Watch list AED'000	Re-negotiated terms AED'000	<30 AED'000	30-60 AED'000	61-90 days AED'000	>90 days AED'000	Carrying amount AED'000	Allowance for impairment* AED'000	Gross amount AED'000
Balances with banks	255,638	255,638	-	-	-	-	-	-	-	-	-
Islamic financing and investing assets	1,419,904	433,817	241,058	47,222	194,850	48,742	55,504	269,315	129,396	(404,176)	533,572
Other assets (excluding prepayments)	45,509	35,469	10,040	-	-	-	-	-	-	-	-
	1,721,050	724,925	251,098	47,222	194,850	48,742	55,504	269,314	129,396	(404,176)	533,572

31 December 2021

	Neither impaired nor past due on reporting date				Past due but not impaired on reporting date				Individually impaired on reporting date		
	Carrying amount AED'000	Low/fair risk AED'000	Watch list AED'000	Re-negotiated terms AED'000	<30 AED'000	30-60 AED'000	61-90 days AED'000	>90 days AED'000	Carrying amount AED'000	Allowance for impairment* AED'000	Gross amount AED'000
Balances with banks	188,998	188,998	-	-	-	-	-	-	-	-	-
Islamic financing and investing assets	2,052,252	538,874	241,058	289,655	216,071	91,742	107,028	102,701	465,123	(478,080)	943,203
Other assets (excluding prepayments)	45,966	37,124	8,842	-	-	-	-	-	-	-	-
	2,287,216	764,996	249,900	289,655	216,071	91,742	107,028	102,701	465,123	(478,080)	943,203

*** In addition to the stage 3 / specific provision as above, the Group has also made provisions on other portfolio falling under stage 1, stage 2 and individually assessed projects amounting to AED 65 million (31 December 2021: AED 103 million).**

Notes to the Consolidated Financial Statements
At 31 December 2022

Collateral and other credit enhancements

The finance provided by the Group is completely asset backed in accordance with the principles of Shariah. Properties are funded based on the "Group's Appraised Value". In the case of new properties, the appraised value is similar to the developers' per square footage rate further assessed by independent valuation and internal assessment. In the case of older properties the appraised value is based on the valuation report from independent third party valuers obtained on regular basis.

Property insurance is mandatory and the property is insured against all normal risks for the value stated in the sale agreement, or the valuation amount given by the surveyor, as the case maybe. The insured value is maintained at the original property value through the life of the finance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group has established risk management policies and limits within which exposure to market risk is monitored, measured and controlled with strategic oversight exercised by the Board and ALCO. These units are responsible for developing and implementing market risk policies and risk measuring/monitoring methodologies and for reviewing all new trading products and product limits.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the UAE Dirham and Saudi Riyal are pegged to the US Dollar, these balances are not considered to represent significant currency risk.

	2022			2021		
	% Change in currency ratein AED	**Effect on profit AED '000**	**Effect on Equity AED '000**	% Change in currency ratein AED	Effect on profit AED '000	Effect on Equity AED '000
Currency						
Egyptian Pound (LEY)	**± 5%**	**164**	**7,602**	± 5%	316	11,761

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. In the Group's financial statements, mainly two line items can lead to such exposure i.e. Islamic financing assets and financing obligations, as shown on the assets and liabilities sides respectively. The profit rate risk for the Group is minimal in the short term period. The profit rate for investing assets is a composition of EIBOR and internal spread which can be expected to fluctuate frequently based on EIBOR movement. The Group reviews the profit rate on a regular basis during its ALCO meeting and, if required, recommends a rate change based on market conditions and competitiveness.

The financing obligations are contractually fixed/capped rate contracts as determined on contract initiation. Any rate change has no impact for already entered arrangements.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, on the Group's statement of income.

The sensitivity of the statement of income is the effect of the assumed changes in profit rates on the results for one year, based on profit bearing financial assets and financial liabilities held at 31 December 2022.

	2022 AED'000	2021 AED'000
Effect of a ± 50 bps change in EIBOR	**± 7,804**	± 9,384
Effect of a ± 100 bps change in EIBOR	**± 15,609**	± 18,768

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure that arises from the Group's investment portfolio includes insignificant unquoted equities.

Early settlement risk

Early settlement risk is the risk that the Group will incur a financial loss because its counterparties settle earlier than expected.

The Group does not have any significant early settlement risk as the amount recovered in case of early settlement is more than the carrying value of the asset on early settlement date, by retaining an amount of deferred profit or adding a margin to the sale price of the Ijarah asset as an early settlement gain. The collection team monitors the customer receivable position on a daily basis.

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities and off balance sheet commitments based on contractual undiscounted payment obligations. Payments, which are subjected to notice, are treated as if notice were to be given immediately.

Notes to the Consolidated Financial Statements
At 31 December 2022

At 31 December 2022

	Expected Profit rate%	Up to 1 year: Less than 3 months AED'000	Up to 1 year: 3 months to 6 months AED'000	Up to 1 year: 6 months to 1 year AED'000	Total upto 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Investment deposits and other Islamic financing	2%	53,424	38,722	76,893	169,039	1,768,725	-	-	1,937,764
Term Islamic financing	1% - 19%	6,731	6,235	12,251	25,217	59,343	81,681	-	166,241
		60,155	44,957	89,145	194,256	1,828,068	81,681	-	2,104,005
OFF BALANCE SHEET ITEMS									
Commitments		-	7,000	-	7,000	-	-	-	7,000

At 31 December 2021

	Expected Profit rate %	Up to 1 year: Less than 3 months AED'000	Up to 1 year: 3 months to 6 months AED'000	Up to 1 year: 6 months to 1 year AED'000	Total upto 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Investment deposits and other Islamic financing	2%	46,128	46,176	109,707	202,011	2,799,258	2,799,258	(3,001,269)	
Term Islamic financing	1% - 19%	16,208	15,184	29,624	61,016	136,141	136,141	(331,336)	
		62,336	61,360	139,331	263,027	2,935,399	2,935,399	(3,332,605)	
OFF BALANCE SHEET ITEMS									
Commitments		4,038	-	7,000	11,038	85,000	85,000	-	96,038

The attached notes 1 to 36 form part of these consolidated financial statements.

The attached notes 1 to 36 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
At 31 December 2022

Maturity analysis of assets and liabilities

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

31 December 2022	Up to 1 year							
	Less than 3 months AED'000	3 months to 6 months AED'000	6 months to 1 year AED'000	up to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Assets								
Cash and balances with banks	143,136	-	-	143,136	77,560	-	35,000	255,696
Islamic financing and investing assets	358,697	30,982	60,743	450,422	399,034	570,448	-	1,419,904
Investment securities	-	-	7,397	7,397	-	-	-	7,397
Investment properties	4,250	7,400	88,945	100,595	1,246,448	-	-	1,347,043
Assets held for sale	-	-	125,953	125,953	-	-	-	125,953
Investment in an associate	-	-	-	-	222,132	-	-	222,132
Other assets	6,095	12,744	14,316	33,155	14,577	-	-	47,732
Furniture, fixture and office equipment	-	-	-	-	-	-	11,120	11,120
Total assets	512,178	51,126	297,354	860,658	1,959,751	570,448	46,120	3,436,977
Liabilities								
Investment deposits and other Islamic financing	27,581	27,581	55,162	110,324	1,560,278	-	-	1,670,602
Term Islamic financing	6,992	6,477	12,727	26,196	61,645	78,400	-	166,241
Employees' end of service benefits	-	-	-	-	-	-	4,306	4,306
Other liabilities	25,871	17,646	54,091	97,608	-	-	-	37,457
		135,065						
Total liabilities	60,444	51,704	121,980	234,128	1,659,380	78,400	4,306	1,976,214
Commitments	-	7,000	-	7,000	-	-	-	7,000
Net liquidity gap	451,734	(7,578)	175,374	619,530	300,371	492,048	41,814	1,453,763
Cumulative net liquidity gap	451,734	444,156	619,530	619,530	919,901	1,411,949	1,453,763	1,453,763

The attached notes 1 to 36 form part of these consolidated financial statements.

The attached notes 1 to 36 form part of these consolidated financial statements.

Maturity analysis of assets and liabilities

31 December 2021

	Up to 1 year							
	Less than 3 months AED'000	3 months to 6 months AED'000	6 months to 1 year AED'000	up to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Items with no maturity AED'000	Total AED'000
Assets								
Cash and balances with banks	79,020	-	-	79,020	75,036	-	35,000	189,056
Islamic financing and investing assets	443,485	89,824	92,965	626,274	467,505	958,473	-	2,052,252
Investment securities	-	7,824	-	7,824	-	-	-	7,824
Investment properties	24,028	254,982	89,590	368,600	1,190,230	-	-	1,558,830
Investment in an associate	-	-	-	-	212,799	-	-	212,799
Other assets	9,774	952	32,296	43,022	4,341	-	-	47,363
Furniture, fixture and office equipment	-	-	-	-	-	-	12,435	12,435
Total assets	556,307	353,582	214,851	1,124,740	1,949,911	958,473	47,435	4,080,559
Liabilities								
Investment deposits and other Islamic financing	29,257	29,257	74,767	133,281	2,362,753	-	-	2,496,034
Term Islamic financing	11,062	10,247	20,135	41,444	97,525	134,120	-	273,089
Employees' end of service benefits	-	-	-	-	-	-	3,309	3,309
Other liabilities	48,475	7,626	43,972	100,073	25,359	-	-	125,432
Total liabilities	88,794	47,130	138,874	274,798	2,485,637	134,120	3,309	2,897,864
Commitments	4,038	-	7,000	11,038	85,000	-	-	96,038
Net liquidity gap	463,475	306,452	68,977	838,904	(620,726)	824,353	44,126	1,086,657
Cumulative net liquidity gap	463,475	769,927	838,904	838,904	218,178	1,042,531	1,086,657	1,086,657

The attached notes 1 to 36 form part of these consolidated financial statements.

The attached notes 1 to 36 form part of these consolidated financial statements.

As discussed in note 2 to the consolidated financial statements management has proposed a revised business plan and Group will seek all formal and necessary approvals to execute the plan. Post execution of the plan the Group will be able to continue to meet its commitments for the foreseeable future without any significant liquidity mismatch.

Operational risk
Operational risk is the risk of loss arising from systems 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 lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

Capital Management
The primary objective of the Group's capital management is to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.The restructuring effected at 21 June 2020 represented a significant change in the capital structure of the Group. Capital comprises share capital, treasury shares, statutory reserve, general reserve, special reserve, cumulative changes in fair value, foreign currency translation reserve, Mudaraba Instrument, Mudaraba Instrument reserve and accumulated losses and is measured at AED 1.5 billion as at 31 December 2022 (31 December 2021: AED 1.2million).

Fair value of financial assets and liabilities
The fair values of the Group's financial assets and liabilities at the reporting date approximate their carrying values as reflected in these financial statements.

33. Social Contributions

The Company pursues a Corporate Social Responsibility strategy and during the year spend on various social contributions purposes.

34. Corporate Income Tax

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

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

35. Comparative Information

Certain comparative amounts in the consolidated statement of profit or loss and notes to the consolidated financial statement have been adjusted to conform to the current presentation.

36. Profit Rate Benchmark Reforms

LIBOR refers to the London Interbank Offered Rate. It is privately determined by polling more than a dozen large global banks in London about the interest rate at which they can borrow for various lengths of time ("tenors") in U.S. dollars and four other currencies (GBP,EUR,GPY,CHF). Thus, at any point in time, there are several "LIBOR" rates. LIBOR is a benchmark or reference rate that helps financial market participants' gauge prevailing financing rates.

The Company has established a project to manage its transition to alternative rates in coordination with external consultants. The objectives of the project include evaluating the extent to which Islamic financing and related commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

The project is being led by senior representatives and is closely working with functions across the Company including the customer facing teams, Legal, Finance and Operations. The Company's transition program has commenced and will be running until the final publication date of LIBOR on 30 June 2023.

Governance Report for 2022

Statement of procedures taken to complete the corporate governance system, during 2022, and method of implementing thereof.

The company dedicates its responsibility towards the shareholders by upholding the highest standards of corporate governance, believing that a proper adoption and application of corporate governance enhances the value of its shareholders and provides appropriate guidelines for each of the board of directors, its committees, and the executive management to carry out their duties in order to serve the interest of the company and its shareholders. Therefore, the company seeks to achieve the highest levels of transparency and compliance with the applicable regulations, rules, objectives, and policies intended to comply with its regulatory responsibilities.

Below some of the corporate governance practices in 2022 :

- The Board of Director and its committees are committed to the number of meetings required and to the assigned tasks and responsibilities.
- The Company's Articles of Association has been amended to comply to the provisions of Federal Decree-Law No. 32 of 2021 of commercial companies, wherein the amendment has been published in the Official Gazette.
- Corporate Governance Manual has been reviewed in accordance with Federal Decree-Law No. 32 of 2021 of commercial companies.
- The Human Resources policy has been reviewed in order to comply with the new Labour Law wherein new employment contracts have been issued in accordance with the new Law to all employees.
- In accordnace with Federal Decree-Law No. (45) of 2021 pertaining to Personal Data Protection, many actions have been taken in order to comply with the Law.
- The Board of Directors's Charter and the Charters of its committees have been reviewed ensuring compliance with the relevant regulations.
- The company's was committed to disclose material information, particularly with regards to the disposal of the land in the Arab Republic of Egypt.
- Each board member declares his independence and the positions he holds within the boards of directors of other companies on an annual basis.
- The company's website has been updated by adding all financial data disclosures and press releases for stakeholders'perusal.
- Awareness sessions have been conducted for all employees in order to ensure continued education on non-compliance's risks and to avoid breaches and regulatory violations.
- The Compliance and control procedures have been reviewed in accordance with Central Bank's regulatory requirements for reporting mechanism.

Statement of ownership and transactions of Board of Directors (Board) members and their spouses, their children in the securities market during 2022, according to the following schedule:

Sr.	Name	Position/ Kinship	Owned shares as on 31/12/2022	Total Sale	Total Purchase
1	Mr. Ali Ibrahim Mohamed Ismail	Chairman	Nil	Nil	Nil
2	Mr. Khalid Salim Alhalyan	Vice Chairman	2,388	Nil	Nil
3	Mrs Fatima Ahmed Qasimi	Board Member	44,570	Nil	Nil
4	Mr. Mastafa Ismail Karam	Board Member	Nil	Nil	Nil
5	Mr. Rashed Mohammad Ali Abdulrahman	Board Member	Nil	Nil	Nil
6	Mr. Ayad Hammad Alharazeen	Board Member	Nil	Nil	Nil
7	Mr. Shaker Fareed Zainal	Board Member	Nil	Nil	Nil

Board Formation:

Sr.	Name	Category (executive, non-executive, and independentv	Date of Appointment	Their membership and positions at any other joint- stock companies	Their positions in any other important regulatory, government or commercial positions.
1	Mr. Ali Ibrahim Mohamed Ismail	Non-executive	March 2004	• Chairman of the Board of Directors of EII Capital	Nil
2	Mr. Khalid Salim Alhalyan	Independent	April 2018	• Board member in Emaar Development • Member of the Board of Directors of Bank Al Salam -Al Bahrain	• CEO, Internal Audit and Risk Assessment Group, Dubai Aviation City Corporation • Vice President, UAE Audit Association
3	Mrs Fatima Ahmed Qasimi	Independent	December 2021	Nil	Nil
4	Mr Mastafa Ismail Karam	Independent	January 2021	• Board member in EII Capital	Board member of: • Emaar Hospitality Group • Dubai Charitable Association
5	Mr. Rashed Mohammad Ali Abdulrahman	Independent	April 2021	Nil	• General Manager of Real Estate Development at Wasl.
6	Mr. Ayad Hammad Al Harazeen	Independent	April 2021	Nil	Nil
7	Mr Shaker Fareed Zainal	Independent	March 2022	Nil	Nil

Qualifications and experience of board members:

Mr Ali Ibrahim Mohamed Ismail

Chairman

Mr Ali was the Deputy Director General at the Department of Economic and Tourism in Dubai (DET), Ali Ibrahim entrusted with enhancing DET's role in the emirate's strategy to remain in the forefront of countries applying the highest standards in doing business across the economic, social and cultural domains.

Mr Ibrahim was responsible for evaluating regional and global economic developments as well as their impact on Dubai and its competitiveness. In addition, he supervised surveys and the collection and publication of economic indicators in Dubai and business-related statistics.

Mr Ibrahim participated in the working groups, which prepared Dubai Strategic Plan 2007-2015, and also supervised DED's working team, which updated the economic plan 2013 -2015.

Mr Ibrahim started his career with the UAE Central Bank in 1983 in Abu Dhabi where he rose through the ranks to become Assistant Manager for Research and Statistics. Since joining DED in 1993 he has held several positions including Head of Studies and Planning Department, Head of Commercial Registration Department and Deputy Director General for Executive Affairs. He was also the General Co-ordinator of the Economic Development Committee of the Executive Council of Dubai, and Technical Co-ordinator of the Dubai Islamic Economy Development Centre.

Mr. Ibrahim holds a Bachelor Degree in Business Administration and English Language from the UAE University. He has also participated in several courses and conferences and attended working groups in global bodies such as the International Monetary Fund. He was one of the first graduates of the Government Leadership Program of the Mohammed Bin Rashid Centre for Leadership Development.

Mr Khalid Salim Alhalyan

Vice Chairman

Mr. Khalid has more than 30 years senior level experience in several industries, and he is currently the group Chief Audit Executive at Dubai Aviation City Corporation (DACC).

Mr. Khalid started his career at the UAE Central Bank, then moved to the Department of Economic Development (DED) in Dubai before joining the aviation industry in 1996; initially to establish the new Dubai Airport Free Zone (DAFZA) and to head the Finance Department, before moving on to establish the Group Internal Audit & Risk Assessment (GIARA) function at DACC.

Mr. Khalid has been involved in establishing DED, Emaar Properties, the UAE Internal Audit Association, the UAE Golf Association, and he worked on restructuring projects for DUBAL, Dubai World Trade Centre, Dubai Civil Aviation, UAE Central Bank Banking Supervision, and realized the construction of a new facility for Al Noor Special Needs Centre in Dubai.

Mr. Alhalyan currently serves as Vice President of the UAE Internal Audit Association (affiliated to the Institute of Internal Auditors (IIA), USA), Chairman of Al Noor Special Needs Centre in Dubai and Chairman of Emaar South, Dubai.
He holds an MBA degree from Bradford University in the UK, and BBA from UAE University, Al Ain.

Mr. Ayad Hammad Al Harazeen

Member of the Board of Directors

Mr. Ayad Hammad Al Harazeen is a member of Amlak Finance PJSC's Board of Directors. He is also a Board member of Emaar Misr for Development S.A.E (a wholly owned subsidiary of Emaar Properties PJSC).

Mr. Ayad is currently partner of MAFCO Management & Business Consultancy LLC, Abu Dhabi and Partner & Manging Director of Advanced Solutions Investments & Companies Representation LLC (ASIR), Abu Dhabi. Under these organizations, Mr. Ayad has built several successful partnerships with multinational companies that have added value to the development of UAE economy.
Prior to his current positions, Mr. Ayad has served Abu Dhabi National Oil Company in various technical and lead management responsibilities.

Mr. Ayad is a postgraduate in Mechanical Engineering from Massachusetts Institute of Technology (MIT-USA) and Graduate (BE-Honours) from Imperial College of Science & Technology, London.

Mr. Mastafa Ismail Karam

Member of the Board of Directors

Mr. Mastafa Karam is one of the most prominent specialists in the field of customer service, business management and service control in the Middle East, and has extensive experience in these areas over more than 28 years in Emirates Airlines through many positions he held.

Mr. Mastafa Karam is the Senior Vice President of Customer Affairs and Service Control at Emirates Airlines

Mr Karam had completed his Bachelor of Arts at the UAE University in 1984, IATA Diploma in Airline Marketing in 1997 and IATA Diploma in Airline Management in 1994 both held in Geneva, a Diploma in Global Business Consortium in 2004 at the London Business School in the United Kingdom, and a Certificate in International Executive Program (INSEAD) held in France in 2006.

Mr. Rashed Mohammad Ali Abdulrahman

Member of the Board of Directors

Mr. Rashed is a Member of the Board of Directors at Amlak Finance PJSC. He is currently the General Manager of Real Estate Development at WASL (the Real Estate Development and Asset Management arm of the Dubai Government). Under his guidance, he has led 79 active projects with a 25 billion AED CAPEX development and construction pipeline in the past 4 years.

With over 15 years of experience, Rashed Al Awadhi is a highly experienced professional leading several high profile and prestigious large-scale real estate master developments across Dubai. In addition to his current roles, he sits on the board of Dubai Sports Corporation and JAG Development.

Mr. Rashed holds a Bachelor's degree in Architecture and Design from the American University of Sharjah.

Mr. Shaker Fareed Zainal

Member of the Board of Directors

Currently he is the Business Finance Director at Emirates Development Bank. At EDB, Shaker has been vested the responsibility of expanding the Bank's reach in Corporate, SME and Commercial banking segments. He is also in charge of the bank's strategic development as well as the end-to-end management of the Mohammed Bin Rashid Innovation Fund.

Shaker, a highly experienced banking professional, carries with him a wealth of experience of over 25 years in the United Arab Emirates as well as Egypt, in senior management positions across large multinational and regional banks. Prior to joining Emirates Development Bank, he was the Head of Retail Banking and SME at Commercial Bank International. At the start of his banking career, he took up several leadership roles at HSBC Middle East and Mashreq Bank.
Shaker, a judicial expert (accountancy & banking) in Dubai Courts, was awarded the Development and Support Local Award from Human Resource Committee in the financial and banking sector by H.H. Sheikh Sultan bin Muhammad Al-Qasimi, Member of the Federal Supreme Council of the United Arab Emirates.

Shaker holds a bachelor's degree in Accounting from the UAE University. He also holds an Executive MBA from HULT International Business School in Boston, USA. Shaker is a member of the Accountants Association and Auditors in the United Arab Emirates as well as an arbitrator at the Centre for International Arbitration. Shaker is also a lecturer at the Emirates Institute for Banking Studies.

Mrs. Fatima Ahmed Rashid Qasimi

Member of the Board of Directors

Fatima was the Head of Elite UAE in First Abu Dhabi Bank; She was in charge of Elite Segment in UAE, Singapore and Switzerland.

Fatima was the Chief Executive Officer of Aseel Islamic Finance (a wholly owned subsidiary of First Gulf Bank) since 2015 where she is responsible for growing shareholder value through the effective management and execution of the business's long-term strategy. During 2 years leadership, Aseel generated with portfolio growth of 21% in 2016. She brought new vision & mission, enhanced website corporate, and significantly launched 6 products and several promotions & campaigns that successfully established the new Aseel, brought major clients and inspired its employees. Moreover, Fatima made a big impact at Aseel by achieving the 7 prestigious awards in UAE and Middle East.

Prior to that, she was Head of Corporate Banking in Dubai & Northern Emirates at First Gulf Bank for more than 6 years where she played a big role on bringing and expanding the company's revenue growth and marked her legacy by generating AED 230 Million revenue in 2014. Also, she was the Head of Large Corporate at National Bank of Dubai for more than 11 years.

With over of 23 years of experience in the UAE banking and financial services, Fatima is versatile and results-driven Executive-Level professional with a proven track record in driving marketing and increasing revenue, ultimately benefiting the organization's bottom line. She possesses skills across a broad range of areas including Islamic & conventional banking and financial, corporate & commercial, retail, investment, treasury, strategic planning, business development, and product development.

A. Statement of the percentage of female representation in the Board for 2022 (In case of non-representation, please state that there is no representation).

The Board of Directors includes a female member, Mrs Fatima Qasimi who was appointed as board member on 30 December 2021

B. Statement of the following

1. The total remunerations paid to the Board members for 2021 :

The board remuneration amounting to AED700,000 was approved by shareholders at the General Assembly on April 29, 2021.

2. **The total remunerations of the Board members, which are proposed for 2022 that will be presented in the annual general assembly meeting for approval.**

The Company reported a profit for the fiscal year ended December 31, 2022 of AED 476 Mn and it will be recommended to pay a total remuneration of AED 2,000,000 to board members for 2022 subject to the approval of the Company's shareholders at the Annual General Meeting.

3. **Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for 2022 fiscal year, according to the following schedule:**

Allowances for attending sessions of the committees emanating from the Board

Name	The name of the committee.	The value of the allowance for the meeting	Number of meetings
Mr. Khalid Salim Alhalyan	Internal Audit Committee	10,000	4
Mr. Ayad Hammad Alharazeen	Internal Audit Committee	10,000	4
Mr. Rashed Mohammad Ali Abdulrahman	Internal Audit Committee	10,000	3
Mr. Mastafa Karam	Risk Committee	10,000	1
Mr. Rashed Mohammad Ali Abdulrahman	Risk Committee	10,000	3
Mr. Shaker Zainal	Risk Committee	10,000	3
Mrs. Fatima Qasimi	Risk Committee	10,000	4
Mrs. Fatima Qasimi	Nominations and Remuneration Committee	10,000	1
Mrs. Fatma Hussain (Resigned on Feb 22, 2022)	Nominations and Remuneration Committee	10,000	1
Mr. Mastafa Karam	Nominations and Remuneration Committee	10,000	2
Mr. Ayad Hammad Alharazeen	Nominations and Remuneration Committee	10,000	2

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

No allowances, salaries or fees other than the allowances for attending the committees' meetings were paid.

5. **Number of the Board meetings held during 2022 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy**

Date of the meeting	Number of attendees	Number of acting attendees	Names of absent members
23-Feb-22	5 members	Nil	Mr. Ali Ibrahim Mohamed Ismail
23-Mar-22	7 members	Nil	Nil
2-Jun-22	7 members	Nil	Nil
11-Aug-22	6 members	Nil	Mr. Ali Ibrahim Mohamed Ismail
12-Oct-22	6 members	Nil	Mrs. Fatima Qasimi
14-Nov-22	5members	Nil	Mr. Rashed Mohammad /Mr. Shaker Zainal
26-Dec-22	5 members	Nil	Mrs. Fatima Qasimi / Mr. Rashed Mohammad

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

The Board of Directors issued four resolutions by circulation during fiscal year 2022:

- The first resolution was issued on January 27, 2022 on matters relating to the Company's business.
- The second resolution was issued on May 12, 2022 on the adoption of financial statements for the period ended March 31, 2022 and matters relating to the Company's business.
- The third resolution was issued on June 20, 2022 on matters related to the Company's business.
- The fourth resolution was issued on September 8, 2022 on matters related to the Company's busines.

7. **Statement of Board duties and powers exercised by Board members or the executive management members during 2022 based on the an authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:**

The Board authorized Amlak's CEO Mr. Arif Alharmi Albastaki to manage the Company's day-to-day business under a power of attorney, and authorized the executive management within certain limits by approving the Authority Matrices of each department of the Company. The Board reviews the authorities granted periodically on an annual basis.

8. **Statement of the details of transactions made with the related parties (Stakeholders) during 2022, provided that it shall include the following:**

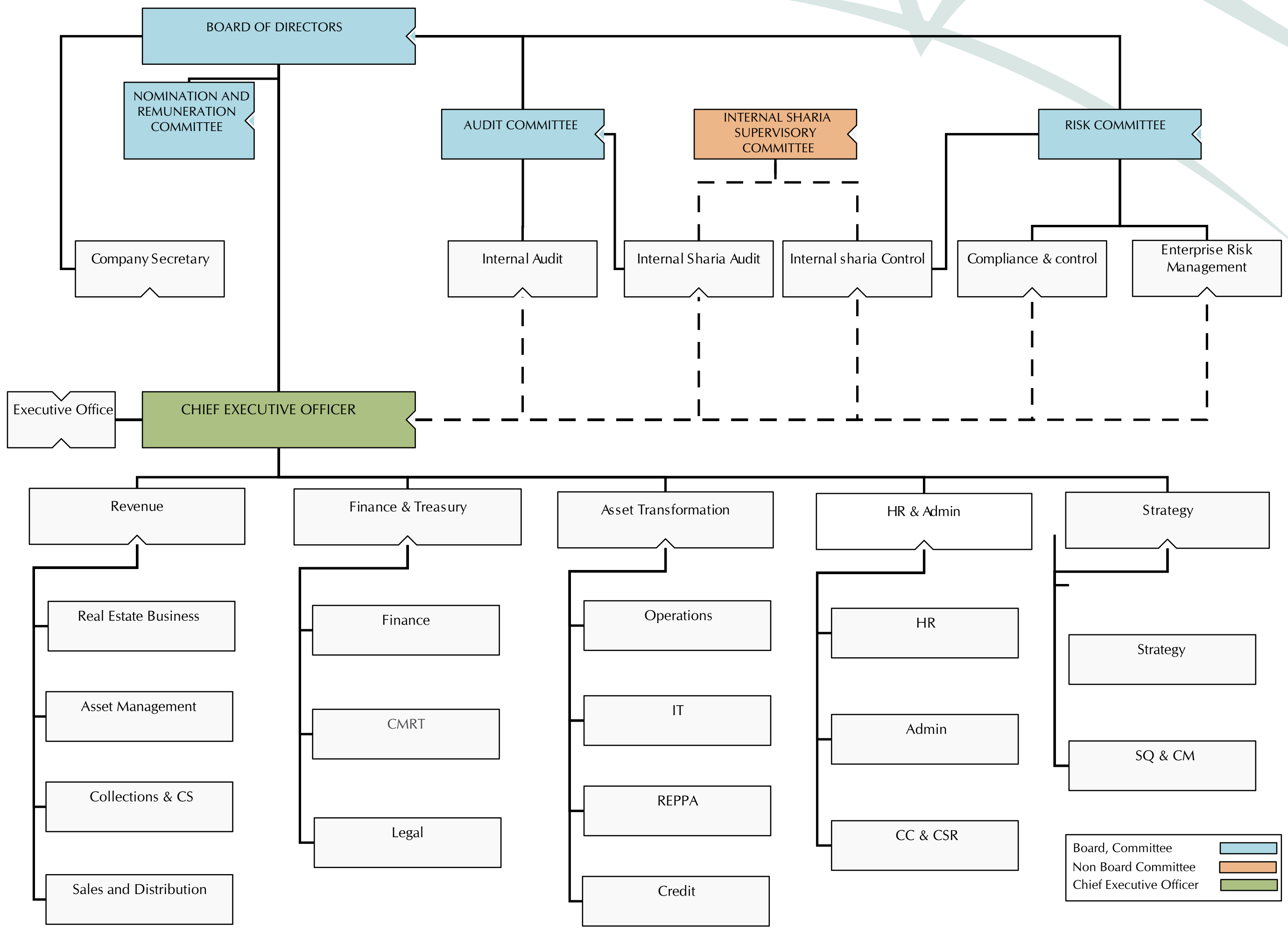
	Associated companies AED 000	Major Shareholders AED 000	Directors and senior management AED 000	Other related parties AED 000	Total AED 000
Islamic Financing and investing assets	-	-	315	-	315
Investment deposits		55,524	-	121,416	176,940
Other liabilities	-	22	-	47	69

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

	Associated companies AED 000	Major Shareholders AED 000	Directors and senior management AED 000	Other related parties AED 000	Total AED 000
Income from Islamic financing and investing assets	-	-	26	-	26
Distribution to financiers	-	1,751	-	2,539	4,290

9. The organizational structure of the company:

Amlak Finance Organization Chart-2023



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

Sr.	Post	Appointment date	Total salaries and allowances paid for 2022 (AED)	Total bonuses paid for 2022 (AED)	Any other cash/in-kind Remunerations for 2022
1	Chief Executive Officer	23-May-07	3,151,942.00		2,296,998.00
2	Chief Financial Officer	18-Nov-20	1,473,208.22		585,459.29
3	Head of Revenue	18-Jan-21	1,134,549.62		454,314.26
4	Head of Strategy	18-Jan-21	888,500.00		392,456.64
5	Head of Asset Transformation	28-Mar-22	635,000.00		164,376.66
6	Head of Human Resources and Management	11-Jul-21	703,131.51		186,372.10

4- External Auditor:

a. Submit an overview of the company auditor to shareholders.

Deloitte in the UAE is part of Deloitte & Touche (M.E.). Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL). A core practice within our Middle East region, today Deloitte in the UAE has over 1,100 professionals based within five practice offices in Dubai, Abu Dhabi, Fujairah, Ras Al Khaimah, and Sharjah. We are a full service firm in the UAE, and have well developed practices serving leading enterprises and institutions in banking and financial services, real estate, leisure and hospitality, construction, public sector activities, trading, manufacturing, telecom, retail and energy and resources.

Deloitte clients include many of the United Arab Emirates' largest entities and clients in energy and resources, financial services institutions, real estate, construction, trading, and manufacturing in the public and governmental sectors.

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

Name of the audit office and partner auditor	Deloitte & Touche (M.E.), Dubai. Malcolm Coates
Number of years the firm served as the company external auditor	4 years
Number of years spent by the partner auditor in auditing the company's accounts	1 year
Total audit fees for 2022 in (AED)	612,000
Fees and costs of other private services other than auditing the financial statements for 2022 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	82,575 (as fees and costs of other private services other than auditing the financial statements for 2022)
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	Other non-audit services that are not conflicting with audit services
Statement of other services that an external auditor other than the company accounts auditor provided during 2022 (if any). In the absence of another external auditor, this matter is explicitly stated.	Nil

c. Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2022 and in case of the absence of any reservations, this matter must be mentioned explicitly.

- There is no reservation in Audit opinion on annual financial statements for year ended 31 December 2022 and quarterly financial statement.

5- Audit Committee:

a. **Mr. Khalid Salim Alhalyan, Chairman of the Audit Committee, acknowledges of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

b. **Members of the Audit Committee**

Mr. Khalid Salim Alhalyan	Chairman of the Committee
Mr. Ayad Hammad Alharazeen	Committee member
Mr. Rashed Mohammad Abdulrahman	Committee member

Audit Committee members' responsibilities:

- Review the integrity of financial statements and annual and interim reports and recommend approval by the Board of Directors
- Review management analysis showing the importance of financial reporting issues and provisions in relation to the preparation of financial statements, including financial statement analyses.
- Consider important and unusual issues received or to be included in financial reports.
- Assess the overall effectiveness of internal control and risk management frameworks, including fraud risk assessment, fraud risk controls and fraud risk processes, and consider whether management has implemented recommendations made by internal and external auditors.
- Review the security monitoring mechanism for computer systems and applications, contingency plans to process financial and other important information in the event of system failure or to protect against computer fraud or abuse.
- Make a recommendation to the Board of Directors on the appointment of the Company's statutory auditor.
- Review and evaluate the Company's internal audit systems.
- Ensure that the resources needed for the internal audit department are available and effective.
- Approve the internal audit plan and follow up implementation.
  Monitor the Company's compliance with professional conduct rules.

Number of meetings held by the Audit Committee during 2022 and their dates to discuss the matters related to financial statements and any other matters, and demonstrating the members' personal attendance times in the held meetings.

Meeting Number	Date of the meeting	Khalid Salim Alhalyan	Ayad Hammad Alharazeen	Rashed Mohammad Ali Abdulrahman
1	17-Feb-22	√	√	√
2	23-May-22	√	√	√
3	3-Aug-22	√	√	-
4	4-Nov-22	√	√	√

6- Nominations and Remunerations Committee:

Mr Mastafa Ismail Karam - Chairman of the Nomination and Remuneration Committee acknowledges of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Members of the Nomination and Remuneration Committee from January 1, 2022 to February 22, 2022

Mrs. Fatma Hussein	Chairman of the Committee
Mr Mastafa Ismail Karam	Committee member
Mr. Ayad Hammad Alharazeen	Committee member

Members of the Nomination and Remuneration Committee from February 23, 2022 to December 31, 2022:

Mr Mastafa Ismail Karam	Chairman of the Committee
Mrs. Fatima Ahmed Qasimi	Committee member
Mr. Ayad Hammad Alharazeen	Committee member

Nomination & Remuneration Committee members' responsibilities:

- Review the procedures for nomination to the membership of the Board of Directors
- Identify the company needs of competencies at the level of senior executive management and staff and the basis of selecting them.
- Review the policy on granting rewards, benefits, incentives and salaries to the staff therein, on an annual basis.
- Recommend the remuneration to the Board of Directors
- Review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership.

Statement of number of meetings held by the Committee during 2022 and their dates, and statement of all Committee members' personal attendance of times.

Date of the meeting	Fatma Hussein	Mastafa Karam	Fatima Qasimi	Ayad Hammad Alharazeen
27-Jan-22	√	√	-	√
16-Mar-22	-	√	√	√

7- The Supervision and Follow-up Committee of insiders' transactions.

In accordance with Article 33 of the Board of Directors' Decision of SCA No. 03- 2020, one of the company's departments may be assigned to supervise and follow up the insiders' transactions in the company and the Board secretariat unit has been assigned these tasks.

a. The Company Secretary of the Board of Directors, Ms. Lama Takieddin, acknowledges responsibility for the follow-up system and supervision of the insiders' transactions and to review the mechanism of the work and ensure its effectiveness.

b. The responsibility of following up and supervising the insiders' transactions has been assigned to the Board secretariat unit that shall take over the following tasks:
- Prepare a special and integrated record of all persons who are permanently and temporarily familiar with the company's internal information before publishing it.
- Maintain official declarations from insiders.

c. Summary of the work report of the Board secretariat unit during 2022:
The unit has updated the register of insiders' transactions and provided the market with the register periodi cally, and periods of prohibition of trading in the company's shares have been announced, as well as sign off of insiders declarations confirming their possession of internal information and their obligation to comply with the relevant regulations.

8- Risk Committee

Mrs. Fatima Ahmed Qasimi, Chairman of the Risk Committee, acknowledges her responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Members of the Risk Committee from January 1, 2022 to March 23, 2022

Mrs. Fatima Ahmed Qasimi	Chairman of the Committee
Mr. Mastafa Ismail Karam	Committee member
Mr. Rashed Mohammed AbdulRahman	Committee member

Members of the Risk Committee from March 23, 2022 to December 31, 2022

Mrs. Fatima Ahmed Qasimi	Chairman of the Committee
Mr. Shaker Zainal	Committee member
Mr. Rashed Mohammed AbdulRahman	Committee member

The Committee's responsibilities and functions:

- Develop a comprehensive risk management strategy and policy consistent with the nature and size of the company's activities, monitor its implementation, review and update it based on the company's internal and external changing factors.
- Identify and maintain an acceptable level of risk that the company can face, and ensure that the company does not exceed this level ensuring that there are sufficient resources and systems to manage risks.
- Overseeing the company's risk management framework and assessing the effectiveness of the framework and mechanisms for identifying and controlling risks to the company to identify areas of inappropriateness and adequacy

Number of meetings held by the Risk Committee during 2022 and their dates to discuss issues relating to financial statements and any other matters, and to indicate the number of personal attendances of members at meetings held.

Meeting Number	Date of the meeting	Fatima Ahmed Qasimi	Mastafa Karam	Rahsed Mohammad	Shaker Zainal
1	2-Feb-22	√	√	√	-
2	10-May-22	√	-	√	√
3	27-Jul-22	√	-	-	√
4	29-Nov-22	√	-	√	√

9- Internal control system:

a. The Board of Directors acknowledges its responsibility for the company's internal control system, its review of its mechanism and its effectiveness.

b. **The name of the director of management, his qualifications and the date of appointment:**
The Department is currently headed by Acting Head of Internal Audit Ms. Nishma Nagaria from July 2022. She is a qualified Chartered Accountant and Certified Information Systems Auditor.

c. **Compliance officer's name, qualifications and appointment date:**
Ms. Amira Adi was appointed Manager of Compliance and Control in October 2021.

d. **How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in the annual reports and accounts**
In case of any major control deficiency in audit findings, the issue is directly discussed with the Head of Department. If no action has been properly taken the issue is escalated to the CEO, if no action taken the issue is reported either as a special report or as a part of the internal audit report to the Audit Committee of the Board (BAC), which will ask the management to present their arguments and evidence for the Committee to be evaluated and may be discussed at the Board level. During 2022 the Company did not face any problems.

e. **Number of reports issued by the Internal Audit Department of the Company's to the Board of Directors.**
Audit Committee meetings are held quarterly, where internal audit department activities, internal audit notes and reports and performance reports are presented for discussion during meetings. The Internal Audit Department has issued four reports to the Board's Audit Committee in accordance with the approved audit plan. An annual report on the work of the unit has been issued to the Board of Directors.

10- Details of violations committed during 2022 and their causes, how to address them and avoid future recurrence:

No fines or restrictions were imposed on the company by the Securities and Commodities Authority or any other legal authority during 2022.

11- Statement of the cash and in-kind contributions made by the Company during 2022 in developing the local community and preserving the environment.

Sr	Initiatives	Area of Impact	Description
1	Leaders of Change Program	Environment	Five employees of Amlak Finance have participated in activities,missions, and more that are centred around three pillars: Train: Cultivate your skills with expert-lead training courses & certification Ideate: Collaborate and grow with a community of change-makers Act: Give back to people and nature through unique volunteer opportunities Some types of activities include: • Coastal clean-up day by kayaking through mangrove tress and clean up the surrounding trash • Track terrestrial wildlife (with cameras) – Hike into the mountains to review hidden camera footage of UAE wildlife • Field work in Ajman - Mangrove planting session • Masterclass – discover the fascinating history (and future) of the traditional Falaj • Workshops & trainings, and self-lead learning on environment & climate related issues and topics.
2	Stationary Drive	Community	As part of CSR Community initiatives, Amlak took part of a Stationary Drive organized by Educational for all organization which is registered with Dubai Chamber of Commerce & Industry, and part of Engage Dubai. Through employee participation, stationery and materials were donated to Emirates Red Crescent on 7th October 2022.
3	Al Noor Training Center - Inkind Support	Community	Supporting Al Noor Training Centre for Children with Special Needs through sponsoring most-needed items as follow: • To train students with low vision and cortical visual impairment to focus better in the environment and eventually integrate their vision in all daily functions. • To use Look to learn technique to encourage students to start using eye gaze. • TASP: Test of Aided Communication Symbol Performance CLAS (Culturally and Linguistically Appropriate Services) for students training in communication ability All students who do not verbally speak • Sili Shapes Alphabets and Sili Shapes Numbers Assistive Technologies Aids visually impaired students for literacy. • Sparnod Fitness Automatic Treadmill Physical Therapy to be used for students to improve their walking pattern, improving walking distance and improving fitness.
4	Umrah	Workplace	As part of this initiative, eight employees had the opportunity to perform Umraf and visit Medina, wherein Amlak sponsored the related expense.
	Al Jalilah Foundation - Bassmat Program	Community	Contribution of AED 10,000 towards Cancer Charity hospital opening in UAE in 2023
6	Dubai Foundation for Women and Children	Community	Purchase of gift cards with AED 500 loaded to provide immediate support to victims of abuse and human trafficking
7	Eco-friendly Procurement	Workplace	Eco-friendly, environmentally safe water bottles for all employees to try to reduce plastic consumption at the office
8	Dubai Fitness Challenge 30 x 30	Workplace	Employee were encouraged to participate in the fitness challenges and a reward was given to the top three winners.

12- General information:

a. Statement of the company's share price on the market (closing price, highest price, lowest price) at the end of each month during fiscal year 2022:

Month	High Price AED	Low Price AED	Closing Price AED
January	1.120	0.730	0.905
February	0.965	0.765	0.812
March	0.827	0.508	0.574
April	0.810	0.525	0.710
May	0.725	0.515	0.555
June	0.573	0.480	0.492
July	0.510	0.450	0.485
August	0.720	0.500	0.665
September	0.670	0.560	0.565
October	0.679	0.526	0.587
November	0.644	0.570	0.603
December	0.677	0.602	0.620

b. **Statement of the comparative performance of the company's shares with the General Market Index and the sector index to which the company belongs during 2022:**

Month	Amlak Finance PJSC - AED	DFMGI	Financial Services Sector Index
January	0.905	3203.08	2416.75
February	0.812	3354.64	2549.30
March	0.574	3526.6	2587.59
April	0.71	3719.63	2659.38
May	0.555	3347.24	2399.45
June	0.492	3223.29	2312.80
July	0.485	3337.96	2368.10
August	0.665	3443.11	2359.33
September	0.565	3339.15	2381.43
October	0.587	3331.76	2351.51
November	0.603	3323.96	2348.51
December	0.62	3336.07	2354.84

c. **Statement of the shareholders ownership distribution as on 31/12/2022 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign.**

		Percentage of shares owned			
Sr.	Shareholder rating	Individuals	Companies	Government	Total
1	Local	519,049,637	755,415,107	-	1,274,464,744
2	Arabic	115,688,092	41,482,940	-	157,171,032
3	Foreign	43,639,672	24,724,552	-	68,364,224
4	Total	678,377,401	821,622,599	-	1,500,000,000

d. **Statement of shareholders owning 5% or more of the Company's capital as on 31/12/2022 according to the following schedule:**

Sr.	Name	Number of shares owned	Percentage of shares owned by the company's capital
1	Emaar Properties PJSC	674,999,982	45%

f. **Statement of how shareholders are distributed according to the volume of property as on 31/12/2022 according to the following schedule:**

Sr.	Equity ownership (shares)	Number of shareholders	Number of shares owned	Percentage of shares owned by capital
1	Less than 50, 000	20,846	127,318,527	8.488%
2	From 50,000 to less than 500,000	1,533	196,068,007	13.071%
3	From 500,000 to less than 5,000,000	197	220,996,531	14.733%
4	More than 5,000,000	21	955,616,935	63.708%

g. **Statement of measures taken regarding the controls of investor relationships and an indication of the following:-**

The company is keen on ensuring a timely and proper response to shareholders' inquiries addressing their requests. Moreover, the company works on supporting and facilitating the mechanism to collect their unpaid dividends.

The integrated report for the year 2021 was disclosed to enable shareholders and other investors to easily access and obtain detailed information about the company.
The name of the investor relations officer, Mr. Adam Al-Affes.

h. **Investor Relations Communication Data:**

Name: Adam Al-Affes
Email: Investorrelations@amlakfinance.com
Phone: +97144274613
Mobile: +971507040326

i. **The electronic link to the Investor Relations page on the company's website:**
https://www.amlakfinance.com/investor-relations

j. **Statement of special resolutions presented at the 2022 General Assembly and actions taken:**
The General Assembly meeting was held on April 19, 2022, and the following special resolutions were issued:

- It was decided that the company would continue its activities despite its losses exceeding the Company's capital.
- It was decided to amend the Company's articles of association to comply with the provisions of Federal Law No. 32 of 2021 regarding Commercial Companies, and the amendment was published in the Official Gazette.
- Approval of voluntary contributions for the year 2022 for an amount not exceeding 0.01% of the net profits for the year 2021.

k. **Company Secretary of the Board meetings.**
Ms. Lama Takieddin was appointed as the company's secretary on February 2, 2020, and she holds a bachelor's degree in economics and a bachelor's degree in law, and she is a certified board secretary by the Hawkamah Institute.

l. Detailed statement of major events and important disclosures that the Company encountered during 2022.

- The company continued the successful execution of the debt management program through cash and real estate assets swap resulting in reducing Amlak's debt by over a AED 1 billion and yielding a net gain of more than AED 340 million The said program facilitated the successful exiting of two financiers from the debt agreement in addition to a partial exit for another three financiers.

- Disposing the land in Nasr City in the Arab Republic of Egypt for EGP 1.28 billion. The disposal of the land is in line with UAE Central Bank regulation No 112/2018 by which finance companies are required to divest investments that are not related to the core business.

m. Statement of the transactions that the Company has carried out with related parties during the year 2022, which are equal to 5% or more of the Company's capital:

Nil

n. Statement of Emiratisation percentage in the Company at the end of 2020, 2021, 2022

2020	2021	2022
10%	4%	11%

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

The company has implemented the Governance, Risk and Compliance (GRC) model, which helps to effectively manage risks, reduce costs, and address compliance requirements. It also helps improve performance through automation. One of the main benefits of this model is ensuring the transparency, the efficiency, and the accountability that enhance the corporate governance.

AMLAK FINANCE

SUSTAINABILITY REPORT 2022

AMLAK

www.amlakfinance.com

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About This Report

(GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, G7, G8, G9)

Welcome to Amlak Finance's 2022 Environmental, Social, and Governance (ESG) Report. In this report, we share our approach to sustainability and provide updates on our ESG initiatives and performance. We encourage you to read this report alongside our 2022 audited financial statements and corporate governance report to get a full understanding of Amlak Finance's approach to sustainability and governance.

Reporting Scope

Amlak Finance is a leading provider of sharia-compliant real estate financing products and solutions in the Middle East. Based in Dubai, United Arab Emirates, Amlak Finance operates as a finance company licensed by the UAE Central Bank. Our activities are guided by Islamic finance principles.

This report covers the period from January 1 to December 31, 2022, and includes Amlak Finance's UAE operations, which contributed 95% to our consolidated revenues in 2022. It also includes most of our subsidiaries, with the exception of two non-UAE subsidiaries in Egypt. Our associate entity in the Kingdom of Saudi Arabia is not included in this report's boundary.

Company	Country	Percentage Ownership (2022)
Amlak Sky Gardens LLC	UAE	100%
Amlak Holding Limited	UAE	100%
Warqa Heights LLC	UAE	100%
Amlak Capital LLC	UAE	100%
Amlak Property Investment LLC	UAE	100%
Amlak Limited	UAE	100%
Amlak Finance Egypt Company (S.A.E.)	Egypt	100%
Amlak Nasr City Real Estate Investment LLC	Egypt	100%

Basis of Preparation

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and is aligned with the Dubai Financial Market's (DFM) ESG metrics as well as the Sustainable Development Goals (SDGs). For a complete overview of our reporting, please see the GRI Content Index at the end of the report, which includes our alignment with the DFM's ESG disclosures.

Assurance

This report has undergone a thorough review by relevant internal departments and our financial statements have been independently audited by a reputable international firm.

Forward-Looking Statements

There are many external factors that can affect Amlak Finance's operations, leading to uncertainty in forward-looking statements. While we do not have a requirement to update or revise these statements publicly during the coming fiscal year, we will do so as necessary to comply with applicable laws and regulations.

Communication and Feedback

For any queries or feedback about this report please contact us at the following email address: **companysecretary@amlakfinance.com**

A Message from our CEO

(GRI 2-2)

Dear valued stakeholders,

I am pleased to present our latest Environmental, Social, and Governance (ESG) Report, which provides a comprehensive overview of our ESG-related initiatives and achievements. This annual practice is an opportunity to review our efforts to promote ESG best practices throughout our operations, ensuring that we are on track and enabling us to plan for the futur.

The built sector accounts for a staggering 30-40% of global carbon emissions and around 80% of the buildings which will still be standing in 2050 already exist today. The real estate sector is therefore a critical player in the move to net zero, and in real estate finance, this means the need to finance (and re-finance) net zero ready buildings (or green buildings) while also implementing a financing program that contributes to the transition of existing buildings in alignment with the Paris Climate Agreement.

As we get closer to the COP28 event planned in the UAE, it is imperative that we all think about the challenges that the world is facing from a climate change perspective and map out how we can contribute to the solution.

At Amlak, we believe that as a real estate financing institution, we must also think about our contribution to ensuring the financial sector promotes and embraces inclusion, giving equal access to all and providing opportunities for everyone to reach their aspirations.

As we continue to revise our strategy to reflect new regulatory requirements, we remain steadfast in our commitment to placing the generation of value to all stakeholders at the forefront and continuously improving our ESG performance alongside our economic contribution and financial results. We are determined to make a positive impact and create a sustainable future for all.

Thank you for your continued support and trust in Amlak Finance.

Sincerely,

Arif Alharmi Albastaki
Chief Executive Officer

Amlak at a Glance

"Amlak Finance: A Pioneer in Specialized Real Estate Financing in the MENA Region"

Leading Specialized Real Estate Financier in the MENA

Established in 2000 as a private shareholding company and converted in 2004 as a public joint stock company

Amlak Finance is headquartered in the UAE and is present in Egypt and the Kingdom of Saudi Arabia

73 Total Employees 31.51% Female Presence

About Us

(GRI 2-6, GRI 2-7, GRI 2-8, GRI 2-28)

Amlak Finance is a leading financial services provider in the real estate sector, specializing in Sharia-compliant property financing products and solutions. Since our inception in 2000 as a private shareholding company, we have been dedicated to meeting the evolving needs of our customers.

In 2004, we converted our license to a Public Joint Stock Company and continue to operate under the guidance of Islamic finance principles such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. Compliance with Sharia principles and a commitment to sustainability are at the core of our business.

Headquartered in Dubai and licensed by the UAE Central Bank, we have a presence in Egypt through our 100% owned subsidiary, Amlak Finance Egypt Company S.A.E., established in 2007, and an associate in the Kingdom of Saudi Arabia, Amlak International for Real Estate and Finance Co, in which we hold 18.35% stake.

Our team of experienced professionals and the support of our strong shareholders allow us to be a responsible corporate entity and actively contribute to sustainable development in our society and environment.

Our Vision, Mission, and Corporate Values

Vision

To be the specialized and customer centric real estate financing institution of the UAE.

Mission

To provide niche financial solutions, customized to fit our customers' needs while maximizing shareholders' value and nurturing our employees.

Values

- Agility
- Trust
- Collaboration
- Accountability

Our Corporate Values

Agility

We are innovative and imaginative in working with opportunities and challenges. We continuously improve the way we work, making it simpler, better and faster.

Trust

We do what is best for Amlak and our customers. We deliver on our promises and work to high standards. We are reliable, open and honest.

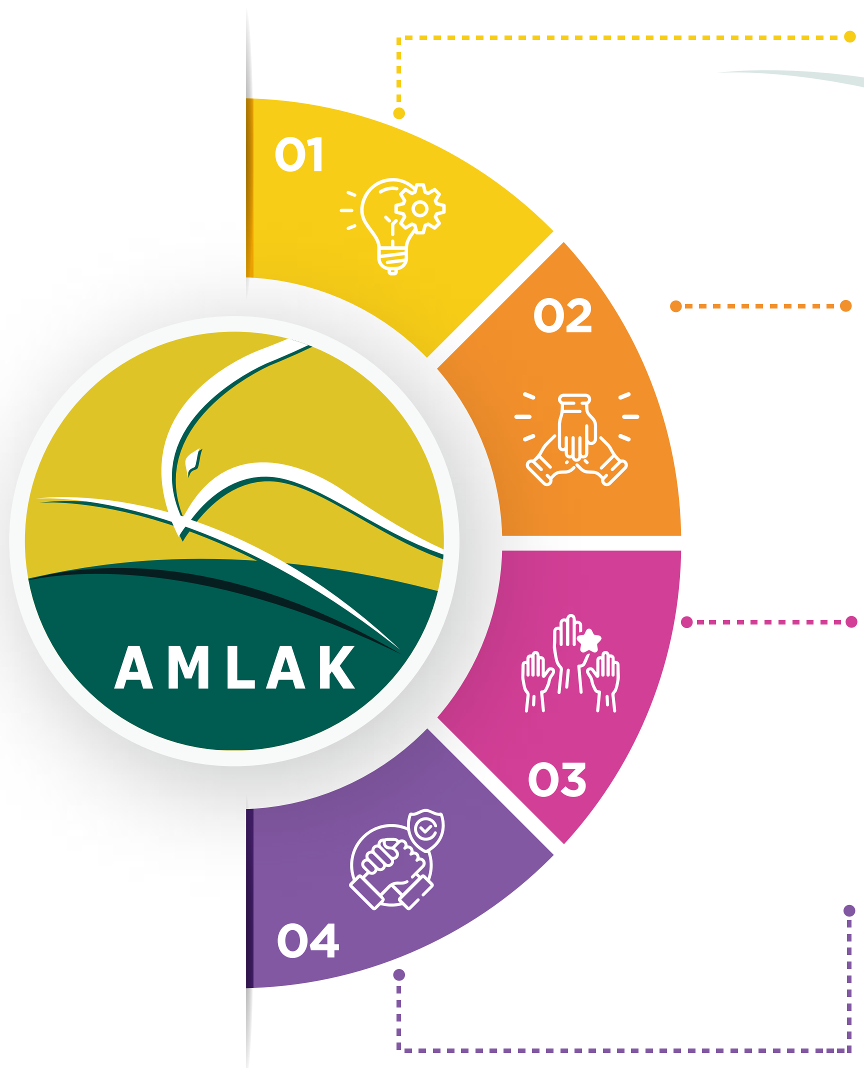
Collaboration

We work collaboratively with colleagues and form effective partnerships with internal and external stakeholders. Promoting crossdisciplinary working as a means of achieving shared goals.

Accountability

We hold ourselves and others accountable for delivering high quality and end to end service.
We are courageous and speak up when the interest of the department and Amlak
is at stake.

Our Organizational Values



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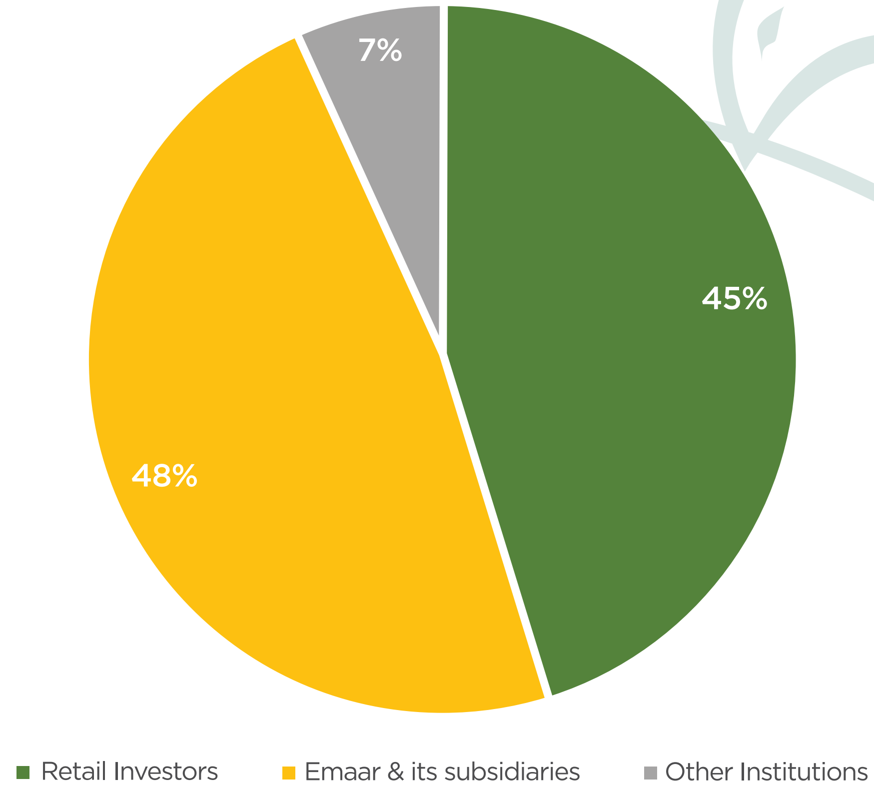
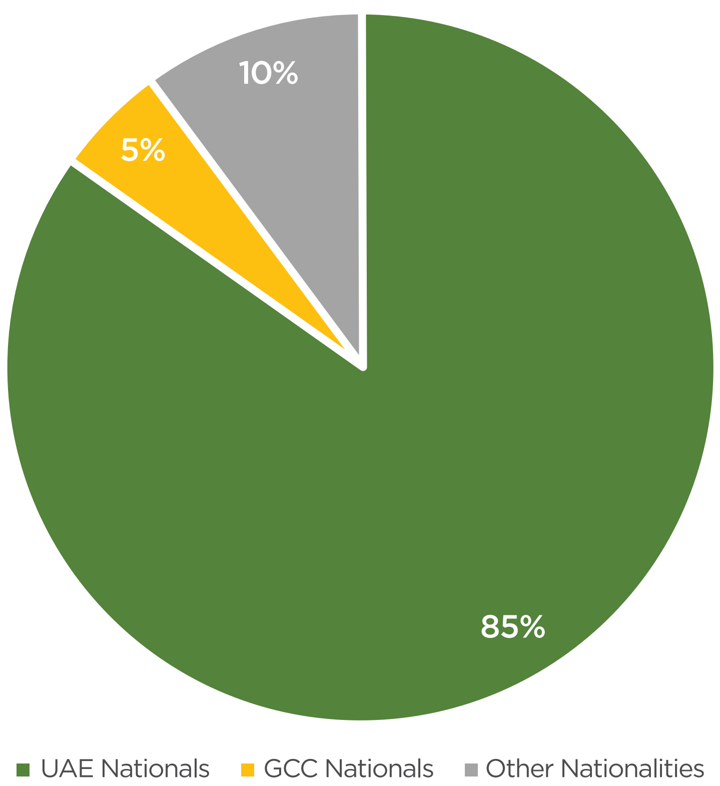
Our Behavioural Competencies

Our Ownership Structure



Nationality of Ownership



Our Geographic Footprint

Our Offering

(GRI 201-1, GRI 203-2, GRI 418-1, G7)

At Amlak Finance, our core offering is providing innovative and customized solutions that meet the ever-changing needs of the real estate market. As a leading specialized, Sharia-compliant real estate financier in the UAE, we offer a range of products and services to both individuals and investors/developers.

For individuals, we provide the opportunity to purchase their dream homes through our various Sharia-compliant financing options. Investors and developers, on the other hand, can benefit from the UAE's dynamic real estate market with our tailored solutions.

Our current product offering include:

Ijarah

Our standard home finance solution, aimed at end users of ready residential and commercial properties. Under Ijarah, we purchase the property from the developer/seller and lease it to the customer with a promise to sell at the end of the lease term. Monthly rentals include fixed, variable, and supplementary components.

Istithmari

A unique Buy-To-Let property finance solution for investors, which includes personalized and professional relationship management, as well as a full suite of property management services.

Private Construction Finance

We offer this solution to individuals or corporates undertaking construction of commercial or residential projects.

Tatweer (Off-Plan)

A financing solution for under-construction properties, aimed at both investors and end users. It includes a full suite of property management services post completion and handover.

Edaara

Amlak facilitates the process of renting for customers as they opt for 'Edaara' – the comprehensive Property Management Services exclusively designed for our valuable home finance customers. Our team of experts will handle everything, from assessing rental value, to screening of potential tenants, to collecting rents on behalf of the customer and managing home maintenance.

Additional Solutions

Double Your Property: Existing property owners have the option to acquire a second (ready or under-construction) property.

Our Approach to Sustainability

(GRI 2-29, GRI 2-30, GRI 3-1, GRI 3-2)

The built environment generates around 40% of global CO2 emissions, with 65% of these emissions coming from operational carbon and 35% from embodied carbon emissions over the average building's life cycle. With the UAE government aiming to reach net zero emissions by 2050, the real estate sector needs to undergo a shift and will be subject to regulatory requirements designed to drive a transition to net zero.

To stay ahead of the curve and meet the growing demand for sustainable assets. Not only does this align with our material ESG topics, but it also plays a crucial role in driving inclusive economic growth through accessible and affordable housing.

As a responsible corporate citizen, we also place a strong emphasis on ensuring the wellbeing of our employees and implementing sustainable practices within our offices. We are dedicated to keeping our Corporate Social Responsibility (CSR) strategy dynamic and staying connected to our community to understand and contribute to their needs.

Our Guiding Principles

At Amlak Finance, we believe that a robust sustainability strategy is essential for guiding our company's progress on its sustainability journey and evaluating our Environmental, Social and Governance (ESG) impact. Our strategy is a set of guidelines and principles that serve as a roadmap for our sustainability efforts.

We use this strategy to:

- Develop ESG-specific initiatives and set goals and targets
- Evaluate our progress and performance
- Communicate our ESG priorities and principles to our stakeholders
- Inform our Enterprise Risk Management Framework

Our strategy is aligned with the United Nations Sustainable Development Goals (SDGs) and encompasses five pillars, as detailed below. This tool provides us with a comprehensive assessment of our company's performance and potential risks and opportunities from a sustainability perspective.

ESG Materiality For Amlak Finance

We understand the importance of engaging with our stakeholders as part of our materiality process to enhance our Environmental, Social and Governance (ESG) performance and generate value for all. We believe that the diverse perspectives they bring to the table are invaluable in our efforts to create a sustainable and profitable business. We strive to remain closely connected to our stakeholders and consistently engage with them to understand their evolving needs.

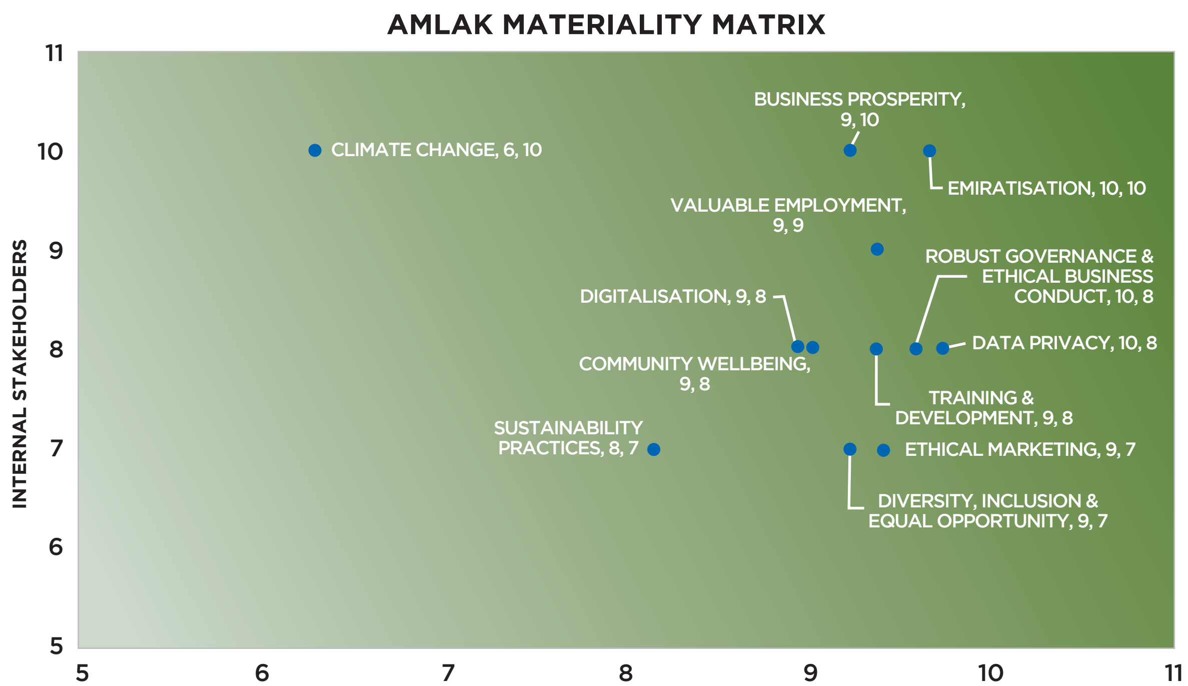
Stakeholder Engagement Methodology

Our stakeholder engagement methodology is designed to ensure that we are responsive to the needs and expectations of our stakeholders, while also fostering open, transparent, and meaningful dialogue. We identified our key stakeholders through an internal assessment and industry best practices, taking into consideration factors such as the dependency on each stakeholder to achieve our strategic goals, the influence they exert on our operations, and the level of interest they have in our company.

We have also conducted a mapping exercise to analyse our existing stakeholder engagement methods and identify key interests and concerns. This exercise has enabled us to identify our stakeholder list and prioritize engagement with them.

Materiality Assessment

Understanding which Environmental, Social and Governance (ESG) topics are most material to us as an organisation is a crucial component in making meaningful progress on our sustainability journey. We recognize the importance of considering the needs and perspectives of our key stakeholders when shaping our approach to sustainability. Therefore, to determine our material topics, we conduct a materiality assessment using a combination of existing stakeholder engagement methods, peer analysis and internal discussions.



This year, we enhanced our materiality assessment by conducting a survey to engage all our key internal stakeholders. We assessed their input on what is material to the company from an ESG perspective and plotted the results against an external assessment that included research, peer benchmarking and best practices to outline our materiality matrix.

We will continue to enhance this matrix and expand on the stakeholders we include as part of the materiality survey. This will ensure that our ESG performance aligns with the most pressing concerns and expectations of our stakeholders and that we are responsive to their evolving needs and priorities.

The below table aligns material topics with the corresponding Global Reporting Initiative (GRI) disclosures and Dubai Financial Market (DFM) ESG metrics, providing a comprehensive overview of Amlak Finance's areas of focus in report to ESG throughout 2022. Updates to our material topics in 2022 include Ethical Marketing, Digitalization, Data Privacy and Climate Change.

Item	Material Topic	GRI Correspondence	DFM Correspondence
1	Valuable Employment	GRI 401 – Employment	S3: Employee Turnover S5: Temporary Worker Ratio
2	Robust Governance, Ethical Business Conduct	GRI 205 – Anti-Corruption	N/A
3	Ethical Marketing	GRI 417 – Marketing & Labelling	
4	Digitalization Data Privacy	GRI 418 – Customer Privacy	G6: Data Privacy
5	Diversity, Inclusion & Equal Opportunity	GRI 405 – Diversity and Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity S6: Non-Discrimination
6	Training & Development	GRI 404 – Training and Development	N/A
7	Community Wellbeing	GRI 413 – Local Communities	S12: Community Investment
8	Business Prosperity	GRI 201 – Economic Prosperity	N/A
9	Sustainability Practices	GRI 302 – Energy GRI 305 – Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
10	Emiratisation	N/A	S11: Nationalization
11	Climate Change		E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation

Below, we have defined the meaning of each material topic and have classified them under Environmental, Social, and Governance categories, in order to provide a clear understanding of the key ESG issues that are material to Amlak Finance's business operations

Environmental

Sustainability Practices

This material topic addresses the practices, policies, and procedures that Amlak Finance undertakes to proactively monitor and address the environmental impact of its activities, in compliance with local and global environmental legislation. This includes implementing initiatives such as water reduction and recycling programs, reducing energy consumption, promoting a paperless environment, encouraging the use of renewable energy, and integrating circularity in the workplace, among others. These efforts demonstrate our commitment to reducing the environmental footprint of our operations and promoting sustainable development.

Climate Change (added in 2022)

This material topic addresses our understanding of our exposure to climate-related risks and opportunities, and the corresponding actions we take to address them. This includes integrating climate-related matters into our governance, strategy, and risk management processes, as well as actively participating in initiatives to enhance sustainability within our industry and contribute to the decarbonization of the local and global economy. Our comprehensive approach to managing climate-related risks and opportunities demonstrates our commitment to promoting a sustainable future for our business and the communities we serve.

Social

Community Wellbeing

This material topic highlights our commitment to supporting local communities and fostering a positive relationship between our business aspirations and the well-being of the communities we serve. This includes engaging with local communities, supporting local businesses, and undertaking impactful initiatives, as well as making monetary donations and providing in-kind support. Our efforts in this area reflect our belief in being a responsible corporate citizen and contributing to the sustainable development of the communities we are a part of.

Ethical Marketing (added in 2022)

This material topic highlights our commitment to responsible marketing practices, specifically by ensuring transparency, accuracy, and comprehensibility in the labelling of our products and services, advertising, and any other marketing statements. This includes ensuring that our marketing communications are truthful, not misleading and that they provide relevant information to our customers in order for them to make informed decisions. This reflects our dedication to ethical and responsible business practices and to building trust with our customers.

Diversity, Inclusion & Equal Opportunity

This material topic addresses our commitment to fostering an inclusive and equitable workplace culture that values diversity and promotes the well-being of all employees. This includes implementing initiatives to promote diversity, inclusion, and equal opportunity, regardless of factors such as gender, age, nationality, and job level. Our dedication to creating a welcoming and inclusive environment reflects our belief that diversity drives innovation, creativity, and productivity. By valuing and embracing diversity in all its forms, we aim to create a workplace where every employee feels respected, valued, and supported.

Valuable Employment

This material topic highlights Amlak Finance's dedication to building a positive and supportive work environment that fosters employee engagement and retention. This includes our strategies for attracting and retaining top talent, our commitment to fair and unbiased hiring practices, and our efforts to create a workplace culture that promotes appreciation, talent development, and leadership. We recognize the importance of a positive work environment in fostering employee satisfaction, motivation, and productivity. By creating a workplace that supports the growth and development of our employees, we aim to reduce attrition rates, and retain our top talent.

Training & Development

This material topic addresses Amlak Finance's commitment to investing in the professional growth and development of our employees. This includes offering a wide range of training and development programs, as well as regularly assessing and enhancing employees' skills and capabilities, both technical and soft skills, to keep them competitive in the workforce. Additionally, we conduct fair performance evaluations and career development reviews to ensure that our employees have the necessary skills and support to grow and advance in their careers with us. By investing in our employees' growth and development, we aim to increase their job satisfaction, motivation, and productivity, which in turn will benefit the company in the long run.

Governance and Economical

Business Prosperity

This material topic addresses our strategy for sustained growth and profitability through a well-defined growth plan and a focus on continuously increasing shareholder value over time.

Robust Governance & Ethical Business Conduct

This material topic highlights our commitment to robust governance and ethical business conduct, including the management of issues related to bribery, corruption, and unethical business practices. It covers the governance and related policies and procedures we have in place to ensure a strong organizational structure and integrity.

Data Privacy (added in 2022)

This material topic addresses our approach to managing risks related to the collection, retention, and use of sensitive and confidential data through strategies, policies, and practices related to our IT infrastructure. It includes measures in place to ensure the security of customer/user data and prevent incidents such as data breaches.

Digitalization (added in 2022)

This material topic addresses our approach to digital transformation and efforts to create or invest in products, services, or processes that generate long-term sustainable value. This includes the use of digital technologies to change a business model, optimize processes, or enhance customer experience, as well as investments in new technologies that create more environmentally friendly and socially oriented products and services.

People

Our Customers' Wellbeing

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

At Amlak Finance, the well-being of our customers is our top priority and forms a core part of our business model. We understand that buying a home or investing in real estate is a significant decision and we strive to make the process as smooth and stress-free as possible for our customers. We consistently engage with potential homebuyers and the real estate market to maintain an up-to-date understanding of their financing requirements and to continuously evolve our solutions accordingly. Our commitment to customer service excellence extends throughout the entire purchasing

process, as detailed in our three-step process below:

Customer Service

We strive to give every one of our customers a seamless experience, through which we aim to build customer satisfaction and foster long-term relationships. By delivering exceptional customer service, we endeavour to create an experience that is not only satisfying but also memorable. This, in turn, helps build trust and loyalty.

Providing excellent customer service offers numerous benefits, including increased customer satisfaction and higher customer retention rates. Furthermore, positive customer experiences often lead to positive reviews and recommendations, which enhances our reputation as a financial institution.

To ensure that we are equipped to deliver effective customer service, we invest in the training of our employees, establish clear communication channels, and have systems in place to handle customer complaints efficiently.

Customer Satisfaction Survey - Customer Service Scores

Year	Branch	Customer Service Agent
2021	78%	74%
2022	90%	60%

Complaints Management

We understand that sometimes challenges arise, and we strive to make sure that any issues that appear are handled in a timely and professional manner. Our Complaints Management Unit was formed to handle customer complaints quickly and efficiently. This team operates independently and reports directly to the CEO, ensuring that customer concerns are given the highest level of attention.

Customers can easily file complaints through our website via an online form, or by email. The Unit ensures that complaints are addressed and resolved promptly, within a maximum of six days, reflecting our committed to providing excellent customer service and ensuring that our customers' needs and concerns are met.

Total Number of Substantiated Complaints Received by Customers

Year	Branch	Customer Service Agent
2020	144	15
2021	81	7
2022	64	3

Collections & Recovery

Collections play a key role in maintaining the financial health of our company. By implementing effective collections practices, we strive to recover debts, minimize losses, and ultimately improve our overall financial performance.

Prioritizing collections has numerous benefits, including improved cash flow and revenue, better risk management and real estate portfolio stability, and increased customer satisfaction through fair and transparent collection practices. By ensuring compliance with industry regulations and laws, we also improve our customer relationships through effective communication and conflict resolution.

To achieve these benefits, Amlak Finance has implemented best practices in our collections processes. We utilize data analytics, offer flexible payment options, and adopt a customer-centric approach. We continually review and improve our collections practices to ensure that they are efficient and effective in achieving our goals.

In conclusion, at Amlak Finance, we recognize the significance of collections in maintaining the financial health of our company. By prioritizing collections and implementing best practices, we aim to achieve numerous benefits, including improved cash flow, better risk management, and increased customer satisfaction.

Customer Satisfaction Survey – Collections

Year	%
2021	69%
2022	85%

Customer Satisfaction Survey

Collections play a key role in maintaining the We are committed to providing our customers with the highest level of service and satisfaction. To measure our progress in this area, we conduct a customer satisfaction survey on an annual basis.

The results of our survey show that we have made considerable progress around customer satisfaction in recent years. While in 2021, the percentage dropped to 57%, in 2022, we saw a significant improvement with 75% of our customers expressing satisfaction with the service they received.

This indicates that our efforts to enhance customer service and address any issues that may arise have been successful. We are pleased to see that our customers are increasingly satisfied with the service they receive from Amlak Finance, and we will continue to work hard to maintain and improve this trend in the years to come. We believe that our customer's satisfaction is a key indicator of the company's success and a cornerstone of our long-term growth.

Overall Customer Satisfaction Survey

Year	%
2020	71%
2021	57%
2022	75%

Enhancing Customer Wellbeing with Almak's Code of Conduct

We have a robust Code of Conduct in place that ensures that we consistently offer the same standard of service to all customers. This Code of Conduct lays out the principles and values that guide our interactions with customers and lays out the expectations we have of our employees when it comes to customer service. By adhering to this Code of Conduct, we ensure that our customers receive consistent high-quality service from all our employees.

In addition, we also conduct thorough vetting of the real estate brokers we work with to ensure that they meet the same professional standards as our employees. This is important to ensure that our customers receive the same level of service and experience when working with our real estate brokers as they would when interacting with our employees.

In summary, our Code of Conduct, the recruitment and training of our employees, and the vetting of our real estate brokers are all ways in which we enhance our approach to customer wellbeing. By doing so, we can ensure that our customers receive a consistent and high-quality service that meets their needs and exceeds their expectations.

Percentage of employees that have acknowledged having received, read, and understood Amlak Finance's Code of Conduct

Year	%
2021	100%
2022	**100%**

Digitalization & Innovation

In today's digital age, to stay competitive companies need to provide convenient, easy-to-use products and services. To stay ahead of the curve in this respect, we have implemented several digitalization projects to improve the customer experience. This includes streamlining our call or ticketing system to quickly spot and resolve any issues and creating a digital service catalogue to equip our customer service team with the necessary tools to enhance the customer experience. Additionally, digitalization not only offers greater convenience and efficiency for customers, but also a more sustainable way of doing business by reducing paper usage and travel.

Digital Signature Solution

We are constantly looking for ways to improve our processes and make them more efficient. In mid-2021, we began to adopt digital signatures on internal and external documents whenever possible. This includes proposals, Board submissions and approvals, policies, and procedures, among other types of documents.

The implementation of digital signatures has been a huge success for us. In 2021, we were able to digitally sign 761 sets of documents and by the end of 2022, we were able to digitally sign 2,574 different sets of documents using our digital platform, which is a significant increase. This not only speeds up the process, but it also allows for a higher level of security and accuracy.

Highlights of this initiative

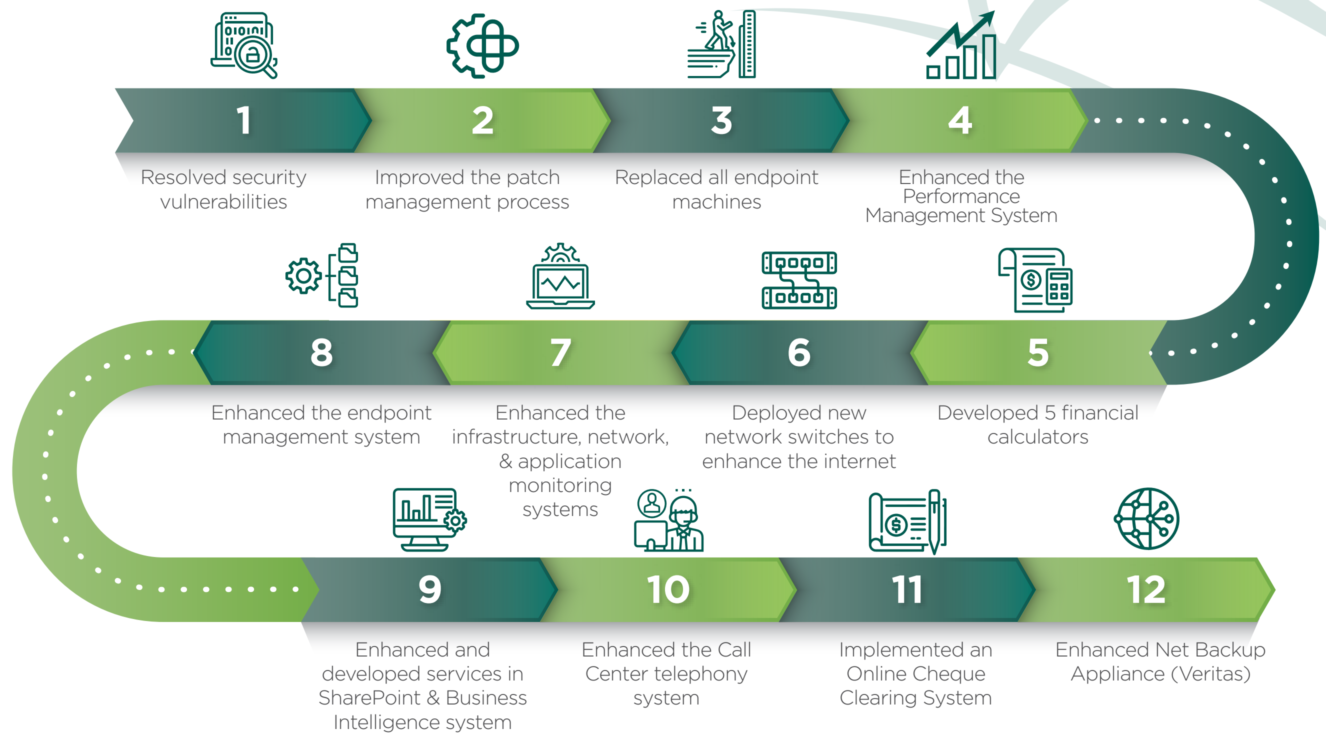
- 2,574 sets of documents signed digitally in 2022
- 18,130* pieces of paper were saved in 2022
- 1,216 metric tons of CO_2 equivalent saved

*Assuming that 10 papers are in one document

The adoption of digital signatures is just one of the many ways we are working to improve our processes and make them more efficient. We are committed to expanding on this initiative in the coming years and aim to have 85-90% of our documents digitally signed in the future. This initiative not only makes our process more efficient, but also reduces the environmental impact of paper usage.

Amlak's 2022 Digitalization Milestones

In 2022, we made significant strides in our digital journey by implementing a number of initiatives that have improved our systems, processes, and services. These digital milestones have not only helped us improve our operations but also enabled us to offer better services to our customers:



Data Privacy

At Amlak Finance, data privacy is a top priority. It is our legal and ethical responsibility to protect the personal and financial information of our customers, so we have put robust measures in place to protect our customers' personal information from illegal or harmful actions. Our information security policy is designed to protect all internal and external stakeholders' data. Additionally, we invest in technology and policies that deter cybersecurity risks.

Our Data Privacy Measures include:

Data Loss Prevention:	Access Control:	Rights Review:	Security Training:
A system in place to monitor and prevent data leakage	Restrict access to records and files containing confidential information to those who need it to perform their duties.	Periodic review of users' rights to ensure that no user or group has excessive privileges	Regular training to all employees to guard against potential cyber-attacks such as ransomware or others.

This is the total number of complaints received concerning customer privacy:

Year	Total number of complaints received from outside parties and substantiated by the organization	Total number of complaints from regulatory bodies	Total number of identified leaks, thefts, or losses of customer data
2020	144	15	0
2021	81	7	0
2022	**59**	**3**	**0**

Empowering Our Employees

(GRI 202-2, GRI 401-1, GRI 401-2, GRI 403-8, GRI 403-9, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 406-1, GRI 413-1, S2, S3, S4, S5, S6, S7, S8, S11, G1)

At Amlak Finance, we consider our employees to be our greatest asset. Their dedication and hard work are what drives our success as a company. We understand that a dynamic and ever-changing market requires a dynamic and ever-evolving company, and we constantly look for new ways to enhance the wellbeing of our employees.

With a total of 73 employees in 2022, our team is made up of skilled and dedicated professionals who support us in achieving our objectives and strategy. We nurture a creative environment that promotes employee wellbeing, and our strong values-based workplace provides a foundation for employees to thrive.

We understand that investing in our employees is essential for the long-term success of our company. As such, we offer continuous training and development opportunities to help our employees advance their careers. There are no barriers between management and employees, and we encourage open communication and feedback to ensure that everyone feels heard and valued. We believe that by providing our employees with the support they need to grow and develop, we are building a sustainable and resilient workforce that will drive our company forward for many years to come.

Total Workforce

Year	Total number of complaints received from outside parties and substantiated by the organization	Total number of complaints from regulatory bodies	Total number of identified leaks, thefts, or losses of customer data
2020	78	100%	100%
2021	66	100%	100%
2022	73	100%	100%

Employee Engagement

We are dedicated to creating a dynamic and inclusive work environment that fosters growth, creativity, and job satisfaction. This involves constantly evolving our HR policies and procedures to attract, hire, and retain top tier talent.

In 2022, we engaged with an independent consultant to conduct our annual employee engagement survey. This survey offers us valuable insight into the satisfaction and engagement levels of our employees and helps us to identify areas for improvement. By incorporating the survey results into our 5-year talent strategy, we are able to create a more positive and empowering work environment for our employees.

The table presented below illustrates the results of our annual employee satisfaction surveys. Please note that due to the challenges posed by the COVID-19 pandemic, we were unable to conduct a survey in the year 2020.

Employee Satisfaction Survey Results

Year	Rate
2020	-
2021	79.10%
2022	89.10%

In addition to conducting regular engagement surveys, we have also engaged a specialized consultant to conduct a detailed comparison of our existing compensation and benefit scheme with those offered by our peers in the market. This report provides us with a valuable insight into where we stand in relation to the market and allows us to identify any gaps in our offering. With this information, we can make informed decisions and take action to improve our compensation and benefits packages, ensuring that we remain competitive and able to attract and retain top talent. This is a key step in our ongoing effort to create a positive and rewarding work environment for our employees.

Furthermore, Amlak has a thorough grievance procedure in place when there are any incidents that report any violation of the Code of Conduct. We give serious consideration to any reports and aim to resolve them in a timely manner.

Employee Filed Grievances

Year	Number of grievances filed in 2021	Number of these grievances addressed or resolved
2020	1	1
2021	3	3
2022	3	3

Diversity & Equal Opportunity

A diverse and inclusive workplace has been proven to drive innovation, creativity, and productivity. We are therefore committed to creating a workforce that reflects the diversity of our society and fostering an inclusive culture where everyone is valued, respected, and treated fairly. Our employee demographics increasingly reflect this commitment, with 18 different nationalities and a gender ratio of 68% male to 31% female.

We are an equal opportunity employer and value diversity in our workforce. This is reflected in our senior management positions, where we have two female employees, including the head of HR and our head of Governance and Board Secretary. Additionally, there are women in key positions across all departments, including the internal audit function. Our Board of Directors also includes one female board member.

Our HR policy and practice provide equal pay for all employees, based on job experience and position, without discrimination. We have a Zero Tolerance for Discrimination and have a grievance mechanism in place for employees to report any violation of the Code of Conduct.

Total Employees

Year	Female	Male
2020	34.62%	65.38%
2021	31.82%	68.18%
2022	31.51%	68.49%

Total Employees by Job Category & by Gender

Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Male	Female	Male	Female	Male	Female
2020	53.85%	46.15%	78.57%	21.43%	90.91%	9.09%
2021	60.00%	40.00%	90.00%	10.00%	81.82%	18.18%
2022	51.35%	48.65%	75.56%	24.44%	86.67%	13.33%

Governance Body

Year	Female	Male
2020	0%	100%
2021	14%	86%
2022	**14%**	**86%**

Total Employees by Job Category and by Age Group

Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	Between 30- 50 years old	Over 50 years old	Below 30 years old	Between 30- 50 years old	Over 50 years old	Below 30 years old	Between 30- 50 years old	Over 50 years old
2020	0.00%	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	0.00%
2021	0.00%	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	0.00%
2022	**28.38%**	**64.86%**	**6.76%**	**2.22%**	**88.89%**	**8.89%**	**0.00%**	**84.62%**	**15.38%**

Total Number of Nationalities

Year	Rate
2020	17
2021	16
2022	**18**

Parental Leave taken in 2022

Gender	Total number of employees that took parental leave, by gender	Total number of employees that returned to work in 2022 after parental leave ended, by gender	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender
Male	1	1	3
Female	1	3	3

Emiratization

Amlak Finance, we endeavour to empower our nationals and have made it a priority to ensure their inclusion in our workforce. We value the efforts of the Ministry of Human Resources & Emiratization (MoHRE) to incentivize the inclusion of Emiratis in the private sector and work in alignment with their objectives to increase Emiratization in the private sector.

We take our Emiratization responsibility very seriously and have set clear milestones in our 5-year HR strategy to increase the representation of local talent in our workforce. Our goal is to have 10% of our workforce representative of local talent, an increase from our present representation of 5%. We provide our nationals with training, development, and opportunities to advance their careers and achieve their full potential.

Total Number of UAE Nationals

Year	Female		Male		Total	
	Number	%	Number	%	Number	Emiratization Rate
2020	4	50.00%	4	50.00%	8	10.26%
2021	1	33.00%	2	67.00%	3	4.55%
2022	**3**	**38.00%**	**5**	**63.00%**	**8**	**10.96%**

Rate of UAE Nationals

Year	Entry-Level	Mid-Level	Senior-to-Executive Level
2020	25.00%	25.00%	50.00%
2021	33.00%	-	67.00%
2022	**75.00%**	**-**	**25.00%**

Talent Management

To attract and retain the skilled workforce necessary to achieve our business objectives and drive future growth, we place a strong emphasis on talent management. We strive to create a challenging and rewarding work environment that encourages innovation and fosters the development of our employees. As part of our ongoing efforts in this area, we have implemented a 5-year HR strategy that includes measures to continuously enhance our company's brand and appeal to talented candidates. The data below provides an overview of our recent hiring trends and related key performance indicators:

Total New Hires, By Gender

Year	Female	Male	Female	Male
2020	1	9	4%	18%
2021	3	3	14%	7%
2022	**3**	**9**	**13%**	**18%**

Total New Hires, by Age Group*

Year	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2020	1	9	0	0.00%	14.06%	0.00%
2021	0	6	0	0.00%	9.09%	0.00%
2022	**4**	**5**	**3**	**66.67%**	**8.47%**	**37.50%**

*The percentage calculation has been updated as per the new GRI Standards

Total Employees that Left, By Gender

Year	Female	Male	Female	Male
2020	5	4	19%	8%
2021	7	3	33%	7%
2022	**2**	**7**	**9%**	**14%**

Total Employees that Left, by Age Group*

Year	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2020	1	9	0	0.00%	14.06%	0.00%
2021	0	11	0	0.00%	16.67%	0.00%
2022	**1**	**8**	**0**	**16.67%**	**13.56%**	**0.00%**

*The percentage calculation has been updated as per the new GRI Standards

Turnover Rate

Year	%
2020	11.54%
2021	15.15%
2022	**12.33%**

Total New Hires Rate

Year	%
2020	12.82%
2021	9.09%
2022	**16.44%**

Absenteeism Rate

Year	%
2020	1.4%
2021	2.9%
2022	**3.0%**

Performance Management & Fair Appraisal

Our comprehensive performance management system includes an annual three-cycle appraisal process. This system is designed to ensure that our employees are held accountable for meeting their goals and objectives, and that they are provided with regular feedback and support to help them improve their performance.

The appraisal process begins with the setting of objectives at the start of the first cycle. This is followed by two reviews after six and 12 months, which are used to assess progress and provide feedback to employees. Additionally, department heads are subject to two additional quarterly reviews, given their key roles in the organization. In 2022, all employees at Amlak Finance were appraised using this process, and we are pleased to report that we have seen a positive impact on overall performance and productivity as a result. Our performance management system is designed to foster a culture of continuous learning and improvement, and we are committed to ensuring that our employees have the support and resources they need to meet and exceed their goals.

Total Number of Employees Receiving Regular Performance and Career Development Review, By Gender

Year	Female	Male	Female	Percentage of Total Workforce
2020	22	49	76	82%
2021	21	45	66	100%
2022	**23**	**50**	**73**	**100%**

Total Number of Employees Receiving Regular Performance and Career Development Review, By Job Category

Year	Entry-Level	Mid-Level	Senior-To-Executive Level
2020	52	14	10
2021	45	10	11
2022	**55**	**10**	**8**

Training & Development

To meet the evolving requirements of the industry and the specific needs of our employees, we have placed a greater emphasis on training and development in our HR action plan. In 2022, we developed a comprehensive training plan based on a thorough needs analysis. This included leadership training for our Department Heads, as well as job-specific training for all other employees to enhance their skills.

Our yearly schedule for training is split between regulatory, soft skills, and leadership training, which is mostly conducted online by external service providers. We provide our employees with the necessary tools and resources to excel in their roles and stay current with industry trends. Through continuous training and development, we strive to create a culture of excellence at Amlak Finance.

Total Training Hours by Gender

Year	Female	Male	Female
2020	197	335	532
2021	302	971	1,273
2022	**673**	**1,477**	**2,150**

Total Training Hours, by Job Category

Year	Entry-Level	Mid-Level	Senior-to-Executive Level
2020	336	106	60
2021	854	114	305
2022	**1,387**	**416**	**348**

2022 – 2,150 hours of training was conducted

69% increase from 2021

Community Engagement

(GRI 413-1, S12)

Embedded as an integral part of Amlak's corporate culture, we remain fully committed to achieving our Corporate Social Responsibility (CSR) objectives as we continue to integrate them into our everyday business operations. To optimize our ability to make a meaningful impact, we have a dedicated CSR function within our organization, which is guided by a comprehensive handbook and annual CSR strategy aligned to UAE's CSR priorities as well as with the UN's International Sustainable Development Goals (SDGs).

Our CSR objectives are clear and focused, and our approach is centred around four key pillars, which include: Education and Skills Development, Community Development, Health and Wellbeing and Environmental Sustainability.

Our 2022 CSR activities

In 2022, we continued to prioritize the well-being of our local communities through engagement and support with various local community partners in line with UAE's CSR priorities as well as the SDGs.

Our CSR Plan includes a range of impact areas and includes regular volunteering activities. These activities are designed to support local community development and provide opportunities for our employees to give back to the community. Some examples of our CSR activities throughout 2022 include:

Dubai Fitness Challenge

Dubai Fitness Challenge is an annual celebration of fitness and wellness. Amlak Finance employees were encouraged to participate this year through a STEPP app to count how many steps participants taken throughout the month of the Dubai Fitness challenge. We encouraged employees by offering first, second and third place prizes.

Monetary Support for Cancer Charity Hospital – Al Jalila Foundation As part of our commitment to serving the community, Amlak Finance made a contribution to Al Jalila Foundation. This will be used in support of the UAE's first cancer charity hospital, Hamdan Bin Rashid Cancer Charity Hospital slated to open doors in 2024. The 250-bed hospital, equipped with cutting edge technology will have the capacity to treat 30,000 patients a year, offering comprehensive services ranging from prevention, diagnosis, treatment and palliative care for those who cannot afford treatment.

Flexible Working Hours

The Attendance Policy has been reformed in line with the UAE Government's agenda to improve work-life balance for employees and emphasize productivity and output in line with our values: agility, trust, collaboration and accountability.

Work from Home Policy

Amlak Finance provides the option to work from home as and when required by employees.

Al Noor Training Center

Amlak Finance supported Al Noor Training Centre for Children with Special Needs through sponsoring most needed items from its wish-list. CVI Resources (From Braille) Assistive Technologies To aid students with low vision and cortical visual impairment to focus better in the environment and eventually integrate their vision in all daily functions through training 30 of those in need.

Green Call

As part of our commitment to environmental sustainability, we launched the "Green Call" initiative, inviting our employees to participate in a responsible electronic waste disposal program. This included collecting and properly disposing of old mobile phones, tablets, and iPads through a partnership with the Emirates Environmental Group. We encouraged our employees to not only consider their own devices, but also those of their friends and family, in an effort to make a positive impact on the environment.

Leaders of Change Program - Emirates Nature WWF

Amlak Finance purchased subscriptions for the Leaders of Change program with Emirates Nature WWF. As part of this initiatives, volunteers from Amlak participate in various activities that contribute towards the conservation of UAE's wild areas, flora and fauna,

Dubai Foundation for Women and Children

The Dubai Foundation for Women and Children (DFWAC) is the first licensed non-profit shelter in the UAE for women and children victims of domestic violence, child abuse, and human trafficking. Amlak Finance Purchased Majid Al Futtaim Gift cards with AED 500 loaded to women and children in need.

As we look ahead, we will continue to find ways to align our CSR activities with the 17 Sustainable Development Goals (SDGs). We recognize that sustainable development is a global challenge that requires the collective efforts of all stakeholders. Therefore, we will continue to work with our stakeholders to identify opportunities to create shared value and contribute to the sustainable development of our communities.

Volunteer Time Off

To further support our CSR activities, we have introduced 'Volunteer Time Off' for our employees. This allows our employees to participate in volunteering activities with recognized charities and community organizations without impacting their annual leave, for up to two business days in a year. This reflects our commitment to creating a culture of giving within our organization, and we are proud to see our employees actively engaging in these activities. This not only promotes an environment of generosity and goodwill within the company, but also provides a valuable experience for the employee. Employees can choose to volunteer with charities and community organizations that are registered with the Dubai Chamber of Commerce & Industry, IACAD or recognized by the UAE Government.

Staff can apply for time-off to volunteer

Employees may volunteer at entities that are registered with the Dubai Chamber of Commerce & Industry, IACAD, and/or recognized by the UAE Government.

Giving Back to The Community Through Our Procurement Practices

Implementing procurement practices that support local suppliers is an effective means of contributing to the local community, and we are committed to supporting the UAE economy by sourcing 100% of our needs from local suppliers. This is reflected in our procurement numbers, which demonstrate our dedication to supporting the local community through our business operations. By prioritizing local suppliers, we are not only meeting our organizational needs but also contributing to the growth and development of the community. This is an important aspect of our corporate social responsibility, and we will continue to make it a priority in our procurement practices.

Year	Total Number of Suppliers	Local Suppliers Percentage
2020	259	100%
2021	273	100%
2022	**261**	**100%**

Year	Total Procurement Spending (in AED)	Total Procurement Spending on Local Suppliers (in AED)
2020	74.61 million	74.61 million
2021	51.35 million	51.35 million
2022	**39.00 million**	**39.00 million**

Planet

(GRI 302-1, GRI 302-2, GRI 302-3, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 306-3, GRI 307-1, E1, E2, E3, E4, E5, E6, E7, E8. E9, E10)

Our Environmental Impact

Climate change poses significant risks to financial institutions. With risks including the potential for stranded assets, including in real estate. As governments and businesses shift towards cleaner energy sources, some properties may become uneconomical to develop, maintain or operate due to changes in market conditions, building codes and other climate-related policies.

This can result in commercial properties that are no longer in high demand or residential properties that are no longer compliant with building codes or safety regulations. The potential for stranded assets in real estate can also refer to properties that were purchased with the expectation of future growth, but due to climate-related risks, that growth did not materialize, making the properties unviable to hold.

We recognize our role in addressing climate change by embedding these risks into our financing decisions and by putting a plan in place to transition our real estate holdings to fit with the expected real estate pathway to net zero. This is particularly important as we head towards the 28th Conference of the Parties (COP28) which will be hosted in the United Arab Emirates, where nations will most likely commit to further climate action and support.

Prioritizing Our Climate Actions

In relation to climate change, Amlak Finance has identified three primary areas that require consideration. These include our own workplace operations, our Islamic financing portfolio, and our real estate investments. We recognize the importance of addressing climate change and its potential impact on our business and the communities we serve.

One key area of focus is on reducing the carbon emissions associated with our buildings. The graph below illustrates a high-level route to net zero buildings as per the UNFCCC, with 2030 being a key milestone. According to the World Green Building Council, a net zero building is defined as "when the amount of carbon emissions associated with the building's operational energy on an annual basis is zero or negative. A net-zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset."

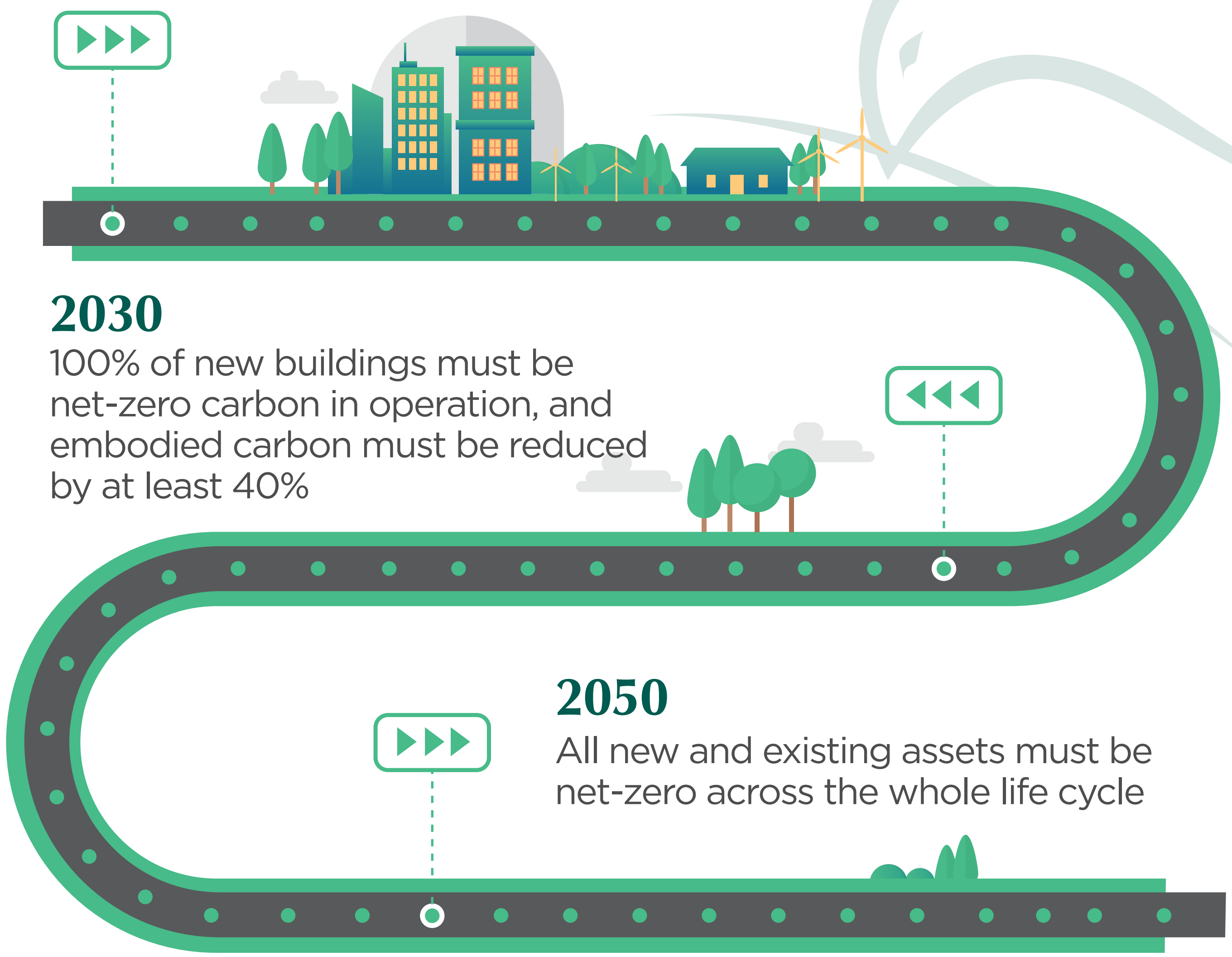
At Amlak Finance, we are committed to reducing our carbon footprint and implementing sustainable practices in all aspects of our operations. We recognize the importance of acting now to mitigate the potential impacts of climate change and to support the transition to a low-carbon economy.

Measuring Our GHG Emissions

We measure and manage our greenhouse gas (GHG) emissions as part of our commitment to sustainable practices and addressing climate change. To guide us in this effort, we have used the GHG Protocol as a framework for computing our emissions.

In terms of our reporting scope, we have focused on accounting for our Scope 1, Scope 2, and some elements of Scope 3 emissions as they pertain to our office at Grosvenor Business Tower. Specifically, we have accounted for emissions from our owned vehicles (Scope 1), our electricity consumption (Scope 2), as well as the following elements for our Scope 3 consumption, which relate to our workspace including: water consumption, business travel, paper and tissue consumption, and waste generated.

Route to net-zero buildings, UNFCCC (2021)



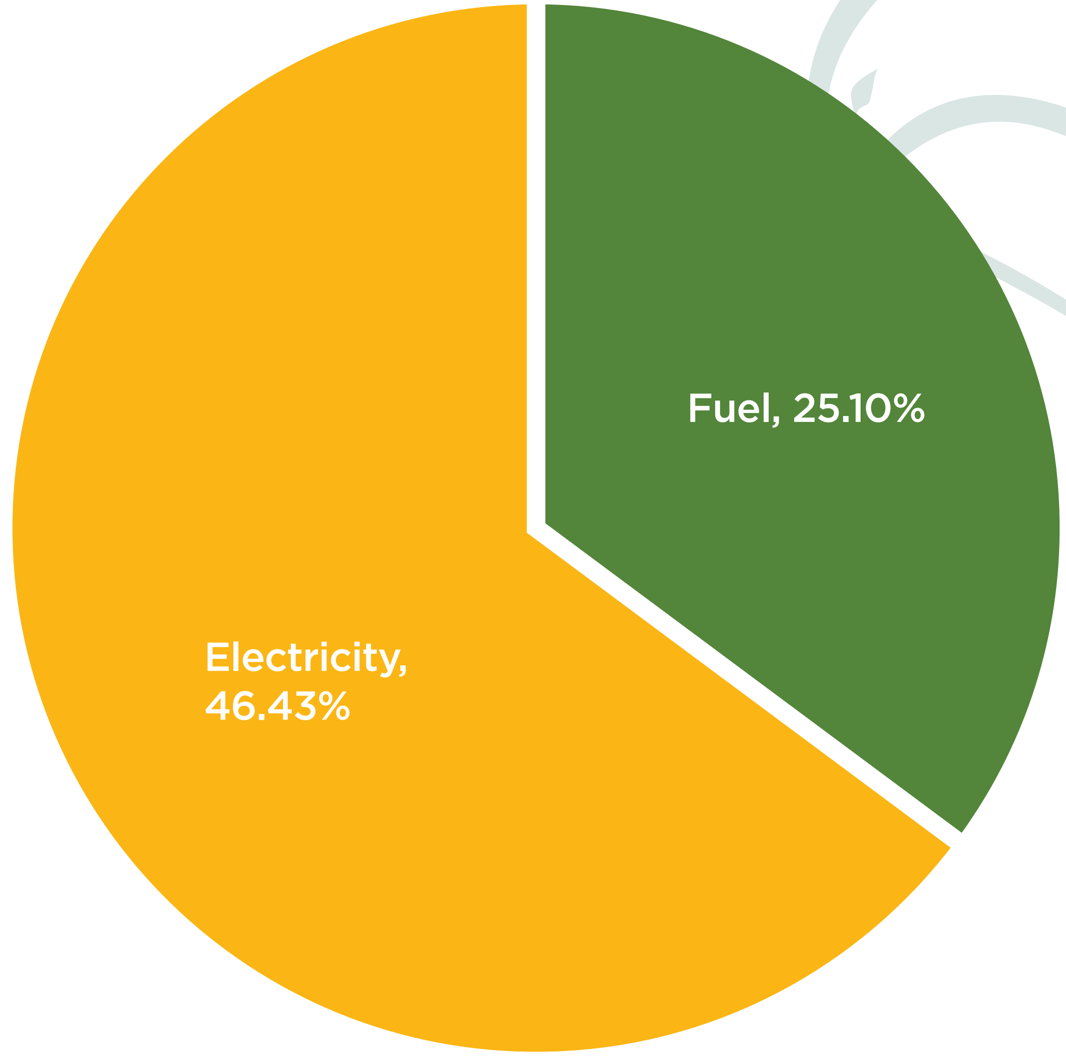
As reflected in the tables provided, we have accounted for our electricity and water consumption for the year 2022. This is because the company moved offices in 2021, and we are now directly receiving invoices and data which allow us to calculate our consumption more accurately. We will continue to monitor our emissions and aim to reduce them through mitigation strategies.

Energy Consumption	Mid-Level	Unit	2020	2021	2022
Fuel from Owned Vehicles	Direct (Scope 1)	GJ	626.43	420.35	307.58
Electricity	Indirect (Scope 2)	GJ	NA	327.74	325.99
Total Energy Consumption	**Direct & Indirect (Scopes 1 & 2)**	**GJ**	**NA**	**748.09**	**633.57**

Energy Intensity

Energy Intensity (GJ/Employee)	Mid-Level	2020	2021	2022
Fuel from Owned Vehicles	Direct (Scope 1)	8.03	6.37	4.21
Electricity	Indirect (Scope 2)	NA	4.97	4.47
Total Energy Intensity	**Direct & Indirect (Scopes 1 & 2)**	**NA**	**11.33**	**8.68**

Energy Mix



GHG Emissions

GHG Emissions (MT CO_2 e)	2020	2021	2022
Scope 1 (Fuel)	40.51	27.51	19.82
Scope 2 (Electricity)	NA	38.77	36.59
Scope 3 (Water, Waste, Business Travel, Paper & Tissue consumption)*	18.95	25.80	22.39
Total	**59.46**	**92.08**	**78.80**

**Scope 3 GHG emissions numbers for 2020 and 2021 do not include water*

Water Consumption & Intensity

Energy & Water Consumption	Scope	Unit	2020	2021	2022
Water Consumption	Scope 3	m^3	NA	243.55	224.63
Water Intensity	Scope 3	m^3	NA	3.69	3.08

Prosperity

(GRI 201-1, GRI 203-2, G7)

Our Economic Impact

As a specialized real estate financing company, our ability to provide access to capital for real estate development and investment can lead to an increase in construction and development activity, creating jobs and stimulating economic growth in the communities where we operate.

Furthermore, as a responsible corporate citizen, we are conscious of our impact on the communities where we operate.

We understand that our operations not only employ people, but also contribute to the development of these communities, which ultimately has a positive impact on the economy and society's wellbeing.

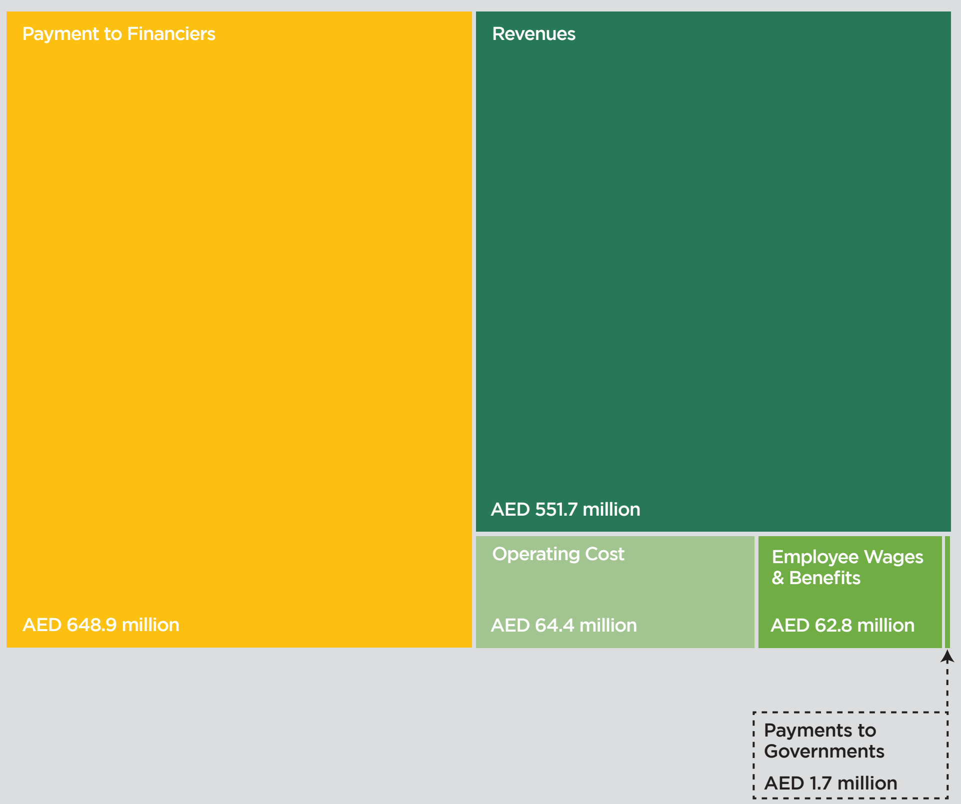
Given our impact on the economy and society, it is essential for us at Amlak Finance to consider the economic impact of our activities and to ensure that we continue to evolve our business model to generate sustainable value for all our stakeholders.

Economic Value Distributed

Amlak Finance plays a significant role in the distribution of economic value among different stakeholders and throughout society. We understand the importance of monitoring the flow of capital among different stakeholders and ensuring that we are creating sustainable value for all. To that end, we have computed Amlak Finance's economic value generated and distributed using the GRI Standards. This includes direct economic value generated and economic value distributed, as shown in the graph below. By using the GRI Standards, we can accurately report and monitor the flow of capital among different stakeholders and throughout society.

Our direct economic value generated includes revenue from our financing activities, as well as income from our real estate investments. Our economic value distributed includes payments to financiers, salaries and wages to employees, and dividends to shareholders.

We are committed to ensuring that the economic value generated by our company is distributed fairly and sustainably among different stakeholders. By accurately reporting and monitoring our economic value generated and distributed, we can make informed decisions and take appropriate actions to create sustainable value for all.



Governance

(GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, S1, S9, S10, G1, G2, G3, G6)

Good governance serves as the foundation for creating long-term sustainable value and is the cornerstone of any successful business. Our robust governance structure is built on strict policies and procedures that ensure we operate at the highest standards of ethical business conduct. It is designed to prevent regulatory violations and instances of non-compliance, while also supporting prudent risk management and protecting our brand and reputation. Good governance is essential for us to maintain the trust of our stakeholders and continue to create value for all.

Our Governance Structure

We maintain high standards of corporate governance in line with the regulations set by the Securities & Commodities Authority and the UAE Central Bank. Our company currently comprises of an 7-member board of directors, all of whom are non-executive and 6 of whom are independent. We are proud to be one of the few companies in the UAE with a female member on our Board of Directors. Each of our board members brings a wealth of experience and reputation, with proven leadership skills.

Our Board of Directors comprises of:

Chairman: Mr. Ali Ibrahim Mohamed Ismail

Vice Chairman: Mr. Khalid Salim Alhalyan

Members:

Mrs. Fatima Ahmed Rashid Qasimi

Mr. Rashed Mohammad Ali Al Awadhi

Mr. Ayad Hammad Alharazeen

Mr. Mastafa Ismail Karam

Mr. Shaker Fareed Zainal

Our Board Committees

To effectively exercise its oversight responsibilities, our Board of Directors has established specialized committees to address key matters. Our current committees include:

Audit Committee: This Committee provides oversight of the financial reporting and audit processes and ensures that the company's internal controls and compliance policies are effectively implemented.

Risk Committee: The focus of this Committee is to exercise oversight of the company's risk management practices through specific policies and procedures. Additionally, the Committee ensures an integrated approach to identifying, managing, reporting, and monitoring risk across the organization.

Nomination & Remuneration Committee: This Committee periodically reviews the structure of the Board to ensure diversity and the inclusion of individuals with the necessary reputation, leadership skills and industry-specific expertise. They also ensure appropriate remuneration policies for both the Board of Directors and senior management.

Our Management Committees

Our management committees play a key role in overseeing and managing the company's operations and compliance with risk parameters. They also work towards achieving Amlak Finance's strategic goals and monitoring the company's performance. Our current management committees include:

Management Committee (MANCO):
The MANCO is responsible for implementing the company's strategic direction by overseeing and monitoring the performance of the business to ensure the achievement of the company's objectives.

Assets & Liability Committee (ALCO): The ALCO manages the company's balance sheet, including assets, liabilities, asset allocation, liquidity, and capital adequacy.

Credit Committee: The committee's main purpose is to evaluate the finance requests referred to the Committee in accordance with the approved Credit Authority Matrix. The Committee also reviews the credit policies to ensure the compliance with relevant regulations.

Risk Management

It is essential to identify, evaluate and mitigate potential risks that may impact our ability to meet our financial and operational objectives. By effectively managing risks, we can protect our assets, maintain the confidence of our customers and shareholders, and comply with regulatory requirements.

In addition to protecting the company, risk management also allows us to identify and capitalize on new business opportunities. This is a key element in ensuring the long-term stability and success of a financial institution like ours.

Enterprise Risk Management Policy

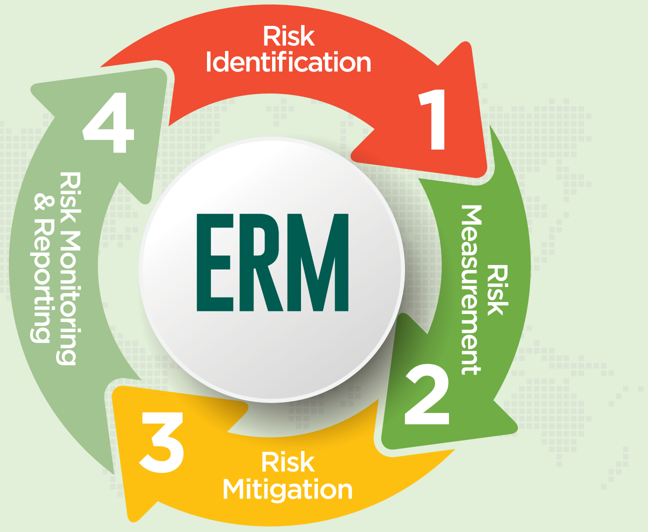
To define our Risk Strategy, we have implemented an Enterprise Risk Management (ERM) Policy. The ERM Policy is designed to clearly depict the purpose, objective, and process of the ERM Framework. Its aim is to provide a consistent and comprehensive approach to identify, evaluate, and manage the risks that Amlak is exposed to. Our ERM policy clearly defines our risk strategy, framework and governance and has the following objectives:

- To integrate risk management into the company's culture and decision-making process
- To define the overall risk appetite of the company
- To identify risks in various departments and plan ways to mitigate them
- To analyze the impact and likelihood of risks at an inherent and residual level
- To implement relevant risk strategies
- To monitor and report risks to the Risk Management Committee and Board
- To assign responsibilities for risk management at all levels of the organization

Enterprise Risk Management Framework

To achieve our business objectives, it is essential to identify and mitigate any potential risks that may impact our operations. To do this, we have established an Enterprise Risk Management (ERM) framework that guides our approach to risk management. Our ERM framework is composed of four key pillars: Risk Monitoring and Reporting, Risk Identification, Risk Measurement, and Risk Mitigation.

Through our ERM framework, we strive to achieve an optimal balance between risk and return. This means that we aim to create sustainable value while also ensuring financial stability. By continuously monitoring and reporting on risks, identifying potential risks, measuring the impact of these risks, and taking appropriate measures to mitigate them, we can make informed decisions that will help us achieve our business objectives.



Compliance and Internal Control

Maintaining a strong culture of ethical conduct is essential to preserving the trust of our customers and the community. We have a robust compliance policy in place to cover all regulatory requirements related to our business, such as those set by the UAE Central Bank, the Securities & Commodities Authority, and the Dubai Financial Market. Given our focus on the real estate sector, we also comply with regulations from Dubai's Real Estate Regulatory Agency (RERA) and the Dubai Land Department (DLD).

Our compliance policy is designed to ensure that our compliance and control department can effectively monitor all departments and ensure compliance with all regulatory requirements. The compliance officer has the necessary authority to perform monitoring over all business units and reports directly to the Board Risk Committee to maintain independence. We strive to provide an efficient and effective control environment that fosters a culture of integrity, ethical behavior, and compliance with laws and regulations.

Anti-money Laundering & Combatting the Financing of Terrorism

We take our responsibilities to prevent money laundering and combat the financing of terrorism (AML/CFT) seriously. As a financial institution, we are at risk of these illegal activities and thus have put in place robust policies and procedures to ensure that our services are not used for any such transactions. We use a risk-based approach to ensure that our compliance and control policies are effective and efficient.
To ensure proper implementation of these procedures, we provide regular training to all employees across all functions and job categories. This includes training on AML and CFT risks, which is offered both online and internally. We continuously monitor our policies and procedures to ensure that they are always in compliance with the latest regulations. Additionally, we have a zero-tolerance policy for fraud and corruption and are fully committed to adhering to local and international anti-corruption and anti-bribery laws.

Whistleblowing Policy

We promote transparency, ethics, and accountability throughout all aspects of our operations. To support our efforts, we have established a whistleblowing policy that provides a safe and confidential mechanism for employees and other stakeholders to report any concerns or violations they may become aware of. By reporting any potential wrongdoing, our whistle-blowers play a key role in ensuring that our company remains a responsible and trustworthy business partner. Here is a summary of the whistleblowing policy's objectives:

- To provide a secure and confidential way to report any concerns or violations
- To prevent any act of fraud, corruption, or unethical behaviour
- To support our commitment to best practices in corporate governance and ethics
- To protect whistle-blowers from retaliation or breaches of confidentiality.

Our company takes all reports made through our whistleblowing policy seriously, and we assure that it is thoroughly investigated by our internal control department.

Principles of Fair Marketing at Amlak Finance

We are committed to fair marketing and contractual practices and believe that these practices are essential to building trust and long-term relationships with our customers. This includes providing customers with clear and accurate information about our products and services, and ensuring that all contracts are fair, transparent, and easy to understand.

In order to ensure responsible promotion of our solutions, we have developed the Amlak Finance Principles of Fair Marketing.

Principles of Fair Marketing at Amlak Finance

When communicating with consumers, Amlak Finance adheres to the following approach:

- Not engage in any practice that is deceptive, misleading, fraudulent, or unfair, unclear, or ambiguous, including omission of critical information.
- Consent to sharing relevant information in a transparent manner which allows for easy access and comparisons as the basis for informed choice by the consumer.
- Clearly identify advertising and marketing.
- Openly disclose prices and taxes, terms, and conditions of the products and services.
- Not use text, audio or images that perpetuate stereotyping regarding, for example, gender, religion, race, or disability.
- Provide complete, accurate, and understandable information that can be compared in official or commonly used languages at the point of sale and according to applicable regulations on all important aspects of products and services.
- Provide the organization's location, postal address, telephone number and email address.
- Use contacts that are written in clear, legible, and understandable language.
- Provide clear and sufficient information about prices, features, terms, conditions, costs, the duration of the contract and cancellation periods.

Incidents of non-compliance concerning product & service information and labelling

Year	Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty
2020	Nil
2021	Nil
2022	**Nil**

Incidents of non-compliance concerning marketing communications

Year	Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty
2020	Nil
2021	Nil
2022	**Nil**

SDG Index

OUR SDG INDEX

	About This Report	A Message from our CEO	About Us	Our Approach to Sustainability	ESG Materiality for Amlak Finance	People	Planet	Prosperity	Governance
1 NO POVERTY								★	
2 ZERO HUNGER								★	
3 GOOD HEALTH AND WELL-BEING			★			★		★	
4 QUALITY EDUCATION			★			★		★	
5 GENDER EQUALITY			★		★	★		★	
6 CLEAN WATER AND SANITATION			★				★		
7 AFFORDABLE AND CLEAN ENERGY			★				★		
8 DECENT WORK AND ECONOMIC GROWTH		★	★		★	★		★	

OUR SDG INDEX

	About This Report	A Message from our CEO	About Us	Our Approach to Sustainability	ESG Materiality for Amlak Finance	People	Planet	Prosperity	Governance
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE			★						
10 REDUCED INEQUALITIES			★		★	★		★	★
11 SUSTAINABLE CITIES AND COMMUNITIES		★			★			★	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION			★				★		
13 CLIMATE ACTION		★	★		★		★		
14 LIFE BELOW WATER									
15 LIFE ON LAND									
16 PEACE, JUSTICE AND STRONG INSTITUTIONS			★		★	★			★
17 PARTNERSHIPS FOR THE GOALS		★	★			★			

GRI & DFM Content Index

GRI 1: FOUNDATION 2021

GRI DISCLOSURE	Amlak Finance has reported the information cited in this GRI content index for the period 1 January – 31 December 2022 in accordance with the GRI Standards

GRI 2: GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE SECTION	NOTES
The Organization and its Reporting Practice				
2-1	Organizational details	G8: Sustainability reporting G9: Disclosure Practices G10: External Assurance	3	
2-2	Entities included in the organization's sustainability reporting	G8: Sustainability reporting G9: Disclosure Practices	1	
2-3	Reporting period, frequency and contact point		1	
2-4	Restatements of information	G10: External Assurance		
2-5	External assurance			
Activities and workers				
2-6	Activities, value chain and other business relationships		3	
2-7	Employees	S3: Employee Turnover S4: Gender Diversity	5	
2-8	Workers who are not employees			
Governance				
2-9	Governance structure and composition	G1: Board Diversity	8	
2-10	Nomination and selection of the highest governance body	G2: Board Independence		
2-11	Chair of the highest governance body		8	

2-12	Role of the highest governance body in overseeing the management of impacts		8	
2-13	Delegation of responsibility for managing impacts			
2-14	Role of the highest governance body in sustainability reporting	G3: Incentivized Pay		
2-15	Conflicts of interest	G7: Ethics & Anti-Corruption		
2-16	Communication of critical concerns			
2-17	Collective knowledge of the highest governance body			
2-18	Evaluation of the performance of the highest governance body			
2-19	Remuneration policies	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio		
2-20	Process to determine remuneration	S2: Gender Pay Ratio		
2-21	Annual total compensation ratio	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio		
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	E8, E9: Environmental Oversight	4	
2-23	Policy commitments			
2-24	Embedding policy commitments			
2-25	Processes to remediate negative impacts	G3: Incentivised Pay		
2-26	Mechanisms for seeking advice and raising concerns			
2-27	Compliance with laws and regulations		8	
2-28	Membership associations	S1: CEO Pay Ratio		
Stakeholder engagement				
2-29	Approach to stakeholder engagement			
2-30	Collective bargaining agreements			

GRI 3: MATERIAL TOPICS				
3-1	Process to determine material topics		4	
3-2	List of material topics		4	
3-3	Management of material topics		4	
GRI 200: Economic Standard Series				
GRI 201: Economic Performance 2016				
GRI 201 Topic Specific				
3-3	Management Approach			
201-1	Direct economic value generated and distributed		7	
GRI 202: Market Presence 2016				
GRI 202 Topic Specific				
3-3	Management Approach			
202-2	Proportion of senior management hired from the local community	S11: Nationalisation	5	
GRI 203: Market Presence 2016				
GRI 203 Topic Specific				
3-3	Management Approach			
203-2	Significant indirect economic impacts		7	
GRI 205: Anti-Corruption 2016				
GRI 205 Topic Specific				
3-3	Management Approach			
205-1	Operations assessed for risks related to corruption			
205-2	Communication and training about anti-corruption policies and procedures			
205-3	Confirmed incidents of corruption and actions taken	G6: Ethics & Prevention of Corruption	5,8	
GRI 300: Environmental Standard Series				

GRI 302: Energy 2016				
GRI 302 Topic Specific				
3-3	Management Approach	E10: Climate Risk Mitigation		
302-1	Energy consumption within the organization	E3: Energy Usage	6	
302-2	Energy consumption outside of the organization	E4: Energy Intensity E5: Energy Mix	6	
302-3	Energy Intensity	E4: Energy Intensity E5: Energy Mix	6	
GRI 303: Water and Effluents 2018				
GRI 303 Topic Specific				
3-3	Management Approach			
303-5	Water Consumption	E6: Water Usage	6	
GRI 305: Emissions 2016				
GRI 305 Topic Specific				
3-3	Management Approach	E8 & E9: Environmental Oversight		
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	6	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	6	
305-3	Other indirect (Scope 3) GHG emissions	E1: GHG Emissions	6	
305-4	GHG emissions intensity	E1: GHG Emissions E2: Emissions Intensity	6	
GRI 307: Environmental Compliance 2020				
GRI 306 Topic Specific				
3-3	Management Approach			
307-1	Non-compliance with environmental laws and regulations	E7: Environmental Operations		
GRI 400: Social Standard Series				

GRI 401: Employment 2016				
GRI 401 Topic Specific				
3-3	Management Approach			
401-1	New employee hires and employee turnover	S3: Employee Turnover	5	
401-2	Benefits provided to full-time employees that are not provided to part-time employees		5	
GRI 404: Training & Education 2016				
GRI 404 Topic Specific				
3-3	Management Approach			
404-1	Average hours of training per year per employee		5	
404-2	Programs for upgrading employee skills and transition assistance programs			
404-3	Percentage of employees receiving regular performance and career development reviews			
GRI 405: Diversity and Equal Opportunity 2016				
GRI 405 Topic Specific				
3-3	Management Approach			
405-1	Diversity of governance bodies and employees	S4: Gender Diversity S6: Non-Discrimination S11: Nationalisation G1: Board Diversity	5,8	
405-2	Median Compensation			
GRI 406: Non-Discrimination 2016				
GRI 406 Topic Specific				
3-3	Management Approach			
406-1	Incidents of discrimination and corrective actions taken	S6: Non-discrimination		

GRI 413: Local Community 2016				
GRI 413 Topic Specific				
3-3	Management Approach			
413-1	Operations with local community engagement, impact assessments, and development programs	S11: Nationalisation S12: Community Investment	5	
GRI 417: Marketing and Labelling 2016				
GRI 418 Topic Specific				
3-3	Management Approach			
417-2	Incidents of non-compliance concerning product and service information and labelling		8	
417-3	Incidents of non-compliance concerning marketing communications		8	
GRI 418: Customer Privacy				
GRI 418 Topic Specific				
3-3	Management Approach			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	5	