47 ANNUAL REPORT

Commercial Registration No. (24982)
Insurance Registration No. (4)
Company established October 24th, 1976
KSE Code (WINS)

WARBA INSURANCE & REINSURANCE
وربة للتأمين وإعادة التأمين

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H.H. Sheikh Mishal AL-Ahmad Al-Jaber Al-Sabah

The Amir Of The State Of Kuwait

Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah

His Highness the Crown Prince

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WARBA INSURANCEBOARD OF DIRECTORSAS

OF 31 DECEMBER 2025

Mr. Anwar Jawad Bukhamseen
Chairman
(Non-Executive)

Sheikh/ Mohammad Al-Jarrah Al-Sabah
Vice Chairman
(Non-Executive)

Mr. Raed Jawad Bukhamseen
Board Member
(Non-Executive)

Mr. Hazem Ali Al-Mutairi
Board Member
(Non-Executive)

Mr. Rifat Ghalayini
Board Member
(Non-Executive)

Mr. Rafid Al-Rifai
Board Member
(Independent)

Mr. Mohammad Al-Mubaraki
Board Member
(Independent)

Board of Directors' report for the financial year ending

31 December 2025

Chairman's Statement

Dear Respected Shareholders,

Peace, mercy, and blessings of Allah be upon you,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Warba Insurance and Reinsurance Company for the financial year ended December 31, 2025.

The year under review has been exceptional. By the grace of Allah, and with your continued trust and support, the Company achieved significant progress across its financial and operational performance, strengthened its governance framework, and sustained its growth trajectory.

Throughout 2025, global and regional markets experienced considerable challenges, including economic volatility, geopolitical tensions, regulatory advancements, and rapid technological change. Despite these pressures, the Company demonstrated resilience and stability, supported by a clear strategic vision, robust operational efficiency, and a disciplined approach to governance and risk management.

During the year, we continued to focus on diversifying income streams, enhancing operational efficiency, and investing in advanced technologies and systems to support sustainable growth. We also prioritized enhancing customer experience and strengthening our competitive positioning. Furthermore, the Company invested in developing its work environment and attracting national talent, reflecting our firm belief that human capital is the cornerstone of innovation and excellence. Our strategic collaborations with leading global reinsurance partners were also expanded, further reinforcing financial stability and stakeholder confidence.

I am pleased to report that the Company achieved notable improvements across key performance indicators while maintaining its commitment to the highest standards of transparency, compliance, and accountability. Several strategic initiatives were also launched during the year, which will contribute to strengthening our market position and creating long-term value.

The year 2025 was marked by heightened geopolitical risks and an increasingly complex global environment. Rising tensions among major economies, regional conflicts, cybersecurity threats, and economic pressures collectively shaped a challenging landscape.

In response, Warba Insurance and Reinsurance Company adopted proactive risk mitigation measures, including:

1. Selecting reinsurance partners with strong financial solvency, robust capital bases, and high credit ratings
2. Maintaining secure and encrypted data backup systems
3. Sustaining the application of advanced information security standards for over 12 years

Insurance Industry Overview – 2025

The insurance sector in Kuwait represents a core pillar of the non-banking financial system. During 2025, the industry underwent a series of significant regulatory, economic, and technological transformations that directly influenced the performance of local companies and reshaped their strategic responses to an evolving operating environment. The year was marked by intensive regulatory review and the increased activation of governance frameworks in line with newly introduced requirements, contributing to enhanced discipline, transparency, and compliance across the market.

Insights from global rating agencies provide a comprehensive assessment of the sector's position, highlighting its strengths, challenges, and key risk factors. Throughout 2025, the insurance industry continued to experience fundamental structural changes that have redefined its strategic and operational landscape. Macroeconomic pressures, geopolitical volatility, and climate-related risks imposed growing demands on insurers, prompting the adoption of more agile, innovative, and forward-looking business models.

Against this backdrop of interest rate fluctuations and inflationary pressures, Warba Insurance and Reinsurance Company demonstrated resilience and maintained financial stability. This was achieved through the adoption of advanced risk analytics, the enhancement of capital management practices, and the expansion of digital insurance solutions. The Company also reinforced its strategic focus on leveraging modern technologies, particularly artificial intelligence and advanced data analytics, to strengthen decision-making capabilities and operational efficiency.

These industry-wide developments were reflected within the Kuwaiti market, where insurance companies experienced a year characterized by regulatory enhancement, strengthened governance practices, and alignment with international standards. This was particularly evident following the issuance of updated supervisory directives, which reinforced institutional commitments to transparency, compliance, and robust risk management frameworks.

In parallel, the sector witnessed increased investment in health and life insurance lines, coupled with a growing emphasis on developing tailored insurance solutions for individuals and small and medium-sized enterprises. This trend reflects a broader shift in market dynamics—from a focus on volume-driven growth to a value-oriented approach centered on service quality, customer needs, and long-term sustainability.

Key Industry Trends Toward 2026

1. Resilience and Innovation: Traditional options are no longer sufficient; companies are now required to design innovative solutions aligned with evolving customer needs while accounting for technological and behavioral developments.
2. Integrated Digital Transformation: The sector is witnessing a qualitative shift in reliance on integrated digital infrastructure, from electronic underwriting to claims management through smart applications and interactive platforms.
3. Enhancing Customer Experience: Companies are moving toward building sustainable customer relationships focused on personalization, transparency, and rapid responsiveness, reinforcing trust and loyalty.
4. Sustainability as a Strategic Priority: Integrating Environmental, Social, and Governance (ESG) standards has become a fundamental requirement for attracting investment and achieving long term growth, particularly in advanced financial markets.

Regulatory Developments in 2025

The year 2025 marked the continued leadership role of the Capital Market Authority and Insurance Regulatory Unit (IRU) in strengthening the stability of the listed companies and Kuwaiti insurance sector and advancing its regulatory and supervisory framework. During the year, the IRU achieved several key milestones that had a positive and tangible impact on market performance and insurance practices.

Entering its sixth year, the IRU maintained its position as an effective and proactive regulatory authority. It continued to enhance the sector's stability while further developing its legislative and executive infrastructure, guided by Law No. (125) of 2019 on the Regulation of Insurance. This law has provided a robust legal foundation for organizing and structuring the market in alignment with international best practices.

Throughout 2025, CMA placed significant emphasis on the digital transformation of its regulatory operations. This included the introduction of advanced electronic platforms for application processing and compliance monitoring, as well as the implementation of sophisticated data analytics tools to enable proactive risk identification and supervision. As a result, compliance levels across the market reached unprecedented standards, reinforcing the sector's credibility and strengthening confidence among investors, policyholders, and other stakeholders.

The Unit further strengthened its commitment to developing national talent by expanding initiatives aimed at empowering local professionals. This included the implementation of specialized training programs across insurance, legal, and regulatory disciplines, alongside the launch of awareness campaigns to promote insurance culture and highlight its vital role in supporting the national economy.

In parallel, the Unit maintained a firm and proactive approach to regulatory enforcement. It undertook decisive actions against violations, including measures against unlicensed entities and the suspension of activities that failed to comply with established legal frameworks. These efforts played a critical role in safeguarding policyholders' rights while enhancing transparency, accountability, and fairness within the market.

In light of its achievements during 2025, the Insurance Regulatory Unit has clearly established itself as a cornerstone of the non-banking financial sector in the State of Kuwait. The Unit continues to play a pivotal role in fostering sustainable sector growth, promoting sound insurance practices, and strengthening the market's attractiveness to both domestic and international investors, in alignment with Kuwait's long-term development vision.

Warba Insurance and Reinsurance Company in 2025: Achievement Built on Sustainability

The year 2025 marks a pivotal milestone in the journey of Warba Insurance and Reinsurance Company, as it continued to execute its ambitious strategic agenda aimed at reinforcing its position among leading insurance providers at both the local and regional levels. This progress was achieved within a dynamic operating environment characterized by ongoing global economic shifts and increasing market complexity.

Throughout the year, the Company remained firmly guided by the principles of sound governance, sustainability, and innovation. It maintained a balanced financial approach while strengthening stakeholder confidence, including that of customers, investors, and regulatory authorities. These efforts collectively underscore the Company's commitment to long-term value creation and its resilience in navigating an evolving industry landscape.

Focus on Underwriting Profitability

Underwriting profitability represents a fundamental pillar of Warba Insurance and Reinsurance Company's business model and serves as a core benchmark for achieving sustainable earnings from primary insurance operations, independent of investment income. This approach constitutes a key measure of the Company's technical performance, reflecting the soundness of its underwriting practices and the long-term sustainability of its operations.

The Company remains firmly committed to safeguarding shareholders' interests while ensuring the continuous delivery of high-quality insurance services. At the same time, it diligently fulfills its obligations toward policyholders, reinforcing trust, reliability, and its reputation as a responsible and resilient insurance provider.

Robust Capital Adequacy and Strong Solvency Position

During 2025, Warba Insurance and Reinsurance Company remained focused on optimizing capital utilization and preserving the strength of its financial position. This was achieved without the need for additional capital increases, reflecting disciplined resource management and a consistent commitment to prudent, well-structured underwriting standards and ROI.

Digital Transformation and Operational Infrastructure Modernization

During 2025, the Company continued to strengthen its investment in technology infrastructure, expanding its digital capabilities across core functions, including underwriting, claims management, and customer service delivery through integrated smart channels. In parallel, the Company enhanced its utilization of advanced data analytics to support informed decision-making.

These initiatives were aimed at improving operational efficiency, mitigating operational risks, and accelerating responsiveness to evolving customer needs, thereby reinforcing the Company's competitive positioning in an increasingly digital insurance landscape.

Advancement of Insurance Solutions and Customer Experience Excellence

During 2025, Warba Insurance and Reinsurance Company continued its efforts to enhance the quality of its insurance products and services through a comprehensive review of policy terms, pricing structures, and coverage levels. These enhancements were aligned with evolving customer expectations and the requirements of the local market.

The Company placed strong emphasis on improving the customer experience across all stages of the insurance lifecycle—from underwriting to claims settlement—by streamlining processes, expanding the use of digital channels, and ensuring timely and responsive service delivery. These initiatives contributed to higher customer satisfaction and reinforced institutional trust.

In parallel, the Company closely monitored market developments and analyzed competitive trends to inform the design of future insurance solutions. This forward-looking approach ensures alignment with emerging priorities while maintaining strict adherence to prudent underwriting principles and regulatory requirements.

Commitment to Regulatory Compliance and Adherence to International Standards

In relation to regulatory compliance, Warba Insurance and Reinsurance Company maintained its full commitment to adhering to the directives of the Insurance Regulatory Unit, including updates to frameworks governing corporate governance, investment controls, and risk management.

The Company also ensured the accurate and timely implementation of International Financial Reporting Standards (IFRS 17 and IFRS 9), which significantly enhanced the reliability and transparency of financial information. This, in turn, improved the quality and credibility of reports submitted to regulatory authorities and investors, reinforcing overall stakeholder confidence.

Human Capital Development and Building National Competencies

The Company placed heightened emphasis on the development of its human capital by expanding and intensifying specialized training and professional development programs for its employees, with a particular focus on national talent.

In parallel, the Company actively pursued the recruitment of highly qualified professionals across key areas, including insurance, digital transformation, and risk management. These efforts contributed to strengthening workforce capabilities, enhancing operational performance, and improving execution efficiency across all functions.

Commitment to Corporate Governance, Sustainability, and Corporate Social Responsibility

The Company reaffirmed its commitment to robust corporate governance practices through continuous review and enhancement of its decision-making processes, while strengthening the independence and effectiveness of the Board of Directors' sub-committees, most notably the Audit Committee, Risk Committee, and Remuneration and Nominations Committee. It maintained a firm adherence to the principles of transparency and accountability across all investment and operational activities, while continuing to support corporate social responsibility initiatives in key areas such as education, healthcare, and economic empowerment.

In 2025, Warba Insurance and Reinsurance Company successfully achieved a balanced integration of targeted growth, institutional transformation, and proactive adaptation to evolving regulatory and economic conditions. This achievement was underpinned by a flexible organizational structure, committed executive leadership, and a highly capable workforce.

Looking ahead to 2026, the Company envisions a phase of empowerment and transformative growth. It will continue to advance its strategic priorities, including regional expansion, digital innovation, and the creation of sustainable value for both customers and shareholders, within a disciplined framework of governance and financial prudence. Through these efforts, the Company aims to further solidify its position as a leading insurance provider in Kuwait and across the region.

Key Financial Indicators for 2025

Warba Insurance and Reinsurance Company achieved distinguished and exceptional financial results during 2025, as follows:

Indicator Details

- Total Comprehensive Income increased by 50% from KD 9,318,114 (2024) to KD 13,957,812 (2025)
- Total Company Assets increased by 10% from KD 104,103,405 (2024) to KD 114,531,036 (2025)
- Retained Earnings increased by 60% from KD 6,407,116 (2024) to KD 10,234,711 (2025)
- Net Investment Profit increased by 28% from KD 2,728,992 (2024) to KD 3,483,396 (2025), which reflects the exceptional investing performance during the year.

These results reflect the Company's strong and exceptional performance during 2025, driven by its steadfast commitment to its strategic vision and disciplined approach. This success underscores its continued focus on enhancing operational efficiency, strengthening profitability, and sustaining long-term financial stability.

Credit Rating

The year 2025 marked a significant milestone in the credit profile of Warba Insurance and Reinsurance Company, with its outlook upgraded from Stable to Positive, while its BBB+ credit rating was affirmed by S&P Global. This reflects the Company's strong underwriting performance, Strengthened Capital Adequacy and Elevated Solvency Position, financial resilience, and sustained business stability over the medium to long term.

This rating is underpinned by several key strengths, including the robustness of the Company's capital base, the quality and diversification of its investment portfolio, stable cash flow generation, and improved profitability metrics. It also reflects the Company's disciplined underwriting and pricing strategies, effective risk management framework, and the strong solvency position.

The rating agency further recognized the Company's consistent financial and operational performance in recent years, which has played a vital role in enhancing shareholder confidence and supporting improved investment outcomes.

Looking ahead, the Company is committed to further strengthening its credit profile by enhancing asset quality, driving sustainable growth, and continuing to adopt best-in-class operational and regulatory practices. These efforts will support its strategic objective of achieving higher credit rating levels.

This rating affirmation and outlook upgrade reinforce the Company's position as a trusted and financially sound insurance institution, with a strong capacity to meet its obligations. It also represents international recognition of the Company's success in maintaining a balanced approach to growth and financial stability.

Operational Excellence and Quality Assurance

Warba Insurance and Reinsurance Company remains firmly committed to upholding the highest standards of institutional quality in alignment with internationally recognized frameworks, most notably ISO 9001:2015, which the Company has consistently maintained for over a decade. This commitment reflects its strong capability to effectively manage and control operational processes, enhance customer satisfaction, and ensure efficiency and regulatory compliance across all stages of insurance service delivery.

The continued retention of this certification demonstrates the maturity and robustness of the Company's management systems, the effectiveness of its operational procedures, and the seamless integration of governance, risk management, and internal audit functions. These strengths collectively provide a sustainable competitive advantage and reinforce the Company's operational resilience. Executive management remains dedicated to continuously enhancing these systems through periodic reviews, system updates, and the adoption of global best practices.

In furtherance of its commitment to safeguarding customer information, the Company has also obtained ISO 27001 certification for Information Security Management Systems. This achievement underscores its strict adherence to the highest standards of data confidentiality, integrity, and business continuity, reinforcing stakeholder trust and confidence.

The Company continues to adopt a proactive approach to improving operational efficiency and delivering comprehensive insurance solutions of the highest quality. This is achieved through the continuous enhancement of internal policies, the standardization of procedures, and strict adherence to international standards and best practices in total quality management.

Through these efforts, the Company strives to set a benchmark in the insurance sector by embedding a culture of excellence and quality, ensuring the consistent delivery of secure, accurate, and efficient services, and reaffirming its unwavering commitment to customer satisfaction and superior operational performance.

Human Capital

Warba Insurance and Reinsurance Company recognizes human capital as a fundamental pillar of its success and a key driver of sustainable growth. Accordingly, the Company is committed to fostering a dynamic corporate culture built on empowerment, continuous development, and performance excellence. This is supported by cultivating a professional work environment that encourages employee growth while maintaining a balance between operational performance and innovation.

Throughout the year, the Company continued to invest in comprehensive training and development initiatives, leveraging modern learning methodologies such as e-learning platforms, interactive workshops, and remote training programs. These efforts have significantly enhanced employee capabilities across both technical and administrative domains, while also strengthening leadership and professional competencies across all functions.

Executive management places strong emphasis on improving productivity and performance quality by investing in talent development, closely monitoring performance metrics, and aligning individual competencies with the Company's strategic objectives. This ensures that human capital capabilities remain fully aligned with operational growth requirements and evolving customer needs.

In support of national workforce development policies, the Company maintained its commitment to empowering national talent by increasing Kuwaitization rates, offering high-quality employment opportunities for Kuwaiti professionals, and implementing targeted development programs for graduates. Additionally, the Company actively collaborates with universities and academic institutions in Kuwait to deliver specialized training and enhance capabilities in insurance and risk management.

The Company's continued investment in human capital not only drives operational excellence but also serves as a cornerstone for building its long-term institutional strength and readiness to meet future challenges and opportunities.

Corporate Social Responsibility

Warba Insurance and Reinsurance Company maintained its strong commitment to corporate social responsibility throughout 2025, delivering a range of impactful initiatives and diverse programs that serve various segments of society. These efforts reinforce the Company's role as a responsible national financial institution that places public interest and community development at the core of its priorities.

The Company's contributions spanned multiple sectors, including education, environmental sustainability, humanitarian support, healthcare, youth development, and the empowerment of people of determination. Through these initiatives, the Company actively promoted the values of citizenship and sustainability, enhanced community awareness, and participated in national events and volunteer activities.

These efforts reflect the Company's ongoing dedication to fostering positive social impact and supporting the broader development of society in alignment with its long-term vision.

The Company's Future Strategy

The Board of Directors has approved the Company's strategic plan for the period 2026–2028, reflecting Warba Insurance and Reinsurance Company's continued commitment to achieving its long-term objectives. The Company is pursuing a disciplined and forward-looking approach grounded in international best practices and informed by comprehensive studies of insurance and financial markets.

As part of this strategy, the Company remains focused on strengthening its competitive position through proactive engagement with market developments and the continuous refinement of its strategic vision to align with emerging trends and future challenges.

The Company aims to achieve sustainable financial balance across both its operational and investment activities, while maintaining organizational stability and enhancing its institutional framework. These efforts are designed to improve operational efficiency and elevate the quality of its insurance offerings.

At the same time, Warba Insurance and Reinsurance Company seeks to consolidate its position as a leading provider in both the local and regional markets, contributing to the advancement of the insurance sector while meeting the expectations and aspirations of its shareholders.

Profits and Shareholders Dividends Recommendations

- The net profit for the financial year ended 2025 amounted to KD 4,759,163.
- Based on these results, the Board of Directors is pleased to recommend the following distributions of shareholders' dividends:

Item	Amount (KD)
Cash distribution of 15% of paid-up capital to shareholders	**3,651,446**
Kuwait Foundation for the Advancement of Sciences (KFAS) share	**44,722**
National Labour Support Tax	**124,287**
Zakat	**45,919**
Retained earnings carried forward to next year	**10,234,711**

Acknowledgements and Appreciation

Dear Esteemed Shareholders,

In concluding this report on your Company's performance, we extend our sincere appreciation and gratitude for your continued trust and invaluable support, which remain a fundamental source of strength and inspiration in Warba Insurance and Reinsurance Company's ongoing journey of success.

We also express our highest gratitude to His Highness the Amir of the State of Kuwait and His Highness the Crown Prince — may Allah preserve and protect them — for their unwavering support for the nation's development and their enduring commitment to advancing Kuwait's prosperity and progress.

Our sincere thanks and appreciation are also extended to the State's official authorities, in particular the Ministry of Commerce and Industry, the Insurance Regulatory Unit, the Ministry of Finance, the Central Bank of Kuwait, the Ministry of Interior, the Public Authority for Manpower, and all relevant institutions, for their constructive cooperation and continuous efforts in supporting the business environment and enhancing the efficiency and development of the insurance sector.

We also acknowledge with appreciation our partners in the insurance industry and value the strong spirit of collaboration among national insurance companies, which contributes to strengthening the local market and delivering high-quality insurance services in line with our shared commitment to customer excellence.

Special appreciation is extended to our valued clients, whose trust we deeply value and strive to uphold by continuously enhancing our services and delivering an exceptional customer experience that meets their expectations.

We further extend our sincere gratitude to the executive management and all employees of the Company for their dedication, professionalism, and significant contributions toward achieving our strategic objectives, safeguarding our achievements, and reinforcing our competitive position.

We pray to Almighty Allah to continue to bless Kuwait with security, stability, and prosperity, and to guide us all toward what is best for our nation and its people.

Peace, mercy, and blessings of Allah be upon you,

Anwar Jawad Bu Khamseen

Chairman of the Board of Directors

Ordinary General Assembly of Warba Insurance Company (K.K.P.)

For the Fiscal Year Ending in 31 December 2025

1. Review and Ratify the Board of Directors' report of the company's activities and financial position for the fiscal year ended 31 December 2025.
2. Read and approve the Corporate Governance Report and the Audit Committee Report for the fiscal year ended 31 December 2025.
3. Discuss and approve the External Auditor's report for the fiscal year ended 31 December 2025.
4. Discuss and approve the consolidated annual financial statements and the balance sheet for the fiscal year ended 31 December 2025.
5. Review any violations recorded by regulatory authorities for the fiscal year ended 31 December 2025 (if any).
6. Discuss the Board of Directors' recommendation to approve the remuneration, attendance allowance, representation allowance, and exceptional performance rewards policy for the members of the Board of Directors and authorize the Board to make any amendments and issue decisions regarding the policy's implementation mechanism without any liability on the Board of Directors.
7. Read and Approve the Nomination and Remuneration Committee's report regarding the remunerations, benefits, and salaries of the Board members and executive management for the fiscal year ended 31 December 2025.
8. Approve the Board of Directors' recommendation to grant remuneration to Board members with the amount of KD 250,000 (only two hundred fifty thousand Kuwaiti Dinars) and record it in the register of granted remunerations to the Board and its members for the fiscal year ended 31 December 2025 and approve it.
9. Approve the Board of Directors' recommendation to distribute cash dividends to the shareholders at 15% of the share's nominal value (i.e., 15 fils per share), after deducting treasury shares, for shareholders registered in the company's records at the end of the entitlement day (which is fifteen days after the General Assembly meeting). Dividends shall be distributed to eligible shareholders starting five business days from the entitlement date. The Board is authorized to amend the shares' entitlement timeline should the share registration procedures not be completed at least eight business days before the entitlement date.
10. Review the report of related-party transactions conducted during the fiscal year ended 31 December 2025, authorize the Board of Directors to conduct related-party transactions during the fiscal year ending 31 December 2026, and approve it.
11. Discuss transferring 10% (ten percent) of the distributable annual profit—before deducting the Kuwait Foundation for the Advancement of Sciences share, National Labor Support Tax, Zakat, and the Board of Directors' remuneration—to the statutory reserve.
12. Approve authorizing the Board of Directors to purchase or sell the company's shares up to a maximum of 10% of its total issued shares, in accordance with Law No. (7) of 2010 and its Executive Regulations and amendments, and approve it, after completing the necessary regulatory approvals.

13. Discuss the Internal Control report for the fiscal year ended 31 December 2025 and approve it.
14. Release and discharge the members of the Board of Directors from all legal, financial, and administrative liabilities related to their actions during the fiscal year ended 31 December 2025.
15. Approve authorizing the Board of Directors, without restriction or condition, to execute all necessary agreements with local and foreign banks, financial institutions, and to enter into financing contracts for the purpose of funding the company's operations.
16. Approve authorizing the Board of Directors to issue bonds (whether directly or indirectly and by any means or structure), in Kuwaiti Dinars or any other currency deemed appropriate, within the legally permitted limits, and grant the Board full authority to determine the amount, type, duration, nominal value, interest rate, repayment terms, and all other conditions, in accordance with Law No. (7) of 2010 and its Executive Regulations (and amendments), after obtaining the approvals of all relevant authorities.
17. Appoint or reappoint external auditors from the list approved by the Capital Markets Authority, taking into account the mandatory auditor rotation period, authorizing the Board of Directors to determine their fees, and approve it.

Anwar Jawad Bu Khamseen

Chairman of the Board of Directors

Corporate Governance Report

for the Year Ending in 31 December 2025

1- Corporate Governance at Warba Insurance and Reinsurance Company and Its Importance in Achieving Sustainable Growth

Corporate governance at Warba Insurance and Reinsurance Company represents a fundamental pillar upon which the Company's operations are built. It extends beyond a framework of laws and regulations, serving instead as an integrated system that governs the relationships between the Board of Directors, executive management, shareholders, and all stakeholders.

Since the issuance of corporate governance regulations by the Capital Markets Authority, the Company has remained firmly committed to establishing a robust governance framework that promotes transparency, accountability, and integrity. This approach has played a pivotal role in strengthening stakeholder confidence and ensuring the effective and efficient achievement of the Company's strategic objectives.

Today, corporate governance has evolved into a global benchmark for evaluating an organization's commitment to ethical standards, responsible business practices, and sustainable economic performance. In this context, Warba Insurance and Reinsurance Company continues to prioritize governance excellence as a key enabler of long-term value creation and institutional sustainability.

The Role and Importance of Corporate Governance at Warba Insurance and Reinsurance Company

Enhancing Shareholders Confidence: Corporate governance strengthens investor and shareholder confidence by ensuring that the Company is managed in accordance with transparent, fair, and well-established standards.

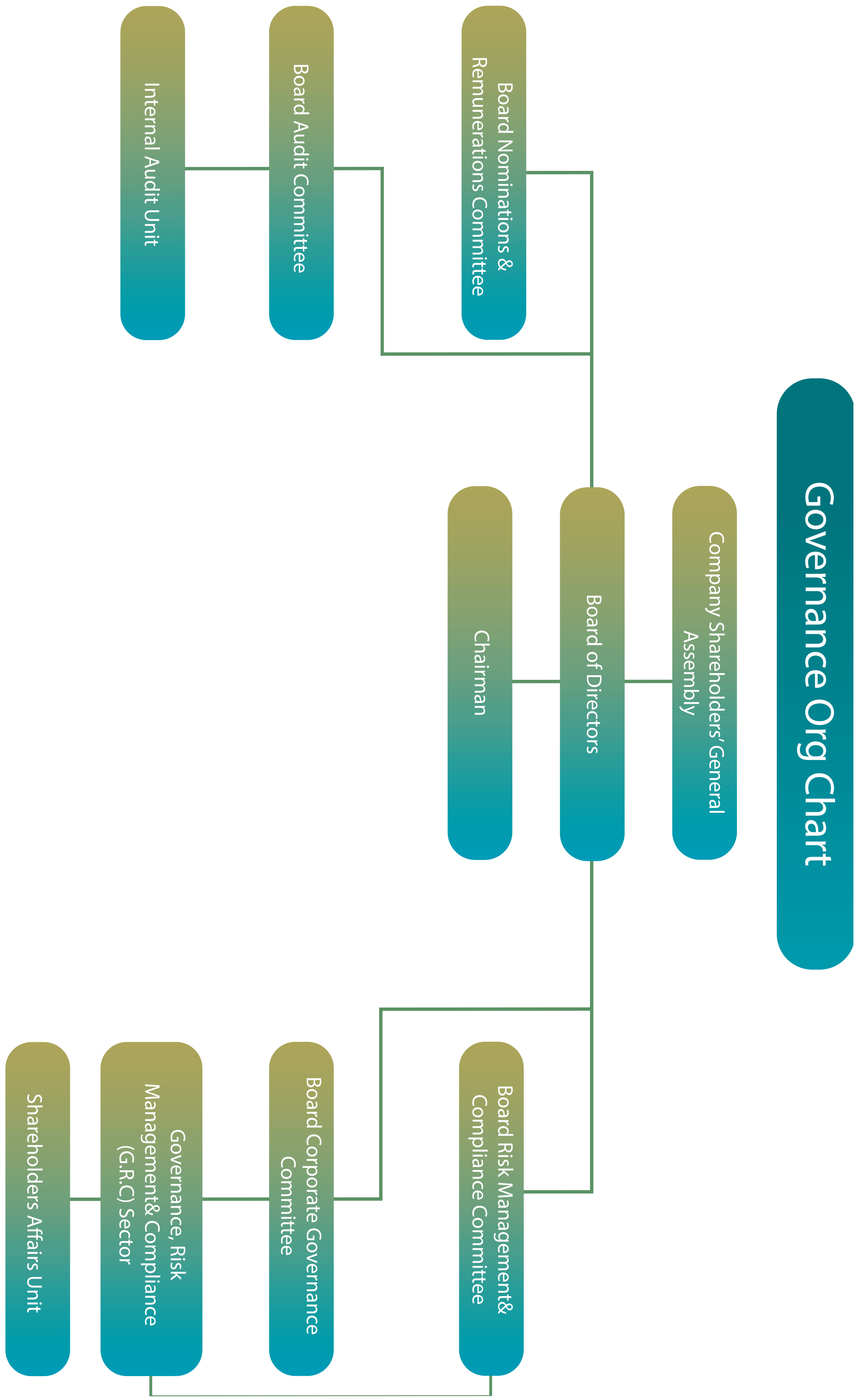
Improving Performance: Through the effective implementation of policies, procedures, and both short- and long-term strategic plans, governance frameworks help mitigate risks and support informed, sound decision-making.

Supporting Sustainability: Corporate governance enables companies to effectively adapt to evolving economic and social dynamics while supporting the continuity of business growth over the long term.

Promoting Social Responsibility: It aligns the Company's success with its responsibilities toward society and the environment, thereby enhancing its role as a responsible corporate citizen.

Strengthening Oversight and Control: Warba Insurance and Reinsurance Company places strong emphasis on the effective implementation of corporate governance frameworks through its specialized committees and organizational structures. This approach reinforces the principles of integrity, transparency, and accountability across all aspects of the Company's operations.

1.2 Governance Organizational Structure:



1.3 Board of Directors Composition

- The Board of Directors of Warba Insurance and Reinsurance Company comprises a distinguished group of professionals with extensive expertise in the fields of economics, insurance, and banking. These members are highly regarded across local, regional, and international arenas. The Board's deliberate diversity of experience and perspectives ensures a balanced and well-informed decision-making framework, contributing to the effectiveness, quality, and strategic soundness of its resolutions. The Board remains fully committed to advancing the Company's strategic objectives and executing its business plans to achieve optimal results, safeguard the interests of shareholders and stakeholders, and reinforce the Company's strong and established position within the Kuwaiti economy.
- The Board consists of seven non-executive members, including two independent directors, representing 29% of the Board composition. Members are elected by the General Assembly for a three-year term, in accordance with the Company's Articles of Association and Memorandum of Association, as well as the provisions of the Companies Law and the regulations of both the Capital Markets Authority and the Insurance Regulatory Unit.

Name	Position	Classification
Mr. Anwar Jowad Bukhamseen	Chairman of the Board	Non-Executive
Sheikh/ Mohammed Al-Jarrah Al-Sabah	Vice Chairman of the Board	Non-Executive
Mr. Raed Jowad Bukhamseen	Board Member	Non-Executive
Mr. Hazem Ali Al-Mutairi	Board Member	Non-Executive
Mr. Rifaat Ghalayini	Board Member	Non-Executive
Mr. Rafid Al-Rifaie	Board Member (Independent)	Non-Executive (Independent)
Mr. Mohammed Al-Mubaraki	Board Member (Independent)	Non-Executive (Independent)

Name	Member Classification Executive, Non-Executive or Independent	Academic & Professional Background	Appointment Date
Mr. Anwar Jowad Bukhamseen	Chairman of the Board, Non-Executive	- Bachelor's degree in economics and financial management. - Training course in Economic Research Management. - Specialized certificate in an executive program on foreign trade policies from Harvard University. - Specialized certificate from the Kuwait Foundation for the Advancement of Sciences (KFAS) in Corporate Governance and the Functioning of Financial Institutions. - Attended numerous specialized training courses in his fields of work. - Board Member, Kuwait International Bank. - Executive Board Member, Bukhamseen Holding Group. - Board Member, Kuwait Catalyst Company. - Vice Chairman, Kuwait Insurance Federation. - Member, Kuwait Industries Union. - Member, Kuwait Economic Society.	16/04/2025
Sheikh/ Mohammed Al-Jarrah Al-Sabah	Vice Chairman of the Board, Non-Executive	- Chairman of the Board, Kuwait International Bank. - Held several positions including Chairman and Managing Director at the Commercial Bank of Kuwait from 1997 to 2003. - Represented Kuwaiti banks in the Union of Arab Banks since 1998. - Chairman of the Union of Arab Banks since 2016 to date.	16/04/2025
Mr. Raed Jowad Bukhamseen	Board Member, Non-Executive	- Bachelor of Science in Business Administration, Boston University. - Chief Executive Officer, Kuwait International Bank. - Board Member, Warba Insurance & Reinsurance Company. - Vice Chairman, Kuwait International Bank. - Advisor to the Board of Directors, The Arab Investment Company. - Advisor to the Board of Directors, The Arab Real Estate Company. - Previously held membership in the Industrial Bank of Kuwait.	16/04/2025

Name	Member Classification Executive, Non-Executive or Independent	Academic & Professional Background	Appointment Date
Mr. Hazem Ali Al-Mutairi	Board Member, Non-Executive	- Bachelor's degree in finance from the United States of America. - Serves as the Chief Executive Officer of Credit One Holding. - Board Member, Boubyan Bank. - Was a principal partner at Al-Mustathmer Al-Dawli Company.	16/04/2025
Mr. Rifaat Ghalayini	Board Member, Non-Executive	- Bachelor's degree in economics and commerce. - Master's degree in business administration. - Certified Public Accountant (CPA). - International Certified Valuation Specialist (ICVS). - Vice President and Head of the Financial Sector, Bukhamseen Holding Group. - Vice Chairman, Arabian Beverage Company (ABC). - Vice Chairman, Al-Imad Real Estate Company. - Board Member, Kuwait International Education Company (KIEC).	16/04/2025
Mr. Rafid Al-Rifaie	Board Member, Non-Executive (Independent)	- Bachelor's degree in business administration from Kuwait University. - Held the position of Assistant Manager and General Manager at Al-Rifaie Group. - Currently serves as the Executive Director of Al-Rifaie Group. - Held board membership and chairmanship at the Kuwait Catalyst Manufacturing Company. - Holds board memberships in several companies within Kuwait.	16/04/2025

Name	Member Classification Executive, Non-Executive or Independent	Academic & Professional Background	Appointment Date
Mr. Mohammed Al-Mubaraki	Board Member, Non-Executive (Independent)	- Bachelor's degree in business administration - Finance. - Course in Anti-Money Laundering. - Course in Financial Analysis for Investment Decisions in Financial Markets. - Course in Evaluating the Actual and Market Price of Shares. - Course in Portfolio and Investment Fund Management. - Course in Investment Fundamentals and Tools. - Courses in Accounting. - General Manager, Real Estate Management Company. - Assistant General Manager for Asset Management, Al-Mal Investment Company. - Assistant General Manager for Asset Management, Gulf International Investment Company.	16/04/2025
Mr. Ahmed Mohammed Ali	Secretary of the Board of Directors	- Bachelor's degree in commerce, Accounting Major. - More than 20 years of experience as Secretary to the Board of Directors.	16/04/2025

1.4 Duties, Responsibilities, and Internal Governance Policies of the Board of Directors

The Board of Directors represents the highest authority responsible for defining the Company's strategic direction, objectives, and key policies. This includes the review and approval of the overall corporate strategy, business plans, and optimal capital structure, as well as the establishment of dividend distribution policies that align with the interests of both shareholders and the Company.

The Board maintains oversight of the Company's performance and organizational structure, approves annual budgets and financial statements, and supervises capital expenditures and asset management activities to ensure effective resource utilization and long-term sustainability.

In fulfilling its responsibilities, the Board is committed to ensuring the Company's full compliance with applicable laws, regulations, and internal policies. It emphasizes the accuracy and integrity of financial reporting, as well as the effectiveness of disclosure and transparency practices. The Board also promotes continuous and constructive engagement with shareholders to keep them informed of the Company's performance and developments.

From a governance perspective, the Board establishes and oversees the implementation of a comprehensive corporate governance framework. It regularly evaluates the performance of both the Board and executive management against clearly defined performance indicators. An annual governance report is prepared to assess compliance with applicable regulations, identify any areas of deficiency along with their underlying causes, and recommend corrective and preventative measures to ensure continuous improvement.

To support effective governance and oversight, the Board has established specialized committees, including the Governance Committee, Risk and Compliance Committee, Audit Committee, and Nomination and Remuneration Committee. Each committee operates under clearly defined mandates, roles, and reporting structures, with their performance subject to periodic evaluation in accordance with applicable laws and regulatory requirements in the State of Kuwait.

The Board is further responsible for establishing internal policies and procedures that ensure transparency, accountability, and appropriate segregation of duties. While certain operational responsibilities are delegated to executive management, the Board maintains effective oversight through regular reporting and performance monitoring. It also sets frameworks for remuneration and incentive structures to align management performance with the Company's strategic objectives.

In addition, the Board places significant emphasis on protecting the rights of minority shareholders and other stakeholders by implementing policies that safeguard their interests and by establishing clear mechanisms for managing related-party transactions and mitigating conflicts of interest.

The Board also ensures the effectiveness of internal control systems and risk management frameworks, while actively promoting the integration of sustainability principles into the Company's strategy and operations. This forward-looking approach supports long-term value creation and reinforces the Company's commitment to responsible and sustainable business practices.

1.5 Duties and Responsibilities of the Chairman of the Board

The Chairman of the Board is responsible for ensuring the effective functioning of the Board, including providing complete and accurate information to Board members in a timely manner. His responsibilities include:

The Chairman of the Board is responsible for ensuring the effective functioning and leadership of the Board, including the timely provision of complete and accurate information to Board members to support informed decision-making. His responsibilities include:

- Ensuring that all key matters are addressed and discussed effectively and within appropriate timeframes
- Representing the Company before external stakeholders in accordance with the provisions of the Articles of Association
- Promoting active and constructive participation by Board members in decision-making processes that serve the Company's best interests
- Maintaining effective communication with shareholders and ensuring that their perspectives are appropriately conveyed to the Board
- Fostering strong and positive relationships between the Board of Directors and executive management, and encouraging constructive interaction between executive and non-executive members

- Supporting a culture of open dialogue and constructive debate, particularly where differing views arise

In addition, the Chairman oversees the preparation and presentation of periodic reports—both financial and non-financial—that provide clear insight into the Company's performance against its strategic objectives. These reports are submitted to the Board to support oversight and decision-making.

1.6 Board of Directors' Achievements during 2025

The resolutions of the Board of Directors during the financial year ended December 31, 2025 were characterized by a strong emphasis on enhancing governance and oversight, adopting prudent and forward-looking strategic plans, and advancing the Company's digital transformation initiatives. The Board also undertook proactive measures to ensure business continuity and strengthen the Company's resilience in a dynamic operating environment.

During the same period, Warba Insurance and Reinsurance Company achieved significant progress in the implementation and enhancement of corporate governance principles. Among the most notable achievements were, but not limited to, the following:

Enhancing Governance and Regulatory Compliance:

1. Strengthening and adopting a comprehensive corporate governance framework aligned with international best practices and applicable regulatory requirements.
2. Reviewing and updating Board and committee charters and policies to enhance the effectiveness of oversight, accountability, and transparency.
3. Elevating the level of regulatory compliance through the implementation of robust policies and procedures governing all aspects of the Company's operations.
4. Ensuring full adherence to corporate governance requirements in accordance with the regulations of the Capital Markets Authority and the Insurance Regulatory Unit.

Developing Corporate Strategy:

5. Approving a forward-looking strategic plan for the upcoming five-year period, aligned with evolving market trends and emerging growth opportunities.
6. Overseeing the execution of high-impact strategic initiatives, achieving implementation rates that exceeded planned targets.
7. Expanding into new business areas and enhancing operating models in line with the Company's long-term vision and strategic objectives.

Improving Financial and Operational Performance:

8. Achieving sustainable growth in revenues and net profit, despite prevailing market challenges and economic pressures.
9. Enhancing operational efficiency through the advancement of digital transformation initiatives and the implementation of disciplined cost optimization measures.

10. Reviewing and approving the Company's financial statements for the fiscal year, ensuring accuracy, transparency, and compliance with applicable standards.
11. Evaluating and adopting the annual business plan, as well as short- and long-term strategic plans, including clearly defined implementation frameworks.
12. Assessing and approving investment opportunities aligned with the Company's established risk appetite and strategic objectives.
13. Establishing and adopting Key Performance Indicators (KPIs) to enable effective performance measurement and continuous monitoring of results.
14. Reviewing and endorsing the strategy for the relaunch of the New Core Strategy project to support future growth and transformation initiatives.

Advancing Risk Management and Business Continuity Practices

15. Adopt an enhanced Enterprise Risk Management (ERM) framework to enable proactive risk identification, monitoring, and mitigation.
16. Develop and implement contingency and business continuity plans aligned with evolving geopolitical dynamics and global risk factors.
17. Oversee the execution of business continuity plans to ensure organizational preparedness and resilience in responding to crises.
18. Advance the organization's risk management maturity through comprehensive internal and external assessment programs.
19. Review and ratify the minutes of the Board of Directors' committees for the year 2025.

Developing Human Capital and the Corporate Environment:

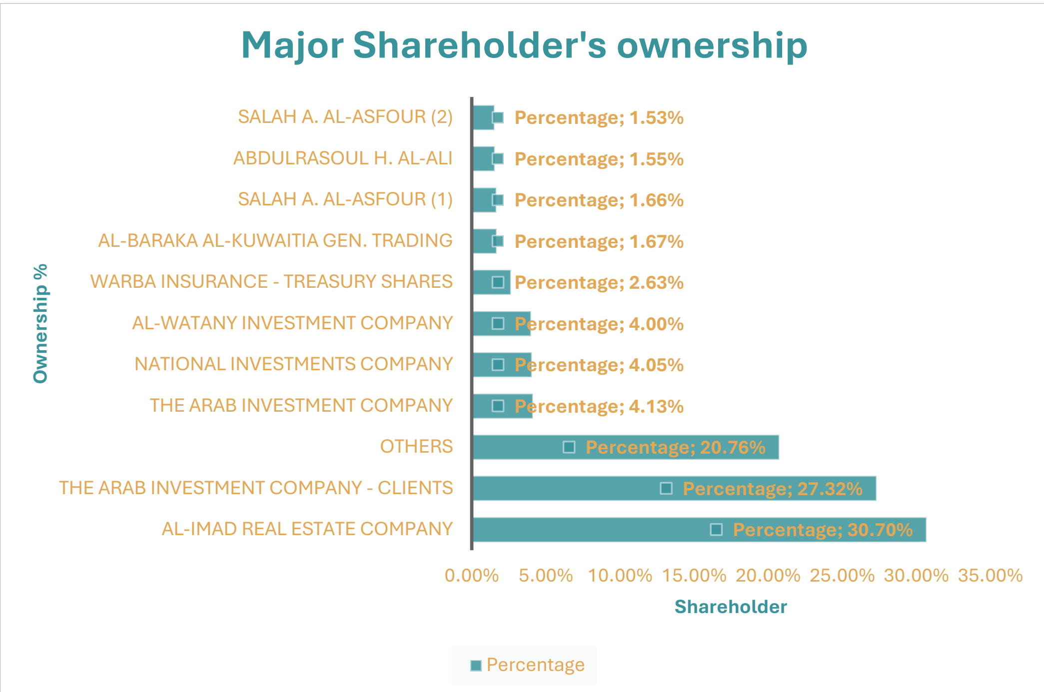
20. Supporting the implementation of leadership development programs and empowering national talents.
21. Fostering a culture of performance and accountability within the organization.
22. Adopting initiatives to improve the work environment and ensure employee well-being.

Fostering Strong, Transparent, and Resilient Stakeholder Relations

23. Raising the level of communication and transparency with regulatory bodies and shareholders.
24. Adopting comprehensive periodic reports covering financial and non-financial (ESG) performance.
25. Supporting social responsibility initiatives to ensure a positive impact on the community.

2- Share Ownership Percentage of Board Members and Major Shareholders in the Company

Shareholder Name	Number of Shares	Percentage
Board of Directors Members	-	%-
Al-Emad Real Estate Company	76,741,111	30.70%
The Arab Investment Company – Clients PF	68,309,578	27.32%
The Arab Investment Company	10,320,717	4.13%
National Investments Company	10,118,350	4.05%
Al-Watany Investment Company	10,000,343	4.00%
Warba Insurance Company and Re Insurance Company - Treasury Shares	6,570,244	2.63%
Salah Abdulmohsen Abdul-Latif Al-Asfour	4,149,644	1.66%
Abdulrasoul Hussein Mohammed Al-Ali	3,879,001	1.55%
.Al-Baraka Al-Kuwaitia General Trading & Contracting Co	4,183,497	1.67%
Salah Abdulmohsen Abdul-Latif Al-Asfour	3,820,450	1.53%
Others	51,907,065	20.76%
Total	**250,000,000**	**100.000%**



3- Overview of Board of Directors Meetings (2025)

The Board of Directors meetings are held with the attendance of the majority of its members. In the fiscal year ending on 31/12/2025, the company held 7 Board meetings upon the invitation of the Chairman. The invitation, along with the agenda and supporting materials, was sent 3 business days prior to the meeting date to all members, in accordance with the regulations of the Capital Markets Authority and the Insurance Regulatory Unit.

Member Name	Meeting 01 (19/02/2025)	Meeting 02 (16/04/2025)	Meeting 03 (12/05/2025)	Meeting 04 (06/08/2025)	Meeting 05 (15/09/2025)	Meeting 06 (11/11/2025)	Meeting 07 (30/11/2025)	Total Meetings Attended
1) Mr. Anwar Jowad Bukhamseen (Chairman)	(√)	(√)	(√)	(√)	(√)	(√)	(√)	7
2) Sheikh/ Mohammed Al-Jarrah Al-Sabah (Vice Chairman)	(×)	(√)	(×)	(×)	(√)	(√)	(√)	4
3) Mr. Raed Jowad Bukhamseen (Member)	(√)	(√)	(√)	(×)	(√)	(√)	(√)	6
4) Mr. Hazem Ali Al-Mutairi (Member)	(√)	(√)	(√)	(√)	(√)	(√)	(√)	7
5) Mr. Rifaat Ghalayini (Member)	(√)	(√)	(√)	(√)	(√)	(√)	(√)	7
6) Mr. Rafid Al-Rifaie (Independent Member)	(×)	(√)	(√)	(√)	(√)	(√)	(√)	6
7) Mr. Mohammed Al-Mubaraki (Independent Member)	(√)	(√)	(√)	(√)	(√)	(×)	(√)	6

3.1 Key Resolutions of the Board of Directors for the Fiscal Year Ended 31 December 2025

1. Recommend to the Annual General Assembly the approval of the annual financial statements for the fiscal year ended 31 December 2024.
2. Ratify the minutes of the Board of Directors' committees.
3. Approve the Corporate Governance Report for the fiscal year ended 31 December 2024.
4. Approve the Audit Committee Report for the fiscal year ended 31 December 2024.
5. Recommend to the Annual General Assembly the approval of the agenda for the 46th Annual General Assembly.
6. Recommend to the Annual General Assembly the approval of cash dividend distributions to shareholders, in line with the Board's proposal to distribute 12% of the nominal share value, equivalent to 12 fils per share, for the fiscal year ended 31 December 2024.
7. Review and approve the interim financial statements for the first quarter ended 31 March 2025.
8. Ratify investment decisions undertaken during the period.
9. Review and evaluate an acquisition offer submitted by an indirect related party for the purchase of the Company's stake in Credit One, in alignment with the Company's strategy to divest from unlisted investments.
10. Review and approve the interim financial statements for the six-month period ended 30 June 2025.
11. Review and approve the interim financial statements for the third quarter ended 30 September 2025.
12. Review and approve the Company's strategic plan for the period 2026–2028.

4- Statement of Ordinary General Assembly Meetings during the fiscal year ended 31/12/2025:

Meeting No.	Meeting Date	Meeting Type	Attendance Percentage
1	16/04/2025	Ordinary	70.423%

4.1- Key Resolutions of the 46th Ordinary General Assembly

Approve the Board of Directors' recommendation to distribute cash dividends to shareholders at a rate of 12% of the nominal share value, equivalent to 12 fils per share, for the fiscal year ended 31 December 2024, after excluding treasury shares. The entitlement shall apply to shareholders registered in the Company's records as of the record date, set at fifteen (15) days following the date of the General Assembly meeting. Dividend distribution to eligible shareholders shall commence within five (5) business days from the entitlement date. The Board of Directors is authorized to amend the entitlement timeline, should the registration procedures not be completed at least eight (8) business days prior to the entitlement date.

5- Independent Board Members Ownership shares in the Company as of 31/12/2025

Member		Number of Shares Owned	Percentage %
Mr. Rafid Al-Rifaie	Board Member Non-Executive (Independent)	-	0%
Mr. Mohammed Al-Mubaraki	Board Member Non-Executive (Independent)	-	0%

*No share ownership percentage is held by the company's independent Board members.

6- Concise Report on Committee Operations for the 2025 Fiscal Year

The committees of the Board of Directors constitute a fundamental pillar in strengthening the effectiveness of corporate governance, enabling the Board to perform its supervisory and oversight responsibilities with enhanced efficiency and precision. These committees play a critical role in reviewing and analyzing specialized matters, assessing associated risks, and submitting well-founded recommendations to the Board to support informed decision-making. Through their specialized focus and distribution of responsibilities, the committees enhance the quality of Board decisions and allow Board members to concentrate on strategic and oversight functions.

Furthermore, the committees contribute significantly to promoting transparency and accountability within the Company by continuously monitoring operational, financial, and regulatory activities, and ensuring full compliance with applicable laws, regulations, and professional standards. They play a vital role in strengthening risk management practices, supporting internal control systems, overseeing financial and operational performance, and enhancing regulatory compliance, in accordance with the mandates and charters of the Audit, Risk and Compliance, Nomination and Remuneration, and Governance Committees.

The establishment of specialized committees not only elevates the level of governance but also ensures effective coordination between the Board of Directors and Executive Management. This structure enables the Board to remain fully informed of the Company's activities, thereby facilitating sound decision-making in the best interests of shareholders and stakeholders. Accordingly, these committees represent a key mechanism for enhancing organizational stability, improving operational efficiency, and supporting long-term sustainability.

In addition, the Board committees serve as a vital link between the Board and Executive Management, supporting the Board in overseeing all Company operations and providing appropriate recommendations for approval. The charters governing these committees—defining their roles, responsibilities, composition, and meeting procedures—have been approved in accordance with the corporate governance regulations issued by the Capital Markets Authority and the Insurance Regulatory Unit. These frameworks ensure comprehensive coverage of all administrative and technical aspects of the Company's activities, enabling the Board to make informed decisions, establish effective strategies, and implement action plans aligned with the Company's objectives and available data.

In this context, the following governance practices are observed:

- The term of each committee is aligned with the term of the Board of Directors.
- The Board Secretary maintains a dedicated file for each committee, which includes:
    1. Minutes of committee meetings, documenting the meeting number, date, and start and end times.
    2. Records of recommendations and decisions issued by the committees.
    3. Presentation materials, reports, and supporting documents submitted during meetings, which remain accessible to all members for review.

7- Statement of Committees of the Board of Directors:

Committee Name	Formed	Approved	Term
Corporate Governance Committee	√	16/04/2025	Years 3
Risk and Compliance Committee	√	16/04/2025	Years 3
Audit Committee	√	16/04/2025	Years 3
Nomination and Remuneration Committee	√	16/04/2025	Years 3
Executive and Investment Committee	√	16/04/2025	Years 3

1. Corporate Governance Committee:

The Corporate Governance Committee at Warba Insurance & Reinsurance Company is fully compliant with all applicable regulatory requirements governing its formation and composition. As previously noted, the Committee comprises three non-executive members, in line with regulatory expectations.

The Committee consistently adheres to the minimum meeting frequency stipulated by the Capital Markets Authority and the Insurance Regulatory Unit, and diligently fulfills its responsibilities by submitting the required recommendations to the Board of Directors. This ensures the effective implementation and continuous enhancement of corporate governance practices within the Company.

Member Name	Position	Number of Meetings
Mr. Anwar Jowad Bukhamseen	Chairman	Meeting 1
Sheikh/ Mohammed Jarrah Al-Sabah	Vice Chairman	
Mr. Hazem Al-Mutairi	Member	

1.2 Statement of Governance Committee Meetings

No.	Meeting Date	No. of Members	No. Attended	Absentees
1	24/12/2025	3	3	-

1.3 Corporate Governance Committee Roles and responsibilities:

The Corporate Governance Committee at Warba Insurance and Reinsurance Company plays a critical role in ensuring the Company's adherence to corporate governance regulations issued by the Capital Markets Authority and the Insurance Regulatory Unit, while also promoting the principles of integrity, transparency, and institutional accountability. The Committee's responsibilities include the following:

1. Oversee the implementation of corporate governance rules across the Company.
2. Monitor the Company's compliance with the provisions of Law No. (7) of 2010, its Executive Bylaws, and applicable corporate governance frameworks issued by regulatory authorities.
3. Supervise the implementation and effectiveness of internal policies and procedures related to governance, disclosure, and sustainability, ensuring alignment with regulatory requirements.
4. Review and update governance-related disclosure policies and regulations, provide observations, and submit recommendations to the Board of Directors regarding necessary amendments.
5. Evaluate governance policies and frameworks, provide feedback, and recommend improvements to the Board of Directors.
6. Review organizational structures and job descriptions for positions subject to regulatory registration to ensure clear reporting lines and mitigate potential conflicts of interest.
7. Enhance the effectiveness of the Board of Directors' performance and ensure the integrity and accuracy of reports submitted to the Board.

8. Support the Board of Directors and its committees in fulfilling their oversight responsibilities effectively.
9. Oversee the evaluation processes of the Board of Directors, its committees, and individual members in accordance with regulatory requirements and approved standards.
10. Manage conflicts of interest by reviewing relevant mechanisms, policies, and procedures established by the Governance Department, ensuring Company-wide compliance.
11. Monitor disclosures relating to conflict of interest cases and ensure appropriate corrective actions are taken.
12. Review periodic reports issued by the Governance, Disclosure, and Sustainability Department, and oversee the management of identified gaps, governance risk registers, and remediation plans.
13. Prepare and submit periodic reports to the Board of Directors addressing compliance levels and any regulatory or supervisory observations.
14. Promote and oversee adherence to principles of transparency and disclosure.
15. Ensure compliance with disclosure requirements mandated by the Capital Markets Authority and the Insurance Regulatory Unit.
16. Review the annual report and the corporate governance report prior to submission to the Board of Directors for approval.
17. Foster a strong corporate governance culture throughout the organization.
18. Support awareness initiatives on governance principles and professional ethics through training programs and workshops.
19. Promote a culture of integrity, transparency, and accountability among employees and executive management.

1.4 – Consolidated Summary of Reports Submitted to the Governance Committee and the Board of Directors:

1. Corporate Governance Report as of the fiscal year ended 31 December 2025.
2. Updated policies and procedures related to corporate governance.
3. Gap analysis report on the application of corporate governance rules.
4. The company's updated matrix of authorities.
5. Policies and procedures for disclosure and transparency.
6. Reports submitted to the Capital Markets Authority regarding disclosure and compliance with applicable regulatory laws.
7. Conducting periodic reviews to ensure the company's compliance with the application of governance principles and related regulations, and assessing the level of regulatory compliance with applicable laws, rules, and provisions.
8. Submitting reports and recommendations on the outcomes of governance application, and addressing any observations or instances of non-compliance with applicable laws and regulations.

9. Following up on decisions and directives issued by regulatory authorities, and submitting appropriate recommendations to the Board of Directors regarding the mechanisms for their implementation and the updating of relevant policies and procedures.
10. Overseeing the extent to which the governance frameworks and policies approved by the Board of Directors are being applied, and reviewing them periodically to ensure their alignment with the requirements of regulatory authorities.
11. Studying and approving the necessary amendments to the company's governance manual.
12. Following up on gap analysis reports pertaining to the application of corporate governance.
13. Review and ratify of the Sustainability Report.

1.5 Achievements:

1. Review and ratify the Corporate Governance Report for the fiscal year ended 31 December 2025.
2. Discussing and reviewing the report on monitoring the implementation of corporate governance rules.
3. Review and Ratify the company's governance indicators.
4. Monitoring the preparation, approval, and application of the Company's Authority Matrix.
5. Recommendation on of the governance risk report.

2- Audit Committee:

Member Name	Position	Number of Meetings
Mr. Rifaat Ghalayini	Chairman	5 Meetings
Mr. Raed Jowad Bukhamseen	Vice Chairman	
Mr. Rafid Al-Rifaie	Member	

2.1 Statement of Audit Committee Meetings

No.	Meeting Date	No. of Members	No. Attended	Absentees
1	19/02/2025	3	3	-
2	12/05/2025	3	3	-
3	06/08/2025	3	3	-
4	11/11/2025	3	3	-

2.3 Audit Committee Roles and Responsibilities:

- Reviewing the interim and annual financial statements and the external auditors' reports and giving preliminary approval before recommending to the Board of Directors for initial approval.
- Ensuring the integrity and transparency of financial reports.
- Recommending the appointment or reappointment of external auditors.
- Ensuring the application of international accounting standards and any changes that may occur to them.
- Reviewing the suitability of the company's accounting policies and other operational procedures.
- Reviewing the company's internal audit policies and procedures.
- Recommending the appointment, transfer, dismissal, and performance evaluation of the Head of the Internal Audit Unit, and the performance of the Internal Audit Unit.
- Reviewing and approving the proposed internal audit plans and providing comments thereon.
- Ensuring the company's compliance with relevant laws, policies, regulations, and instructions.

2.4 Achievements:

- Discussing the financial results for the fiscal year ended 31/12/2025 and recommending preliminary approval to the Board of Directors with the external auditor and recommending the reappointment of the external auditor (Ernst & Young) for the fiscal year ending 31/12/2026.
- Discussing and monitoring the implementation of the internal audit plan for the fiscal year ended 31/12/2025.
- Discussing the interim financial statements with the external auditor and recommending their approval to the Board of Directors.
- Discussing and reviewing the financial results for the period ended 30/06/2025 with the Executive Management.
- Discussing the internal audit report.
- Discussing and approving the internal audit plan for the year 2026.

3- Risk and Compliance Committee:

Adherence to the Regulatory Requirements for the Formation of the Risk and Compliance Committee at Warba Insurance & Reinsurance Company

The Risk and Regulatory Compliance Committee at Warba Insurance & Reinsurance Company is fully compliant with all applicable regulatory requirements governing its composition. As previously noted, the Committee comprises two independent members and one non-executive member, in line with established regulatory standards.

The Committee consistently adheres to the minimum meeting frequency prescribed by the Capital Markets Authority and the Insurance Regulatory Unit. It diligently fulfills its mandate by submitting the necessary recommendations to the Board of Directors, thereby ensuring the effective identification, mitigation, and management of risks to which the Company is exposed.

Member Name	Position	Number of Meetings
Mr. Rifaat Ghalayini	Chairman	5 Meetings
Mr. Rafid Al-Rifaie	Vice Chairman	
Mr. Mohammed Al-Mubaraki	Member	

Risk and Compliance Committee Roles and Responsibilities:

1. Review and endorse risk management strategies and policies prior to their submission to the Board of Directors for approval, ensuring their effective implementation and alignment with the nature, scale, and complexity of the Company's operations.
2. Ensure the availability of adequate resources, tools, and systems required for the effective identification, assessment, and management of risks.
3. Evaluate the effectiveness of systems and mechanisms for identifying, measuring, and monitoring all categories of risk to which the Company may be exposed, and identify any gaps or deficiencies requiring enhancement.
4. Submit recommendations to the Board of Directors and present key matters through periodic (quarterly) reports. The Board reviews and approves the committees' minutes and recommendations in alignment with the Company's size, nature of operations, and strategic objectives.
5. Ensure the independence of the risk management function by maintaining appropriate segregation from operational activities that may expose the Company to risks or create potential conflicts of interest.

3.1- Consolidated Summary of Reports Submitted to the Risk Committee and the Board of Directors

Risk Management and Compliance Departments at Warba Insurance & Reinsurance Company prepares and submits periodic reports to the Risk Committee and the Board of Directors to support the effective identification, monitoring, and management of risks. These reports include the following:

1. Number of reports: A total of 5 reports were submitted during the fiscal year ended 31/12/2025, comprising:

a. The Company's consolidated risk reports for the fiscal year ended 31 December 2024, including proposed remediation plans.

b. Policies and procedures for the assessment and measurement of money laundering and terrorist financing risks.

c. Updated investment policies and procedures.

d. Cybersecurity risk management policies and procedures.

e. A comprehensive report covering sovereign, market, financial, and operational risks, in addition to capital adequacy, solvency margin, the Company's credit rating report, and its strategic plan to achieve an "A" credit rating.

3.2- Statement of Risk and Compliance Committee Meetings

Th Risk and Compliance Committee at Warba Insurance & Reinsurance Company convened five (5) meetings during the year to review and deliberate on the aforementioned reports. Detailed information regarding these meetings, including their frequency and dates, is provided in the section dedicated to the committees established by the Board of Directors.

No.	Meeting Date	No. of Members	No. Attended	Absentees
1	08/05/2025	3	3	-
2	22/05/2025	3	3	-
3	20/06/2025	3	3	-
4	22/07/2025	3	3	-
5	17/12/2025			

3.3- Board Risk and Compliance Committee Roles and responsibilities:

- Oversee the implementation of a unified, enterprise-wide risk management framework to ensure consistent and effective management of risks across the Company.
- Review and provide preliminary approval of the risk appetite statement, emergency response policy, and business continuity policy, and recommend them to the Board of Directors for final approval.
- Review and endorse the Company's policies and procedures prior to submission to the Board of Directors, ensuring alignment between the Company's strategic plans and the Board-approved risk appetite.
- Ensure Executive Management's adherence to and effective implementation of Board-approved policies, procedures, and strategies.
- Support the Board of Directors in defining and evaluating acceptable risk levels, and in establishing systems and mechanisms to measure, monitor, and manage various risk categories.
- Ensure an appropriate balance between risk exposure and expected returns, taking into consideration the Company's strategic objectives and future plans.
- Assess the potential impact of identified risks on the Company and recommend appropriate mitigation measures, including response and recovery frameworks.
- Oversee the monitoring of financial, operational, legal, compliance, reputational, technical, market, and geopolitical risks, and approve related recovery plans, as well as crisis and emergency management policies and procedures.
- Promote a strong risk awareness culture by enhancing employee understanding of risk management through targeted awareness initiatives and training programs.
- Ensure the integration of internal control systems with the risk management framework to strengthen the identification and management of deviations and control weaknesses.
- Review periodic reports submitted by the Risk Management Department and assess their alignment with the Company's performance and actual results against strategic objectives.

- Oversee the development of emergency response plans in coordination with management and submit appropriate recommendations to the Board of Directors.
- Evaluate proposed investment opportunities from a risk perspective, including their potential impact on the Company's financial position.
- Review and recommend the approval of Environmental, Social, and Governance (ESG) policies and procedures, and propose measures to mitigate associated risks.
- Review capital adequacy and solvency reports on a periodic basis to ensure financial resilience.
- Review credit rating reports and recommend necessary actions to support the enhancement of the Company's credit rating.

3.4- Achievements:

- Review and discuss reports on credit, strategic, market, geopolitical, and technical risks, along with proposed mitigation plans submitted by the Risk Management Department, and recommend their approval to the Board of Directors.
- Review and deliberate on reports related to capital adequacy and solvency.
- Review and approve amendments to the Company's investment policy.
- Present and evaluate the performance assessment of the Governance, Risk, and Compliance functions for the preceding period.
- Review the Company's delegation of authority matrix and recommend its submission to the Governance Committee for preliminary approval.
- Review and assess a comprehensive study on the Company's liquidity risk covering the period from 2018 to 2025, including proposed mitigation strategies.
- Review and evaluate the gap analysis report for the fiscal year ended 31 December 2025 and recommend appropriate remediation plans.
- Review and recommend the approval of a formal mechanism for reporting violations and risks, as well as the implementation of relevant ISO standards, including ISO 27001, ISO 9001, and ISO 31000.
- Review the risk management plan related to compliance with Environmental, Social, and Governance (ESG) requirements, including relevant policies and procedures.
- Recommend the approval of the regulatory compliance plan for the year 2026.
- Recommend the approval of the risk management plan for the year 2026.
- Recommend the approval of the Company's strategic plan to achieve an A- credit rating.
- Review and recommend approval of the market and geopolitical risk report and associated mitigation plans for the fiscal year 2026.
- Review a comparative analysis of global credit rating agencies and recommend the appointment of S&P as the primary rating agency.
- Recommend the approval of updated policies and procedures in line with applicable regulatory requirements.
- Approve the Company's risk report for the fiscal year 2025, along with the associated mitigation plan submitted by the Risk Management Department.

3.5- Summary of Reports Submitted to the Risk and Regulatory Compliance Committee and the Board of Directors at Warba Insurance & Reinsurance Company (Number and Content):

1. Policies and procedures related to regulatory compliance.
2. Policies and procedures governing anti-money laundering (AML) and counter-terrorist financing (CTF).
3. Gap analysis reports covering regulatory compliance, AML, and CTF frameworks.
4. Assessment of non-compliance risks and their potential impact on the Company.
5. Evaluation of the effectiveness of compliance-related policies and procedures.
6. Proposed remediation plans to address regulatory risks, developed in coordination with the Risk Management Department.
7. Internal compliance review findings, together with gap remediation plans, supporting the integration of risk management and regulatory compliance functions.
8. A comprehensive assessment of the Company's compliance position for the fiscal year ended 31 December 2025.
9. Disclosure of identified violations, including actions taken for resolution and remediation.
10. Compliance performance indicators and the outcomes of internal policy implementation.
11. Strategic recommendations for continuous development and improvement.
12. Reports on financial transaction monitoring, including the identification of suspicious transactions.
13. The Company's money laundering and terrorist financing risk assessment report.
14. Ongoing monitoring and follow-up of customer due diligence (CDD/KYC) processes.
15. Updates on international sanctions lists and the extent of compliance with their application.
16. Submission of mandatory monthly, quarterly, and annual regulatory reports to the Insurance Regulatory Unit and other relevant authorities.
17. Reports addressing regulatory inspections and follow-up actions.
18. Investigation and remediation reports in response to any violations or regulatory observations, including detailed root cause analyses.
19. Development of comprehensive remediation plans with clearly defined responsibilities.
20. Monitoring of implementation progress, with submission of final status reports to the Risk and Regulatory Compliance Committee.

4- Nomination and Remuneration Committee:

Member Name	Position	Number of Meetings
Mr. Raed Jowad Bukhamseen	Chairman	Meetings 4
Mr. Rifaat Ghalayini	Vice Chairman	
Mr. Mohammed Al-Mubaraki	Member	

4.1- Statement of Nomination and Remuneration Committee Meetings

No.	Meeting Date	No. of Members	No. Attended	Absentees
1	13/02/2025	3	3	-
2	19/02/2025	3	3	-
3	22/05/2025	3	3	-
4	15/09/2025	3	3	-

4.2- Board Nomination and Remuneration Committee Roles and Responsibilities :

- Review nominations for Board membership to ensure compliance with corporate governance requirements, including competence and integrity criteria, as well as regulatory and General Assembly requirements, and submit recommendations to the Board of Directors for appropriate action.
- Ensure the selection and nomination of highly qualified, experienced, and competent candidates for vacant positions, in line with approved standards of competence and integrity.
- Submit recommendations to the Board of Directors regarding the appointment and/or reappointment of key executive management positions.
- Oversee the review and periodic update of the Company's salary and remuneration structure for executive management and employees, and provide recommendations as necessary.
- Review policies and procedures related to compensation and remuneration, and recommend appropriate amendments to ensure alignment with best practices and regulatory requirements.
- Develop and update policies governing allowances and remuneration for members of the Board of Directors and its committees, and submit them to the Board for recommendation and approval by the General Assembly.
- Conduct performance evaluations of the Board of Directors and Executive Management in accordance with the requirements of the Capital Markets Authority and the Insurance Regulatory Unit.

4.3- Achievements:

- Reviewing and discussing historical salary data and making recommendations regarding the salary and job grading policy.
- Preparing a detailed report and form on the remuneration granted to members of the Board of Directors and the Executive Management to be presented to the General Assembly for approval.
- Discussing and recommending the approval of the distribution of annual bonuses to company employees in accordance with the standards specified in the remuneration and performance policy for the year 2025.
- Discussing the proposed amendments to the company's organizational structure.
- Discussing and recommending the approval of the Succession planning program in the company.
- Discussing the policies and procedures for empowering Kuwaiti citizens.

8- Appointment of the Secretary of the Board of Directors

On 16 April 2025, the Board of Directors of Warba Insurance & Reinsurance Company appointed Mr. Ahmed Ali Hassan as Secretary to the Board, based on the recommendation of the Nomination and Remuneration Committee. The Committee conducted a thorough review of Mr. Ahmed's qualifications and professional experience, noting his extensive background of over 20 years in accounting, administrative sciences, and business administration, including significant experience in supporting boards of directors, documenting decisions, and overseeing board-related administrative functions.

Additionally, the Governance Committee approved the job description and charter outlining the roles and responsibilities of the Board Secretary, as prepared by the Corporate Governance Department. This framework is fully aligned with the corporate governance regulations issued by the Capital Markets Authority and the Insurance Regulatory Unit.

9- Statement on the Organizational Structure of the Risk, Governance, Compliance, and Sustainability Sector

9.1- Summary of Procedures for Ensuring Compliance with Board of Directors' Meeting Minutes Requirements

Warba Insurance & Reinsurance Company is committed to adhering to the highest standards of governance and transparency in recording, coordinating, and archiving the minutes of its Board of Directors meetings. The minutes of meetings are recorded in a special register, indicating the sequential minute number for the fiscal year, in addition to the location, date, and start and end times of the meeting. Discussions, deliberations, and voting processes that take place during the meetings are also recorded, categorized, and archived in an organized manner that facilitates easy retrieval when needed.

The company's Board of Directors has appointed a Board Secretary by a Board resolution, and a clear charter for the duties and responsibilities of the Board Secretary has been established, consistent with the requirements of the Insurance Regulatory Unit. This charter ensures adherence to best practices in managing and documenting Board meetings, taking into account the requirements of transparency and accountability.

- he Board Secretary shall ensure that the meeting minutes comprehensively include the following details:
- Assign a unique sequential reference number to each meeting.
- Record the date of each meeting, along with the start and end times.
- Maintain a comprehensive record of attendees, including the names of members who submitted apologies for absence or attended partially.
- Ensure that attendance is duly documented through the signatures of all Board members present.
- Safeguard and archive the original meeting minutes and issued resolutions, while maintaining a dedicated register for their proper documentation.
- Ensure that Board members are provided with timely and convenient access to meeting minutes and all accompanying materials for review at any time.

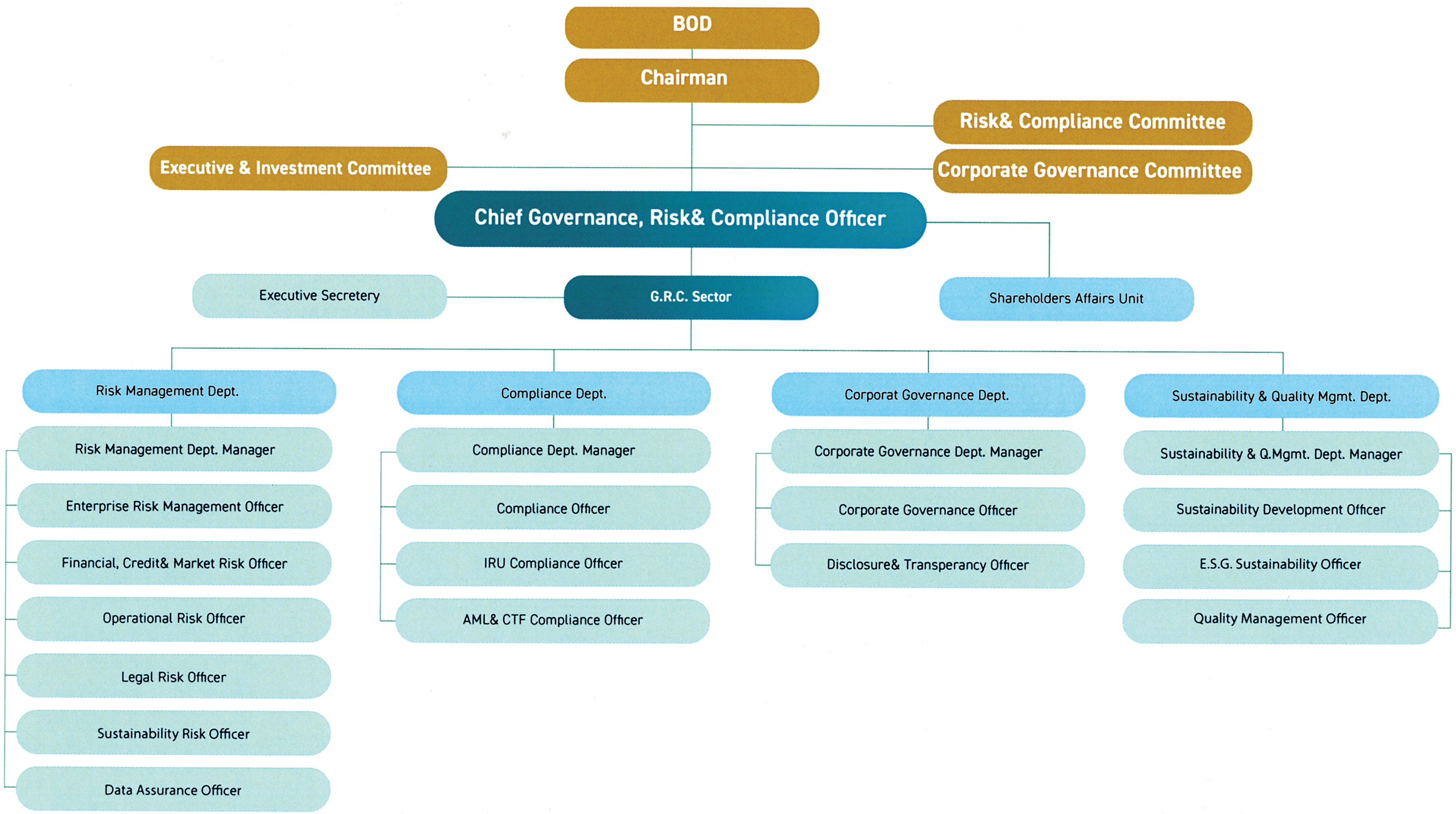
Warba Insurance & Reinsurance Company is fully compliant with all requirements established by the Insurance Regulatory Unit concerning the recording and archiving of Board of Directors' meeting minutes. These requirements include the following:

1- Accurate Documentation: Ensure that all resolutions, deliberations, and voting outcomes are recorded in a clear, comprehensive, and precise manner.

2- Secure Archiving: Maintain meeting minutes in a secure and controlled environment that safeguards confidentiality while allowing efficient retrieval when required.

3- Periodic Review: Conduct regular reviews of meeting minutes to ensure compliance with applicable laws, regulations, and internal governance frameworks.

Organizational Structure of the Governance, Risk and Compliance Sector



10- Risk Management Requirements

The Risk Management function constitutes the second line of defense and serves as a fundamental pillar in strengthening the Company's internal control framework. It is responsible for establishing and maintaining effective risk management and internal control systems across the organization. The function operates with full independence from Executive Management and reports directly to the Board of Directors and the Risk and Regulatory Compliance Committee, thereby ensuring the objectivity, integrity, and independence of its assessments.

10.1 – Warba Insurance & Reinsurance Company has undertaken all necessary measures to ensure full compliance with corporate governance requirements, including, but not limited to, the following:

1. Establish a specialized Risk and Compliance Committee at the Board level, in accordance with the provisions of Law No. (7) of 2010, its Executive Bylaws, and the corporate governance regulations issued by the Capital Markets Authority and the Insurance Regulatory Unit.
2. Establish a GRCS sector encompassing the Corporate Governance, Sustainability, Compliance, Risk Management functions, to ensure integrated oversight, alignment of objectives, and enhanced operational effectiveness.
3. Recruit and appoint qualified personnel with extensive professional expertise and practical experience in relevant fields to support the effective execution of the sector's responsibilities.

10.2- Composition of the Risk Management Department in the Company:

Employee Name	Job Title	Appointment Date	Qualification	Professional Experience	Backup Employee
Khaled Al-Habib	Senior Risk Officer	06/04/2025	Bachelor's	Financial Risk	Yousef Hassan Imam
Hassan Faheem	Senior Financial, Quantitative & Investment Risk Officer	16/09/2024	Bachelor's	Risk	Afdal Basha

10.3- Overview of Risk Management and Internal Control Frameworks and Systems at Warba Insurance & Reinsurance Company:

Warba Insurance & Reinsurance Company remains committed to implementing a comprehensive and integrated risk management framework designed to ensure the effective identification, assessment, and management of risks. This framework is grounded in an enterprise-wide risk management approach that enhances management accountability and ensures that risks are thoroughly identified, accurately assessed, and systematically classified. It further ensures the development and effective implementation of appropriate mitigation measures to minimize potential impacts and support the Company's overall resilience and strategic objectives.

10.4 – Adherence to Regulatory Requirements for an Independent Risk Management Department at Warba Insurance & Reinsurance Company

Warba Insurance & Reinsurance Company has prepared an organizational structure that complies with corporate governance requirements and has established an independent risk management department since 2013, which reports directly to the Risk and Compliance Committee of the Board of Directors. Its objectives, authorities, and the selection of its staff have been determined in this department by the Risk Committee of the Board of Directors, aims to measure, monitor, and mitigate all types of risks facing the company and to determine the risk appetite consistent with the nature of the company's business and its capital adequacy strategy. It also develops all policies and procedures that ensure the company's operations are conducted within a framework consistent with corporate governance laws.

10.5- Risk Management department Roles and responsibilities include the following:

1. Developing policies and procedures that are consistent with regulatory and effective requirements according to the company's activities.
2. Effective systems and procedures for risk management are established to ensure the company's ability to perform its main tasks, including measuring and monitoring risks continuously. These systems and procedures are reviewed periodically and amended as needed.
3. Measuring the level of capital adequacy and solvency.
4. Preparing investment policies.
5. Reviewing investment transactions.
6. Preparing and periodically updating the risk register.
7. Preparing reports on the risks of money laundering and terrorist financing.
8. Preparing and updating customer risk reports.
9. Preparing reports on operational and financial risks, and risks related to information technology security and cybersecurity, and submitting them periodically to the Risk and Compliance Committee of the Board of Directors.
10. Draft the Company's Risk appetite and parodic performance reports.

The Risk Management function operates with a high degree of independence, supported by its direct reporting line to the Risk Management Committee of the Board of Directors. It is endowed with the necessary authority to effectively discharge its responsibilities, while maintaining clear segregation from financial decision-making powers to preserve its objectivity.

Furthermore, the Risk Management Department is staffed with highly qualified professionals possessing the requisite expertise, specialized technical skills, and extensive experience within the insurance sector, thereby ensuring the effective and efficient fulfillment of its mandate.

11- Governance and Sustainability Management Requirements:

11.1- Warba Insurance & Reinsurance Company has taken all necessary measures to comply with corporate governance rules, including but not limited to:

1. Formation of a committee from the Board of Directors specializing in corporate governance, in accordance with Law No. 7 of 2010, its executive regulations, and the corporate governance rules issued by the Capital Markets Authority and the Insurance Regulatory Unit.
2. Formation of a department specializing in governance, disclosure, and sustainability that reports to the regulatory sector to ensure the integration of oversight and the unification of its objectives and the effectiveness of its performance.
3. Selection of personnel with professional and practical experience in this field.

11.2- Composition of the Governance, Disclosure, and Sustainability Management in the Company:

The Governance and Disclosure Management is the second line of defense and one of the fundamental pillars for effectively enhancing internal control. This department aims to establish effective internal control systems within the company. The department operates independently of the Executive Management and reports directly to the Board of Directors and the Corporate Governance Committee, which ensures the objectivity and independence of its assessments.

Employee Name	Job Title	Appointment Date	Qualification	Professional Experience	Backup Employee
Mohammed Fahad Al-Saqer	Senior Governance and Disclosure Officer	24/03/2025	Bachelor of Laws	Corporate Governance	Khaled Al-Habib

11.3- Overview of Governance, Disclosure, and Sustainability Management Frameworks and Systems at Warba Insurance & Reinsurance Company

Warba Insurance & Reinsurance Company is committed to the implementation of an integrated framework for governance, sustainability, and disclosure management, aimed at ensuring the highest standards of transparency, accountability, and regulatory compliance. This framework supports adherence to corporate governance principles, as well as the provisions of Law No. (7) of 2010 and its Executive Bylaws.

The framework is founded on a comprehensive governance and disclosure management approach, designed to strengthen management accountability and ensure the effective application of governance practices across the Company. It also ensures full alignment with the corporate governance requirements issued under Resolution No. (58) of 2023 by the Insurance Regulatory Unit, thereby reinforcing the Company's commitment to robust governance standards and sustainable business practices.

11.4 - Adherence to Regulatory Requirements for an Independent Governance, Disclosure, and Sustainability Department at Warba Insurance & Reinsurance Company

Warba Insurance & Reinsurance Company has established an organizational structure aligned with corporate governance requirements, including the formation of an independent Governance, Disclosure, and Sustainability Department since 2013. This department reports directly to the Corporate Governance Committee of the Board of Directors, ensuring its independence and effectiveness.

The Governance Committee has defined the department's objectives, authorities, and staffing requirements to support its mandate. The department is responsible for promoting and ensuring the implementation of governance, disclosure, and transparency practices across the Company, in full compliance with the provisions of Law No. (7) of 2010, its Executive Bylaws, and Resolution No. (58) issued by the Insurance Regulatory Unit.

11.5- Corporate Governance, Disclosure, and Sustainability Management include the following:

The Corporate Governance, Disclosure, and Sustainability Management at Warba Insurance & Reinsurance Company undertakes the tasks stipulated in the laws and regulatory regulations issued by the Capital Markets Authority and the Insurance Regulatory Unit. It is considered an internal regulatory body that supports the Board of Directors and the Governance Committee and is committed to ensuring compliance with the provisions of Law No. (7) of 2010, its executive regulations, and the Insurance Regulatory Unit's Resolution No. (58) of 2023. The department's duties include the following:

First: Corporate Governance Duties

1. Applying the corporate governance rules issued by regulatory bodies and monitoring compliance with them at the level of the company, its operational departments, and its subsidiaries.
2. Preparing and updating governance policies and related regulations periodically, and submitting recommendations to the Governance Committee regarding any necessary amendments in accordance with regulatory requirements.
3. Reviewing organizational structures and job descriptions for registered positions to ensure clarity of lines of authority and responsibility and to prevent conflicts of interest in accordance with regulatory controls.
4. Assisting the Board of Directors, committees, and Executive Management in complying with their legal and regulatory duties and responsibilities.
5. Managing conflicts of interest and ensuring the existence of the prescribed controls and disclosures, and establishing the necessary mechanisms, policies, and procedures for that.
6. Preparing periodic reports on the level of compliance with governance and submitting them to the Governance Committee and the Board of Directors.
7. Preparing policies and procedures for the corporate governance of the Board of Directors and the Executive Management.
8. Preparing a matrix of authorities to ensure the separation of powers and prevent conflicts of interest.
9. Monitoring the compliance of operational and functional departments with the approved policies related to governance, disclosure, and sustainability.
10. Closing regulatory gaps and observations received from regulatory bodies or Board committees.
11. Conducting periodic assessments of the governance and disclosure frameworks and submitting recommendations for improvement opportunities.
12. Implementing internal training programs for all company employees to raise awareness of governance, disclosure, and sustainability concepts.
13. Promoting a culture of integrity, transparency, and professional commitment among employees.
14. Ensuring the company's compliance with its code of ethics and whistle blowing policy.

Second: Disclosure and Transparency roles and responsibilities:

1. Complying with the disclosure requirements issued by the Capital Markets Authority and the Insurance Regulatory Unit and ensuring the accuracy and correctness of the information disclosed to the public and regulatory bodies.
2. Carrying out disclosure processes related to financial and non-financial data and ensuring their publication within the legally specified timelines.
3. Preparing annual reports and governance and sustainability reports before their approval by the Board of Directors, to ensure full compliance with regulatory standards.
4. Preparing disclosures of material information and ensuring that the company notifies the regulatory bodies immediately upon the occurrence of any material events or information.
5. Documenting and archiving records related to disclosure processes in accordance with legal requirements.

Third: Sustainability (ESG) Roles and responsibilities:

1. Preparing an integrated framework for sustainability that is consistent with ESG standards and related regulatory requirements.
2. Monitoring the implementation of environmental, social, and governance sustainability initiatives within the company.
3. Issuing the annual sustainability report in accordance with the standards of regulatory bodies and international best practices.
4. Assessing the risks and opportunities associated with sustainability and submitting the necessary recommendations to senior management.
5. Ensuring the integration of sustainability principles into the company's strategic and operational plans.

12- Regulatory Compliance and Anti-Money Laundering and Counter- Terrorist Financing Management Roles and responsibilities

The Regulatory Compliance function constitutes the second line of defense and serves as a fundamental pillar in strengthening the Company's internal control framework. It is responsible for establishing and maintaining robust and effective internal control systems across the organization. The function operates independently of Executive Management and reports directly to the Board of Directors and the Risk and Regulatory Compliance Committee, thereby ensuring the objectivity, integrity, and independence of its assessments.

12.1 – Warba Insurance & Reinsurance Company has established a dedicated Regulatory Compliance Department and appointed qualified personnel with the requisite professional expertise and practical experience to effectively carry out regulatory compliance, as well as anti-money laundering (AML) and counter-terrorist financing (CTF) responsibilities, as outlined below:

Employee Name	Job Title	Appointment Date	Qualification	Professional Experience	Backup Employee
Hamad Al-Majadi	Senior Compliance and Conformance Officer	09/09/2024	Bachelor's	Regulatory Compliance	Obada Abu Khalil
Doaa Mohsen	Senior Anti-Money Laundering and Counter-Terrorist Financing Officer	01/02/2024	Bachelor's	Anti-Money Laundering and Counter-Terrorist Financing	Sleem Salah

12.2- Regulatory Compliance and Anti-Money Laundering and Counter-Terrorist Financing Management roles and responsibilities

First: Regulatory Compliance roles and responsibilities:

The Regulatory Compliance and Anti-Money Laundering and Counter-Terrorist Financing Management at the company is responsible for ensuring compliance with local and international laws and regulations, in addition to ethical and professional standards. The unit's work requirements include the following:

1. Monitoring regulatory compliance and ensuring that all company departments adhere to relevant laws and regulations, such as anti-money laundering and counter-terrorist financing laws.
2. Monitoring the extent of compliance of operational, technical, and administrative departments with the approved regulatory laws and instructions within the company.
3. Assessing risks related to compliance, developing appropriate mitigation plans, and submitting them to the Risk and Compliance Committee.
4. Reviewing and updating internal policies and procedures to ensure their compliance with regulatory updates issued by regulatory bodies.
5. Preparing periodic reports and submitting them to the Audit Committee and the Board of Directors, which include the status of compliance, identified violations, and corrective actions taken.
6. Providing guidance to various departments to ensure the effective application of regulatory policies.
7. Ensuring the existence of policies and procedures related to regulatory compliance.
8. Representing the company before the Insurance Regulatory Unit in responding to inquiries and requests for information and facilitating inspection processes.
9. Reviewing and updating the company's policies and procedures regularly to ensure their compliance with the latest legal requirements.
10. Cooperating with regulatory bodies and working closely with them to ensure full compliance with laws.
11. Investigating any potential violations of laws or regulations and taking the necessary corrective actions.

Second: Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) Roles and responsibilities:

12. Establishing and implementing a comprehensive program for anti-money laundering and counter-terrorist financing that complies with Law No. 106 of 2013 and the directives of regulatory bodies.
13. Implementing Customer Due Diligence (CDD) / Know Your Customer (KYC) procedures on customers and ultimate beneficial owners, and verifying their identity and the legitimate source of funds.
14. Monitoring financial transactions, detecting suspicious transactions, and reporting any unusual or suspicious transactions to the Financial Intelligence Unit.
15. Preparing reports on the risks of money laundering and terrorist financing and submitting them to the Risk and Compliance Committee and the Board of Directors.
16. Ensuring that international and local sanctions lists are updated and reviewed continuously and that no dealings are made with listed parties.
17. Monitoring the results of the company's risk assessment for money laundering and terrorist financing and updating risk assessment models periodically.

Third: Training and Awareness Duties

- Organizing annual training programs for all employees on regulatory compliance and anti-money laundering and counter-terrorist financing.
- Raising awareness of the risks of non-compliance and promoting a culture of corporate compliance.

Fourth: Monitoring and Reporting Duties

- Preparing periodic and ad-hoc reports on the level of compliance and the results of reviews and associated risks.
- Monitoring the implementation of corrective actions agreed upon with the relevant departments and closing regulatory observations within the specified deadlines.
- Monitoring new regulatory updates, assessing their impact on the company's operations, and proposing necessary amendments.

Fifth: Cooperation with Regulatory Stakeholders

- Coordinating with the Insurance Regulatory Unit on all matters related to compliance and anti-money laundering.
- Providing the required documents and data accurately and within the timeframes specified by the regulatory Entities.

13- Actuarial Management Requirements:

13.1- Warba Insurance & Reinsurance Company has established actuarial department and selected personnel with practical and professional experience to carry out the work of the actuary as follows:

Employee Name	Job Title	Appointment Date	Qualification	Professional Experience	Backup Employee
Ioannis Rigoutsos	Head of Actuaries and Portfolio Management	13-05-2018	Master's	Actuarial Science	Mohammed Suleiman

An actuary has been appointed at the company and registered in the IRU registered persons in accordance with the specified conditions and standards. The following clarifies the extent to which this appointment complies with the required conditions:

1. Registration with the Insurance Regulatory Unit: Mr. Ioannis Rigoutsos has been registered with the Insurance Regulatory Unit as a Certified Actuary.
2. Mr. Ioannis was appointed by the Board of Directors, which reviewed his qualifications and experience to ensure his suitability for the position.
3. It has been verified that the appointment of Mr. Ioannis complies with the requirements stipulated in the rules and regulations issued by the Insurance Regulatory Unit.
4. The competent unit has been notified of the appointment of Mr. Ioannis Rigoutsos as the Chief Actuary of the company.

13.2 Actuarial Management and Portfolio Management Roles and Responsibilities;

The actuarial department at Warba Insurance & Reinsurance Company performs several key tasks to ensure the efficiency of operational processes, pricing, and the calculation of technical reserves and compensations as follows:

1. Preparing actuarial calculations required by the nature of the company's business in accordance with globally recognized actuarial concepts and principles.
2. Assisting the company in designing insurance products and performing the necessary actuarial calculations to price these products in accordance with globally recognized actuarial principles.
3. Studying and analyzing the company's business results from an actuarial perspective and providing recommendations on the soundness of the policies applied by the company.
4. Studying the financial and technical position of the company.
5. Providing advice and consultation regarding actuarial work.
6. Preparing interim and annual actuarial reports that reflect the financial position of the company.
7. Providing reports and analyses to measure the efficiency of underwriting, pricing, compensation, and reinsurance operations in the company.

13.3. Summary of Reports Submitted to the Board of Directors (Number - Content)

Meeting No.	Meeting Date	Meeting Topics
1	19/02/2025	Actuarial Report for the First Quarter 2025
2	12/05/2025	Actuarial Report for the Second Quarter 2025
3	06/08/2025	Actuarial Report for the Third Quarter 2025
4	11/11/2025	Actuarial Report for the Fourth Quarter 2025

13.4. Evaluation of the Actuary's Functions in Compliance with the IRU Article (50) of Resolution No. (58) of 2023

Based on the periodic review of the activities of the Company's actuarial function, the Board of Directors confirms that the actuary has effectively complied with all applicable requirements and has performed the assigned duties in a comprehensive and diligent manner. The following highlights key aspects demonstrating such compliance (including, but not limited to):

1. Review of Actuarial Policies: The actuary reviewed and evaluated the company's policies related to actuarial matters, including procedures and controls, and provided the necessary recommendations for improvement.
2. Preparation of Actuarial Calculations: The actuary prepared the actuarial calculations accurately and in accordance with the required standards, which clearly reflects the financial position of the company.

3. Data Review: The accuracy and correctness of the data related to technical provisions were reviewed, ensuring the reliability of the financial information.
4. Reinsurance: Reinsurance agreements and strategies were evaluated, which contributed to maintaining the financial position of the company.
5. Insurance Products: The company's general policy regarding insurance products was reviewed, including the design and development of pricing policies and the review of insurance contract terms.

13.5. Report on the Company's Performance and the Implementation of the Actuary's Recommendations

Warba Insurance & Reinsurance Company is recognized as a leading entity in the insurance sector, offering a comprehensive portfolio of products and services tailored to meet the diverse needs of individuals and corporate clients. The Company is committed to fostering trust, financial stability, and long-term sustainability by delivering innovative, flexible, and high-quality insurance solutions.

The Company's Main Activities:

1. Insurance:
   - Providing diverse and integrated insurance products that include all types of insurance, including, but not limited to, motor insurance, health insurance, property insurance, and life insurance.
   - Designing insurance programs that meet the needs of individual and corporate clients.
2. Reinsurance:
   - Managing insurance risks through reinsurance agreements with global companies that have high financial solvency and credit ratings.
   - Ensuring a balanced distribution of risks to achieve financial stability and ensure profitability.

13.6- Report of the Regulatory Compliance Department on the Extent of the Company's Compliance with the Actuary's Recommendations

Warba Insurance & Reinsurance Company is fully committed to the recommendations of the actuary, which reflects its keenness to enhance the efficiency of actuarial operations and ensure financial stability. This commitment contributes to strengthening the confidence of customers and regulatory bodies in the company's performance.

1- The actuary's recommendations were applied in the implementation of all actuarial calculations, which contributed to accurately determining the necessary financial reserves.

2- The actuarial models recommended by the actuary were used in pricing insurance products, which led to setting insurance premiums that cover risks and achieve appropriate profitability.

3- The reinsurance strategies recommended by the actuary were applied, which contributed to the effective distribution of risks.

4- The company complied with the actuary's recommendations in preparing the actuarial reports required by regulatory bodies, ensuring full compliance with laws and regulations.

5- A model was developed to assess business profitability (Loss Ratio, Combined Ratio) at all levels (customer level - company level - type of insurance level).

14- Internal Audit Requirements

14.1- Warba Insurance & Reinsurance Company has established an internal audit department that is characterized by practical and professional experience to carry out internal audit work as follows:

Employee Name	Job Title	Appointment Date	Qualification	Professional Experience	Backup Employee
Vidura 2Kulatunga	Internal Audit Manager	29/04/2018	CIA	Internal Audit	Hazem Hefny

14.2 Brief on the Duties of the Internal Audit Department

The Internal Audit Department is one of the fundamental pillars for effectively enhancing internal control. This department aims to provide independent assurances about the quality and effectiveness of the internal control systems in the company. The department operates independently of the Executive Management and reports directly to the Board of Directors and the Audit Committee, which ensures the objectivity and independence of its assessments.

Objectives of the Internal Audit Unit:

I. Evaluating the effectiveness and efficiency of the internal control applied to operational, financial, and administrative processes.

II. Verifying the compliance of departments with the policies and procedures approved by the Board of Directors.

III. Reviewing and evaluating operational processes to ensure their efficiency and effectiveness.

IV. Reviewing financial records to verify their accuracy and compliance with international accounting standards.

V. Reviewing interim and annual financial statements.

VI. Submitting periodic reports to the Internal Audit Committee.

14.3. Reports Submitted to the Audit Committee/Board of Directors (Number - Content)

The Internal Audit Unit submits periodic reports to the Audit Committee and the Board of Directors. These reports include a comprehensive assessment of the results of the audit operations conducted. The reports also include future audit plans and the areas that will be focused on, in addition to any amendments to the current audit plans. Factors that may affect the independence or effectiveness of the internal audit department are identified, with proposed measures to enhance the unit's independence. The reports also include an assessment of the quality of the external auditors' performance and coordination with them as needed. These reports provide a comprehensive overview that helps the Board of Directors and the Audit Committee make informed decisions.

14.4. Number of Meetings Held with the Internal Audit Department, the Audit Committee, and a Brief on the Most Prominent Observations from the Meetings.

The Audit Committee held a number of meetings with the Internal Audit Unit during the fiscal year as part of its role in overseeing the efficiency and effectiveness of the internal control system and the quality of audit work. These meetings focused on reviewing audit plans, monitoring progress in implementing the tasks listed in the annual program, and reviewing the results of the reports issued by the unit.

Meeting No.	Meeting Date	Meeting Topics
1	19/02/2025	Internal Audit Report for the fiscal year ended 31 December 2024
2	12/05/2025	Internal Audit Report for the period ended 31 March 2025
3	06/08/2025	Internal Audit Report for the period ended 30 June 2025
4	11/11/2025	Internal Audit Report for the period ended 30 September 2025

Most Prominent Observations and Discussion Results

1. Discussion and approval of the annual internal audit plan.
2. Discussion of the results of audit reports and the observations they contained regarding weaknesses in control or procedural gaps, with an emphasis on the corrective action plans agreed upon with the relevant departments.
3. Discussion of the internal audit department's observations on the interim and annual financial statements.
4. Monitoring the implementation of previous recommendations and assessing the achievement rates, in addition to emphasizing the need to adhere to the specified timelines for closing observations.

14.5- Report on the Company's Compliance with the Recommendations of the External Audit.

Emphasis on the Independence and Impartiality of the External Auditor

Warba Insurance Company has an approved and clear policy regarding the appointment and selection of the external auditor to ensure their independence and impartiality.

During the year 2025, the company's Audit Committee verified the independence and impartiality of the external auditor in accordance with the conditions stipulated in the internal policies and regulations issued by regulatory bodies and consistent with the requirements of regulatory bodies.

These conditions include, but are not limited to, the following

1. Ensuring that the external auditor is independent of the company and its Board of Directors, and does not perform additional work for the company that is not part of the review and audit work and that may affect their impartiality or independence.

2. Ensuring that the auditors are registered in the special register with the Insurance Regulatory Unit and meet all the conditions stipulated in the unit's decision regarding the system for registering auditors.
3. The external auditor attends the Audit Committee meetings to discuss their views with the committee before submitting the annual accounts to the Board of Directors, with periodic (quarterly) meetings held during the year.
4. Enabling the external auditor to attend the General Assembly meetings and read the report prepared by them to the shareholders.

14.6. Number of Meetings Held with the External Auditor and a Brief on the Most Prominent Observations from the Meetings.

The Audit Committee held 4 meetings with the external auditor during the fiscal year, as part of enhancing transparency and oversight of financial data and ensuring compliance with approved professional standards. A portion of these meetings was dedicated to discussing the scope of the audit work, the examination methodology, and the regulatory developments that may affect the financial reports.

14.7. Most Prominent Observations and Discussion Results:

The meetings saw the presentation of a number of professional and technical observations by the external auditor, for example, but not limited to:

1. Reviewing the clarity of the approved accounting policies and confirming their compliance with relevant international standards.
2. Discussing the interim and annual financial statements.
3. Presenting the results of the preliminary and final review and stating any reservations or observations related to accounting or financial estimates.

14.8. Report on the Extent of the Company's Compliance with the Recommendations of the Internal Audit

The company is committed to implementing the recommendations of the internal audit department. As indicated in this report, which shows an assessment of the extent of the company's compliance with the internal audit recommendations that were raised during previous periods.

1. All corrective recommendations provided by the internal audit unit have been implemented fully and effectively.
2. The necessary measures have been taken to address the shortcomings that were identified in previous audit reports.
3. Internal policies and procedures have been updated based on the recommendations of the internal audit to ensure they are in line with best practices and international standards.

The assessment showed that the company is fully committed to the recommendations of the internal audit, as all corrective recommendations have been implemented and policies and procedures have been improved. This commitment reflects the company's keenness to enhance internal control, which contributes to achieving its strategic objectives and protecting its interests.

15- Requirements for Outsourcing to Other Parties

1. Approval of the Board of Directors for Outsourcing to Other Parties:

The Board of Directors has approved the request to outsource to external parties to support the company's operations and improve the efficiency of processes, with an emphasis on adhering to the specified controls and policies to ensure that this outsourcing does not lead to an increase in material risks or negatively affect the company's ability to manage risks and meet its legal and regulatory obligations. The Board of Directors and the Executive Management will remain responsible for the functions or activities that are outsourced to external parties for their performance, and written contracts will be concluded that clarify the rights and responsibilities of all parties, ensuring the confidentiality of information and the absence of conflicts of interest. In addition, outsourcing arrangements with external parties will be reviewed periodically, with reports submitted to the Board of Directors as necessary. The importance of selecting a service provider with the necessary experience, knowledge, and skills was emphasized, taking into account its governance, risk management, internal controls, and its ability to comply with laws and regulations. This approval reflects the company's keenness to achieve the desired benefits from outsourcing to external parties while mitigating potential risks.

2. Reasons and Criteria for Outsourcing to Other Parties:

Outsourcing to external parties for non-mandatory functions is done to improve operational efficiency and reduce costs, as these parties provide specialized expertise and advanced technologies that may not be available internally. In addition, this allows the company to focus on its core activities by delegating non-essential tasks to external parties. External parties must be selected based on precise criteria that include experience and skills, financial capacity and stability, strong governance, and effective risk management. It is also necessary to ensure the confidentiality of information and the absence of conflicts of interest through clear contracts, with periodic evaluations conducted to ensure the continuity of quality and effectiveness. This outsourcing reflects the company's keenness to achieve the desired benefits while mitigating potential risks.

3. Copies of Signed Contracts for Outsourcing to External Parties are Available,

These contracts include all details related to the rights and responsibilities of the parties, ensuring the confidentiality of information and the absence of conflicts of interest. These contracts are kept in an organized manner to facilitate access to them if requested by regulatory bodies or for internal review purposes.

16- External Auditor Requirements

A. The external auditor for Warba Insurance & Reinsurance Company is the firm of [Al-Aiban, Al-Osaimi & Partners].

B. Summary of reports submitted to the Internal Audit Unit / Audit Committee / Board of Directors (Number - Content).

The external audit firm audits and reviews the company's financial statements. In addition, the auditor provides additional services that include assurance and non-assurance services, such as auditing and reviewing subsidiary companies, tax services, and others. The company has approved processes to maintain the independence of the external auditors, including monitoring the nature of spending on non-audit related services.

Meeting No.	Meeting Date	Meeting Topics
1	19/02/2025	External Auditor's Report for the fiscal year ended 31 December 2024
2	12/05/2025	External Auditor's Report for the period ended 31 March 2025
3	06/08/2025	External Auditor's Report for the period ended 30 June 2025
4	11/11/2025	External Auditor's Report for the period ended 30 September 2025

17- Social Responsibility Report of Warba Insurance & Reinsurance Company 2025

Social responsibility for Warba Insurance & Reinsurance Company represents a fundamental pillar in building its sustainability strategy and its values of integrity, transparency, and contribution to community development. The company adopts a clear approach to social responsibility where its roles are not limited to achieving profitability, but extend to having a positive impact on the environment, society, and stakeholders. Warba Company places importance on social responsibility as it enhances customer trust and the company's reputation in the market, which contributes to creating a long-term competitive advantage.

It is also considered an effective tool for supporting sustainability by managing resources efficiently, contributing to social initiatives, and improving the work environment. In addition, social responsibility programs help in positive interaction with stakeholders and support economic and community development, which contributes to creating a balanced relationship between the company and its surrounding environment, and enhances its ability to face challenges and meet the aspirations of society.

Among the most important contributions of Warba Insurance & Reinsurance Company to social responsibility activities during the fiscal year 2025:

- "Taqweem in Love for Kuwait": A uniquely designed calendar that reflects national pride and identity, which was widely distributed.
- "Forma Horrocks" Sports Event: Supporting sports activities for youth and promoting a healthy lifestyle.
- "Padel" Event for the Kuwaiti Pharmacy Students' Society: Encouraging student participation in sports activities.
- "Youth Empowerment for Sustainable Development and Labor Market Outcomes" Forum: A forum focused on empowering youth and enhancing their readiness for the labor market.
- Strategic Sponsorship of the First Graduating Class of the "Al-Mustakshifeen Academy for Modern Education": Supporting modern education and youth development.
- Sponsorship of "Joo Educational and Recreational Camp": Supporting educational and recreational activities for youth.
- Sponsorship of the "Minds of the Future" Initiative: Supporting youth development and preparing future leaders.
- Sponsorship of students of the Public Authority for Applied Education and Training in the GCC Skills Competition held in the sisterly State of Qatar: Supporting the development of practical and professional skills for students and enhancing regional competitiveness.
- The Second Conference on Safety and Civil Protection: Participation in promoting safety awareness and best practices in civil protection.
- "Safe Summer" Campaign: A general awareness campaign focusing on safety during the summer season.
- General Fire Force Festival: Supporting community interaction and raising awareness about fire safety.
- Blood Donation Campaign "Kuwait is in My Blood": Held at Bayan Palace in cooperation with the Central Blood Bank, coinciding with the national celebrations of the State of Kuwait.
- Elderly Care Home Event: Supporting and communicating with the elderly in the community.
- "This is Your Role" Campaign: An awareness campaign to enhance social responsibility in cooperation with the Ministry of Social Affairs.
- Warba Academy in a New Look (Especially for People with Disabilities): Supporting inclusive education and empowering people with disabilities.
- Visit to Hekters Factory Accompanied by a Group of People of Determination: A comprehensive visit that included distributing gifts and implementing a special program to enhance interaction and social inclusion.
- Printing of "Jusoor" Magazine: A publication that highlights the achievements and success stories of people with disabilities to promote inclusion and raise awareness.
- "OYO" Event - Offering Coffee and Gifts to Customers at 360 Mall: An interactive event aimed at enhancing community interaction by offering free coffee and promotional gifts.
- Distribution of Winter Clothing to the Needy.

- Providing Iftar Meals for those Fasting during the Holy Month of Ramadan.

This annual report reflects Warba Company's commitment to transparency and disclosure of financial and administrative information, which enhances the confidence of shareholders and stakeholders in the company's management and its financial performance.

In conclusion of this report, Warba Insurance & Reinsurance Company affirms its firm commitment to applying the highest standards of governance, disclosure, and transparency, based on a firm conviction that governance is not just a regulatory obligation, but a corporate approach that enhances trust and leads towards business sustainability and prosperity. During the fiscal year 2025, the company has been keen to strengthen its internal control system, develop risk management frameworks, and comply with the laws and regulations issued by the Capital Markets Authority and the Insurance Regulatory Unit, ensuring that the company's operations are aligned with the best professional and administrative practices.

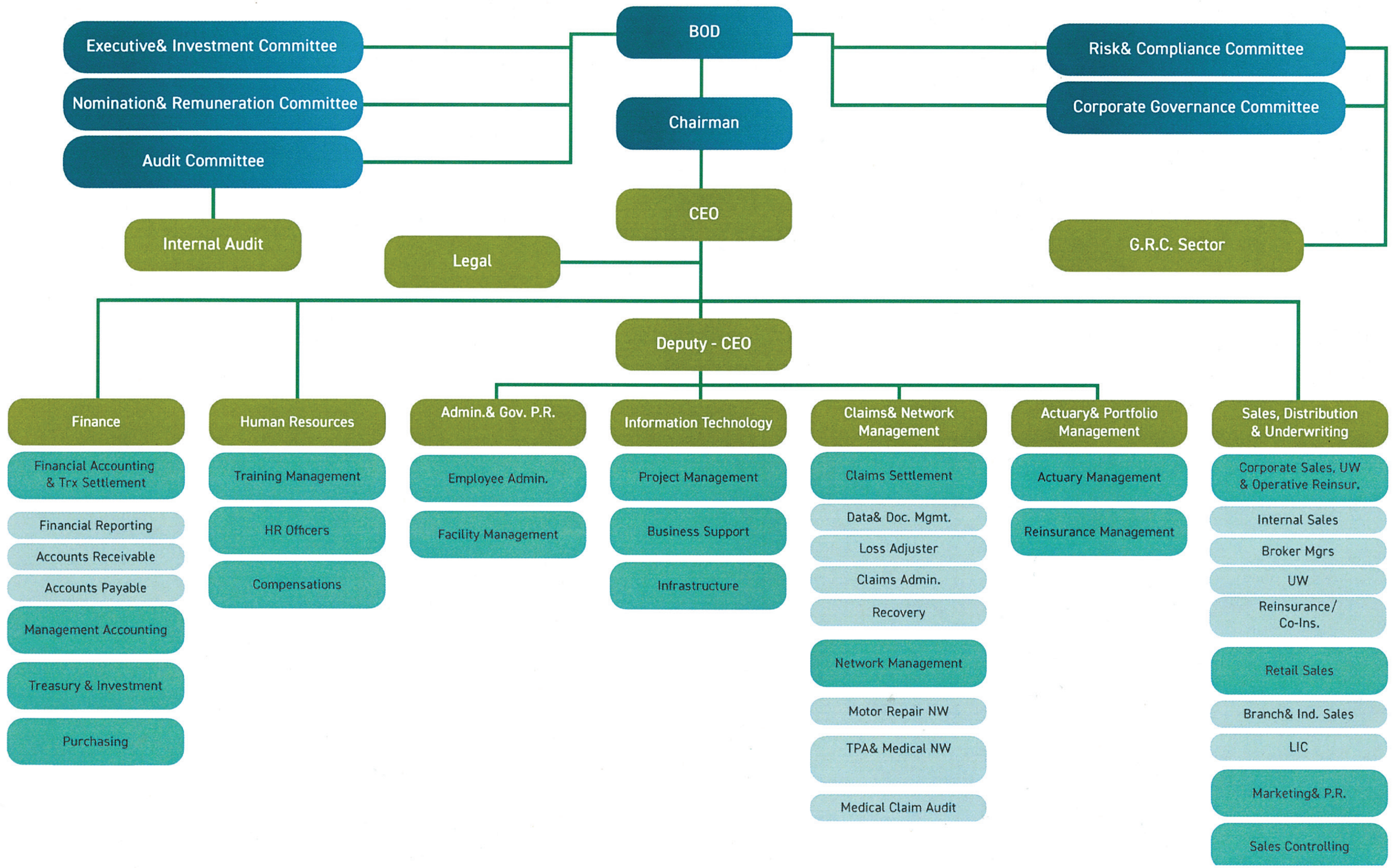
The company extends its thanks to the Board of Directors, its specialized committees, the Executive Management, and all its employees for their continuous efforts and their constant support in establishing a culture of governance and sustainability. The company also renews its commitment to continuing its journey towards continuous development, enhancing its role in creating added value for shareholders and stakeholders, and supporting the national economy through a responsible and solid business model capable of facing future challenges with confidence and competence.

The company aspires for this report to be a reference that reflects the level of progress achieved, and a motivation for more development and corporate commitment, ensuring the continuity of successes and the achievement of its strategic objectives.

Anwar Jawad Bu Khamseen

Chairman of the Board of Directors

Organizational Structure of Warba Insurance and Reinsurance Company



18 – Statement of the Company's Executive Management

18.1 Roles and Responsibilities of the Executive Management

The Executive Management of Warba Insurance & Reinsurance Company is responsible for overseeing the Company's operations and implementing the policies and frameworks approved by the Board of Directors, in a manner that ensures the achievement of strategic objectives while maintaining the highest standards of operational efficiency. Executive Management performs its responsibilities within a structured institutional framework that reinforces the principles of corporate governance, transparency, and accountability.

In this capacity, Executive Management is responsible for preparing comprehensive periodic reports—both financial and operational—that provide a clear overview of the Company's performance and progress against its strategic objectives. These reports are submitted to the Board of Directors to support effective oversight and informed decision-making.

Among its key responsibilities is the establishment and maintenance of an integrated accounting system comprising accurate books, records, and accounts that faithfully reflect the Company's financial position. This is undertaken in full compliance with applicable international accounting standards to ensure the integrity of financial information and the safeguarding of the Company's assets.

Executive Management also assumes responsibility for the day-to-day management of the Company's operations, ensuring the efficient execution of business activities and the optimal utilization of resources to enhance profitability and control expenditures in alignment with the Company's vision and strategic direction.

Furthermore, Executive Management plays a vital role in fostering a strong organizational culture by promoting corporate values, encouraging collaboration, and cultivating a positive and productive work environment. This, in turn, contributes to organizational cohesion and supports the continuous enhancement of overall performance.

Among the main tasks of the Executive Management is to establish an integrated accounting system that includes books, records, and accounts that accurately reflect the company's financial position, while adhering to International Accounting Standards to ensure the integrity of financial data and the protection of the company's assets. The Executive Management also bears the responsibility for the day-to-day management of operations and conducting business efficiently, with a focus on the optimal use of available resources to maximize profits and rationalize expenditures in line with the company's vision and strategy.

In addition, the Executive Management plays a pivotal role in promoting organizational values and building a positive work culture within the company, which contributes to achieving functional cohesion and raising the overall level of performance.

Its formal duties include the following:

A. Implementing Strategy and Action Plans: Supervising the implementation of the company's comprehensive strategy and translating it into operational plans and work programs according to approved timelines.

B. Managing Daily Operations: Ensuring the smooth running of the company's daily operations and monitoring the performance of departments and operational units in accordance with approved policies and procedures.

C. Managing Financial and Human Resources: Managing financial and human resources efficiently, maximizing the use of available resources, and rationalizing expenditures in a manner consistent with the company's interests and objectives.

D. Continuous Improvement of Systems and Processes: Raising the level of operational efficiency and developing technical and administrative systems to support the quality of business and mitigate operational risks.

E. Strengthening Internal Control and Oversight Systems: Implementing the policies and procedures approved by the Board of Directors, safeguarding the company's assets, and ensuring compliance with accounting standards, regulatory systems, Board decisions, and recommendations of its committees.

F. Periodic Reporting to the Board of Directors: Submitting accurate, clear, and sound reports to the Board of Directors on financial and operational performance, risk levels, and compliance with policies and procedures.

G. Compliance with Regulatory Policies and Procedures and Supporting the Regulatory Sector.

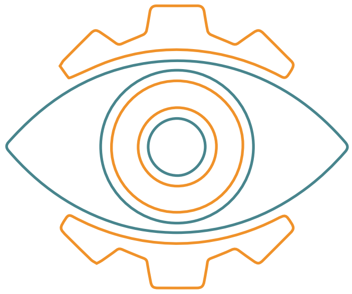
H. Promoting a Culture of Corporate Compliance and Integrity: Establishing a professional culture based on transparency and accountability and ensuring employees' commitment to corporate values and codes of conduct.

I. Corporate Development and Capacity Building: Supporting training and development programs and enhancing the technical and administrative skills of the company's employees to improve overall performance.

OUR VISION AND MISSION EMANATE FROM OUR CORE VALUES

Our Vision

To confirm our position as the most preferable partner.



Our Mission

To redefine the principle of success as the art of working together.

Our Values

- Credibility
- Integrity
- Transparency

CEO'S LETTER

REPORT OF THE BOARD OF DIRECTORS FOR 2025

Chief Executive Officer Statement - 2025

Dear Valued Shareholders,

The year 2025 marked a pivotal chapter in our company's journey—one defined by resilience, disciplined execution, and meaningful progress across our core business and strategic initiatives. I am pleased to share that, despite a dynamic economic and operating environment, we delivered strong business growth, solid investment performance, and laid critical foundations for long-term transformation.

On the business front, we achieved healthy growth across our key insurance lines, supported by prudent underwriting practices, enhanced risk selection, and a continued focus on customer-centric solutions. This performance reflects the strength of our operating model and the commitment of our teams to deliver sustainable and profitable growth.

A major milestone in 2025 was the initiation of our new insurance core system deployment project. This strategic investment represents a cornerstone of our digital transformation roadmap. Once implemented, the new core platform will enhance operational efficiency, improve data quality and analytics, accelerate product development, and significantly elevate customer and partner experience. The project is progressing in line with governance and control frameworks, ensuring minimal disruption and maximum long-term value.

From an investment perspective, the Company delivered strong and resilient returns, benefiting from disciplined asset allocation, active portfolio management, and a well-diversified investment strategy. These results reinforce our ability to protect policyholders' interests while generating attractive value for shareholders, even amid market volatility.

Equally important, we continued to strengthen our governance, risk management, and financial control frameworks, aligning with regulatory expectations and international best practices. These efforts ensure that growth is achieved responsibly and sustainably.

Looking Ahead to 2026

As we move into 2026, we do so with confidence and clear strategic intent. Our priorities include:

- Advancing the core system implementation and accelerating digital enablement across the organization
- Expanding targeted growth opportunities while maintaining underwriting discipline
- Enhancing operational efficiency and cost optimization
- Sustaining robust investment performance aligned with our risk appetite
- Continuing to invest in our people, governance, and long-term capabilities

We remain committed to creating enduring value for our shareholders, delivering reliable protection for our policyholders, and contributing positively to Kuwait's insurance sector and broader economy.

On behalf of the Board of Directors and management, I extend my sincere appreciation to our shareholders for your continued trust and support, to our employees for their dedication, and to our partners for their collaboration.

We look forward to another year of progress, innovation, and shared success.

Yours sincerely,

Anwar Jawad Bu Khamseen

Chairman of the Board of Directors

COMPANY OVERVIEW

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Welcome to Warba Insurance & Reinsurance Company!

At Warba Insurance & Reinsurance Company, we believe that life is a journey full of unexpected twists and turns. It is during these unpredictable moments that having the right insurance coverage becomes crucial. That is why we are here – to provide you with the protection and peace of mind you need to navigate life's uncertainties with confidence.
Imagine a world where you can rest easy, knowing that your loved ones are financially secure, your assets are protected, and your future is safeguarded. As a leading insurance provider, we have built a reputation for excellence by putting our clients first and offering comprehensive insurance solutions tailored to their unique needs.

Our journey began with a simple yet powerful vision – to become a trusted partner for individuals and businesses seeking reliable insurance coverage. Over the years, we have grown and expanded our services, but our commitment to exceptional customer service and unwavering integrity remains at the core of everything we do.

When you choose Warba Insurance & Reinsurance Company, you can expect more than just a policy. You can expect a personalized experience that goes beyond the typical transactional nature of insurance. Our dedicated team of experienced professionals takes the time to understand your specific circumstances and design insurance solutions that address your risks and protect what matters most to you. Our diverse portfolio ensures that we can meet the distinct requirements of individuals and businesses across various industries.

We are committed to being transparent, responsive, and reliable, so you can feel confident that you are in capable hands. As you explore our company profile, you will discover our commitment to excellence, our industry expertise, and the stories of satisfied customers who have experienced the value of our services. We invite you to join our family of policyholders and experience the peace of mind that comes with having Warba Insurance by your side.

Warba Insurance & Reinsurance Company

1.Company Overview

Established by an Amiri decree in 1976, Warba Insurance & Reinsurance Company proudly holds Five decades of invaluable experience. Throughout our journey, we have remained steadfast in our commitment to delivering unparalleled service quality to our esteemed clientele. Warba also holds a prominent position among the select few listed Insurance Companies on the Kuwait Bourse since 1986. This recognition underscores our position as a trusted leader in the industry, dedicated to upholding the highest standards of professionalism and integrity.

Warba also remains dedicated to serving the community and promoting insurance awareness, a responsibility it has undertaken for many years. This commitment aligns with Kuwait Vision 2035, a crucial goal that the company prioritizes to enhance the stature of the State of Kuwait.

Our strategic objective has always been to uphold the core values upon which we were established. We are committed to delivering superior services and insurance solutions with unwavering honesty and integrity to our valued customers. We firmly believe in fostering enduring and prosperous business relationships, both with individuals and institutions. Additionally, we strive to develop innovative and advanced insurance solutions that cater to the evolving needs of our esteemed partners, who are the backbone of our company.

Today, Warba is one of the largest insurance providers offering a comprehensive range of products under both life and non-life lines of business. The Company continues to deliver services with a personalized attention to customers' needs, ensuring they get the security they need every day.

As we look forward to the future, our promise to our customers is that we will always remember where we came from and maintain our standards and integrity in all our decisions and offerings.
We believe that any success is based on strong and mutually beneficial relationships that we build along the way.

Our unwavering focus is to maintain our position as a leader in the insurance industry. We are dedicated to providing exceptional value, top-notch service, and innovative solutions to each customer we serve. This commitment remains steadfast as we strive to exceed expectations throughout our journey.

2.Warba's Golden Anniversary — 50 Years of Heritage, Trust & Excellence

Established by Amiri decree in 1976, Warba Insurance & Reinsurance Company proudly begins 2026 celebrating 50 years of service — a "Golden Anniversary" that stands as a tribute to our enduring legacy, deep-rooted values, and decades of commitment to our clients, community, and the State of Kuwait.

For 50 years, Warba has stood as a trusted partner to generations of individuals, families, and businesses, safeguarding what matters most. Guided by strong values and national responsibility, Warba has continuously evolved to meet the changing needs of the market, delivering comprehensive insurance solutions, personalized service, and enduring peace of mind to our clients.

As Warba reflects on its rich heritage, it also looks forward with confidence, honoring its past while embracing innovation, sustainability, and growth to continue protecting and empowering its clients for generations to come.

What 50 Years Mean to Us!

Legacy & Trust

Five decades reflects consistency, credibility and the ability to overcome challenges. Across generations, our clients have placed their trust in us and we take this trust as a responsibility to uphold our highest standards.

Experience & Expertise

For five decades, Warba has shaped deep technical expertise in underwriting for diversified insurance portfolios across Motor, Medical, Group Life, FGA, Marine, and Travel. This extensive experience enables us to design thoughtful, and reliable insurance solutions that meet the needs of today's clients.

Innovation & Future-Orientation

While we take pride in our heritage, we remain firmly focused on the future. As we move beyond 2026, we are committed to digital transformation, enhancing customer experience, and launching innovative products to stay ahead in a rapidly changing landscape.

Commitment to Our Community & Nation

As a proudly Kuwaiti company, Warba view itself as an active partner in national development. Our 50-years journey reflects our dedication to community welfare, economic stability, corporate social responsibility, and supporting Kuwait's long-term vision for a prosperous and sustainable future.

People, Partnership & Sustainable Leadership

At the heart of Warba's success over the past 50 years are its people, partners, and leadership. By investing in our employees, fostering long-term relationships with brokers and partners, and adhering to sound corporate governance, Warba ensures continuity, stability, and value creation for all stakeholders.

OUR VISION AND MISSION EMANATE FROM OUR CORE VALUES

Our Vision

To confirm our position as the most preferable partner.

Our Mission

To redefine the principle of success as the art of working together.

Our Values

- Credibility
- Integrity
- Transparency

We strive for success!

Service: We serve our customers, in a manner that meets or exceeds their valid expectations.

Teamwork: We are a team of professionals with shared goals, who support each other in achieving our goals.

Respect: We treat each other with mutual respect in all situations, which promotes open and effective communication.

Innovation: We innovate to deliver better results in all we do.

Value: Our products and processes deliver value to our customers and stakeholders.

Ethics: Our Code of Ethics governs all interactions with our people, partners, customers and communities.

We take pride in our business!

We work as a team of professionals, collaborating our talents while striving to exceed our customers' expectations.

4. Our commitment to our customers

At Warba Insurance & Reinsurance, our customers are at the heart of everything we do. We understand that insurance is not just about policies and premiums—it's about building trust, providing peace of mind, and delivering exceptional value to our valued clients.

Our commitment to our customers starts with our unwavering dedication to understanding your unique needs and priorities. We believe in taking the time to listen, to truly comprehend your concerns and aspirations. By gaining a deep understanding of your individual circumstances, we can tailor our insurance and reinsurance solutions to provide the right level of coverage and protection precisely where it is needed.

We recognize that every customer is different, with distinct requirements and risk profiles. That is why our team of experienced professionals works closely with you, offering personalized guidance and support throughout your insurance journey. Whether you are an individual seeking personal insurance coverage or a business looking for comprehensive risk management solutions, we are here to provide you with the expertise and advice you need to make informed decisions.

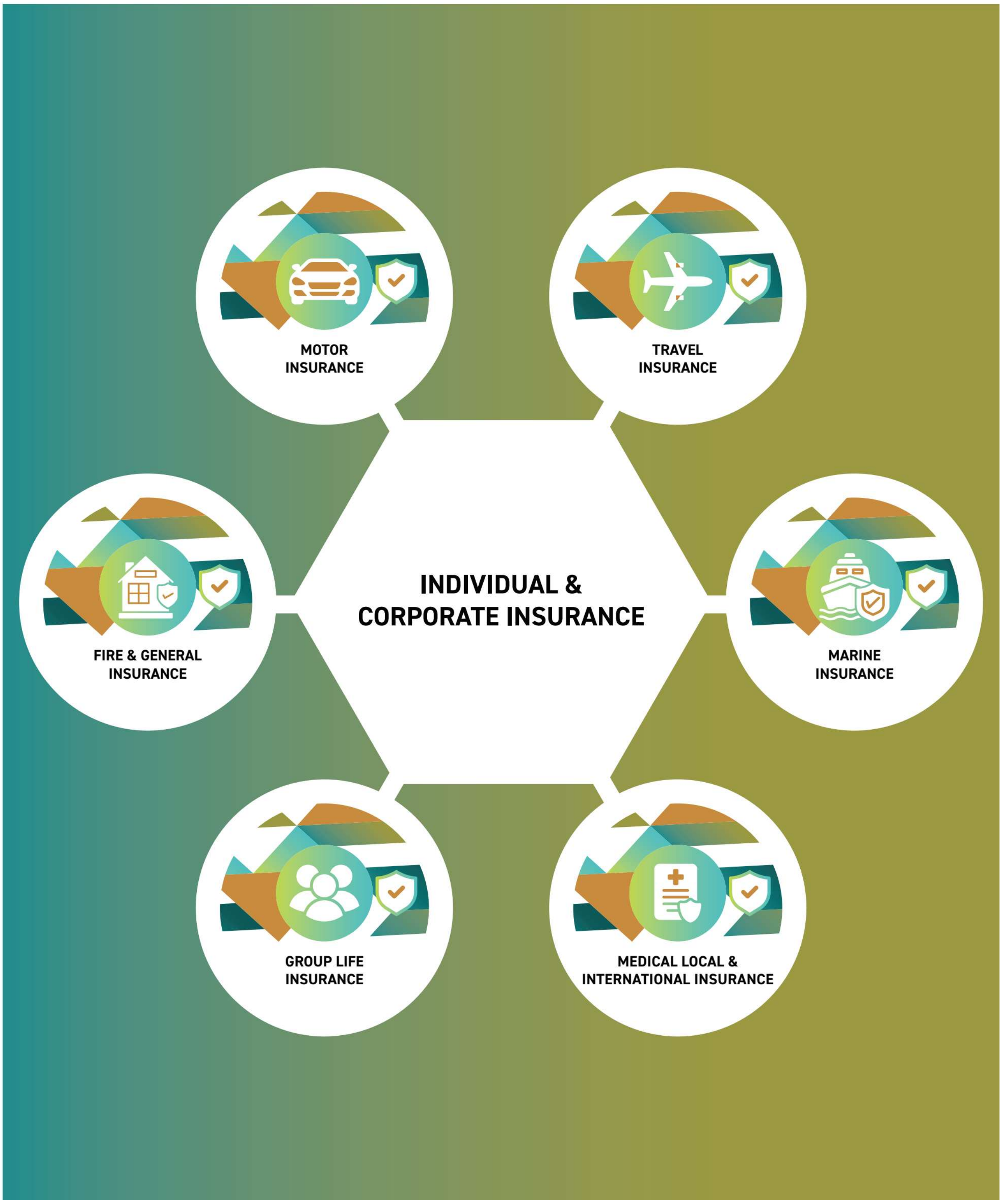
Transparency and integrity are the cornerstones of our customer relationships. We believe in open and honest communication, ensuring that you have all the information you need to fully understand your insurance options. We take pride in providing clear policy terms and conditions, explaining any potential exclusions or limitations, and being upfront about pricing and premiums. Our goal is to empower you with knowledge, so you can have confidence in the coverage you choose.

At Warba Insurance & Reinsurance, our commitment to our customers extends far beyond the initial policy purchase. We are dedicated to being there for you when it matters most—during claims settlement and assistance. We understand that filing a claim can be a stressful experience, which is why our claims team is committed to providing prompt, compassionate, and efficient support. We will guide you through the claims process, ensuring that you receive fair and timely compensation, allowing you to recover and move forward with peace of mind.

Customer satisfaction is our top priority, and we continuously strive to exceed your expectations. We value your feedback and are committed to continuously improving our services to better meet your evolving needs. Your trust and satisfaction are the true measures of our success, and we take great pride in the long-lasting relationships we have built with our customers over the years.

As you embark on your insurance journey with Warba Insurance & Reinsurance, we want you to feel confident that you have a dedicated partner by your side. Our commitment to you is unwavering—we are here to protect your interests, provide exceptional service, and support your goals every step of the way.

5. Our Insurance Solutions / Services



5.1 Medical Insurance

Welcome to a world where your health takes center stage and your peace of mind is our top priority. At Warba Insurance, we are delighted to offer you our comprehensive and personalized Medical Insurance services, tailored to protect you and your loved ones from the unexpected burdens of medical expenses.
Imagine a future where you can focus on your well-being, knowing that you have a trusted partner by your side, ready to support you in every step of your healthcare journey. Our Medical Insurance services are designed with your needs in mind, providing you with access to quality healthcare, financial protection, and a sense of security.

At Warba Insurance, we specialize in offering comprehensive Medical Insurance coverage for both Individual Customers and Corporate Groups. Our diverse portfolio features a wide range of Local and International Medical Products meticulously crafted to provide our clients with the best available options. With a variety of coverage levels to choose from, you can tailor your insurance plan to perfectly match your needs, ensuring that you receive optimal care without worrying about financial constraints. Our commitment to excellence is reflected in our extensive network of renowned healthcare providers. Through this network, we seamlessly connect you to a world of top-tier medical facilities and professionals dedicated to delivering exceptional care to guarantee that you receive the highest standard of medical services available.

Key Features and Benefits:

1.Extensive Network of Healthcare Providers: We have established partnerships with a wide network of reputable hospitals, clinics, and healthcare professionals. This ensures that you have access to quality medical care and services whenever and wherever you need them.

2.Comprehensive Coverage: Our medical insurance plans offer comprehensive coverage for a range of medical expenses, including hospitalization, surgeries, consultations, diagnostic tests, medications, and emergency treatments.

3.Customizable Options: Our plans are highly customizable, allowing you to tailor the coverage to suit your specific requirements and budget to choose from different coverage levels, deductible options and add-on benefits, ensuring that you get the most suitable plan for you.

4.Pre-Approval and Direct Billing: To simplify the claims process, we offer pre-approval services and direct billing arrangements with our network of healthcare providers. This means that you can receive treatment without the hassle of upfront payments and claim reimbursements.

Our Insurance services:

1.Private Group Medical Plan for Corporates. (Local, Regional & Worldwide options).
2.Private Individual Medical Plan for Individuals & Families (Local, Regional & Worldwide options).
3.Al Noor Comprehensive Medical Policy for Persons with Disabilities.

Our International Products developed through strategic Partnership with world renowned BUPA International & ALLIANZ International provides various options and enhanced services outside the State of Kuwait.

Bupa Allianz

Our dedicated team is ready to assist you and provide the solution to meet your specific needs.

5.2 Life Insurance

Step into a world where your financial security reigns supreme. At Warba, we take immense pride in presenting our all-encompassing and empowering Life Insurance services. In today's competitive business environment, institutions aim to attract the best talent with the optimum blend of rewards & benefits. Life Insurance is often one of the basic benefits provided by an organization to its employees. It is designed to provide an employee & his loved ones with financial protection in case of unexpected death or injury. The employer can also protect himself against the legal liability of the compensations to be provided (in case of injury at work to his employees) under Kuwait Labor Law. Group Life insurance policy builds this cloud of protection for the employee and employer at a low cost & effective manner.

Warba provides a Comprehensive Group Life Cover including Life Insurance Benefits, Personal Accident Benefits, Workmen's' Compensation & Employer Liability cover. The Group Life Policies of Warba is also backed by A-Rated Global Reinsurers, which enhances the credibility and reliability of Warba's Group Life Products.

We take great pride in our reputation for financial strength and stability. With Warba Insurance, you can trust that your Life Insurance claims will be handled promptly and efficiently, providing you with the support you need during challenging times.

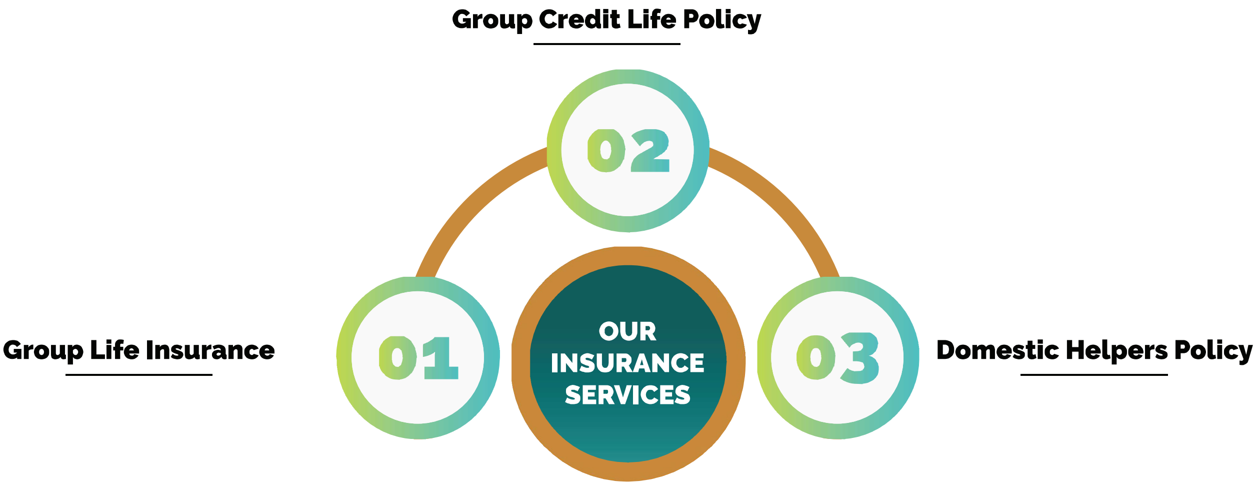
Key Features and Benefits:

1.Financial Security: Life Insurance is a powerful tool that provides a safety net for your loved ones in the event of your untimely passing. Our Life Insurance plans offer a lump-sum benefit that can be used to replace lost income, cover daily living expenses, pay off debts and maintain the standard of living your family is used to.

2.Customizable Coverage: Our Life Insurance plans are highly customizable, allowing you to tailor the coverage to suit your specific needs and budget. You have the flexibility to choose the coverage amount, policy duration, and additional riders or benefits to create a plan that aligns with your goals and priorities.

3.Peace of Mind: Life Insurance offers peace of mind, knowing that your loved ones will be taken care of financially when they need it the most. It provides you with the confidence that comes from knowing that you have made provisions for their future, regardless of what may happen.

At Warba Insurance, We offers the most comprehensive array of Group Life Insurance options that caters to a varying set of challenges that one faces today & in the future.



Our dedicated team is ready to assist you and provide the solution to meet your specific needs.

5.3 Fire & General Accidents (FGA) Insurance

Welcome to a world where peace of mind meets comprehensive protection for your valuable assets. At Warba Insurance, we take pride in offering our exceptional Fire & General Accidents Insurance services, designed to safeguard your most cherished possessions and provide you with the confidence to face unexpected challenges head-on.

Our Fire & General Accidents Insurance plans are crafted to satisfy the needs of individuals, families, and businesses. Whether you seek protection for your beloved Assets, or your thriving business, we have tailored solutions to mitigate risks and safeguard your financial interests.

At Warba Insurance, we are pleased to offer our comprehensive Fire & General Accidents Insurance services, designed to provide you with the peace of mind that comes from knowing your valuable possessions and financial interests are safeguarded.

Key Features and Benefits:

1.Comprehensive Protection: Our Insurance coverage offers comprehensive protection against a wide range of risks. From fire incidents that can devastate your property to theft, accidents, and other unforeseen events, ensuring you can resume your normal life swiftly.

2.Liability Coverage: Accidents can happen, and legal liabilities can arise from unforeseen circumstances. With our insurance plans, you receive liability coverage, protecting you from potential financial burdens resulting from accidents or damage caused to third parties.

3.Business Continuity: our Fire & General Accidents Insurance services play a crucial role in maintaining uninterrupted operations and ensure your business continuity. From protecting your physical assets to covering business interruption losses.

4.Customizable Plans: We understand that every individual and business has unique needs. That is why our Fire & General Accidents Insurance plans are highly customizable. You have the flexibility to choose from a range of coverage options that aligns perfectly with your specific risks and budget.

Our insurance services:

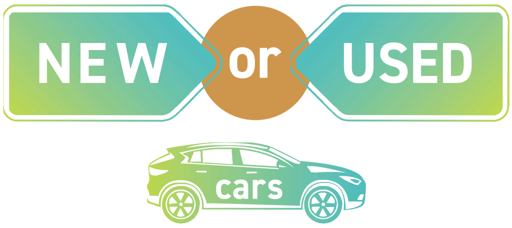
1.Property All Risks Policy
2.Burglary Insurance
3.Householder's Comprehensive Insurance
4.Terrorism & Sabotage Insurance
5.Contractors All Risk Policy
6.Erection All Risks Insurance
7.Machinery All Risks Insurance
8.Boiler Explosion Insurance
9.Machinery Breakdown Insurance
10.Deterioration of Stock Insurance
11.Electronic Equipment Insurance
12.Workmen's Compensation Insurance
13.Employers Liability Insurance
14.Personal Accident Insurance
15.Third Party Liability Insurance
16.Professional Indemnity Insurance
17.Fidelity Guarantee Insurance
18.Money Insurance
19.Plate Glass Insurance
20.Banker's Blanket Bond Insurance
21.Cybersecurity Insurance
22.Medical Malpractice

Our dedicated team is ready to assist you and provide the solution to meet your specific needs.

5.4 Motor Insurance

Welcome to a world where your journeys are safeguarded. At Warba, we are thrilled to offer our exceptional Motor Insurance services, providing comprehensive protection for your beloved vehicles, and empowering you to hit the road with confidence. We understand the importance of safeguarding your valuable vehicle against unforeseen risks. That is why our motor insurance services are precisely designed to offer you a seamless blend of protection, flexibility, and peace of mind. Whether you own a car, or any other type of motor vehicle, we have the right solutions to mitigate the financial impact of accidents, theft, third-party liabilities, and more.

Whether purchasing



trust Warba Insurance & Reinsurance to protect one of your most important investments.

Key Features and Benefits:

1.Motor Comprehensive Coverage (Own Damages): Our Motor Insurance plans go beyond the basics to provide you with comprehensive coverage, ensuring that your vehicle is Covered against an accidental and malicious damage caused by collision , theft and fire.

2.Third-Party Liability Protection: Accidents happen, and you may find yourself facing legal liabilities for damage caused to third parties. With our Motor Insurance services, you receive robust third-party liability coverage, safeguarding you against potential financial burdens arising from bodily injury, death, and property damage.

3.Personalized Solutions: We understand that every driver and vehicle is unique. That is why our Motor Insurance plans are highly customizable to suit your specific needs. We tailor a plan that perfectly aligns with your preferences and budget.

4.Roadside Assistance: Our Motor Insurance services often come with the added advantage of roadside assistance, providing you with 24/7 support for breakdowns, flat tires, battery jump-starts, fuel assistance, and towing services.

5.Replacement vehicle: During the vehicle repair, you can utilize our replacement vehicle. As per the Policy terms & Conditions, clients can have access to the vehicle like their own until the completion of the repair. The benefits of using our services are that the customers can experience the same comfort as they had felt in their own vehicle.

5.5 Marine Insurance

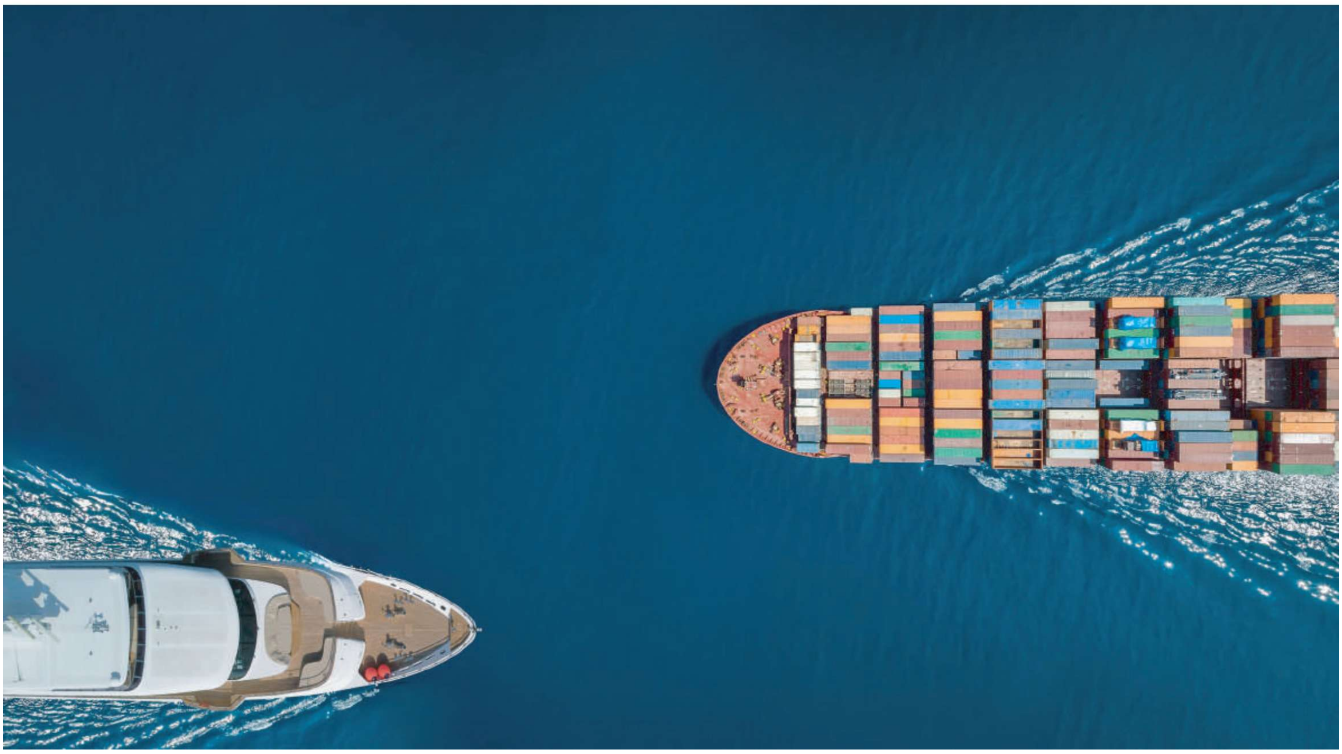
Welcome to a world where the vast oceans become your gateway to opportunity and your cargo is shielded from the perils of international trade. At Warba Insurance, we are proud to offer our exceptional Marine Insurance services, providing comprehensive coverage and peace of mind as you navigate the high tides of global commerce.

Whether you are a ship-owner, freight forwarder, importer, or exporter, our Marine Insurance services are tailored to meet your specific needs and mitigate the risks associated with maritime ventures. From protecting your cargo against loss or damage to providing coverage for liabilities and legal complexities, we are here to secure your investments and ensure seamless global trade.

Marine insurance for commercial shipping purposes is necessary to protect the shipper against any perils. A marine insurance policy has many permutations that are dependent upon such factors as the vessel type, the purpose of the voyage and its destination, the cargo and contents.

Join the ranks of clients who have entrusted their shipments and marine projects to the marine insurance services of Warba Insurance and Reinsurance Company.

Our specialized team is ready to assist you and provide solutions tailored to your specific needs.



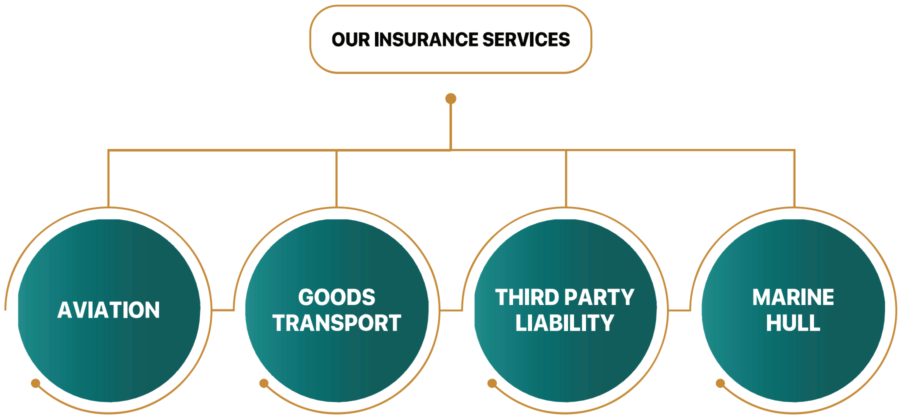
Key features and benefits:

1.Cargo Coverage: Our plans offer comprehensive coverage for your cargo, safeguarding it from various perils it may encounter during transit. Whether it is by sea, air, or land, we provide financial compensation for loss, damage, theft, or any unforeseen incidents.

2.Tailored Solutions: Our Marine Insurance services are highly customizable, allowing you to tailor coverage options, deductibles, and limits to suit your specific cargo, risk profile, and ensure that you receive the protection you need without paying for unnecessary coverage.

3.Freight Forwarders Liability: Our services encompass coverage for your liability as a freight forwarder, protecting you against potential financial losses arising from errors, omissions, or negligence in your professional services.

4.General Average and Salvage Coverage: In the unfortunate event of a maritime incident that necessitates a general average or salvage contribution, our Insurance plans often include coverage for the associated costs. We understand the complexities of these situations and aim to alleviate your financial burden.



1.Cargo Insurance Policy: Our plans provide comprehensive coverage for your shipments, protecting them against various risks during transportation. Whether by sea, air, or land, we offer financial compensation for loss, damage, theft, or other incidents.

2.Hull and Boat Insurance Policy: This policy covers the comprehensive risks that a vessel's hull may face, whether it is a commercial ship or a personal yacht.

3.Liability Insurance Policies: These include various policies such as third-party liability insurance and protection and indemnity (P&I) insurance, which provide coverage for the liabilities of commercial shipowners or carriers toward the owners of transported goods.

4.Aviation Sector Insurance Policies: We also offer several aviation insurance policies that provide coverage for aircraft hulls, spare parts, and liabilities.

5.6 Travel Insurance

Welcome to Warba Insurance's Travel Insurance services, where we understand that every journey is unique and deserves the protection it deserves. Whether you are traveling for business or vacation, domestically or internationally, our comprehensive range of Travel Insurance solutions is designed to provide you with the peace of mind you need to explore the world with confidence.

We recognize that unforeseen events can disrupt even the best-laid travel plans. That's why our Travel Insurance services are thoughtfully crafted to safeguard you against the unexpected, ensuring that you can focus on creating lasting memories while we handle the uncertainties that may arise along the way.

Join the community of satisfied travelers who have entrusted their journeys to Warba Insurance's Travel Insurance services. Whether you're embarking on a family vacation, a business trip, or a solo adventure, our comprehensive coverage, global assistance, and commitment to your well-being make us the ideal partner for your travel insurance needs.

Travel with confidence and explore the world, knowing that Warba Insurance has your back.

6.Our Team

At Warba, our team is the driving force behind our exceptional service and expertise. We take great pride in assembling a team of dedicated professionals who are committed to serving our customers with integrity, knowledge, and a customer-centric approach. Our team members are passionate about the insurance industry and strive to exceed expectations in every interaction.

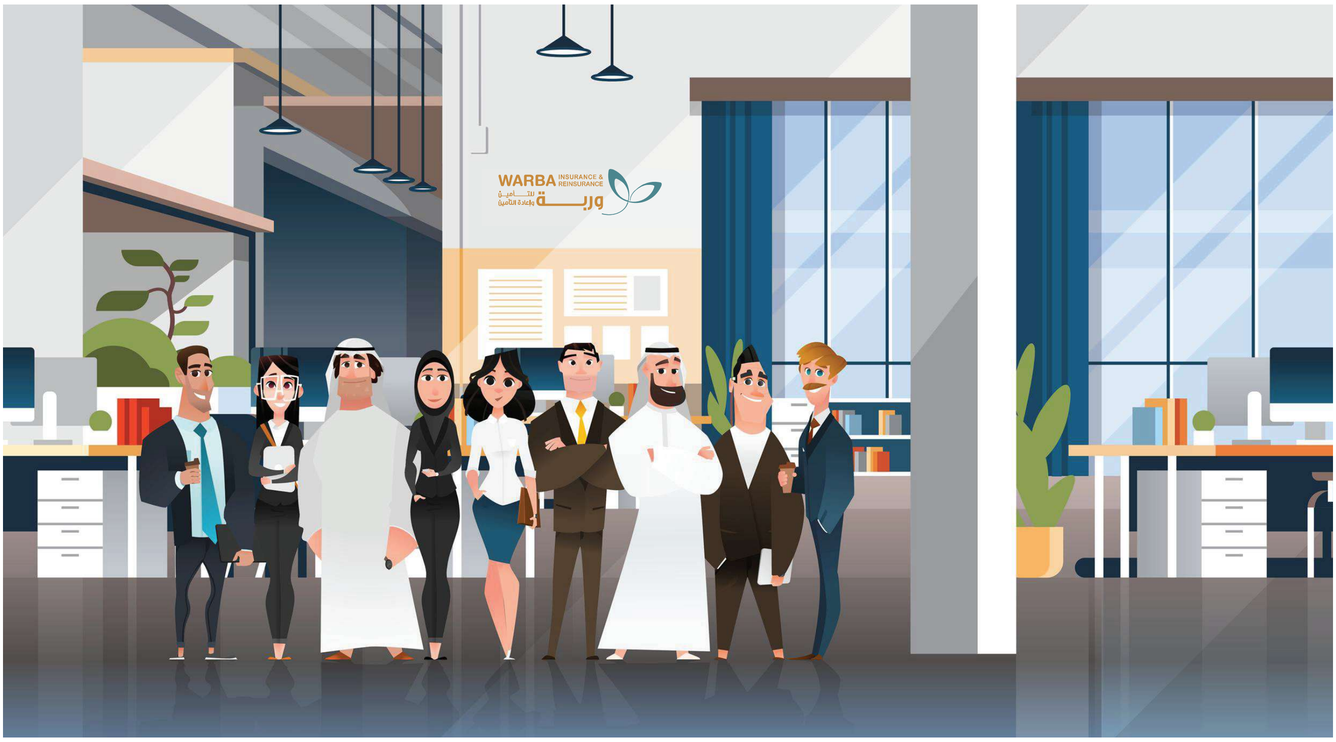
•Meet Our Insurance Professional:

Our insurance Professionals play a crucial role in understanding and meeting your insurance needs. They are experienced professionals who possess in-depth knowledge of insurance products and services. When you work with our team, you can expect personalized attention, tailored advice, and a commitment to finding the best insurance solutions for you.

•Professional Credentials and Expertise:

Our team members at Warba are highly trained and possess professional credentials and expertise in the insurance industry. We believe in continuous professional development, ensuring that our team stays up to date with the latest trends, regulations, and best practices. With our team's expertise, you can have confidence in the guidance and recommendations they provide.

We take great care in selecting individuals who not only have the necessary qualifications but also possess a genuine passion for helping others. Our team members are dedicated to building long-term relationships with our customers, understanding their unique circumstances, and providing personalized insurance solutions that meet their evolving needs.



7. Why to choose Warba as your insurance partner?

•**Experience and Expertise:** Warba has a wealth of experience in the insurance industry. With years of operation and a strong presence in Kuwait, we have built a solid foundation of knowledge and expertise. Our team of insurance professionals are well equipped to provide you with comprehensive coverage and tailored solutions for your insurance needs.

•**Diverse Range of Insurance Products:** Warba offers a diverse range of insurance products to satisfy customer requirements. Our extensive portfolio ensures that you can find comprehensive, convenient, and efficient coverage under one roof to manage your needs.

•**Customized Solutions:** At Warba, we believe in providing customized solutions tailored to your individual needs. Our team takes the time to understand your circumstances and offers personalized advice and coverage options that align with your requirements. We provide you with the right level of coverage and protection without unnecessary features or costs.

•**Excellent Customer Service:** At Warba, We strive to create a positive and seamless experience for our customers at every touchpoint. Our dedicated team is readily available to address your queries, provide guidance, and assist you throughout the insurance process.

•**Financial Stability:** Warba is committed to financial stability and reliability. We have established a solid financial standing, ensuring that we can meet our obligations to our policyholders.

•Innovative Technology: We embrace technology to enhance our services and streamline processes for our customers.

•Strong Network of Partners: Warba has established strong partnerships and collaborations with leading industry players. We work with reputable healthcare providers, reinsurance partners, and professionals to ensure that you have access to quality services and support when you need them.

•(ISO 9001:2015) and (ISO 27001: 2013) certified: Warba has confirmed its entitlement to the management quality certificate in accordance with the international standard (ISO 9001:2015). Obtaining the Information Security Quality Certificate in accordance with the standard (ISO 27001: 2013), which confirms and enhances the company's credibility in maintaining the confidentiality and security of customer databases and all its operations.

•Warba's Credit Rating: Warba was able to maintain its credit rating 'BBB+' level, with positive outlook according to the global rating agency Standard & Poor's (S&P Global). The credit rating highlights the significant enhancements achieved in the company's underwriting performance and growth, along with the strength of the company's capital, investment and the improved liquidity situation and reduced expenses, and ability to uphold its market share in a positive manner.

•Commitment to Corporate Social Responsibility: We believe in giving back to society and making a positive impact. Warba Insurance is committed to various corporate social responsibility initiatives, supporting community development, education, and environmental sustainability.

WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

الكويت في 2026/02/24

إقرار وتعهد

(سلامة ونزاهة البيانات المالية)

نقر ونتعهد نحن رئيس وأعضاء مجلس إدارة شركة وربة للتأمين وإعادة التأمين (ش.م.ك.ع)، بدقة وسلامة البيانات المالية التي تم تزويد المدققين الخارجيين بها، وبأن جميع التقارير المالية للشركة قد تم عرضها بالصورة العادلة والصحيحة وتشمل كافة الجوانب المالية للشركة من بيانات و نتائج تشغيلية، وتم إعدادها وفقاً لمعايير المحاسبة الدولية المطبقة في دولة الكويت والمعتمدة من قبل هيئة أسواق المال، وأن تلك البيانات تعبر بدقة عن المركز المالي للشركة كما في نهاية العام المالي المنتهى في 31 ديسمبر 2025، وذلك بناءاً على ما تم تقديمه لمجلس إدارة الشركة من معلومات وتقارير من قبل الإدارة التنفيذية ومدققي الحسابات وبذل العناية الواجبة للتحقق والتأكد من سلامة وصحة هذه التقارير.

إسم العضو	المنصب	التوقيع
السيد / أنور جواد بوخمسين	رئيس مجلس الإدارة	....
الشيخ / محمد جراح الصباح	نائب رئيس مجلس الإدارة	....
السيد / رائد جواد بوخمسين	عضو مجلس الإدارة	....
السيد / حازم المطيري	عضو مجلس الإدارة	....
السيد / رفعت غلاييني	عضو مجلس الإدارة	....
السيد / رافد الرفاعي	عضو مجلس الإدارة (مستقل)	....
السيد / محمد المباركي	عضو مجلس الإدارة (مستقل)	....

شركة وربة للتأمين وإعادة التأمين - WARBA Insurance and Reinsurance Company
رأس المال المصرح به د.ك. Authorized Capital K.D. 25,000,000
شركة مساهمة كويتية عامة (ش.م.ك.ع) خاضعة لأحكام القانون رقم (125) لسنة 2019 في شأن تنظيم التأمين ترخيص تأمين رقم (4)
Insurance Licensing No. (4) – Kuwaiti Public Shareholding Company Registered in Accordance with Law No. (125) for 2019 Regarding Insurance Regulation
WARBA Tower – Ahmed Al Jaber St. – Sharq – P.O. Box: 24282 Safat, 13103 Kuwait – C.R. 24982 سجل تجاري
Tel.: 1808181 – Fax: 22451974 – warba@warbaonline.com – www.warba.insure

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Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
https://www.ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Warba Insurance and Reinsurance Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) *Insurance contract liabilities*

Insurance contract liabilities include: Liability for Remaining coverage (LFRC) and Liability for incurred claims (LIC). These insurance contract liabilities amount to KD 38,187,320 are significant to the Group's consolidated financial statements as at 31 December 2025, as reported in Note 3 to the consolidated financial statements.

The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk.

Accordingly, complexities arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.

The Group uses the work a management's specialist and an external independent actuary for the determination of Insurance contract liabilities.

Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.

Refer to Note 2 for the accounting policies and significant accounting judgements, estimates and assumptions adopted by the Group, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to Note 3 for the movement in insurance contract liabilities.

Our procedures, among others, included the following:

- We obtained understanding of the Group's policies, process, assessment of risks and related controls, including their design effectiveness, regarding measurement of LFRC and LIC.

- Evaluated the competence, capabilities and objectivity of the management's expert and an external independent actuary based on their professional qualifications and experience.

- Performed substantive tests, on sample basis, on the amounts recorded for claims intimated and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.

- Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cash flows and the risk adjustment for non-financial risk by comparing it to the accounting and other records.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Insurance contract Liabilities (continued)

- Involved our internal actuarial specialists to assess the Group's methods and assumptions and evaluate the Group's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following:

i. Evaluated whether the Group's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years.
ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims.; and
iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed.

- Further, we assessed the adequacy of the related disclosures given in Note 3 to the consolidated financial statements.

Other information included in the Group's 2025 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs Accounting Standards as issued by the IASB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

- 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.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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 WARBA INSURANCE AND REINSURANCE COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organisation of security activity and its executive regulations, as amended, during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

24 February 2026
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	*2025* *KD*	*2024* *KD*
Revenue:			
Insurance revenue	3	**42,570,273**	42,916,380
Insurance service expenses	3	**(24,154,812)**	(19,647,917)
Insurance service result before reinsurance contracts held		**18,415,461**	23,268,463
Amounts recoverable from reinsurers for incurred claims	3	**4,251,698**	(15,550)
Allocation of reinsurance premiums	3	**(19,015,566)**	(18,013,473)
Net expense from reinsurance contracts held		**(14,763,868)**	(18,029,023)
Insurance service result		**3,651,593**	5,239,440
Finance expenses from insurance contracts issued	3	**(724,696)**	(704,322)
Finance income from reinsurance contracts held	3	**298,415**	378,993
Net finance expense		**(426,281)**	(325,329)
Net insurance financial result		**3,225,312**	4,914,111
Net investment income	4	**3,483,396**	2,728,992
Unallocated general and administrative expenses		**(2,218,761)**	(2,128,035)
Other income		**269,216**	410,033
Total income		**1,533,851**	1,010,990
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT		**4,759,163**	5,925,101
Contribution to KFAS		**(44,722)**	(53,310)
NLST		**(124,287)**	(151,253)
ZAKAT		**(45,919)**	(53,622)
NET PROFIT FOR THE YEAR		**4,544,235**	5,666,916
Attributable to:			
Equity holders of the Parent Company		**4,532,292**	5,620,497
Non-controlling interests		**11,943**	46,419
PROFIT FOR THE YEAR		**4,544,235**	5,666,916
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	5	**18.62 Fils**	23.29 Fils

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Note	**2025 KD**	2024 KD
PROFIT FOR THE YEAR		**4,544,235**	5,666,916
Other comprehensive income:			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income from associate	7	**32,087**	8,199
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods,		**32,087**	8,199
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net gain on equity investments at FVOCI		**9,381,490**	3,642,999
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		**9,381,490**	3,642,999
Other comprehensive income for the year		**9,413,577**	3,651,198
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**13,957,812**	9,318,114
Attributable to:			
Equity holders of the Parent Company		**13,945,869**	9,271,695
Non-controlling interests		**11,943**	46,419
		13,957,812	9,318,114

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Notes	***2025 KD***	*2024 KD*
ASSETS			
Cash and cash equivalent	12	**8,323,621**	5,958,187
Term deposits	11	**23,510,000**	10,592,237
Financial assets at fair value through other comprehensive income	8	**26,229,885**	29,915,735
Financial assets at fair value through profit or loss	9	**24,582,428**	27,463,542
Reinsurance contract assets	3	**19,698,115**	18,539,292
Other assets	10	**1,594,022**	1,055,485
Investments in associate	7	**3,957,012**	3,827,378
Property and equipment	6	**6,635,953**	6,751,549
TOTAL ASSETS		**114,531,036**	104,103,405
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	3	**38,187,320**	36,675,698
Term loans	15	**2,000,000**	4,000,000
Other liabilities	17	**20,013,388**	20,135,781
Total liabilities		**60,200,708**	60,811,479
Equity			
Share capital	13	**25,000,000**	25,000,000
Statutory reserve	14	**5,620,965**	5,145,049
General reserve		**132,367**	132,367
Treasury shares	16	**(686,385)**	(686,385)
Treasury shares reserve		**218,607**	218,607
Cumulative changes in fair value reserve		**13,794,104**	7,071,156
Retained earnings		**10,234,711**	6,407,116
Equity attributable to the equity holders of the Parent Company		**54,314,369**	43,287,910
Non-controlling interests		**15,959**	4,016
Total equity		**54,330,328**	43,291,926
TOTAL LIABILITIES AND EQUITY		**114,531,036**	104,103,405

Anwar Jawad Bu-Khamseen
Chairman

Sheikh Mohammed Jarrah Sabah Al-Sabah
Vice Chairman

WARBA INSURANCE & REINSURANCE
وربة للتأمين وإعادة التأمين

The attached notes 1 to 24 form part of these consolidated financial statements.

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Share capital KD	*Statutory reserve KD*	*General reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Cumulative changes in fair values reserve KD*	*Retained earnings KD*	*Subtotal KD*	*Non-controlling interests KD*	*Total equity KD*
Balance as at 1 January 2025	**25,000,000**	**5,145,049**	**132,367**	**(686,385)**	**218,607**	**7,071,156**	**6,407,116**	**43,287,910**	**4,016**	**43,291,926**
Profit for the year	-	-	-	-	-	-	**4,532,292**	**4,532,292**	**11,943**	**4,544,235**
Other comprehensive income	-	-	-	-	-	**9,413,577**	-	**9,413,577**	-	**9,413,577**
Total comprehensive income for the year	-	-	-	-	-	**9,413,577**	**4,532,292**	**13,945,869**	**11,943**	**13,957,812**
Transfer to statutory reserve	-	**475,916**	-	-	-	-	**(475,916)**	-	-	-
Realised gain on sale of financial asset at fair value through other comprehensive income	-	-	-	-	-	**(2,690,629)**	**2,690,629**	-	-	-
Cash dividends (Note 13)	-	-	-	-	-	-	**(2,919,410)**	**(2,919,410)**	-	**(2,919,410)**
Balance as at 31 December 2025	**25,000,000**	**5,620,965**	**132,367**	**(686,385)**	**218,607**	**13,794,104**	**10,234,711**	**54,314,369**	**15,959**	**54,330,328**
Balance as at 1 January 2024	25,000,000	4,552,539	132,367	(1,210,017)	212,222	3,419,958	4,223,330	36,330,399	(42,403)	36,287,996
Profit for the year	-	-	-	-	-	-	5,620,497	5,620,497	46,419	5,666,916
Other comprehensive income	-	-	-	-	-	3,651,198	-	3,651,198	-	3,651,198
Total comprehensive income for the year	-	-	-	-	-	3,651,198	5,620,497	9,271,695	46,419	9,318,114
Transfer to statutory reserve	-	592,510	-	-	-	-	(592,510)	-	-	-
Cash dividends (Note 13)	-	-	-	-	-	-	(2,380,118)	(2,380,118)	-	(2,380,118)
Bonus dividends (Note 13)	-	-	-	476,297	(12,214)	-	(464,083)	-	-	-
Movement in treasury shares	-	-	-	47,335	18,599	-	-	65,934	-	65,934
Balance as at 31 December 2024	25,000,000	5,145,049	132,367	(686,385)	218,607	7,071,156	6,407,116	43,287,910	4,016	43,291,926

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	*2025* *KD*	*2024* *KD*
OPERATING ACTIVITIES			
Profit for the year before contribution to KFAS, NLST, and Zakat		**4,759,163**	5,925,101
Adjustments for:			
Depreciation of property and equipment	6	**246,466**	250,787
Net investment income	4	**(4,316,778)**	(3,440,404)
Provision of employees' end of service benefits		**264,150**	222,389
		953,001	2,957,873
Working capital Changes:			
Other assets		**248,392**	301,193
Reinsurance contract assets		**(1,158,823)**	3,051,149
Insurance contract liabilities		**1,511,622**	(2,671,514)
Other liabilities		**(286,226)**	7,350,888
Cash flows from operations		**1,267,966**	10,989,589
Employees' end of service benefits paid		**(68,838)**	(123,324)
Contribution to NLST & Zakat paid		**(254,348)**	(119,464)
Net cash flows from operating activities		**944,780**	10,746,801
INVESTING ACTIVITIES			
Net movement in term deposits		**(12,917,763)**	(3,617,237)
Net movement of treasury shares		**-**	65,934
Purchase of financial assets at fair value through profit or loss		**(17,115,008)**	(10,391,133)
Purchase of financial assets at fair value through other comprehensive income		**(153,000)**	(200,000)
Proceeds from sale of financial assets at fair value through profit or loss		**20,919,705**	3,806,460
Proceeds from sale of financial assets at fair value through other comprehensive income		**13,220,340**	-
Purchase of property and equipment	6	**(130,870)**	(32,365)
Proceed from disposal of property and equipment	6	**-**	200,609
Investment income received		**2,328,819**	2,128,357
Dividend received from associate	7	**179,900**	179,900
Net cash flows from (used in) investing activities		**6,332,123**	(7,859,475)
FINANCING ACTIVITIES			
Cash dividends paid		**(2,911,469)**	(2,303,664)
Repayment of term loan		**(2,000,000)**	-
Net cash flows used in financing activities		**(4,911,469)**	(2,303,664)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,365,434**	583,662
Cash and cash equivalents at 1 January		**5,958,187**	5,374,525
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	12	**8,323,621**	5,958,187

The attached notes 1 to 24 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

The consolidated financial statement of Warba Insurance and Reinsurance Company K.S.C.P. (the "Parent Company") and its subsidiary – WAPMED TPA Services Company K.S.C.C. (collectively "the Group") for the year ended 31 December 2025 were authorised for issuance with a resolution of the Board of Directors on 24 February 2026. The general assembly of the shareholders has the power to amend these consolidated financial statements after issuance.

The Parent Company is a subsidiary of Bu-Khamseen Holding Company (the "Ultimate Parent Company").

The objectives of the Parent Company are to underwrite life and non- life insurance risks such as fire, general accidents, marine and aviation and others; lend funds which resulted from issuance of insurance policies and to invest in permitted securities.

The Parent Company is a Kuwaiti Shareholding Company registered in 1962 under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. The Parent Company has been engaging in various insurance and reinsurance activities, as set forth in the Parent Company's Articles of Association. The Parent Company's registered head office address is at P. O. Box 24282, Safat 13103, Kuwait.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the shareholders of the Parent Company at the Annual General Assembly meeting ("AGM") held on 16 April 2025.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost convention except for the measurement at fair value of investments carried at fair value through profit or loss, investments at fair value through other comprehensive income.
The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the functional and presentation currency of the Parent Company.

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

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

The Group presents its consolidated statement of financial position broadly in the order of liquidity.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2025 (together referred to as "the Group") as follows:

	Incorporation country	Activity	**Ownership (%) 31 December 2025**	Ownership (%) 31 December 2024
WAPMED TPA Services Company K.S.C. (Closed)	Kuwait	Administrative services to insurance companies	**82.57**	82.57

Subsidiary is an investee that the Group has control over. 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:

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 BASIS OF CONSOLIDATION (continued)

- 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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- Parent Company's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial information of subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

2.3.1 New and amended accounting policies, standards and interpretations

Lack of exchangeability - Amendments to IAS-21 The Effects of Changes in Foreign Exchange Rates
The amendments to IAS 21 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. Applying the amendments, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose. When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments had no impact on the Group's consolidated financial statements.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The significant new and amended standards and interpretations that are issued, but not yet effective up to the date of the Group's consolidated financial statements are disclosed below

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

2.4.1 IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements. The initial expected material impacts on Group's consolidated financial statements are, as follows:

- Rental income, change in fair value from investment properties and share of profit or an associate and a joint venture will be classified in the investing category within the consolidated statement of profit or loss.
- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the consolidated statement of profit or loss; and (c) a reconciliation for each line item in the consolidated statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the consolidated statement of cash flows

2.4.2 IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2025, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19

2.4.3 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments
On 30 May 2025, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. Thus, insurance contracts are classified on the basis of the contractual terms and other factors at the inception of the contract or modification date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent measurement takes place at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts

Definition and classification
Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e., if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9.

Unit of account
The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into Groups of contracts that are issued within a calendar year (annual cohorts) and are:

- contracts that are onerous at initial recognition; or
- a Group of remaining contracts. These Groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such Groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and others. This level of granularity determines sets of contracts. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Group without performing an individual contract assessment.

For life risk and savings product lines, sets of contracts usually correspond to policyholder pricing Groups that the Group determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Group monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing Groups with no information available at a more granular level.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts and contain embedded derivatives or distinct investment.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

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

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

Insurance contracts acquired in a business combination, or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

A Group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognized at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Group does not recognize a group of quota share reinsurance contracts held until it has recognized at least one of the underlying insurance contracts.

A Group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognized at the beginning of the coverage period of that Group.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the Groups. When contracts meet the recognition criteria in the Groups after the reporting date, they are added to the Groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the Groups is not reassessed in subsequent periods.

Contract modification and derecognition
An insurance contract is derecognized when it is:

- extinguished (i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified, and certain additional criteria are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   i. is not in scope of IFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts;
b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Contract modification and derecognition (continued)
When an insurance contract not accounted for under the PAA is derecognized from within a Group of insurance contracts, the group:

a. Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group.
b. Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the Group) in the following manner, depending on the reason for the derecognition:
   i. If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
   ii. If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
   iii. If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in a. adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Group assumes such a hypothetical premium as actually received.
c. Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

a. if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;
b. if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;
c. if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Fulfilment cash flows
Fulfilment cash flows within contract boundary
The FCF are the current estimates of the future cash flows within the contract boundary of a Group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:
(a) are based on a probability weighted mean of the full range of possible outcomes.
(b) are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
(c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the Groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Fulfilment cash flows within contract boundary **(continued)**
Risk of the Group's non-performance is not included in the measurement of Groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to Groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the Groups of underlying insurance contracts.

Contract boundary
The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of Groups of insurance contracts. This assessment is reviewed every reporting period.

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

a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b) both of the following criteria are satisfied:
   i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Group until they are exercised.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognized in other operating expenses as incurred.

Measurement Model Application
The Group applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Group performs PAA Eligibility testing as disclosed in Note 2.3 to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Group applied PAA on contract issued and reinsurance contracts held that pass the testing. Hence, General Measurement Model (GMM) has been applied for Individual Life portfolio.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Measurement Model Application (continued)
When measuring liabilities for remaining coverage (LRC), the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Initial measurement – Groups of contracts not measured under the PAA -contractual service margin (CSM)
The CSM is a component of the carrying amount of the asset or liability for a Group of insurance contracts issued representing the unearned profit that the Group will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a Group of contracts is onerous) arising from:
a) the initial recognition of the FCF;
b) the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
c) cash flows arising from the contracts in the Group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in the consolidated statement of profit or loss immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognizes the net cost immediately in the consolidated statement of profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognize as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired through business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:
a) the initial recognition of the FCF; and
b) cash flows arising from the contracts in the Group at that date, including the fair value of the groups of contracts acquired at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

Subsequent measurement – Groups of contracts not measured under the PAA
The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:
a) the LRC, comprising:
   i. the FCF related to future service allocated to the Group at that date; and
   ii. the CSM of the Group at that date; and
b) the LIC, comprising the FCF related to past service allocated to the Group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:
a) the remaining coverage, comprising:
   i. the FCF related to future service allocated to the Group at that date; and
   ii. the CSM of the Group at that date; and
b) the incurred claims, comprising the FCF related to past service allocated to the Group at the reporting date.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Changes in fulfilment cash flows
The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a) changes that relate to current or past service are recognized in the consolidated statement of profit or loss; and
b) changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a, b and c above are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b) changes in the FCF relating to the LIC; and
c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

Changes to the contractual service margin
For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a) The effect of any new contracts added to the Group.
b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
c) Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d) The effect of any currency exchange differences.
e) The amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognized in the insurance service result.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Interest accretion on the CSM
Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing Groups in the subsequent reporting periods, the Group revises the locked- in discount curves by calculating weighted-average discount curves over the period that contracts in the Group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the Group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service
The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to consolidated statement of profit or loss
The amount of the CSM recognized in the consolidated statement of profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

For contracts issued, the Group determines the coverage period for the CSM recognition for term life and universal life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a) the quantity of benefits provided by contracts in the Group;
b) the expected coverage duration of contracts in the Group; and
c) the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the Group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits.

The Group determines coverage units for Individual Life contracts acquired in the run-off period, coverage units are based on the expected amount of payment covered in the period and the expected amount of claims remaining to be covered in future periods.

The Group reflects the time value of money in the allocation of the CSM to coverage units except for the contracts acquired in the run-off period for the Individual Life portfolio.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the Contract boundary section stated above.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Onerous contracts – Loss component on GMM
When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous, and the Group recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a) expected incurred claims and expenses for the period;
b) changes in the risk adjustment for non-financial risk for the risk expired; and
c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Initial and subsequent measurement – Groups of contracts measured under the PAA
The Group uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as stated above.

The excess of loss reinsurance contracts held provide coverage on the insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a) the LRC; and
b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a) the remaining coverage; and
b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a) increased for premiums received in the period;
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
d) increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a) increased for ceding premiums paid in the period; and
b) decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Initial and subsequent measurement – Groups of contracts measured under the PAA (continued)
For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since motor insurance contracts issued by the Group and measured under the PAA typically have a settlement period of over one year.

Onerous contracts – Loss component on PAA
For all contracts measured under PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

In addition, if facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. Once a group of contracts is determined as onerous on initial or subsequent assessment, loss is recognized immediately in the consolidated statement of profit or loss in insurance service expense.

The loss component is then amortized to the consolidated statement of profit or loss over the coverage period to offset incurred claims in insurance service expense. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the same and adjusts the loss component as required until the loss component is reduced to zero. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Insurance acquisition costs
The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

a) costs directly attributable to individual contracts and groups of contracts; and
b) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

The acquisition costs are generally capitalized and recognized in the consolidated statement of profit or loss over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Group incurs those costs. The Group has elected not to choose the option in the insurance contracts and has capitalized the costs which would then be recognized over the life of contracts. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

The Group has chosen a confidence level based on the 65% for Motor Comprehensive, Medical and Group Life and 70% for the rest of the segments of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Amounts recognized in the consolidated statement of comprehensive income for Insurance service result from insurance contracts issued

Insurance revenue
As the Group provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
     i. amounts related to the loss component;
     ii. repayments of investment components;
     iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
     iv. insurance acquisition expenses;
  b. changes in the risk adjustment for non-financial risk, excluding:
     i. changes included in insurance finance income (expenses);
     ii. changes that relate to future coverage (which adjust the CSM); and
     iii. amounts allocated to the loss component;
  c. amounts of the CSM recognized in statement of profit or loss for the services provided in the period; and
  d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Group recognizes insurance revenue based on the passage of time over the coverage period of a Group of contracts.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

Insurance service expenses
Insurance service expenses include the following:

a) incurred claims and benefits excluding investment components;
b) other incurred directly attributable insurance service expenses;
c) Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
d) changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
e) changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Insurance Contracts (continued)

Amounts recognized in consolidated comprehensive income for Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held
The Group presents financial performance of groups of reinsurance contracts held on a net basis between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts:

a) reinsurance expenses;
b) incurred claims recovery;
c) other incurred directly attributable insurance service expenses;
d) effect of changes in risk of reinsurer non-performance;
e) for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
f) changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

a) insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components.
b) changes in the risk adjustment for non-financial risk, excluding:
   - changes included in finance income (expenses) from reinsurance contracts held; and
   - changes that relate to future coverage (which adjust the CSM);
c) amounts of the CSM recognized in consolidated statement of profit or loss for the services received in the period; and
d) ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Group recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

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

a) the effect of the time value of money and changes in the time value of money; and
b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a) interest accreted on the FCF and the CSM;
b) the effect of changes in interest rates and other financial assumptions; and
c) foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a) interest accreted on the LIC; and
b) the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVTPL.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the transfer to statutory reserve and accumulated losses brought forward should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associate and cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat

Contribution to Zakat is calculated in accordance with the requirements of Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Financial Instruments

Initial Recognition and subsequent measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)

The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments (continued)

Initial Recognition and subsequent measurement (continued)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Debt instruments at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions:

- 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 interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Since the Group's financial assets (cash and cash equivalents and short term deposits) meet these conditions, they are subsequently measured at amortised cost.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flow, cash and cash equivalent consist of cash on hand and at banks and short-term deposits and call accounts.

Short- and long-term deposits
Short-term deposits comprise of time deposits with banks with maturity periods of more than three months and less than one year from the date of acquisition. Long-term deposits represent time deposits with maturity periods of more than one year from the date of placement.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments (continued)

Initial Recognition and subsequent measurement (continued)

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the consolidated statement of profit or loss. Dividends are recognised in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity. The management classifies certain equity investments at FVOCI and are separately disclosed in the consolidated statement of financial position.

Debt instruments at FVOCI
The Group applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

This category only includes debt instruments, which the Group intends to hold for the foreseeable future, and which may be sold in response to needs for liquidity or in response to changes in market conditions. The Group classified its debt instruments at FVOCI. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

Financial assets at FVTPL
The Group classifies financial assets fair value through profit and loss when they have been purchased or 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. Held-for-trading assets are recorded and measured in the consolidated statement of financial position at fair value. 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.

Changes in fair values and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities that have been acquired principally for the purpose of selling or repurchasing in the near term and certain debt instruments that failed the SPPI test.

Derecognition
A financial asset (or, where applicable a part of 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 contractual 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derecognition (continued)
When the Group has transferred its rights to receive cash flows from an asset or has entered pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost and debt investments measured at FVOCI.

The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are recognized in two stages, 12-month expected credit losses and Lifetime expected credit losses.
The Group measures 12-month expected credit losses in following cases:
- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit losses are the portion of expected credit losses that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Credit impaired financial assets:
At each reporting date, the Group assesses whether financial assets measured at amortized cost and debt investments at FVOCI are credit impaired. The Group considers a financial asset to be in default (credit impaired) when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are past due or there is a downgrade in credit ratings by two notches or more compare to the credit rating at the beginning of the financial reporting period.

Recognition of ECL
Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed in profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets (continued)

Presentation of loss allowances in the consolidated statement of financial position:
Loss allowances for expected credit losses are presented as follows:

- financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets;
- the ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in the statement of comprehensive income with a corresponding charge to the consolidated statement of profit or loss.

The calculation of ECLs
the management has applied the standard's simplified approach and has determined lifetime expected credit losses on these instruments. The management has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment. The management considers a financial asset in default when the contractual payments are passing the default point. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Write offs
Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these consolidated financial statements.

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

(iii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings and payables. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Subsequent measurement
Subsequent measurement of financial liabilities depends on their classification, as follows:

Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 profit or loss.

Impairment of non-financial assets

Disclosures relating to impairment of non-financial assets are summarised in the following notes:
a) Disclosures for significant assumptions

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs, to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

The following criteria are also applied in assessing impairment of goodwill:

Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognised.

Previously recorded impairment losses for goodwill are not reversed in future periods.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment
Property and equipment, including owner-occupied property is stated at cost, excluding the costs of day-to-day Servicing, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Replacement or major inspection costs are capitalised when incurred, if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	35 years
Furniture and equipment	5 years
Computers and software	5 to 8 years

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

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

Projects under progress are stated at cost less impairment losses, if any, until projects are complete. Projects under progress includes costs for long-term projects if the recognition criteria are met. Upon the completion of projects, the costs of such asset together with the cost directly attributable to projects are transferred to the respective class of asset. No depreciation is charged on projects under progress.

Investment in associate
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 and which is neither a subsidiary nor a joint venture.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiary. The Group's investment in associate is accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of the associate is presented as part of the other comprehensive income of the Group. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The aggregate of the Group's share of result of an associate is included in the consolidated statement of profit or loss.

The financial statements of the associate are prepared for the same reporting period as the Group or to a date not earlier than three months of the Group's reporting date using consistent accounting policies. Where practicable, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the impairment loss of investment in associate in the consolidated statement of profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associate (continued)
Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

Fair value measurement
The Group measures financial instruments such as available for sale investments, financial assets through profit or loss, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets, liabilities and equity items for which fair value is measured or disclosed in the consolidated 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 measured at fair value in the consolidated 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.

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 and balances
Transactions in foreign currencies are initially recorded by the Group's entities 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)
Transactions and balances (continued)
Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of 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 the gain or loss on the 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 consolidated statement of profit or loss are also recognised in other comprehensive income or consolidated statement of profit or loss, respectively).

Cash dividend to equity holders of the Parent Company
The Parent Company recognises a liability to make cash distributions to equity holders of the Parent Company when the distribution is authorised and it is no longer at the discretion of the Parent Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Dividends for the year that are approved after the reporting date are not recognised as a liability at the reporting date.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

Revenue recognition
Interest income
For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or shorter period, where appropriate, to the net carrying amount of the financial asset. Interest is included in the net investment income in the consolidated statement of profit or loss.

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

Net realised gains and losses
Net realised gains and losses recorded in the consolidated statement of profit or loss include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying value of the investments and are recorded on occurrence of the sale transaction.

Finance cost
Interest paid is recognised in the consolidated statement of profit or loss as it accrues and is calculated by using the EIR method. Accrued interest is included within the carrying value of the interest bearing financial liability.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Employees' end of service benefits
The Group provides end of service benefits to its employees in accordance with Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees' end of service benefits (continued)
With respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Treasury shares
Treasury shares consist of the Group's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (Treasury shares reserve) which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Contingent liabilities and assets
Contingent liabilities are not recognised in the consolidated 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Following are the accounting judgments and estimates that are critical in preparation of these consolidated financial statements:

Insurance and reinsurance contracts

i. PAA Eligibility Assessment
The Group has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year except long term life insurance contracts for which has been applied. This testing has been performed on following insurance and corresponding reinsurance contracts:
- Engineering
- General Accident
- Motor
- Individual Life

After calculating the liabilities/assets applying PAA and GMM approach respectively, Group then checks for any material differences for the contracts with coverage period of more than one year. In case the Group notes any material differences, it follows the GMM approach, and where there is no material difference, the Group has opted for PAA approach. The calculation was performed under both simplified approaches i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM).

Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:
- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the group's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference, this difference compounds over longer contract durations.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Insurance and reinsurance contracts (continued)

i. PAA Eligibility Assessment (continued)
Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Group noted material differences for contracts with coverage period of more than one year for Individual Life contracts. Hence, the Group has reported these under GMM while others where the difference is not material are reported using the PAA approach maintaining a consistent accounting treatment to the rest of the portfolio of insurance contracts issued and reinsurance contracts held that have a coverage period of up to one year. The Group assesses materiality at each respective group of contracts level (GoCs) and at an aggregate insurance contract liabilities / re-insurance contract assets level using pre-determined quantitative threshold for differences at the GoCs.

ii. Liability for remaining coverage

Acquisition cash flows
For insurance acquisition cash flows, the Group is eligible and chooses to recognize the payments as an expense immediately (coverage period of a year or less). However, the Group has opted to capitalize the insurance acquisition cash flows.

The effect of recognizing insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to consolidated statement of profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period.

Expected premium receipts adjustment
Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the consolidated statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the LRC.

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

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

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Insurance and reinsurance contracts (continued)

iv. Onerousity determination
For contracts measured under GMM, A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the consolidated statement of profit or loss in insurance service expense. The loss component is then amortized to consolidated statement of profit or loss over the coverage period to offset incurred claims in insurance service expense.

For contracts measured under PAA, the Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Group also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts.
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Group also relies on the same group of contracts' weighted actual emerging experience.

v. Expense attribution
The Group identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the consolidated statement of profit or loss when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

The Group has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the consolidated statement of profit or loss immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

vi. Estimates of future cash flows
The Group primarily uses probabilistic projections to estimate the present value of future cash flows.

The following assumptions were used when estimating future cash flows:

➢ **Mortality and morbidity rates (insurance risk and reinsurance business)**
Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type. An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Group.

➢ **Longevity (immediate annuity business)**
Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by several factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity rates will lead to an increase in the expected cost of immediate annuity payments which will reduce future expected profits of the Group.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Insurance and reinsurance contracts (continued)

vi. Estimates of future cash flows (continued)

➢ **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the expected level of expenses will reduce future expected profits of the Group. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. (Such overheads are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics).

➢ **Lapse and surrender rates**

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group, but later increases are broadly neutral in effect.

The assumptions that have the greatest effect on the expected cash flows are listed below. The table sets out the percentage assumed to apply to industry mortality and morbidity tables in estimating fulfilment cash flows:

Portfolio assumptions by type of business impacting net liabilities	**Mortality and morbidity rates**		**Lapse and surrender rates**	
	2025	2024	**2025**	2024
Life insurance contracts issued				
- Males - Females	100% as per reinsurer	100% as per reinsurer	**3%**	3%
Life reinsurance contracts issued				
- Males - Females	100% as per reinsurer	100% as per reinsurer	**3%**	3%

vii. Discount rates

The Group adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves– taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the US Treasury Curve, and the relevant country specific credit risk premium will be loaded as required.

The bottom-up approach was used to derive the discount rate for the cash flows that do not vary based on the returns on underlying items in the Participating contracts (excluding investment contracts without DPF that are not in the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free yield was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with AAA credit rating were used. Management uses judgement to assess liquidity characteristics of the liability cash flows. Direct participating contracts and investment contracts with DPF are considered less liquid than the financial assets used to derive the risk-free yield. For these contracts, the illiquidity premium was estimated based on market observable liquidity premium in financial assets adjusted to reflect the illiquidity characteristics of the liability cash flows.

viii. Risk adjustments

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items

- ➢ Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure
- ➢ Risk Adjustment (RA) for non-financial risk
- ➢ Contractual Service Margin (CSM)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Insurance and reinsurance contracts (continued)

viii. Risk adjustments (continued)
The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

Derivation of the risk adjustment
The Group has determined that the derivation of the risk adjustment shall be performed at the operating Group level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based the quantile approach performed on Group's triangles with consideration to market benchmarks.

The Group will set a confidence level in the range of the 65% to 70% percentile, on a diversified basis. The Group applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired Risk Adjustment.

ix. Sensitivities on major assumptions
The sensitivity analysis is done to evaluate the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear. The sensitivity analysis performed during the year and has been presented under Note 20.

x. Provision for expected credit losses
The Group uses a provision matrix to calculate ECLs for insurance receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

xi. Classification of financial assets
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Fair value of financial instruments
When the fair value of financial assets recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, they are determined using valuation techniques including the price to book method and the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk, lack of marketability, market multiple of price to book value and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3 INSURANCE AND REINSURANCE CONTRACTS

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

		31 December 2025			31 December 2024		
	Valuation Approach	**Assets KD**	**Liabilities KD**	**Net KD**	Assets KD	Liabilities KD	Net KD
Insurance contract assets & liabilities							
Medical	**PAA**	-	**(10,449,390)**	**(10,449,390)**	-	(11,427,444)	(11,427,444)
Group life	**PAA**	-	**(4,253,406)**	**(4,253,406)**	-	(4,711,638)	(4,711,638)
Motor	**PAA**	-	**(10,827,889)**	**(10,827,889)**	-	(9,176,633)	(9,176,633)
Marine & aviation	**PAA**	-	**(827,735)**	**(827,735)**	-	(819,719)	(819,719)
Fire	**PAA**	-	**(3,691,721)**	**(3,691,721)**	-	(3,298,405)	(3,298,405)
General accident	**PAA**	-	**(6,626,091)**	**(6,626,091)**	-	(5,691,633)	(5,691,633)
Total – PAA (Note 3.1)		-	**(36,676,232)**	**(36,676,232)**	-	(35,125,472)	(35,125,472)
Individual life	**GMM**	-	**(1,511,088)**	**(1,511,088)**	-	(1,550,226)	(1,550,226)
Total – GMM (Note 3.2)		-	**(1,511,088)**	**(1,511,088)**	-	(1,550,226)	(1,550,226)
Total insurance contract assets & liabilities		-	**(38,187,320)**	**(38,187,320)**	-	(36,675,698)	(36,675,698)
Reinsurance contract assets & liabilities							
Medical	**PAA**	**5,165,486**	-	**5,165,486**	3,352,175	-	3,352,175
Group life	**PAA**	**3,893,277**	-	**3,893,277**	3,282,232	-	3,282,232
Motor	**PAA**	**1,540,239**	-	**1,540,239**	966,325	-	966,325
Marine & aviation	**PAA**	**1,204,972**	-	**1,204,972**	844,928	-	844,928
Fire	**PAA**	**2,799,002**	-	**2,799,002**	4,932,790	-	4,932,790
General accident	**PAA**	**5,057,996**	-	**5,057,996**	5,128,136	-	5,128,136
Total – PAA (Note 3.3)		**19,660,972**	-	**19,660,972**	18,506,586	-	18,506,586
Individual life	**GMM**	**37,143**	-	**37,143**	32,706	-	32,706
Total – GMM		**37,143**	-	**37,143**	32,706	-	32,706
Total reinsurance contract assets & liabilities		**19,698,115**	-	**19,698,115**	18,539,292	-	18,539,292

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2025

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.1 Analysis of insurance contract assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remainingcoverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component KD	Loss component KD	Estimates of the present value of future cash flows KD	Risk adjustment KD	Total KD	Excluding loss component KD	Loss component KD	Estimates of the present value of futurecash flows KD	Risk adjustment KD	Total KD
Opening Liabilities	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)
Insurance revenue	42,237,950	-	-	-	42,237,950	42,597,793	-	-	-	42,597,793
Insurance service expenses										
Incurred benefits and expenses	-	-	(21,526,124)	(228,707)	(21,754,831)	-	-	(13,834,913)	(264,378)	(14,099,291)
Changes that relate to past service - adjustments to LIC	-	-	(499,929)	280,935	(218,994)	-	-	(3,736,323)	283,386	(3,452,937)
Amortisation of insurance acquisition cash flows	(1,900,096)	-	-	-	(1,900,096)	(1,858,465)	-	-	-	(1,858,465)
Insurance service expenses	(1,900,096)	-	(22,026,053)	52,228	(23,873,921)	(1,858,465)	-	(17,571,236)	19,008	(19,410,693)
Insurance service result	40,337,854	-	(22,026,053)	52,228	18,364,029	40,739,328	-	(17,571,236)	19,008	23,187,100
Net finance expenses from insurance contracts	-	-	(637,440)	-	(637,440)	-	-	(634,333)	-	(634,333)
Total changes in the consolidated statement of profit or loss	40,337,854	-	(22,663,493)	52,228	17,726,589	40,739,328	-	(18,205,569)	19,008	22,552,767
Cash flows										
Premiums received	(41,627,030)	-	-	-	(41,627,030)	(42,268,927)	-	-	-	(42,268,927)
Claims paid	-	-	17,333,032	-	17,333,032	-	-	16,490,400	-	16,490,400
Directly attributable non- acquisition expenses paid	-	-	3,708,654	-	3,708,654	-	-	3,735,084	-	3,735,084
Insurance acquisition cash flows	1,307,995	-	-	-	1,307,995	2,051,555	-	-	-	2,051,555
Total cash flows	(40,319,035)	-	21,041,686	-	(19,277,349)	(40,217,372)	-	20,225,484	-	(19,991,888)
Net closing balance	(9,153,930)	-	(27,057,486)	(464,816)	(36,676,232)	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)
Closing liabilities	(9,153,930)	-	(27,057,486)	(464,816)	(36,676,232)	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	(9,153,930)	-	(27,057,486)	(464,816)	(36,676,232)	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.2 Analysis of insurance contract assets and liabilities for contracts measured under GMM

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component *KD*	**Loss component *KD***	**Estimates of the present value of future cash flows *KD***	**Risk adjustment *KD***	**Total *KD***	Excluding loss component *KD*	Loss component *KD*	Estimates of the present value of future cash flows *KD*	Risk adjustment *KD*	Total *KD*
Opening liabilities	**(1,486,635)**	**(530)**	**(59,994)**	**(3,067)**	**(1,550,226)**	(1,541,967)	(80,396)	(36,784)	(1,714)	(1,660,861)
Opening assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening balance	**(1,486,635)**	**(530)**	**(59,994)**	**(3,067)**	**(1,550,226)**	(1,541,967)	(80,396)	(36,784)	(1,714)	(1,660,861)
Insurance revenue:										
Insurance revenue	**332,323**	**-**	**-**	**-**	**332,323**	318,587	-	-	-	318,587
Insurance service expenses										
Incurred benefits and expenses	**-**	**-**	**(62,779)**	**(9,563)**	**(72,342)**	-	-	(323,778)	(11,959)	(335,737)
Changes that relate to past service - adjustments to LIC	**-**	**-**	**(217,836)**	**9,402**	**(208,434)**	-	-	2,801	10,606	13,407
Losses on onerous contracts and reversal of those losses	**-**	**(115)**	**-**	**-**	**(115)**	-	85,106	-	-	85,106
Insurance service expenses	**-**	**(115)**	**(280,615)**	**(161)**	**(280,891)**	-	85,106	(320,977)	(1,353)	(237,224)
Insurance service result	**332,323**	**(115)**	**(280,615)**	**(161)**	**51,432**	318,587	85,106	(320,977)	(1,353)	81,363
Finance expenses from insurance contracts issued	**(83,407)**	**-**	**(3,849)**	**-**	**(87,256)**	(64,749)	(5,240)	-	-	(69,989)
Total changes in the consolidated statement of profit or loss	**248,916**	**(115)**	**(284,464)**	**(161)**	**(35,824)**	253,838	79,866	(320,977)	(1,353)	11,374
Cash flows:										
Premiums received	**(209,139)**	**-**	**-**	**-**	**(209,139)**	(198,506)	-	-	-	(198,506)
Claims paid	**-**	**-**	**256,162**	**-**	**256,162**	-	-	276,356	-	276,356
Directly attributable non-acquisition expenses paid	**-**	**-**	**27,939**	**-**	**27,939**	-	-	21,411	-	21,411
Net Cash flows	**(209,139)**	**-**	**284,101**	**-**	**74,962**	(198,506)	-	297,767	-	99,261
Net closing balance	**(1,446,858)**	**(645)**	**(60,357)**	**(3,228)**	**(1,511,088)**	(1,486,635)	(530)	(59,994)	(3,067)	(1,550,226)
Closing liabilities	**(1,446,858)**	**(645)**	**(60,357)**	**(3,228)**	**(1,511,088)**	(1,486,635)	(530)	(59,994)	(3,067)	(1,550,226)
Closing assets	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net closing balance	**(1,446,858)**	**(645)**	**(60,357)**	**(3,228)**	**(1,511,088)**	(1,486,635)	(530)	(59,994)	(3,067)	(1,550,226)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.2.1 Reconciliation of insurance contract assets and liabilities by components for contracts measured under GMM

	31 December 2025				31 December 2024			
	Estimates of the present value of future cash flows *KD*	**Risk Adjustment for non-financial risk** *KD*	**Contractual Service Margin (CSM)** *KD*	**Total** *KD*	Estimates of the present value of futurecash flows *KD*	Risk Adjustment for non-financial risk *KD*	Contractual Service Margin (CSM) *KD*	Total *KD*
Opening liabilities	**(898,131)**	**(36,243)**	**(615,852)**	**(1,550,226)**	(996,023)	(35,920)	(628,918)	(1,660,861)
Opening assets	-	-	-	-	-	-	-	-
Net opening balance	**(898,131)**	**(36,243)**	**(615,852)**	**(1,550,226)**	(996,023)	(35,920)	(628,918)	(1,660,861)
Changes that relate to current services:								
CSM recognized in consolidated statement of profit or loss for services provided	**-**	**-**	**87,409**	**87,409**	-	-	76,827	76,827
Changes in risk adjustment for risks expired	**-**	**4,791**	**-**	**4,791**	-	6,783	-	6,783
Experience adjustment-arising from premium received in the period that related to past service	**177,874**	**(9,563)**	**-**	**168,311**	(84,715)	(11,959)	-	(96,674)
Changes that relate to future services:								
Changes in estimates that adjust CSM	**38,510**	**(5,282)**	**(33,228)**	**-**	45,138	(5,979)	(39,159)	-
Changes in estimates that result in onerous contracts or reversal of losses	**-**	**(645)**	**-**	**(645)**	80,794	226	-	81,020
Changes that relate to past services:								
Changes relating to liabilities for incurred claims	**(217,836)**	**9,402**	**-**	**(208,434)**	2,801	10,606	-	13,407
Insurance service result	**(1,452)**	**(1,297)**	**54,181**	**51,432**	44,018	(323)	37,668	81,363
Net finance expense from insurance contracts	**(63,036)**	**-**	**(24,220)**	**(87,256)**	(45,387)	-	(24,602)	(69,989)
Total changes in the consolidated statement of profit or loss	**(64,488)**	**(1,297)**	**29,961**	**(35,824)**	(1,369)	(323)	13,066	11,374
Cash flows:								
Premiums received	**(209,139)**	**-**	**-**	**(209,139)**	(198,506)	-	-	(198,506)
Claims paid	**256,162**	**-**	**-**	**256,162**	276,356	-	-	276,356
Directly attributable non- acquisition expenses paid	**27,939**	**-**	**-**	**27,939**	21,411	-	-	21,411
Total cash flows	**74,962**	**-**	**-**	**74,962**	99,261	-	-	99,261
Net closing balance	**(887,657)**	**(37,540)**	**(585,891)**	**(1,511,088)**	(898,131)	(36,243)	(615,852)	(1,550,226)
Closing liabilities	**(887,657)**	**(37,540)**	**(585,891)**	**(1,511,088)**	(898,131)	(36,243)	(615,852)	(1,550,226)
Closing assets	-	-	-	-	-	-	-	-
Net closing balance	**(887,657)**	**(37,540)**	**(585,891)**	**(1,511,088)**	(898,131)	(36,243)	(615,852)	(1,550,226)

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.3 Analysis of reinsurance contract assets and liabilities for contracts measured under PAA

31 December 2025

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss component *KD*	**Loss component** *KD*	**Estimates of the present value of future cash flows** *KD*	**Risk adjustment** *KD*	**Total** *KD*
Opening liabilities	-	-	-	-	-
Opening assets	**2,120,586**	-	**16,177,413**	**208,587**	**18,506,586**
Net opening balance	**2,120,586**	-	**16,177,413**	**208,587**	**18,506,586**
Allocation of reinsurance premiums	**(18,940,035)**	-	-	-	**(18,940,035)**
Amounts recoverable from reinsurers					
Amounts recoverable for claims and other expenses	-	-	**7,179,412**	**119,412**	**7,298,824**
Changes that relate to past service - adjustments to AIC	-	-	**(2,771,620)**	**(90,961)**	**(2,862,581)**
Effect of changes in the risk of reinsurers non performance	-	-	**(2,403)**	-	**(2,403)**
Expenses directly attributable to reinsurance	-	-	**(181,232)**	-	**(181,232)**
Total reinsurance recoverable for incurred claims	-	-	**4,224,157**	**28,451**	**4,252,608**
Net (expense) income from reinsurance contract held	**(18,940,035)**	-	**4,224,157**	**28,451**	**(14,687,427)**
Reinsurance finance income through profit and loss	-	-	**297,676**	-	**297,676**
Total changes in the consolidated statement of profit or loss	**(18,940,035)**	-	**4,521,833**	**28,451**	**(14,389,751)**
Cash flows					
Premiums paid	**18,782,316**	-	-	-	**18,782,316**
Directly attributable expenses paid	-	-	**181,232**	-	**181,232**
Recoveries from reinsurance	-	-	**(3,419,411)**	-	**(3,419,411)**
Total cash flows	**18,782,316**	-	**(3,238,179)**	-	**15,544,137**
Net closing balance	**1,962,867**	-	**17,461,067**	**237,038**	**19,660,972**
Closing liabilities	-	-	-	-	-
Closing assets	**1,962,867**	-	**17,461,067**	**237,038**	**19,660,972**
Net closing balance	**1,962,867**	-	**17,461,067**	**237,038**	**19,660,972**

31 December 2024

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss component *KD*	Loss component *KD*	Estimates of the present value of futurecash flows *KD*	Risk adjustment *KD*	Total *KD*
Opening liabilities	-	-	-	-	-
Opening assets	1,981,394	-	19,297,422	298,145	21,576,961
Net opening balance	1,981,394	-	19,297,422	298,145	21,576,961
Allocation of reinsurance premiums	(17,959,912)	-	-	-	(17,959,912)
Amounts recoverable from reinsurers					
Amounts recoverable for claims and other expenses	-	-	783,323	5,380	788,703
Changes that relate to past service - adjustments to AIC	-	-	(523,752)	(94,938)	(618,690)
Effect of changes in the risk of reinsurers non performance	-	-	(1,757)	-	(1,757)
Expenses directly attributable to reinsurance	-	-	(183,036)	-	(183,036)
Total reinsurance recoverable for incurred claims	-	-	74,778	(89,558)	(14,780)
Net (expense) income from reinsurance contract held	(17,959,912)	-	74,778	(89,558)	(17,974,692)
Reinsurance finance income through profit and loss	-	-	378,876	-	378,876
Total changes in the consolidated statement of profit or loss	(17,959,912)	-	453,654	(89,558)	(17,595,816)
Cash flows					
Premiums paid	18,099,104	-	-	-	18,099,104
Directly attributable expenses paid	-	-	183,036	-	183,036
Recoveries from reinsurance	-	-	(3,756,699)	-	(3,756,699)
Total cash flows	18,099,104	-	(3,573,663)	-	14,525,441
Net closing balance	2,120,586	-	16,177,413	208,587	18,506,586
Closing liabilities	-	-	-	-	-
Closing assets	2,120,586	-	16,177,413	208,587	18,506,586
Net closing balance	2,120,586	-	16,177,413	208,587	18,506,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2025

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.4 Net Insurance service results:

The breakdown of insurance service income and reinsurance contracts held by valuation approach is set out in the table below:

Valuation Approach	PAA		GMM		Total	
	2025	2024	**2025**	2024	**2025**	2024
	KD	*KD*	***KD***	*KD*	***KD***	*KD*
Insurance Service Revenue	**42,237,950**	42,597,793	**332,323**	318,587	**42,570,273**	42,916,380
Insurance service expenses	**(23,873,921)**	(19,410,693)	**(280,891)**	(237,224)	**(24,154,812)**	(19,647,917)
Insurance service result before reinsurance contracts held	**18,364,029**	23,187,100	**51,432**	81,363	**18,415,461**	23,268,463
Amounts recoverable from reinsurers for incurred claims	**4,252,608**	(14,780)	**(910)**	(770)	**4,251,698**	(15,550)
Allocation of reinsurance premiums	**(18,940,035)**	(17,959,912)	**(75,531)**	(53,561)	**(19,015,566)**	(18,013,473)
Net expense from reinsurance contracts held	**(14,687,427)**	(17,974,692)	**(76,441)**	(54,331)	**(14,763,868)**	(18,029,023)
Insurance service result	**3,676,602**	5,212,408	**(25,009)**	27,032	**3,651,593**	5,239,440

3.5 CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below:

	2025					
	Up to 1 year	**1–2 years**	**2-3 years**	**3-4 years**	**>4 years**	**Total**
	KD	***KD***	***KD***	***KD***	***KD***	***KD***
Insurance contract issued	**(71,523)**	**(84,022)**	**(59,707)**	**(50,290)**	**(320,349)**	**(585,891)**
Reinsurance contract held	**2,259**	**2,423**	**2,599**	**2,794**	**31,323**	**41,398**

	2024					
	Up to 1 year	1–2 years	2-3 years	3-4 years	>4 years	Total
	KD	*KD*	*KD*	*KD*	*KD*	*KD*
Insurance contract issued	(77,810)	(66,096)	(83,156)	(54,763)	(334,027)	(615,852)
Reinsurance contract held	1,779	1,916	2,056	2,205	28,915	36,871

4 NET INVESTMENT INCOME

	2025 KD	*2024 KD*
Dividend income	**1,264,098**	1,650,779
Interest income	**1,851,650**	845,756
Realized gain from financial assets at fair value through profit or loss	**386,466**	68,752
Share of result of an associate	**277,447**	311,765
Unrealised gain of financial assets at fair value through profit or loss	**537,117**	563,352
	4,316,778	3,440,404
Investment expense	**(833,382)**	(711,412)
	3,483,396	2,728,992

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) as follows:

	2025	*2024*
Profit for the year attributable to equity holders of the parent company (KD)	**4,532,292**	5,620,497
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares) (Shares)	**243,429,756**	241,310,062
Earnings per share	**18.62 Fils**	23.29 Fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of consolidated financial statements.

6 PROPERTY AND EQUIPMENT

	Land and buildings KD	***Furniture and equipment KD***	***Computers and software KD***	***Projects under progress KD***	***Total KD***
Cost:					
As at 1 January 2025	8,625,006	947,416	2,066,966	750	11,640,138
Additions	-	43,305	38,065	49,500	130,870
As at 31 December 2025	**8,625,006**	**990,721**	**2,105,031**	**50,250**	**11,771,008**
Depreciation:					
As at 1 January 2025	2,287,203	802,368	1,799,018	-	4,888,589
Charge for the year	118,807	54,043	73,616	-	246,466
As at 31 December 2025	**2,406,010**	**856,411**	**1,872,634**	**-**	**5,135,055**
Net carrying amount:					
As at 31 December 2025	**6,218,996**	**134,310**	**232,397**	**50,250**	**6,635,953**

6 PROPERTY AND EQUIPMENT (continued)

	Land and buildings KD	*Furniture and equipment KD*	*Computers and software KD*	*Projects under progress KD*	*Total KD*
Cost:					
As at 1 January 2024	8,625,006	940,575	1,850,360	392,441	11,808,382
Additions	-	6,841	25,524	-	32,365
Disposal	-	-	-	(200,609)	(200,609)
Transferred	-	-	191,082	(191,082)	-
As at 31 December 2024	8,625,006	947,416	2,066,966	750	11,640,138
Depreciation:					
As at 1 January 2024	2,168,070	731,103	1,738,629	-	4,637,802
Charge for the year	119,133	71,265	60,389	-	250,787
As at 31 December 2024	2,287,203	802,368	1,799,018	-	4,888,589
Net carrying amount:					
As at 31 December 2024	6,337,803	145,048	267,948	750	6,751,549

7 INVESTMENT IN AN ASSOCIATE

The Group has the following investment in associate:

	Ownership percentage		*Country of incorporation*	***2025 KD***	*2024 KD*
	2025	*2024*			
KIB Takaful Insurance Company K.S.C.C.	**25.70%**	25.70%	Kuwait	**3,957,012**	3,827,378
				3,957,012	3,827,378

The movement in the investment in associate during the year is as follows:

	2025 KD	*2024 KD*
Carrying value as at 1 January	**3,827,378**	3,687,314
Share of results of associate (Note 4)	**277,447**	311,765
Share of other comprehensive income	**32,087**	8,199
Dividends	**(179,900)**	(179,900)
Carrying value as at 31 December	**3,957,012**	3,827,378

Summarized financial information in respect of the Group's associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statements.

KIB Takaful Insurance Company K.S.C.C.

	2025 KD	*2024 KD*
Current assets	**2,388,602**	6,778,753
Non- current assets	**13,608,779**	8,931,097
Current liabilities	**(43,245)**	(43,722)
Non-Current liabilities	**(557,202)**	(773,607)
Equity	**15,396,934**	14,892,521
Revenue	**1,185,599**	1,279,711
Expense	**(106,040)**	(66,618)
Profit for the year	**1,079,559**	1,213,093
Other comprehensive income for the year	**124,851**	31,903
Total comprehensive income for the year	**1,204,410**	1,244,996

7 INVESTMENT IN ASSOCIATE (continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in KIB Takaful Insurance Company K.S.C.C. recognized in the consolidated financial statements.

	2025 KD	*2024 KD*
Net assets of the associate	**15,396,934**	14,892,521
Proportion of the Group's ownership interest	**25.70%**	25.70%
Carrying amount of the Group's interest	**3,957,012**	3,827,378

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 KD	*2024 KD*
Quoted securities *	**24,808,980**	17,429,417
Unquoted securities	**1,420,905**	11,946,615
Investment in bonds	**-**	539,703
	26,229,885	29,915,735

Financial assets at fair value through other comprehensive income denominated in the following currencies:

	2025 KD	*2024 KD*
Local currency (KD)	**21,434,886**	24,510,336
Foreign currencies	**4,794,999**	5,405,399
	26,229,885	29,915,735

* Quoted shares with a fair value of KD 5,918,173 (2024: KD 3,764,427) are under lien to the Insurance Regulation Unit.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 KD	*2024 KD*
Quoted shares	**1,980,320**	1,711,235
Investments in fund	**1,873,374**	1,347,975
Investments in portfolio **	**20,728,734**	24,404,332
	24,582,428	27,463,542

** Investments in portfolio include bonds with a carry interest rate ranging from 4.625% to 6.5% (2024: 3.63% to 5.75%) per annum.

10 OTHER ASSETS

	2025	*2024*
	KD	*KD*
Due from staff	**28,163**	27,164
Accrued income	**786,930**	421,165
Prepaid expenses	**296,702**	191,482
Refundable deposit	**22,412**	18,002
Others	**459,815**	397,672
	1,594,022	1,055,485

11 TERM DEPOSITS

Term deposits represent deposits with banks whose original maturity period exceeds three months from date of deposit.

Term deposits include an amount of KD 1,800,000 held in State of Kuwait under lien to the Insurance Regulation Unit in accordance with insurance regulations of State of Kuwait (31 December 2024: KD 1,800,000).

The effective interest rate on term deposits was 3.625% to 4.63% (31 December 2024: 3.875% to 5.10%) per annum and have resulted in an interest income of KD 467,472 (2024: KD 357,373)

The Insurance law No. 125 of 2019, requires the Parent Company to deposit in a Kuwaiti bank or in a Kuwaiti branch of a foreign bank, a deposit amounting to KD 500,000 for general insurance, KD 500,000 for life insurance and KD 1,000,000 for reinsurance.

12 CASH AND CASH EQUIVALENTS

	2025	*2024*
	KD	*KD*
Cash on hand	**4,841**	4,901
Cash in portfolio	**2,248,491**	1,588,914
Bank balances	**6,070,289**	4,364,372
Cash and cash equivalents	**8,323,621**	5,958,187

13 SHARE CAPITAL AND CASH DIVIDENDS

The authorised, issued, and fully paid-up share capital comprises of 250,000,000 shares of 100 fils each (2024: 250,000,000 shares of 100 fils each) fully paid up in cash.

Cash dividend and bonus shares
The Board of Directors' meeting held on 24 February 2026 recommended to distribute cash dividends of 15% for the year ended 31 December 2025 (2024: 12%), This recommendation is subject to the approval of the Parent Company's Annual General Assembly and completion of legal formalities.

The Annual General Assembly of the shareholders of the Parent Company was held on 16 April 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the distribution of cash dividends of 12% for the year ended 31 December 2024 (31 December 2023: 10%) and the distribution date was on 21 May 2025.

14 RESERVES

Statutory reserve
As required by the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum 10% of the profit for the year before contribution to KFAS, NLST, Zakat fees shall be transferred to the statutory reserve. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

As of 31 December 2025, the Parent Company transferred 10% of the profit for the year before contribution to KFAS, NLST, and Zakat.

Voluntary reserve
As required by the Parent Company’s Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors’ remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders’ Annual General Assembly Meeting upon recommendation by the Board of Directors. The Parent Company’s General Assembly held on 19 May 2015 resolved to discontinue transfer to voluntary reserve.

15 BORROWINGS

Borrowings include Murabaha which bear a floating interest rate of 1% per annum above CBK discount rate (2024: 2.5 per annum above CBK discount rate). The Parent Company has met all the borrowings covenants as of the reporting date.

Following is the classification of borrowings based on their maturity:

	2025 ***KD***	*2024* *KD*
Non-current	**2,000,000**	4,000,000
Total	**2,000,000**	4,000,000

16 TREASURY SHARES

	2025	*2024*
Number of shares	**6,570,244**	6,570,244
Percentage of issued shares (%)	**2.63%**	2.63%
Market value (KD)	**1,149,793**	1,077,520

An amount of KD 686,385 (31 December 2024: KD 686,385) equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from reserves and retained earnings throughout the holding period of treasury shares.

The weighted average market price of the Parent Company’s shares for the year ended 31 December 2025 was 175 fils per share (31 December 2024: 164 fils per share).

During the current year, the Group purchased treasury shares of Nil shares (31 December 2024: 83,765 shares) for total consideration amounting to KD Nil (31 December 2024: KD 9,058) and sold treasury shares of Nil (31 December 2024: 540,000 shares) with total consideration of KD Nil (31 December 2024: KD 56,393).

17 OTHER LIABILITIES

	2025	*2024*
	KD	*KD*
Provision for end of service indemnity	**2,160,425**	1,965,113
NLST and Zakat payables	**210,008**	217,295
KFAS payable	**97,889**	130,022
Dividends payable	**1,379,099**	1,387,040
Accrued staff leave	**418,046**	381,969
Accrued expenses	**1,841,134**	1,303,772
Considerations payable for investments acquired (Note 19)	**11,579,811**	11,936,498
Provision for legal case (Note 20)	**500,000**	500,000
Other liabilities	**1,826,976**	2,314,072
	20,013,388	20,135,781

18 SEGMENT INFORMATION

The Group operates in three segments: General risk insurance, Life and Medical insurance and Investment. Within General risk insurance are Marine and Aviation, General Accidents and Fire, and Motor

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with consolidated statement of profit or loss.
The following are the details of the insurance segments:

- Marine and aviation: Insurance against the risks related to goods transportation and different types of marine and aviation vessels.

- General accidents: Insurance against risks of contractors, machine and computer damages and cessation of work; insurance for cash, fidelity bonds, professional risks, work accidents, civil responsibility and cars.

- Fire: Insurance against fire for different types of buildings, stores, industrial risks and oil and gas industry.

- Motor: Insurance against accidents for different types of motor vehicles.

- Life and medical insurance: Providing various life and health insurance cover for individuals and Companies.

18 SEGMENT INFORMATION (continued)

(A) Segment information – Consolidated statement of profit or loss

	General risk insurance							
31 December 2025	***Marine and aviation KD***	***General accidents and fire KD***	***Motor KD***	***Total general risk insurance KD***	***Life and medical insurance KD***	***Investments KD***	***Unallocated KD***	***Total KD***
Revenue:								
Insurance service result before reinsurance contracts held	**1,285,857**	**9,264,379**	**5,076,991**	**15,627,227**	**2,788,234**	**-**	**-**	**18,415,461**
Reinsurance contracts held	**(914,952)**	**(8,701,483)**	**(3,640,783)**	**(13,257,218)**	**(1,506,650)**	**-**	**-**	**(14,763,868)**
Finance expenses from insurance contracts issued	**(21,238)**	**(176,324)**	**(188,278)**	**(385,840)**	**(338,856)**	**-**	**-**	**(724,696)**
Finance income from reinsurance contracts held	**19,577**	**162,624**	**29,657**	**211,858**	**86,557**	**-**	**-**	**298,415**
Net investment income						**3,483,396**	**-**	**3,483,396**
Unallocated general and administrative expenses						**-**	**(2,218,761)**	**(2,218,761)**
Other income						**-**	**269,216**	**269,216**
KFAS, ZAKAT, NLST						**-**	**(214,928)**	**(214,928)**
Profit for the year						**3,483,396**	**(2,164,473)**	**4,544,235**

18 SEGMENT INFORMATION (continued)

(A) Segment information – Consolidated statement of profit or loss (continued)

	General risk insurance							
31 December 2024	*Marine and aviation* *KD*	*General accidents and fire* *KD*	*Motor* *KD*	*Total general risk insurance* *KD*	*Life and medical insurance* *KD*	*Investments* *KD*	*Unallocated* *KD*	*Total* *KD*
Revenue:								
Insurance service result before reinsurance contracts held	1,404,013	11,823,808	4,639,525	17,867,346	5,401,117	-	-	23,268,463
Reinsurance contracts held	(1,072,020)	(11,147,404)	(2,885,940)	(15,105,364)	(2,923,659)	-	-	(18,029,023)
Finance expenses from insurance contracts issued	(32,555)	(265,471)	(101,217)	(399,243)	(305,079)	-	-	(704,322)
Finance income from reinsurance contracts held	24,407	249,159	18,868	292,434	86,559	-	-	378,993
Net investment income						2,728,992	-	2,728,992
Unallocated general and administrative expenses						-	(2,128,035)	(2,128,035)
Other income						-	410,033	410,033
KFAS, ZAKAT, NLST						-	(258,185)	(258,185)
Profit for the year						2,728,992	(1,976,187)	5,666,916

18 SEGMENT INFORMATION (continued)

(B) Segment information – Consolidated statement of financial position

	General risk insurance KD	*Life and medical insurance KD*	*Investment KD*	*Unallocated KD*	*Total KD*
31 December 2025					
Assets	**10,602,187**	**9,095,928**	**87,389,876**	**7,443,045**	**114,531,036**
Liabilities	**21,973,436**	**15,961,813**	**13,985,023**	**8,280,436**	**60,200,708**
31 December 2024					
Assets	11,872,179	6,667,113	78,178,244	7,385,869	104,103,405
Liabilities	22,876,397	15,839,915	15,936,498	6,158,669	60,811,479

19 RELATED PARTY TRANSACTIONS

The Group has entered into various transactions with related parties, i.e. shareholders, Board of directors, key management personnel, associate and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:

	Parent Company's shareholders KD	***Entities under common control KD***	***Total 2025 KD***	*Total 2024 KD*
Investment activities				
Financial assets at fair value through profit or loss	**-**	**17,677,153**	**17,677,153**	16,837,243
Financial assets at fair value through other comprehensive income	**-**	**26,076,885**	**26,076,885**	22,899,656
Investment in associate	**-**	**3,957,012**	**3,957,012**	3,827,379
Term deposits	**-**	**22,010,000**	**22,010,000**	10,100,000
Cash and cash equivalents	**-**	**6,794,610**	**6,794,610**	3,789,502
Other liabilities*	**-**	**12,211,431**	**12,211,431**	12,486,636
Insurance activities				
Insurance contract assets	**25,381**	**4,575,693**	**4,601,074**	4,421,913
Insurance contract liabilities	**-**	**1,177,236**	**1,177,236**	604,780

* Other liabilities represent borrowings from third party through related party by KD 11,579,811 (31 December 2024: 11,936,498) with an average interest rate of 4.24% (31 December 2024: 4.85%).

Transactions included in the consolidated statement of profit or loss:

	Parent Company's shareholders KD	***Entities under common control KD***	***Total 2025 KD***	*Total 2024 KD*
Premiums written	**19,268**	**1,570,635**	**1,589,903**	1,655,652
Claims paid	**16,404**	**1,252,025**	**1,268,429**	1,369,786
Dividend income	**-**	**1,152,286**	**1,152,286**	687,161
Share of results of associate	**-**	**277,447**	**277,447**	311,765

Compensation to key management personnel:	***2025 KD***	*2024 KD*
Salaries and short-term employee benefits	**990,833**	915,141
Employees end of service benefits	**61,982**	28,358
	1,052,815	943,499

20 CONTINGENCIES

	2025 KD	*2024 KD*
Letters of guarantee	**1,526,214**	1,900,330

20 CONTINGENCIES (continued)

Letters of guarantee include an amount of KD 1,427,180 held in State of Kuwait under lien to the Insurance Regulation Unit in accordance with insurance regulations of State of Kuwait (31 December 2024: KD 1,427,180).

The Group has outstanding legal case, where the customer is claiming an amount of KD 1.8 million. A preliminary verdict has been issued in the Group's favour rejecting the customer's claim. The customer appealed on 15 July 2019 and the appeal court verdict was in the favor of the Group as well, issued on 13 January 2021 the customer reappealed the verdict in Court of Cassation who has transferred the case to the primary court.

On 24 July 2023, a preliminary verdict has been issued in the customer's favor, The Group appealed the verdict and a new session is scheduled on 13 November 2023 then transferred to department of expertise on 4 March 2024, then scheduled for a hearing on 11 November 2024, then it was postponed to 10 March 2026 for Appeal session.

During the prior year, the Group has provided an amount of KD 500,000 as a provision against this legal case. The Group believes the current provision taken is adequate based on the current legal status of the legal case.

The Group is subject to litigation in the normal course of its business. The Group based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's consolidated statement of profit or loss or consolidated statement of financial position.

21 STATUTORY GUARANTEES

The following amounts are held in Kuwait by the Parent Company as security for the order of the Insurance Regulation Unit in accordance with the Ministerial Decree No. 27 of 1966 and its amendments new law No. 125 of 2019:

(a) Deposits and investments amounting to KD 500,000 (2024: KD 500,000) have been deposited with a Kuwaiti bank as security to underwrite general insurance business;
(b) Deposits and investment amounting to KD 500,000 (2024: KD 500,000) have been deposited with a Kuwaiti bank in respect of the Parent Company's right to transact life assurance business;
(c) Deposits and investment amounting to KD 1,000,000 (2024: KD 1,000,000) have been deposited with a Kuwaiti bank in respect of the Parent Company's right to transact reinsurance business;

As of the reporting date, the Parent Company calculated the amounts are held in Kuwait in accordance with the new law.

22 RISK MANAGEMENT

(a) Governance framework
The Group's Governance Risk and Compliance management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives including failing to exploit opportunities. and analyse the nature and extent of risks encountered by the Group's activities, to assess of the environmental, social, and governance sustainability risks, in order to mitigate, avoid, and prevent those Risks. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established The Governance Risk and Compliance function since 2013 with clear terms of reference from the Group's Board of Directors, and its committees. This supplemented with a clear organisational structure that document delegated authorities and responsibilities from the board of directors to the management. Also, a Group policy framework including risk profiles for the Group, risk management, internal control, business continuity and business conduct standards for the Group's operations at the highest-level of quality control and to monitor the soundness of consolidated financial statements and the efficiency of the Group activities and evaluate the extent of commitment to supervisory controls.

(b) Regulatory framework
Law No. 125 of 2019, and its Executive by law, and the rules, Decisions, Circulars and regulations issued by the Insurance Regulatory Unit (IRU) provide the regulatory framework for the insurance industry in Kuwait will be effective, which state that all insurance companies operating in Kuwait are required to follow these rules and regulations.

22 RISK MANAGEMENT (continued)

(b) Regulatory framework (continued)

The following are the key regulations governing the operation of the Group:

- For the life Insurance Companies KD 500,000 FD under the ministerial name to be retained in Kuwait.
- For the Non-life Insurance Companies KD 500,000 FD under the ministerial name to be retained in Kuwait.
- For the Reinsurance Companies KD 1,000,000 FD under the ministerial name to be retained in Kuwait.
- In addition, all insurance companies to maintain a provision of 20% from the gross premiums written after excluding the reinsurance share.

The Group's Governance, Risk Management and Compliance (G.R.C.) sector is responsible for monitoring compliance with all applicable regulations in the state of Kuwait and has delegated authorities and responsibilities from the board of directors to ensure that the Group is fully complied with the regulations.

(c) Insurance risk

For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and manmade accidents. For longer tail claims that take some years to settle, there is also inflation risk

For life insurance contracts the Group offers individual life, the main risks that the Group is exposed to are, as follows:

- Mortality risk - risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss arising due to policyholder health experience being different than expected.
- Longevity risk - risk of loss arising due to the annuitant living longer than expected.
- Investment return risk - risk of loss arising from actual returns being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Policyholder decision risk - risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

For the life insurance and life reinsurance contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

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

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly settling claims, to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

Reinsurance risks

The Group purchases reinsurance as part of its risk mitigation program. Reinsurance held (outward reinsurance) is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Retention limits for non-proportional excess–of–loss reinsurance vary by product line.

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

Reinsurers are selected using the following parameters and guidelines set by the Group's Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent.
- Reputation of particular reinsurance companies.
- Existing or past business relationship with the reinsurer.

22 RISK MANAGEMENT (continued)

Reinsurance risks (continued)
Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Group and agreed to pre-set requirements of the Group's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As of 31 December 2025 and 31 December 2024, there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

There is no single counterparty exposure that exceeds 50% of total reinsurance assets at the reporting date.

The nature of the Group's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous year.

The following tables show the concentration of net insurance contract liabilities by type of contract:

	31 December 2025			31 December 2024		
KD	**Insurance contracts issued**	**Reinsurance contracts held**	**Net**	Insurance contracts issued	Reinsurance contracts held	Net
Medical	**10,449,390**	**(5,165,486)**	**5,283,904**	11,427,444	(3,352,175)	8,075,269
Group life	**4,253,406**	**(3,893,277)**	**360,129**	4,711,638	(3,282,232)	1,429,406
Motor	**10,827,889**	**(1,540,239)**	**9,287,650**	9,176,633	(966,325)	8,210,308
Marine and aviation	**827,735**	**(1,204,972)**	**(377,237)**	819,719	(844,928)	(25,209)
Fire	**3,691,721**	**(2,799,002)**	**892,719**	3,298,405	(4,932,790)	(1,634,385)
General Accident	**6,626,091**	**(5,057,996)**	**1,568,095**	5,691,633	(5,128,136)	563,497
Individual life	**1,511,088**	**(37,143)**	**1,473,945**	1,550,226	(32,706)	1,517,520
Total	**38,187,320**	**(19,698,115)**	**18,489,205**	36,675,698	(18,539,292)	18,136,406

The geographical concentration of the Group's insurance contract liabilities is within Kuwait and outside of Kuwait.

Sensitivities on major assumptions
The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss and equity for reasonably possible movements in key assumptions with all other assumptions.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear.

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

Following are the sensitivities derived for the portfolios computed under PAA approach before and after risk mitigation by reinsurance contracts held:

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22 RISK MANAGEMENT (continued)

(c) Insurance risk (continued)

Sensitivities on major assumptions (continued)

Following are the sensitivities derived for the portfolios computed under PAA approach after risk mitigation by reinsurance contracts held:

	31 December 2025			31 December 2024		
KD	**Net insurance contract liabilities**	**Impact on profit**	**Impact on equity**	Net insurance contract liabilities	Impact on profit	Impact on equity
Insurance contract liabilities	**(36,676,232)**			(35,125,472)		
Reinsurance contract Assets	**19,660,972**			18,506,586		
Net insurance contract liabilities	**(17,015,260)**			(16,618,886)		
Expenses increase by 1%		**(11,419)**	**(11,419)**		(13,346)	(13,346)
Expenses decrease by 1%		**11,419**	**11,419**		13,346	13,346
Yields curve shift up by 1 %		**90,578**	**90,578**		72,646	72,646
Yields curve shift down by 1 %		**(92,823)**	**(92,823)**		(74,501)	(74,501)

Following are the sensitivities derived for the portfolios computed under GMM approach before risk mitigation by reinsurance contracts held:

	31 December 2025			31 December 2024		
KD	**Insurance contract liabilities**	**Impact on profit**	**Impact on equity**	Insurance contract liabilities	Impact on profit	Impact on equity
Insurance contract liabilities	**(1,511,088)**			(1,550,226)		
Lapse/surrenders scenario increase by 5%	**(1,512,197)**	**(1,109)**	**(1,109)**	(1,524,253)	1,409	1,409
Lapse/surrenders scenario decrease by 5%	**(1,512,221)**	**(1,133)**	**(1,133)**	(1,523,805)	1,857	1,857
Mortality increase by 5%	**(1,516,194)**	**(5,106)**	**(5,106)**	(1,552,635)	(26,973)	(26,973)
Mortality decrease by 5%	**(1,508,184)**	**2,904**	**2,904**	(1,495,131)	30,531	30,531
Expenses increase by 5%	**(1,512,562)**	**(1,473)**	**(1,473)**	(1,526,835)	(1,173)	(1,173)
Expenses decrease by 5%	**(1,511,839)**	**(751)**	**(751)**	(1,521,098)	4,564	4,564
Yields curve shift up by 5%	**(1,471,842)**	**39,246**	**39,246**	(1,482,599)	43,063	43,063
Yields curve shift down by 5%	**(1,553,787)**	**(42,699)**	**(42,699)**	(1,572,710)	(47,048)	(47,048)
Loss reserve increase by 5%	**(1,514,267)**	**(3,179)**	**(3,179)**	(1,527,587)	(1,925)	(1,925)
Loss reserve decrease by 5%	**(1,507,909)**	**3,179**	**3,179**	(1,523,737)	1,925	1,925

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22 RISK MANAGEMENT (continued)

(c) Insurance risk (continued)

Following are the sensitivities derived for the portfolios computed under GMM approach after risk mitigation by reinsurance contracts held:

	31 December 2025			31 December 2024		
	Net insurance contract liabilities	**Impact on profit**	**Impact on equity**	Net insurance contract liabilities	Impact on profit	Impact on equity
Reinsurance contract Assets	**37,143**			32,706		
Net Insurance contract liabilities	**(1,473,945)**			(1,517,520)		
Lapse/surrenders scenario increase by 5%	**(1,475,013)**	**(1,067)**	**(1,067)**	(1,491,503)	1,452	1,452
Lapse/surrenders scenario decrease by 5%	**(1,475,123)**	**(1,176)**	**(1,176)**	(1,491,143)	1,813	1,813
Mortality increase by 5%	**(1,479,258)**	**(5,312)**	**(5,312)**	(1,520,132)	(27,176)	(27,176)
Mortality decrease by 5%	**(1,470,835)**	**3,111**	**3,111**	(1,462,221)	30,735	30,735
Expenses increase by 5%	**(1,475,420)**	**(1,473)**	**(1,473)**	(1,494,129)	(1,173)	(1,173)
Expenses decrease by 5%	**(1,474,698)**	**(751)**	**(751)**	(1,488,391)	4,564	4,564
Loss reserve increase by 5%	**(1,477,126)**	**(3,179)**	**(3,179)**	(1,494,881)	(1,925)	(1,925)
Loss reserve decrease by 5%	**(1,470,767)**	**3,179**	**3,179**	(1,491,031)	1,925	1,925

Warba Insurance and Reinsurance Company K.S.C.P. and its Subsidiary

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22 RISK MANAGEMENT (continued)

(c) Insurance risk (continued)

The following tables show the estimate of cumulative incurred claims for Non-life and Medical segments, including claims notified for each successive accident year at each consolidated statement of financial position date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to the presentation currency at the spot rates of the current financial year.

Claims development table
31 December 2025

	2016 KD	*2017 KD*	*2018 KD*	*2019 KD*	*2020 KD*	*2021 KD*	*2022 KD*	*2023 KD*	*2024 KD*	***2025 KD***	***Total KD***
Undiscounted liabilities for incurred claims, gross of reinsurance:	15,317,917	12,783,280	24,632,081	10,775,567	16,224,914	15,762,157	18,152,822	18,358,249	18,168,137	18,604,660	168,779,784
At end of accident year	8,711,541	4,966,661	3,231,613	4,259,998	3,746,433	6,593,045	6,597,348	8,587,133	8,942,650	9,441,620	-
One year later	11,972,997	9,166,855	12,455,178	8,841,304	9,491,343	12,809,043	14,364,888	14,547,051	16,946,395	-	-
Two years later	12,448,984	11,717,075	16,564,717	9,661,036	10,514,596	14,045,650	14,905,113	16,946,395	-	-	-
Three years later	13,122,255	11,944,269	18,673,669	10,044,130	10,698,990	15,782,107	15,325,559	-	-	-	-
Four years later	13,003,671	12,194,188	24,073,150	10,121,524	10,977,547	15,104,032	-	-	-	-	-
Five years later	13,128,489	12,249,715	24,298,835	10,144,478	15,828,198	-	-	-	-	-	-
Six years later	13,182,363	12,302,803	24,281,008	10,052,613	-	-	-	-	-	-	-
Seven years later	13,184,462	12,469,805	24,301,629	-	-	-	-	-	-	-	-
Eight years later	13,226,281	12,502,711	-	-	-	-	-	-	-	-	-
Nine years later	13,215,678	-	-	-	-	-	-	-	-	-	-
Gross estimates of the undiscounted amount of the claims	**13,215,678**	**12,502,711**	**24,301,629**	**10,052,613**	**15,828,198**	**15,104,032**	**15,325,559**	**16,946,395**	**16,946,395**	**9,441,620**	**149,664,830**
Cumulative gross claims and other directly attributable expenses paid	**2,102,238**	**280,569**	**330,452**	**722,954**	**396,717**	**658,125**	**2,827,263**	**1,411,854**	**1,221,742**	**9,163,040**	**19,114,954**
Effect of discounting	-	-	-	-	-	-	-	-	-	-	**(710,615)**
Effect of the risk adjustment	-	-	-	-	-	-	-	-	-	-	**464,818**
Claims payables	-	-	-	-	-	-	-	-	-	-	**8,653,145**
Gross liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-	**27,522,302**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2025

22 RISK MANAGEMENT (continued)

(c) Insurance risk (continued)

Claims development table (continued)

31 December 2024

	2015 KD	*2016 KD*	*2017 KD*	*2018 KD*	*2019 KD*	*2020 KD*	*2021 KD*	*2022 KD*	*2023 KD*	*2024 KD*	*Total KD*
Undiscounted liabilities for incurred claims, gross of reinsurance:	17,938,749	13,733,636	12,804,356	24,684,425	10,936,600	11,586,030	16,924,726	17,179,903	16,359,232	17,764,189	159,911,846
At end of accident year	8,962,959	8,711,541	4,966,661	3,231,613	4,259,998	3,746,433	6,593,045	6,597,348	8,587,133	8,942,650	-
One year later	12,818,915	11,972,997	9,166,855	12,455,178	8,841,304	9,491,343	12,809,043	14,364,888	14,547,051	-	-
Two years later	14,170,444	12,448,984	11,717,075	16,564,717	9,661,036	10,514,596	14,045,650	14,905,113	-	-	-
Three years later	14,307,282	13,122,255	11,944,269	18,673,669	10,044,130	10,698,990	15,782,107	-	-	-	-
Four years later	14,875,322	13,003,671	12,194,188	24,073,150	10,121,524	10,977,547	-	-	-	-	-
Five years later	15,221,986	13,128,489	12,249,715	24,298,835	10,144,478	-	-	-	-	-	-
Six years later	15,485,275	13,182,363	12,302,803	24,281,008	-	-	-	-	-	-	-
Seven years later	15,532,734	13,184,462	12,469,805	-	-	-	-	-	-	-	-
Eight years later	15,587,540	13,226,281	-	-	-	-	-	-	-	-	-
Nine years later	15,596,561	-	-	-	-	-	-	-	-	-	-
Gross estimates of the undiscounted amount of the claims	15,596,561	13,226,281	12,469,805	24,281,008	10,144,478	10,977,547	15,782,107	14,905,113	14,547,051	8,942,650	154,681,851
Cumulative gross claims and other directly attributable expenses paid	2,342,188	507,355	334,551	403,417	792,121	608,483	1,142,619	2,274,790	1,812,181	8,821,539	19,039,244
Effect of discounting	-	-	-	-	-	-	-	-	-	-	(805,817)
Effect of the risk adjustment	-	-	-	-	-	-	-	-	-	-	517,044
Claims payables	-	-	-	-	-	-	-	-	-	-	7,202,252
Gross liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-	25,952,723

22 RISK MANAGEMENT (continued)

(d) Financial risk

Financial risk comprises of the followings:

- Liquidity Risk
- Market Risk
- Credit Risk

These risks have been briefly explained below:

1. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

The Group's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs.

The Group holds certain financial assets that are not subject to the expected credit loss (ECL) impairment requirements under IFRS 9. These financial assets consist of:

- Equity investments designated at fair value through other comprehensive income (FVOCI); and/or
- Financial assets classified at fair value through profit or loss (FVTPL), including managed funds, listed equities, and other non-debt investments.

Maturity profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through other comprehensive income, associate, investment properties and property and equipment are based on management's estimate of liquidation of those assets.

31 December 2025	***Within 1 year KD***	***More than 1 year KD***	***Total KD***
Assets			
Cash and cash equivalent	**8,323,621**	**-**	**8,323,621**
Term deposits	**23,906,687**	**-**	**23,906,687**
Financial assets at fair value through other comprehensive income	**-**	**26,229,885**	**26,229,885**
Financial assets at fair value through profit or loss	**-**	**24,582,428**	**24,582,428**
Reinsurance contract assets	**15,267,667**	**2,468,159**	**17,735,826**
Other assets (excluding prepaid expenses)	**1,274,908**	**22,412**	**1,297,320**
Investments in associate	**-**	**3,957,012**	**3,957,012**
Property and equipment	**-**	**6,635,953**	**6,635,953**
	48,772,883	**63,895,849**	**112,668,732**

22 RISK MANAGEMENT (continued)

(d) Financial risk (continued)

***1. Liquidity risk* (continued)**

31 December 2025	***Within 1 year KD***	***More than 1 year KD***	***Total KD***
Liabilities			
Insurance contract liabilities	**23,072,506**	**5,960,480**	**29,032,986**
Other liabilities	**17,876,477**	**2,160,425**	**20,036,902**
Long Term Loan	**90,000**	**2,052,027**	**2,142,027**
	41,038,983	**10,172,932**	**51,211,915**

31 December 2024	*Within 1 year KD*	*More than 1 year KD*	*Total KD*
Assets			
Cash and cash equivalent	5,958,187	-	5,958,187
Term deposits	10,834,758	-	10,834,758
Financial assets at fair value through other comprehensive income	-	29,915,735	29,915,735
Financial assets at fair value through profit or loss	-	27,463,542	27,463,542
Reinsurance contract assets	13,569,806	3,237,386	16,807,192
Other assets (excluding prepaid expenses)	846,001	18,002	864,003
Investments in associate	-	3,827,378	3,827,378
Property and equipment	-	6,751,549	6,751,549
	31,208,752	71,213,592	102,422,344
Liabilities			
Insurance contract liabilities	20,018,924	8,289,562	28,308,486
Other liabilities	18,444,552	1,965,113	20,409,665
Long Term Loan	180,000	4,284,055	4,464,055
	38,643,476	14,538,730	53,182,206

2. Credit risk

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

- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- The credit risk in respect of customer balances, incurred on non-payment of premiums will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

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

22 RISK MANAGEMENT (continued)

(d) Financial risk (continued)

***2. Credit risk* (continued)**

Exposure credit risk	***General insurance KD***	***Life and Medical insurance KD***	***Total KD***
31 December 2025			
Cash and cash equivalents - excluding cash on hand	**7,533,080**	**785,700**	**8,318,780**
Fixed deposits	**23,510,000**	-	**23,510,000**
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**
Other assets - excluding prepayments	**1,275,373**	**21,947**	**1,297,320**
Total credit risk exposure	**32,318,453**	**807,647**	**33,126,100**

Exposure credit risk	*General insurance KD*	*Life and Medical insurance KD*	*Total KD*
31 December 2024			
Cash and cash equivalents - excluding cash on hand	5,291,387	661,899	5,953,286
Fixed deposits	10,292,237	300,000	10,592,237
Financial assets at fair value through other comprehensive income	539,703	-	539,703
Other assets - excluding prepayments	846,029	17,974	864,003
Total credit risk exposure	16,969,356	979,873	17,949,229

22 RISK MANAGEMENT (continued)

(d) Financial risks (continued)

2. Credit risk (continued)

The table below provides information regarding the credit risk exposure of the financial assets by classifying assets according to international credit ratings of the counterparties. "A" ratings denote expectations of low default risk. "B" ratings indicate that material default risk is present, but a limited margin of safety remains. Assets that fall outside the range of A to B are classified as not rated.

Exposure credit risk by classifying financial assets according to international credit rating agencies	***A*** ***KD***	***B*** ***KD***	***Not rated*** ***KD***	***Total*** ***KD***
31 December 2025				
Cash and cash equivalents - excluding cash on hand	**8,318,780**	**-**	**-**	**8,318,780**
Fixed deposits	**23,510,000**	**-**	**-**	**23,510,000**
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**
Other assets - excluding prepayments	**786,930**	**468,047**	**42,343**	**1,297,320**
Total credit risk exposure	**32,615,710**	**468,047**	**42,343**	**33,126,100**

Exposure credit risk by classifying financial assets according to international credit rating agencies	*A* *KD*	*B* *KD*	*Not rated* *KD*	*Total* *KD*
31 December 2024				
Cash and cash equivalents - excluding cash on hand	5,953,286	-	-	5,953,286
Fixed deposits	10,592,237	-	-	10,592,237
Financial assets at fair value through other comprehensive income	-	539,703	-	539,703
Other assets - excluding prepayments	421,165	401,494	41,344	864,003
Total credit risk exposure	16,966,688	941,197	41,344	17,949,229

3. 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.

Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities, which mitigate the foreign currency exchange rate risk. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contracts liabilities are expected to be settled. The currency risk is effectively managed by the Group through financial instruments.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit due to changes in fair value of currency sensitive assets and liabilities.

The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear. The effect of decreases in profit and other comprehensive income is expected to be equal and opposite to the effect of the increases shown.

22 RISK MANAGEMENT (continued)

(d) Financial risks (continued)

3. Market risk (continued)

(i) Currency risk

	Change in Variables %	*2025* Impact on profit for the year KD	*2025* Impact on other comprehensive income KD	*2024* Impact on profit for the year KD	*2024* Impact on other comprehensive income KD
USD	±5	**901,437**	**7,650**	937,999	26,985
BHD	±5	**-**	**332,100**	-	270,270

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates, on the Group's profit before contribution to KFAS, NLST, Zakat and directors' fees, based on floating rate financial assets and financial liabilities held as at 31 December 2025 and 2024.

The Group is not exposed to interest rate risk as majority of its interest-bearing assets and liabilities are stated at fixed interest rates.

(iii) Equity price risk

Equity price risk arises from the change in fair values of equity investments. The Group manages this risk through diversification of investments in terms of geographical distribution and industrial concentration.

The effect on other comprehensive income as a result of a change in the fair value of financial assets available for sale at 31 December due to ±5% change in the following market indices with all other variables held constant is as follows:

	Impact of profit for the year		*Impact of other comprehensive income*	
Market indices	***2025 KD***	*2024 KD*	***2025 KD***	*2024 KD*
Kuwait	**-**	152,960	**471,744**	525,540
Other countries	**-**	-	**332,100**	270,270

23 CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issues new shares.

23 CAPITAL MANAGEMENT (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, liabilities arising from insurance contracts, payables and term loans less cash and cash equivalent. Capital includes equity of the Group.

	2025 ***KD***	*2024* *KD*
Liabilities arising from insurance contracts	**38,187,320**	36,675,698
Other liabilities	**20,013,388**	20,135,781
Term loan	**2,000,000**	4,000,000
Less: Cash and cash equivalents	**(8,323,621)**	(5,958,187)
Net debt	**51,877,087**	54,853,292
Total equity	**54,330,328**	43,291,926
Total capital	**106,207,415**	98,145,218
Gearing ratio	**49%**	56%

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, insurance contract assets and reinsurance contract assets, term deposits and cash and cash equivalent. Financial liabilities consist of insurance contract assets, reinsurance contract assets, term loans and other liabilities.

The fair values of financial instruments are not materially different from their carrying values. The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2025	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***	***Total fair value KD***
Financial assets at fair value though other comprehensive income	**24,808,981**	**-**	**1,420,904**	**26,229,885**
Financial assets at fair value though profit or loss	**20,009,550**	**1,873,374**	**2,699,504**	**24,582,428**
Total	**44,818,531**	**1,873,374**	**4,120,408**	**50,812,313**

24 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 December 2024	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total fair value KD*
Financial assets at fair value though other comprehensive income	17,969,120	-	11,946,615	29,915,735
Financial assets at fair value though profit or loss	20,816,063	1,347,975	5,299,504	27,463,542
Total	38,785,183	1,347,975	17,246,119	57,379,277

Description of significant unobservable inputs to valuation performed at the reporting date is as follows:

	Valuation Technique	***Significant unobservable inputs***	***Range***	***Sensitivity of the input to fair value***
Unquoted equity securities	Price to book value	Discount for lack of marketability & lack of control	5%	An increase (decrease) by 5% in the Discount for lack of marketability & lack of Control would result in (decrease) increase in fair value by KD 58 thousands.
	Price to book value	Price to book multiple "Represents amounts used when the Group has determined that market participants would use such multiples when pricing the investments"	5%	An increase (decrease) by 5% in the price to book multiple would result in increase (decrease) in fair value by KD 106 thousands.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	At the beginning of the year KD	***Net Change in fair value recorded in the consolidated statement of comprehensive income KD***	***Net Change in fair value recorded in the consolidated statement of profit or loss KD***	***Net purchases and disposals KD***	***At the end of the year KD***
2025					
Financial assets at fair value though other comprehensive income	**11,946,615**	**411,788**	**-**	**(10,937,499)**	**1,420,904**
Financial assets at fair value though profit or loss	**5,299,504**	**-**	**-**	**(2,600,000)**	**2,699,504**
	17,246,119	**411,788**	**-**	**(13,537,499)**	**4,120,408**

24 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	At the beginning of the year *KD*	*Net Change in fair value recorded in the consolidated statement of comprehensive income* *KD*	*Net Change in fair value recorded in the consolidated statement of profit or loss* *KD*	*Net purchases and disposals* *KD*	*At the end of the year* *KD*
2024					
Financial assets at fair value though other comprehensive income	10,323,037	1,423,578	-	200,000	11,946,615
Financial assets at fair value though profit or loss	5,300,000	-	(496)	-	5,299,504
	15,623,037	1,423,578	(496)	200,000	17,246,119