46 التقرير السنوي

سجل تجاري رقم (24982)
ترخيص مزاولة رقم (IRC20200004)
تأسست الشركة بتاريخ 24 أكتوبر 1976
رمز تداول بورصة الكويت للأوراق المالية (وربة ت إ)

WARBA INSURANCE & REINSURANCE
وربة للتأمين وإعادة التأمين

1 80 81 81 | warba.insure | warba | warbakw

WARBA INSURANCE & REINSURANCE وربة للتأمين وإعادة التأمين

التقرير السنوي 46 ANNUALREPORT

46 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

1 80 81 81 | warba.insure | warba | warbakw

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

The Amir Of The State Of Kuwait

H.H. Sheikh Sabah Khaled Al-Hamad Al-Sabah

Crown Prince Of The State Of Kuwait

CONTENTS

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

46 Ordinary Genaral Assembly of Warba Insurance Company (K.K.P.)

For the Fiscal Year Ending in 31 December 2024

AGENDA

1) Discussing and approving the Board of Directors' report on the company's activities and financial position for the fiscal year ending on December 31, 2024.
2) Recitation of the Corporate Governance Report and the Audit Committee Report for the fiscal year ending on December 31, 2024, and their approval.
3) Discussing the report of the external auditors for the fiscal year ending on December 31, 2024, and approving it.
4) Discuss and approve the consolidated final financial statements and balance sheet for the financial year ended 31 December 2024.
5) Review any violations monitored by the regulatory authorities for the fiscal year ending on December 31, 2023 (if any).
6) Discussing and approving the recommendation of the Board of Directors for the remuneration policy and allowances for attendance, representation and excellent work for the members of the Board of Directors and authorizing the Board of Directors to create any amendments and take decisions on the mechanism of the policy implementation without any responsibility on the Board.
7) Discussing and approving the Nominations and Remunerations Committee's report on the remunerations, benefits and salaries of the members of the Board of Directors and Executive Management for the fiscal year ending on December 31, 2024.
8) Approving the Board of Directors' recommendation to pay bonuses to the members of the Board of Directors in the amount of (250,000) KD, in exchange for the work they undertake in the company and attending committees, and including it in the record of bonuses granted to the Board of Directors and its members, and its approval by the General Assembly For the fiscal year ending on December 31, 2024, and its approval.
9) Approval of the Board of Directors' recommendation to distribute cash dividends to shareholders at the rate of 12% (Twelve percent) of the nominal value of the share, at the rate of ten fils (12 fils) per share, after deducting the treasury shares, for the year The fiscal year ending on December 31, 2024, for the shareholders registered in the company's records at the end of the maturity date specified on (fifteen days after the assembly convening), provided that the distribution of these profits to the shareholders entitled to them starts from (five working days from the maturity date). and authorize the Board of Directors to dispose of the fractions of shares resulting from this distribution, after obtaining the necessary approvals from the regulatory authorities, and authorize the Board of Directors to dispose of the fractions of shares resulting from this distribution. Board of directors may adjust the schedule for stock entitlements if necessary.
10) Reviewing the transactions that took place with related parties for the fiscal year ending on December 31, 2024, and authorizing the Board of Directors to deal with related parties that will take place during the fiscal year ending on December 31, 2025, and approving it.
11) Discussing transfer the amount of 592,510 KWD "Five hundred ninety two thousand and five hundred ten Kuwaiti dinar" which is 10% (ten percent) of the net profit before deducting the KFAS, the Taxation of Kuwait labor contribution, Zakat and Board of directors fees and incentives to the statutory provision.
12) Authorizing the Board of Directors to buy or sell the company's shares not exceeding 10% of the number of its shares, in accordance with the articles of Law No. (7) of 2010 and its executive regulations and their amendments and approving it.
13) Discussing and approving the internal control report for the fiscal year ending on December 31, 2024.
14) The discharge of the gentlemen / members of the Board of Directors for everything related to their legal, financial, and administrative actions for the fiscal year ending on December 31, 2024, and its approval.
15) Approval of authorizing the Board of Directors to conclude all necessary agreements with the local and foreign banks and institutions in order to finance the company's operations, deal with local and foreign banks and financial institutions, and conclude financing contracts.
16) Approval to authorize the Board of Directors to issue bonds (whether directly or indirectly and by any nature or means) in the Kuwaiti dinar or in any other currency that it may deem appropriate within the limits permitted by the law and granting the Board of Directors without limitation or limitation the authority to work with all authorities to determine the amount. The type, duration, nominal value of these bonds, interest rate, payment terms, and all other conditions are in accordance with the provisions of Law No. (7) of 2010 and its executive regulations (and their amendments), after obtaining the approval of all relevant competent authorities.
17) Election of the members of the Board of directors for the next three years (2025-2027), complying with the articles (16) and (17) of the Memorandum and Article of Association.

Below is the list of nomination memberships of the Board of Directors of the company:

Sr.	Nomination Name	Nomination Status
1	Mr. Anwar Jawad Ahmed Bukhamseen	Non- Executive
2	.Shiekh. Mohamed Jarah Subah Al.Subah	Non- Executive
3	.Mr. Raed Jawad Ahmed Bukhamseen	Non- Executive
4	Mr. Rifat Ghalayini	Non- Executive
5	Mr. Rafid Abdullah Sayed Rajab Al-Rifai	Independent
6	Mr. Mohamed Mubarak Jasem Al-Mubaraki	Independent
7	Mr. Hazem Almutairi	Non- Executive

18) Appointing or re-appointing auditors from within the approved list of auditors at the Capital Markets Authority, taking into account the period of mandatory change of auditors, and authorizing the Board of Directors to determine their fees and approval on it.

Anwar Jawad Bukhamseen
Chairman of Board of Directors

WARBA INSURANCE BOARD OF DIRECTORS

AS OF 31 DECEMBER 2024

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

December 2024 ,31

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

Dear esteemed shareholders,

Peace be upon you, and God's mercy and blessings.

It is my pleasure and honor, on behalf of myself and my fellow board members, to welcome you to the 46th Annual General Meeting of Warba Insurance & Reinsurance. We begin our meeting by thanking Allah, the Almighty, for His guidance and success. We also extend our heartfelt thanks to our esteemed shareholders for their continued support and trust, which serve as the greatest motivation to exert more effort and perseverance in achieving the company's goals and strategies, and elevating it to the highest levels of performance.

As we stand on the brink of the fifth decade of diligent work and the implementation of a long-term strategy based on sustainability, Warba Insurance & Reinsurance has firmly established its position in the Kuwaiti insurance market as one of the largest companies operating in the sector. It has proven its worthiness of the trust of its shareholders and clients, a trust that is reinforced every year by the outstanding results of a company that operates with an executive and supervisory body of the highest level of efficiency, integrity, and full independence, while continuously evolving and excelling, positioning itself at the forefront despite market, economic, environmental challenges, and geopolitical disruptions that have affected all countries in the region.

As you will see from the 46th Annual Report of Warba Insurance & Reinsurance, the exceptional results achieved by the company during the fiscal year ending December 31, 2024, which we consider a year of development, sustainability, and the solid foundation for the company's launch into a new phase of business and investment, are clear. We can also say that we have successfully navigated through transformation phases and numerous challenges, and, by the grace of Allah, with your support and the efforts and perseverance of the company's distinguished management team, we have achieved the positive results that we will present during our meeting, along with the consolidated financial statements for the company for the fiscal year ending in 2024.

The company has reaffirmed its commitment to strategies, policies, and procedures that align with the laws in force in the State of Kuwait. This commitment has positively reflected on the company's performance, both in terms of investment and operational activities. This is in conjunction with the company's continuous efforts to develop its infrastructure and strengthen its core lines with the latest available technologies to contribute to the targeted elevation, growth, and development.

In line with the company's policy of transparency with our esteemed shareholders, clients, and successful partners from reinsurers, I present to you the Board of Directors' report for the fiscal year 2024. I will begin with the Sovereign Risk Report for the State of Kuwait in this transformative and fundamental year, 2024.

Sovereign Risk Report for 2024

By observing the prudent measures taken by the Government of the State of Kuwait throughout the year, there are clear indications that the government is focused on a sustainable reform path aimed at implementing the Kuwait Vision 2035.

On another front, the Kuwaiti government continued to stimulate the business environment and streamline procedures to support investment in sectors such as technology, renewable energy, logistics, and small and medium-sized enterprises. Throughout the year, a gradual growth was observed in the number of commercial licenses and entrepreneurial activities, particularly in areas related to the digital economy and innovation.

Despite the continued economic stagnation, there has been a noticeable recovery in the banking sector and a moderation in the inflation rate, supported by substantial financial reserves that provide a buffer against negative shocks. Nevertheless, the heavy reliance on oil underscores the ongoing need for economic diversification efforts.

In 2024, Kuwaiti banks maintained strong capital adequacy indicators and robust liquidity buffers, despite the slowdown in credit demand witnessed in 2023. Non-performing loans remained low, with adequate provisioning. Kuwaiti Islamic banks recorded strong performance, supported by a favorable operating environment and high interest rates. By the end of the fiscal year, these banks accounted for 49% of the total assets of the domestic banking sector.

Due to the exceptional strength of Kuwait's financial position and the robustness of its external balance, the country's net foreign assets surged to 538% of GDP in 2024, and are projected to reach 553% during the years 2025–2026.

Kuwait has also advanced across several global indices, including the Global Financial Centres Index, the Index of Economic Freedom, and the ICT Development Index issued by the International Telecommunication Union.

On the economic policy front, official efforts have focused on strengthening financial stability, reviewing subsidy frameworks, improving the efficiency of public administration, and continuing structural reforms related to the business environment and economic legislation.

Amid expected changes in global markets and potential challenges related to oil prices and geopolitical instability, the year 2025 is anticipated to be a pivotal one for the trajectory of Kuwait's economy.

Success in implementing economic diversification plans and achieving a balance between financial growth and sustainability will serve as a cornerstone for a more resilient and crisis-ready economic future.

This will require accelerating the pace of reforms, broadening the base of non-oil revenues, and fostering an investment- and production-friendly environment—paving the way for a qualitative shift toward a balanced, productive, and knowledge- and innovation-driven economy.

Kuwait's Credit Rating

Global credit rating agency Fitch has affirmed Kuwait's sovereign credit rating at AA- with a Stable Outlook, citing the country's exceptionally strong fiscal position and robust external balance. The agency projected that Kuwait's net foreign assets would rise to 538% of GDP in 2024, and further to 553% during the years 2025–2026.

The Insurance Industry in 2024

In 2024, the global insurance industry continued to navigate a wave of fundamental transformations that reshaped the sector both strategically and operationally. Global economic shifts, geopolitical volatility, climate-related challenges, changes in accounting standards, and evolving regulatory environments have exerted increasing pressure on insurance companies, prompting them to redesign their strategies to become more agile, innovative, and responsive to a new business ecosystem aligned with regulatory requirements.

Despite ongoing interest rate fluctuations and inflationary pressures, many insurance companies managed to maintain financial stability by adopting advanced risk analysis tools, improving capital management efficiency, and expanding the range of digital insurance products. Increasing attention has also been directed toward leveraging advanced technologies such as artificial intelligence, big data analytics, and automation to enhance customer experience and accelerate processes.

Impact of Changes on the Kuwaiti Insurance Market

These changes have reflected on the Kuwaiti insurance market, where local companies experienced a year characterized by regulatory reviews, the activation of governance tools, and compliance with international standards, particularly after the issuance of new regulatory guidelines that strengthened companies' commitment to transparency principles and risk management practices.

The scope of investment in life insurance has also expanded, along with a growing trend toward developing products tailored for individuals and small businesses. This reflects a shift in the market philosophy from focusing on quantity to emphasizing value and service quality.

Key Trends Driving the Sector Toward 2025

1. Improving Workforce Efficiency and Creating an Attractive Work Environment: Through the implementation of a unified framework for internal policies and procedures.
2. Flexibility and Innovation: Traditional options are no longer sufficient; companies are now required to design innovative solutions that align with changing customer needs, while considering technological and behavioral developments.
3. Supporting the Digital Transformation of Business and Services: The sector is witnessing a significant shift towards reliance on integrated digital infrastructure, from electronic underwriting to claims management via smart applications and interactive platforms.
4. Enhancing Corporate Governance and Risk Management: By strengthening oversight, separating powers, enhancing corporate governance, and managing risks across both listed and non-listed companies.
5. Ensuring a Secure, Sound, and Stable Insurance Sector: Through the activation of macroprudential regulatory policies regarding the operations of licensed entities.
6. Enhancing Protection for Policyholders and Beneficiaries, and Raising Insurance Awareness and Culture: Companies are moving toward building sustainable relationships with clients, focusing on personalization, transparency, and responsiveness, thereby fostering trust and loyalty.
7. Encouraging Innovation and Developing Organizational and Technical Infrastructure: Through innovation and competitive practices based on quality.
8. Enhancing Compliance with Laws and Their Executive Regulations, and Adopting Effective Regulatory Policies: By enforcing corporate governance and strengthening transparency.
9. Sustainability as a Strategic Priority: Integrating Environmental, Social, and Governance (ESG) standards has become a fundamental requirement for attracting investments and achieving long-term growth, particularly in advanced financial markets.
10. Developing Human Resources in the Insurance Sector: Supporting the launch of training programs for recent graduates, sponsored by licensed entities.
11. Supporting the Localization of Jobs ("Kuwaitization") in Licensed Entities: Encouraging licensed entities to absorb field training students and employ recent Kuwaiti graduates.

Future Outlook

Amid these fundamental changes in the sector, the most productive and legally compliant companies, based on risk-driven standards, will lead the way. Insurance companies are expected to continue reshaping their business models, innovating products aligned with the digital economy, and providing flexible solutions that meet customer expectations and the rapid pace of global changes.

As markets move towards greater specialization, flexibility, digital transformation, understanding customer needs, enhancing oversight, sound governance, and sustainability will be the key pillars for building a sustainable future for the insurance sector in Kuwait and globally.

Insurance Regulatory Unit in 2024

As it enters its fifth year of establishment, the Insurance Regulatory Unit continued its leadership role in 2024 as an effective regulatory and supervisory authority. It worked on enhancing the stability of the Kuwaiti insurance sector and developing its legislative and executive frameworks, based on Law No. (125) of 2019 regarding the regulation of insurance, which established a solid legal foundation for structuring and regulating the market in line with international standards.

In 2024, the unit intensified its efforts by issuing a package of regulatory decisions and instructions. The total number of decisions issued exceeded 204, along with 51 circulars covering topics related to governance, financial data submission mechanisms, strengthening oversight of Takaful insurance, and regulating the practice of insurance activities by companies and brokers.

The unit also focused during this year on digitizing regulatory processes by launching new electronic platforms for submitting applications and monitoring compliance, as well as implementing advanced data analysis tools to proactively track risks. As a result, compliance levels in the market reached record highs, enhancing the credibility of the sector with investors and beneficiaries.

The unit has also expanded its efforts to empower national cadres through specialized training programs in the fields of insurance, legal, and regulatory matters, in addition to launching initiatives to enhance insurance awareness among the public and increase recognition of the role of insurance in supporting the national economy.

Furthermore, the unit continued to address violations decisively, taking action against a number of unlicensed entities and issuing decisions to suspend certain activities that do not comply with legal frameworks, ensuring the protection of the insured's rights and promoting transparency and fairness in the market.

Looking at the achievements of 2024, the Insurance Regulatory Unit today stands as a cornerstone within the structure of the non-banking financial sector in Kuwait. It plays a pivotal role in promoting sustainable growth, ensuring the integrity of insurance practices, and attracting both local and international investments, all within the framework of Kuwait's future vision.

In 2024, Warba Insurance and Reinsurance Company achieved a milestone built on sustainability.

The company is distinguished by an exceptional executive team across all insurance sectors, including underwriting, claims, marketing, actuarial sciences, and customer service. The executive team works tirelessly to implement the board's strategy in enhancing profits. The year 2024 marks a significant transformation in the journey of Warba Insurance and Reinsurance Company. The company continued to implement its ambitious strategy aimed at strengthening its position among the leading companies in the insurance sector, both locally and regionally, amidst a constantly changing global operational and economic environment filled with increasing challenges. The company's approach is based on offering comprehensive insurance services, diligently working to meet customer needs, gaining the trust of successful partners, and committing to efficiency, integrity, transparency, and the application of good governance principles, sustainability, and innovation, all while maintaining financial balance and enhancing the trust of customers, investors, and regulatory authorities.

In this year, the company also reallocated its internal resources in line with the growth requirements in both the insurance and investment activities, focusing on developing business models and adopting innovative solutions for managing corporate risks. This has enhanced its competitive readiness in the targeted markets.

Enhancing Financial Strength and Solvency

In 2024, Warba Insurance and Reinsurance Company focused on enhancing the efficiency of capital utilization and maintaining its financial position and solvency strength, without the need for any new capital increases. This was achieved thanks to the prudent management of resources and adherence to risk-based underwriting standards.

Financial performance indicators showed improvements in profitability and operational efficiency, supported by effective management of technical and investment risks. Additionally, the company remained fully committed to disciplined pricing policies and appropriate retention. The company continued to maintain strong levels of solvency, in line with approved regulatory standards, which strengthened market confidence and the trust of reinsurance partners and investors in its financial stability and ability to meet its obligations.

Digital Transformation and Operational Infrastructure Improvement

The company continued its investments in technological infrastructure, working to expand the scope of digital solutions to include underwriting, claims management, and providing services to customers through multiple smart channels. It also activated advanced electronic systems based on artificial intelligence and big data analytics, with the aim of improving operational efficiency, reducing operational risks, and accelerating response to customer needs.

Improving Insurance Products and Enhancing the Customer Experience

In 2024, Warba Insurance and Reinsurance Company continued its efforts to develop the quality of existing insurance products and services by conducting a comprehensive review of the terms, conditions, exclusions, pricing mechanisms, and coverage levels to align with local market requirements and diverse customer needs.

The company focused on enhancing the customer experience at all stages of the insurance relationship, from underwriting to claims settlement, by simplifying processes, activating digital channels, and ensuring rapid responses. This contributed to increasing customer satisfaction and strengthening institutional trust.

The scope of coverage for certain existing policies, such as medical insurance and motor vehicle insurance, was also expanded, providing customers with greater flexibility and more personalized service. Additionally, the company improved underwriting efficiency and enhanced the quality of portfolio management, achieving a balance between technical growth and profitability.

In this context, the company ensured that it studied market developments and analyzed competitive trends to develop future insurance solutions that align with the priorities of the upcoming phase, without compromising on the principles of cautious underwriting practices and regulatory controls.

Compliance, Regulation, and Adherence to International Standards

In terms of regulatory compliance, Warba Insurance and Reinsurance Company continued its full commitment to applying the directives of the Insurance Regulatory Unit, including updates related to the corporate governance regulatory framework, investment controls, and risk management. The company also implemented the requirements of the international standards (IFRS 17) and (IFRS 9) accurately, which contributed to enhancing the accuracy of financial data and improving the quality of reports submitted to regulatory authorities and investors.

Developing Human Capital and Building National Competencies

The company has placed increasing emphasis on developing human capital by intensifying specialized professional training programs for its employees, with a focus on national cadres. It also worked on attracting new talents in the fields of insurance, digital transformation, and risk management, which positively impacted the performance of operational teams and enhanced execution efficiency across all departments.

Governance, Sustainability, and Corporate Responsibility

The company has demonstrated its commitment to governance practices by implementing the "Quadruple Control" principle in decision reviews and enhancing the independence of the committees arising from the Board of Directors, including the Corporate Governance Committee, the Audit Committee, the Risk Committee, and the Remuneration and Nominations Committee. Additionally, the company issued its first Sustainability Report, which includes Environmental, Social, and Governance (ESG) performance indicators. It has committed to the principles of transparency and accountability in all its investment and operational processes, while also supporting corporate social responsibility programs in the areas of education, healthcare, and economic empowerment.

In 2024, Warba Insurance & Reinsurance successfully achieved a balance between its targeted growth, organizational transformation, and effective response to regulatory and economic changes. This success was underpinned by a flexible organizational structure, committed executive leadership, and a qualified team.

Looking ahead to 2025, the company sees it as a year of empowerment and profound transformation. It will continue to implement its plans for regional expansion, digital innovation, and delivering sustainable added value to its customers and shareholders, all within a framework of governance and financial discipline, to remain a leader in the insurance industry in Kuwait and the region.

First: Key Financial Indicators:

The year 2024 witnessed significant and promising results across various fronts, as detailed below: Warba Insurance & Reinsurance achieved outstanding and exceptional financial results in 2024, as follows:

- The increase in the total comprehensive revenues of the parent company for 2024, compared to 2023, reached approximately 44%, rising from KWD 6,457,734 in 2023 to KWD 9,271,695 in 2024, reflecting a notable growth in the company's overall performance.
- The increase in the company's total assets for 2024, compared to 2023, was approximately 13%, rising from KWD 92,105,861 in 2023 to KWD 104,103,405 in 2024, indicating the strengthening of the company's financial position and the growth of its asset size.
- The increase in retained earnings for 2024, compared to 2023, was approximately 52%, rising from KWD 4,223,330 in 2023 to KWD 6,407,116 in 2024, reflecting a notable improvement in the accumulated results and the overall financial position of the company.

These results reflect the exceptional performance achieved by the company in 2024, which is the result of its continuous commitment to its vision and strategic approach, as well as its focus on enhancing operational efficiency, increasing profitability, and ensuring financial stability.

Credit Rating

The year 2024 marked a significant development in the credit rating of Warba Insurance & Reinsurance, as the company received a sustainable credit rating of BBB+ with an outlook upgrade from Stable to Positive by the global rating agency S&P Global. This represents an official upgrade from the previous rating and reflects the strength of the company's financial position, the stability of its operations over the medium and long term, its risk-based capital adequacy, and its strong financial solvency.

As mentioned in the Rating agency Report:

Following a strong improvement in earnings in 2023, Warba continued to report profitable underwriting and investment results in the first nine months of 2024

At the same time, the company's shareholders' equity increased by about Kuwaiti dinar. (KWD)40.6 million as of third-quarter 2024 from KWD36.3 million at year-end 2023 and we expect that Warba will maintain capital adequacy at our 99.99% confidence level in our capital model.

- We therefore revised our outlook on Warba to positive from stable and affirmed our 'BBB+' ratings.

The positive outlook indicates that we could raise the ratings over the next two years if Warba continues to expand its business with better than market-average profitability, while maintaining capital adequacy with a comfortable buffer above the 99.99% confidence level

The outlook revision follows an improvement in Warba's competitive standing in recent years, as the company continues to profitably expand its business. In 2023, Warba reported a strong increase in net profit to about KWD7.1 million (about $23 million) compared with about KWD4.9 million in 2022.

The improvement in earnings was underpinned by both Warba's profitable underwriting and its investment results. In the first nine months of 2024, Warba recorded a 7.4% increase in insurance revenue to KWD31.9 million from KWD29.7 million during the same period in 2023.

At the same time, Warba's net profit increased to KWD4.7 million from KWD2.8 million as of the third quarter of 2023, thanks to a further improvement in both underwriting and investment returns. Warba reported a combined ratio (loss and expense) of 76.9% for the first nine months of 2024 as compared with 79.2% for the same period of 2023. We anticipate revenue growth will remain at about 5%-10% per year in 2024 and 2025, as the company continues to expand its business across its key lines in Kuwait.

This rating was based on several positive factors, most notably: the robustness of the capital base, the quality of the investment portfolio, the stability of cash flows, improved profitability indicators, low debt levels, in addition to prudent underwriting and pricing policies, and the efficiency of risk management.

The rating report issued by the agency affirmed that the company is led by a highly competent executive management team and has demonstrated outstanding financial and operational performance in recent years, which has contributed to strengthening investor confidence and enhancing its investment appeal. The agency also praised the company's commitment to applying international standards in financial reporting and capital management.

In the coming phase, the company aims to further elevate its credit rating to higher levels by enhancing asset quality, achieving additional sustainable growth, and continuing to implement best operational and regulatory practices. These efforts support its aspiration to join the ranks of the highest-rated companies in the region.

Obtaining this advanced rating reflects the company's standing as a trusted insurance institution with strong capabilities to meet its obligations. It also represents international recognition of its success in maintaining a balance between growth and financial discipline.

Business Quality Within a Secure Framework

Warba Insurance & Reinsurance continues to uphold its strong commitment to maintaining the highest standards of corporate quality in accordance with internationally recognized benchmarks, such as the ISO 9001:2015 Quality Management System, which the company has successfully implemented for over 11 years. This commitment reflects the company's ability to precisely control operational processes, achieve customer satisfaction, and enhance efficiency and compliance across all stages of insurance service delivery.

The company's continued maintenance of this international certification is a testament to the advancement of its management system, the effectiveness of its procedures, and the integration of its frameworks in governance, sustainability, regulatory compliance, risk management, and internal audit. This provides the company with a sustainable competitive advantage in the market. The executive management continuously works to strengthen this system through periodic updates and the adoption of globally recognized institutional best practices.

As part of its commitment to protecting customer data and securing information, the company has also obtained the ISO 27001 certification for Information Security Management. This certification affirms its strict compliance with the highest standards of confidentiality, data integrity, and business continuity. This achievement serves as further confirmation of the company's capability to handle data efficiently and securely, while reinforcing the trust of both customers and partners.

The company also takes a proactive approach to enhancing operational efficiency and delivering comprehensive insurance services at the highest levels of quality. This is achieved through the development of internal policies, the standardization of operational procedures, and strict adherence to the requirements of international certifications and best practices in total quality management.

The company aims to remain a role model in the insurance sector by fostering a culture of excellence and quality, ensuring the continuous delivery of secure, accurate, and efficient services that reflect its deep commitment to customer satisfaction and achieving the best operational outcomes.

Human Capital

Warba Insurance & Reinsurance believes that human capital is the fundamental pillar of its success and sustainable growth. As a result, the company has focused on fostering a corporate culture based on empowerment, development, and continuous motivation, by creating an outstanding work environment that enables employees to grow professionally and achieve a balance between performance and innovation.

The company has provided diverse opportunities for continuous training and development, benefiting from the latest learning methods such as e-learning programs, interactive workshops, and remote training. This has contributed to enhancing employees' technical and administrative skills, as well as developing leadership and professional capabilities across various departments.

The executive management is focused on enhancing productivity and performance quality by investing in the development of human capabilities, monitoring job performance, and aligning individual competencies with the company's strategic objectives. This ensures that human resources are aligned with the operational growth requirements and customer needs.

In line with supporting national policies aimed at localizing jobs and enhancing economic skills, the company has continued its effective commitment to supporting and empowering national talent by hiring and training recent Kuwaiti graduates. It has also dedicated high-quality professional development programs designed to attract graduates, along with collaborating with universities and academic institutions in Kuwait to offer specialized training programs and refine skills in the fields of insurance, risk management, and regulatory compliance.

The company's investment in human capital is not only a key factor in operational excellence but also one of the fundamental pillars upon which it relies to build its corporate future and enhance its preparedness for the challenges of the next phase.

Social Responsibility

In 2024, Warba Insurance & Reinsurance continued its outstanding performance in the field of social responsibility by implementing a series of targeted initiatives and diverse activities that serve various segments of society. This reinforces the company's role as a national financial institution that prioritizes the public interest.

The company's contributions were diverse, covering educational, environmental, humanitarian, healthcare, youth, and disability sectors. It has made a concerted effort to support initiatives that reflect its commitment to the values of citizenship and sustainability, raise community awareness, and actively participate in national events and volunteer initiatives.

Some of the key activities the company participated in during 2024 include:

- A visit by ACA School students to the headquarters of Warba Insurance & Reinsurance.
- Launching the "Mo Nasenkom" campaign to distribute winter clothing to workers.
- Sponsorship of the annual carnival of Al Bayan School.
- Sponsorship of the KA'MUN 2024 conference organized by the Gulf University for Science and Technology (GUST).
- Sponsorship of the International Brisk Youth Championship.
- Launching the "Women's Day" campaign on social media.
- Launching the "Your Giving is Good" campaign to distribute Iftar meals during Ramadan.
- Organizing a free health campaign for blood pressure and diabetes checks for clients over 60 years old, in collaboration with Al-Hadi Hospital.
- Sponsorship of the "Your Voice Matters" event for youth at the American University of Kuwait (AUK).
- Launching the "Environment Day" campaign to distribute saplings in collaboration with Home & Garden.
- Organizing the "We Care About You" campaign and distributing ice cream to students and workers.
- Launching the "Warba Insurance Academy for Youth."
- Sponsorship of an event for people of determination in collaboration with the Kuwaiti Association for the Care of Disabled Persons, with the participation of Warba Academy students.
- Organizing an entertainment event for children in collaboration with the KACCH BACCH Association at the Abdullah Children's Care Hospital.
- Sponsorship of an event at "Over Jar" to support students and local talents.
- Launching a recycling campaign in collaboration with the Fawziya Sultan Health Group (FSHN).
- Organizing a blood donation campaign titled "Kuwait in My Blood" in collaboration with the Amiri Diwan.
- Attending a children's theater performance of "Pinocchio" with children of determination.
- Sponsorship of the "Flare" sports festival for youth.
- Sponsorship of the "Fok" event for the Indian community.
- Sponsorship of the leadership mentorship program targeted at youth.
- Launching the "Gulf 26" campaign in alignment with the Gulf sports event.
- Re-launching the "Mo Nasenkom" campaign to distribute winter clothing to workers at the end of the year.
- Sponsorship of the "Environmental Explorers Academy" for school students.

The company's future strategy.

Warba Insurance & Reinsurance Company continues its diligent efforts to achieve its strategic objectives by adopting a well-thought-out approach based on global best practices and recent studies related to the insurance and financial markets. The company continues to strengthen its competitive position through positive engagement with market developments and by updating its vision in alignment with future changes.

The company focuses on achieving sustainable financial balance, both in operational and investment performance, while maintaining regulatory stability and developing its institutional framework in a way that enhances the efficiency of its operations and improves the quality of its insurance services. The company also strives to cement its position as a leading provider in the local and regional markets by supporting the insurance sector in general and meeting the aspirations of its shareholders in particular.

Profits and Recommendations.

The total annual profit for the financial year ending on December 31, 2024, amounted to KWD 5,925,101.

Based on this, the Board of Directors is pleased to recommend the following distributions to the esteemed shareholders, as outlined below:

The statement:	The value (KWD):
12% of the paid-up capital for cash distribution to shareholders	KWD 2,197,351.20
Share of the Kuwait Foundation for the Advancement of Sciences	KWD 53,310
National Labor Support Tax	KWD 151,253
Board of Directors' members' bonus	KWD 250,000

Acknowledgement and Appreciation

Dear esteemed shareholders,

We are pleased, at the conclusion of this brief report on the performance of your company, to express our sincere appreciation and gratitude for your continuous support and trust, which have been and will remain a primary source of success for Warba Insurance & Reinsurance Company. We also extend our deepest thanks and recognition to His Highness the Emir of Kuwait, and His Highness the Crown Prince – may God protect them – for their ongoing support of the development journey in our beloved country, and their commitment to achieving the prosperity and growth of Kuwait.

We also extend our sincere thanks and appreciation to the regulatory authorities in the beloved State of Kuwait, including the Capital Markets Authority, 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 other governmental institutions, for their constructive cooperation and efforts in facilitating procedures, supporting the work environment, and developing it. These efforts contribute to the growth of the insurance sector and enhance its operational and regulatory efficiency.

Additionally, we extend our special thanks to our partners in the insurance sector and appreciate the ongoing collaboration between national insurance companies for the benefit of the local market. Together, we are committed to providing high-quality insurance services that reflect our shared dedication to serving customers to the highest standards.

We would also like to extend our sincere appreciation to our valued clients, whose trust we cherish. We assure them of our constant commitment to providing the best services and continuously improving our performance to meet their expectations and keep pace with the latest technologies in the insurance industry.

Furthermore, we express our heartfelt gratitude to the company's executive management for their dedication, hard work, and effective contribution in achieving strategic goals. Their valuable efforts in preserving the company's achievements and enhancing its competitive position are greatly appreciated.

We ask Allah Almighty to continue granting Kuwait security and prosperity, and to guide us all towards what is best for the country and its people.

And peace, mercy, and blessings of Allah be upon you.

Anwar Jawad Bukhamseen

Chairman of the Board

CEO'S LETTER

REPORT OF THE BOARD OF DIRECTORS FOR 2024

CEO Annual Statement to the Board Of Directors and the Shareholders

It is with immense pride and gratitude that I present to you our annual statement for what has been an extraordinary year of performance, innovation, and strategic investment. As we reflect on 2024, I am thrilled to report that our company has not only reached; but significantly exceeded expectations, delivering record-breaking financial results, and positioning ourselves for sustained growth and success in the years to come.

A Commitment to Excellence & Culture beyond financial success, our people remain our greatest asset. We have fostered a culture of excellence, innovation, and inclusivity, empowering our employees to reach their highest potential. This year, we implemented initiatives focused on talent development, leadership training, and workplace diversity, solidifying our reputation as an employer of choice.

Looking Ahead

As we embark on a new year, we are more confident than ever in our ability to navigate an evolving global landscape with agility and foresight. Our robust balance sheet, strategic investments, and relentless pursuit of innovation will position us for continued success for years to come. With unwavering dedication, we will seize new opportunities, drive sustainable growth, and create lasting value for our shareholders and stakeholders alike.

On behalf of our leadership team, I extend my sincere appreciation for your continued trust and support. We are committed to deliver success in the years to come.
Regards,

Anwar F. Al-Sabej
Chief Executive Officer

COMPANY OVERVIEW

Warba Insurance & Reinsurance Company was established by Amiri Decree in 1976 and proudly boasts a long-standing experience spanning over four

Our strategic goal has always been to uphold the core values upon which we were founded. We are committed to providing exceptional insurance services and solutions marked by credibility and transparency for our valued clients. We strongly believe in building and nurturing long-lasting, prosperous business relationships based on trust and mutual benefit—whether with individuals or institutions. In addition, we continuously strive to develop innovative and advanced insurance solutions that cater to the needs of our clients, who remain one of our top priorities and the backbone of our company.

Today, Warba stands as one of the leading companies in providing insurance and reinsurance services, offering a comprehensive range of insurance products and services. The company continues to serve its clients with personalized attention to their needs, ensuring they receive the security they require every day.

As we look toward the future, we assure our clients that we will always uphold our standards and integrity in all our decisions and offerings.

We also believe that success is built on strong and mutually beneficial relationships established along the way. Therefore, our unwavering focus is on maintaining our position as a leading company in the insurance industry. We are committed to providing exceptional value, first-class service, and innovative solutions to every client. This commitment will remain steadfast throughout our journey.

We strive for success!

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

Teamwork: Our team of insurance professionals supports one another to achieve our common goals.

Respect: We treat each other with mutual respect, fostering honest and effective communication.

Innovation: We innovate solutions to achieve the best results in everything we do.

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

Ethics: Our code of ethics governs all interactions with our employees, partners, clients, and the community.

3. Our Commitment to Our Clients

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

Our commitment to our clients starts with our unwavering dedication to understanding their unique needs and priorities. We believe in the importance of taking the time to listen and realistically understand their concerns and requirements. By gaining a deep understanding of their circumstances, we can design insurance and reinsurance solutions that provide the appropriate protection and coverage, aligned with their specific needs and requirements.

We understand that every client has unique requirements. That's why our team of experienced professionals works closely with you, offering guidance, direction, and personalized support throughout your insurance journey. Whether you are an individual seeking personal coverage or a company looking for comprehensive risk management solutions, we are here to provide the right advice drawn from our extensive insurance expertise to help you make informed decisions.

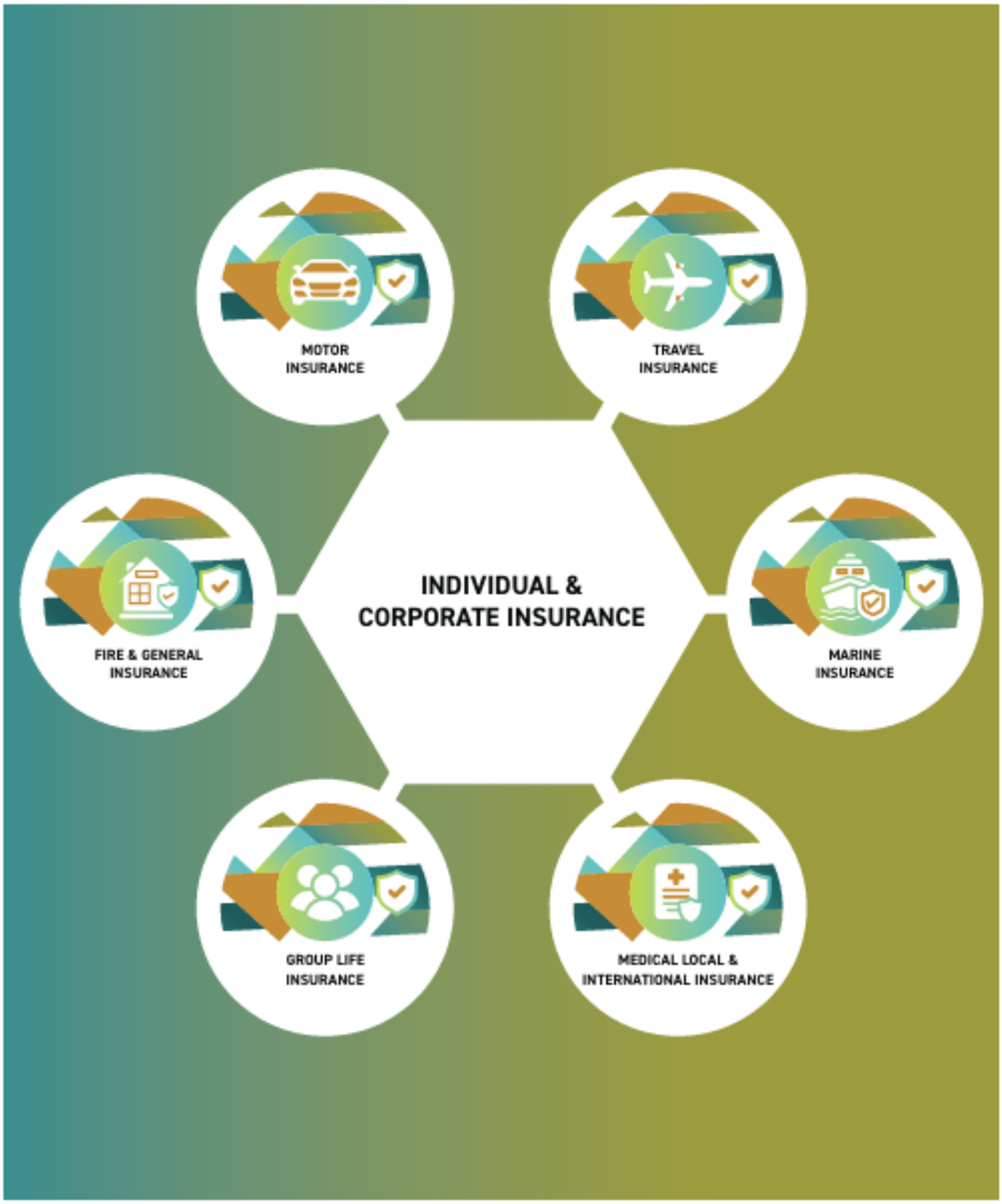
Transparency and integrity are the cornerstones of our relationships with clients. We believe in open and honest communication to ensure you have all the information you need to understand your insurance options. We take pride in providing clear terms and conditions for our insurance policies and clarifying any potential exclusions or limitations, as well as being transparent about pricing and premiums. Our goal is to equip you with the knowledge you need to feel confident in the coverage you choose.

At Warba Insurance & Reinsurance, our commitment to our clients goes beyond the purchase of an insurance policy. We are dedicated to being there for you during the claims settlement process and providing assistance every step of the way. We understand that filing a claim can be a stressful experience, which is why our claims team is committed to offering fast, friendly, and effective support. We will help and guide you through the claims process to ensure you receive fair compensation in a timely manner, allowing you to recover and move forward with peace of mind.

Customer satisfaction is our ultimate goal, and we constantly strive to exceed your expectations. We value your feedback and are committed to improving our services to better meet your specific needs. Your trust and satisfaction are the true measure of our success, and we take great pride in the long-term relationships we have built with our clients over the years.

As you embark on your insurance journey with Warba Insurance & Reinsurance, we want you to feel confident knowing that you have a loyal partner by your side. Our commitment to you is unwavering, and we are here to protect your interests and support your goals.

4. Our Services / Our Insurance Solutions



4.1 Medical Insurance

Welcome to a world where your health and peace of mind are our top priority. At Warba Insurance, we are pleased to offer you comprehensive and personalized Medical Insurance services, designed to protect you and your loved ones from the unexpected burden of medical expenses.

Imagine a future where you can focus on your well-being, knowing you have a trusted partner by your side, ready to support you every step of the way through your healthcare journey. Our Medical Insurance services are designed with your needs in mind, providing you with access to high-quality medical care, financial protection, and a sense of security.

At Warba Insurance, we specialize in providing comprehensive Medical Insurance coverage for both individual clients and corporate groups. Our diverse portfolio features a wide range of local and international medical services, carefully designed to offer the best available options for our clients. With a variety of coverage levels to choose from, you can customize your insurance plan to perfectly fit your needs, ensuring 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 services and exceptional professionals dedicated to delivering outstanding care, ensuring you receive the highest standards of available medical services.

Key Features and Benefits

1. **Wide Network of Healthcare Providers**: We have established partnerships with an extensive network of reputable hospitals, clinics, and medical specialists. This ensures that you receive high-quality medical care and services anytime and anywhere you need them.

2. **Comprehensive Coverage**: Our Medical Insurance plans offer comprehensive coverage for a range of medical expenses, including hospital stays, surgeries, consultations, diagnostic tests, medications, and emergency treatments.

3. **Flexible Options:** Our plans are highly flexible, allowing you to adjust coverage to suit your specific needs and financial capacity. You can choose from different coverage levels, deductible amounts, and additional benefits to ensure you get the plan that best fits your requirements.

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 you can receive treatment without the hassle of upfront payments and claim reimbursements.

Our Insurance Services:

1. Group Medical Insurance Policy for Corporates (Local, Regional, and Worldwide Options)

2. Individual Medical Insurance Policy for Individuals and Families (Local, Regional, and Worldwide Options)

Our international services have been enhanced through strategic partnerships with Bupa Global and Allianz Global, providing a wide range of options and more advanced services outside of Kuwait.

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

4.2 Life Insurance Services

Welcome to a world where you can enjoy financial protection. At Warba Insurance, we take pride in offering comprehensive and well-structured life insurance services. In today's competitive work environment, organizations strive to attract top talent by offering an ideal blend of benefits and rewards. Life insurance is one of the essential benefits companies provide to their employees.

The policy is designed to provide financial protection for the employee and their loved ones in the event of an unexpected death or injury. Additionally, the employer can ensure financial protection for themselves against legal liability for compensation that must be provided (in case of work-related injuries to employees) under Kuwaiti labor law. The group life insurance policy offers both the employee and the employer necessary protection at a low cost and in an efficient 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 Protection**: Life insurance is a powerful tool that provides a secure guarantee for your loved ones in the event of an unexpected death. Our life insurance plans offer a lump-sum benefit that can be used to replace lost income, cover daily living expenses, settle debts, and maintain the standard of living your family is accustomed to.

2. **Flexible Coverage**: We offer life insurance plans with a high degree of flexibility, allowing you to choose coverage that suits your specific needs within your financial capacity. You have the flexibility to select the coverage amount, policy duration, and additional benefits to create a plan that aligns with your goals and priorities.

3. **Peace of Mind**: Life insurance provides peace of mind, knowing that your loved ones will be financially cared for when they need it most. This gives you the confidence that you've secured their future, no matter what may happen. At Warba Insurance, we offer the most comprehensive range of life insurance options to address a variety of challenges individuals face today and in the future.

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

4.3 Fire & General Accident (FGA) Insurance Services

Welcome to a world where peace of mind meets comprehensive protection for your valuable assets. At Warba Insurance, we take pride in offering exceptional FGA insurance services designed to protect your valuable property and provide you with the confidence to face unforeseen challenges and accidents.

Our FGA insurance plans are designed to meet the needs of individuals, families, and businesses. Whether you're looking to protect your assets or your business operations, we offer specialized solutions to mitigate risks and safeguard your financial interests.

At Warba Insurance, we are pleased to provide comprehensive FGA insurance services, designed to give you peace of mind knowing that your property and financial interests are well protected.

Key Features and Benefits:

1.**Comprehensive Protection**: Our insurance coverage provides comprehensive protection against a wide range of risks, including fire incidents that could destroy your property, theft, accidents, and other unforeseen events, ensuring that you can restore your normal life quickly.

2. **Business Continuity**: Fire and general accident insurance services play a vital role in maintaining continuous operations and ensuring business continuity. From protecting your physical assets to covering losses and business interruptions, we help keep your business running smoothly.

3. **Flexible Plans:** We understand that every individual and business has unique needs. That's why our fire and general accident insurance plans are highly flexible. You have the freedom to choose from a range of coverage options that perfectly align 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. 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 Services

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

Join the group of car owners who have trusted Warba Insurance & Reinsurance for their car insurance services.

Key Features and Benefits:

1.Motor Comprehensive Coverage: Our Motor Insurance plans go beyond the basics to provide you with comprehensive coverage, ensuring that your vehicle is shielded against 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.

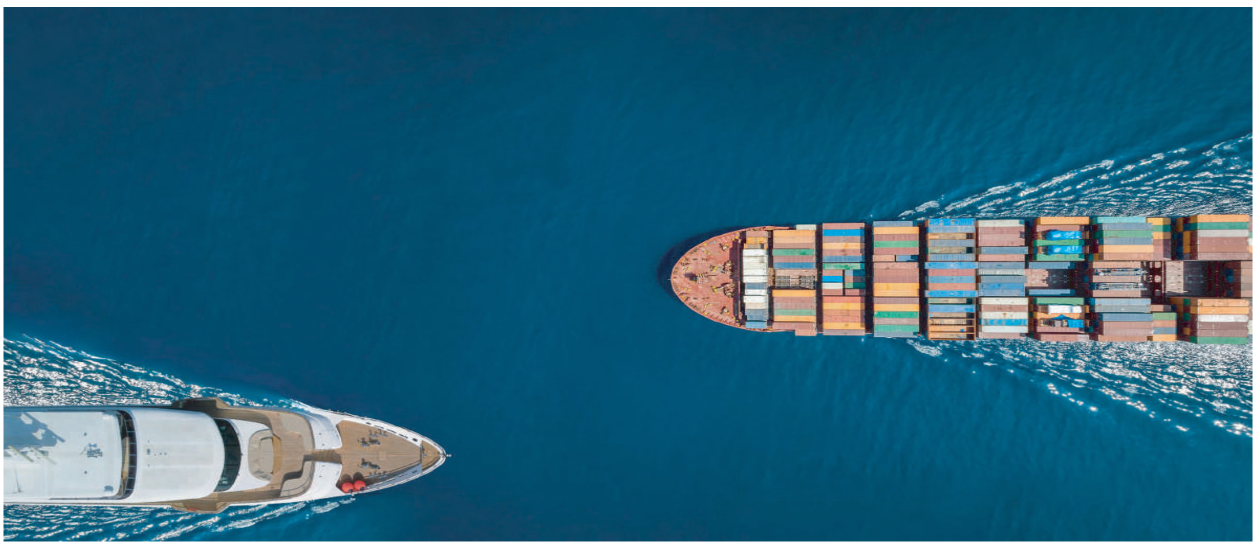
5.Replacement vehicle: During the vehicle repair, you can utilize our replacement vehicle. As per the agreement, clients can have access to the vehicle like their own until the repair time. The benefits of using our services are that the customers can experience the same comfort as they had felt in their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

4.5 Marine Insurance Services

Welcome to a world where distant distances are made closer, and your goods are protected from the risks of transport and shipping, while your ships and boats are safeguarded from various risks. At Warba Insurance & Reinsurance, we are proud to offer a wide range of marine insurance services, providing diverse coverage options and peace of mind during sea, land, or air transport and shipping.

Whether you are importers, exporters, freight forwarders, or ship owners, our marine insurance services are designed to meet your insurance needs and reduce the risks associated with transport and shipping. From protecting your cargo against loss or damage to providing coverage for third-party liabilities, we are here to secure your goods and ensure smooth global trade, as well as protect your vessels and safeguard your liabilities and assets.

Marine insurance for shipping purposes is essential to protect the shipper from any risks. The marine insurance policy includes several variables depending on factors such as the mode of transport, the route and destination, as well as the cargo and its nature.

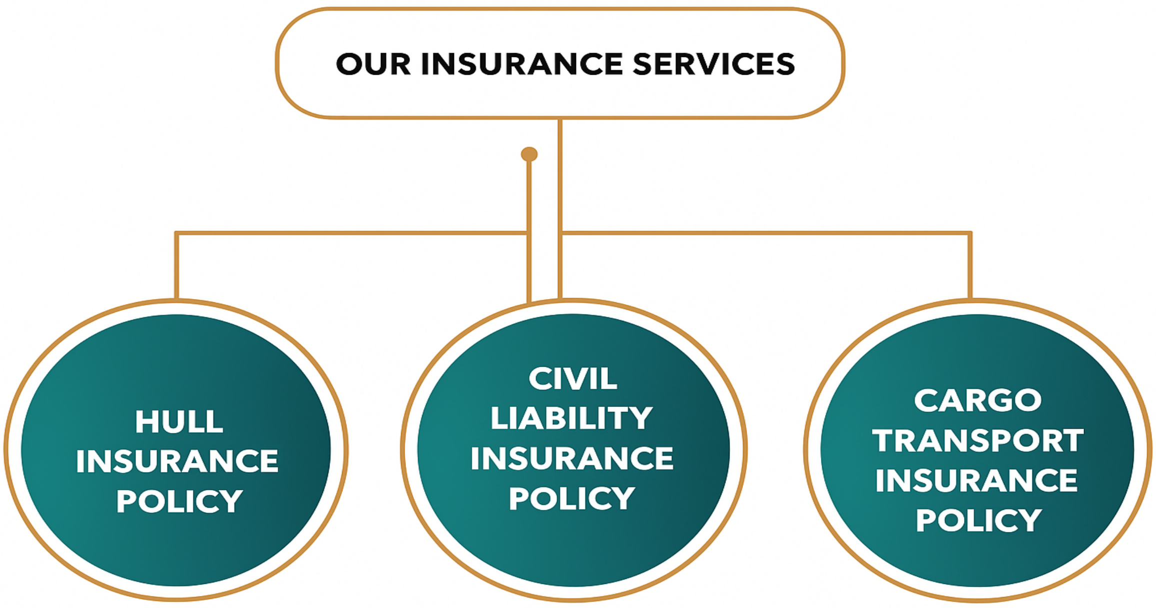


Key Benefits and Advantages:

1. Cargo Transport Insurance Policy: Our plans offer comprehensive coverage for your shipments, safeguarding them from various risks that may occur during transit. Whether by sea, air, or land, we provide financial compensation for loss, damage, theft, or any other incidents.

2. **Hull Insurance Policy for Ships and Boats**: This policy covers comprehensive risks that may affect the hull of the vessel, whether it is a commercial ship or a personal yacht.

3. **Liability Insurance Policies:** This includes multiple policies, such as the third-party civil liability policy and the protection and indemnity policy, which provide insurance coverage for the liabilities of the commercial ship owner or carrier towards the owners of the transported goods.



4. Aviation Insurance Policies: There are also several aircraft insurance policies that provide coverage for the aircraft's hull and spare parts, in addition to insurance for liabilities.

Join the ranks of customers who have entrusted their shipments and vessels to Warba Insurance & Reinsurance's marine insurance services.

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

4.6 Travel Insurance Services

Welcome to Warba Insurance's Travel Insurance Services, where we understand that every trip is unique and deserves protection. Whether you're traveling for business or leisure (domestic or international), our comprehensive travel insurance solutions are designed to provide you with the peace of mind you need to explore the world with confidence.

We understand that unexpected events can disrupt even the best travel plans. That's why our travel insurance services are carefully designed to protect you from the unforeseen, ensuring you can focus on creating lasting memories while we handle any uncertainties that may arise along the way.

Join the community of satisfied travelers who have trusted their journeys to Warba Insurance's travel services. Whether you're on a family trip, a business journey, 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 is by your side.

5. 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.

6. Why 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: We work with reputable healthcare providers, service providers, and professionals to ensure that you have access to quality services and support when you need them.

Certificate: 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.

Corporate Governance Report

for the Year Ending in 31 December 2024

Governance has evolved into a comprehensive strategic priority in the State of Kuwait. It now extends beyond official institutions and government bodies to include all sectors as an essential requirement to ensure efficiency, achieve institutional reform, and enhance transparency, integrity, and accountability. This aligns with the national trends toward developing the business environment and diversifying the economy in line with the vision of 'New Kuwait 2035. Governance today is considered an effective tool for addressing administrative and economic challenges by reducing conflicts of interest, clarifying responsibilities, integrating roles, and activating internal control, especially in light of the rapid global digital transformation and the growing importance of institutional sustainability.

In this context, the State of Kuwait has intensified its reform efforts in recent years through the launch of several initiatives and regulatory policies, most notably the issuance and updating of the «National Guide for Corporate Governance» launched by the General Secretariat of the Supreme Council for Planning and Development, and activating the role of Insurance Regulatory Unit (IRU), Capital Markets Authority (CMA), State Audit Bureau, and Kuwait Anti-Corruption Authority (Nazaha), to be the reference regulatory bodies in applying the highest standards of corporate and digital governance, according to a scientific and practical approach that aligns with the best global practices. The year 2024 witnessed a remarkable development in the application of digital governance in the State of Kuwait, where the level of commitment from both government and private entities to applying governance principles increased, the role of internal control grew, and the performance of supervisory bodies improved in measuring gaps and correcting courses.

These indicators reflect the clear progress in the application of sound governance principles and their integration into the policies, procedures, and operational systems of institutions, including Warba Insurance & Reinsurance Company, which gives special attention to both digital and corporate governance as an integral part of its strategy for development and sustainable success. Throughout 2024, the company worked on enhancing governance practices through a comprehensive approach that links technology with institutional compliance, by developing internal policies, implementing performance monitoring systems, ensuring adherence to transparency and disclosure standards, especially the XBRL system, in addition to strengthening collaboration with regulatory bodies and aligning with legislative and regulatory updates.

This report to highlight the key achievements the company has made in the field of governance, shedding light on its role in establishing a culture of accountability, ensuring institutional fairness, and aligning the company's objectives with stakeholder requirements, in line with its national responsibility and its role in supporting Kuwait's developmental vision.

Fundamental Principles of Governance and Sustainability

The governance in the State of Kuwait is based on a set of fundamental principles aimed at enhancing institutional efficiency, reinforcing values of integrity, and achieving transparency and accountability in the performance of public entities. This ensures the public interest is served and strengthens the effectiveness of government policies. At the forefront of these principles is the rule of law, which ensures that all individuals and entities are subject to the law without discrimination. This is followed by the principle of protecting public funds, reflecting a commitment to preserving national resources and managing them efficiently. Additionally, the principle of disclosure and transparency is fundamental to ensuring the smooth flow of information and facilitating stakeholder access, while the principle of accountability and responsibility activates institutional oversight tools.

Public sector governance also seeks to establish the principle of integrity in administrative practices, ensuring adherence to ethical values and reducing corruption. This is alongside the principle of effectiveness and efficiency, which enables entities to use resources optimally and achieve desired goals with the highest quality. The principle of protecting the rights of stakeholders also stands out, ensuring fairness, representation, and equitable participation, particularly when making decisions that impact various groups. Additionally, the principle of sustainability and social responsibility has become a core element in the governance framework, as public entities strive to balance economic, environmental, and social goals, ensuring intergenerational fairness, reducing environmental impact, and enhancing community well-being. The integration of governance and sustainability is no longer a choice but a strategic direction to ensure more flexible and transparent public management that achieves sustainable development and improves the quality of services provided in the long term.

The importance of governance is reflected in the following points:

1) Enhancing the country's ability to attract local and foreign investments by reducing financing costs and increasing confidence in the investment environment.
2) Reducing the outflow of local capital abroad by enhancing market stability and investor confidence.
3) Providing guarantees for investors to protect their investments and create an investment environment based on rights and transparency.
4) Strengthening the rights of stakeholders and ensuring fairness among them through clear and effective governance mechanisms.
5) Improving market efficiency by enhancing transparency for investors and improving the pricing and distribution of shares fairly.
6) Supporting the stability and growth of local institutions, improving the business environment to enhance competitiveness and increase investment opportunities.
7) Reducing reliance on government institutions by empowering the private sector and expanding its role in the national economy.
8) Reducing administrative and financial corruption through institutional oversight and reinforcing principles of integrity and accountability.
9) Establishing a work environment based on fairness and respect, motivating employees and improving institutional performance overall.
10) Ensuring full transparency in providing information and decision-making by developing disclosure and corporate information systems.
11) Enhancing the efficiency of institutions by applying advanced regulatory and financial systems that reduce waste and support financial discipline.

The goals of governance are summarized as follows:

1) Enhancing transparency and fairness to ensure the protection of the rights of shareholders and all stakeholders and building trust in the institutional environment.
2) Establishing effective systems for accountability and responsibility by creating clear organizational structures and accurately defining authorities and responsibilities.
3) Developing the company's assets and ensuring the preservation of resources and maximizing long-term returns.

4) Attracting local and foreign investments through a stable regulatory environment based on sound governance and international standards.

5) Enhancing compliance with laws, regulations, and adherence to controls and guidelines issued by relevant local and international regulatory authorities.

6) Achieving operational efficiency by improving performance quality, reducing waste, and maximizing institutional productivity.

7) Supporting business continuity through effective risk management, preparedness for crises, and adapting to economic changes.

8) Promoting an institutional culture based on values such as integrity, responsibility, and discipline, and spreading these values at all organizational levels.

9) The connection between governance and sustainability is achieved through integrating environmental, social, and governance (ESG) dimensions into the corporate strategy.

10) Smart digital transformation in management and oversight using digital tools and techniques that enhance decision-making effectiveness and speed up response times.

11) Expanding stakeholder participation in organizational processes to enhance positive interaction and integration among all parties.

12) Achieving a balance between the institution's goals and the public interest, especially in institutions serving vital sectors or providing community services.

13) Enhancing institutional competitiveness by adopting global best practices in governance, oversight, and disclosure.

Digital Governance

Warba Insurance & Reinsurance Company seeks to establish the concept of digital governance as one of the strategic pillars of its operations, recognizing the importance of keeping pace with the digital age's developments and the requirements of regulatory bodies, foremost of which is the Insurance Regulatory Unit in the State of Kuwait, which represents the highest regulatory authority responsible for organizing and monitoring the insurance sector and ensuring companies' compliance with best practices and regulatory standards. The integration of technology into the governance system is an effective means to enhance transparency, accelerate decision-making, and ensure compliance with laws, regulations, and instructions issued by the unit. The company has started practical steps to implement this digital transformation by updating its technological infrastructure, adopting smart systems to manage insurance operations, and developing various electronic channels to provide insurance services, making it easier for clients to access products and services without the need for in-person attendance, thereby enhancing service efficiency and reducing reliance on paper transactions.

The company has also made sure to develop clear digital compliance policies that align with the regulatory requirements of the Insurance Regulatory Unit, the Capital Markets Authority, and other relevant bodies. In this context, and in line with the regulatory direction to enhance disclosure and transparency, the Capital Markets Authority has mandated that all listed companies implement an electronic disclosure system using the XBRL language, known as the "iFSAH Disclosure System," in accordance with its recent circular regarding the regulation of electronic disclosures.

The Authority has emphasized the importance of registered entities updating their data and information promptly on the system, as this directly impacts the accuracy of the information published in the market, and the importance of this update in adapting to the system's requirements and changes. The Authority also stressed the need to continue providing all required disclosures and data, including financial reports, capital adequacy reports, and forms related to the stock exchange and general assemblies, through the approved electronic system, as it is the primary source for publishing official information.

The periodic reports published by the company reflect its commitment to the principles of disclosure, transparency, and institutional oversight, as they provide shareholders and beneficiaries with accurate and reliable information regarding financial and operational performance and the level of internal compliance, thereby enhancing the principles of accountability and trust. The digital governance approach is not limited to the technical aspect alone, but extends to include updating internal regulations, decision-making mechanisms, and the structure of oversight committees, ensuring effective integration between technology and corporate governance. Through these efforts, Warba Insurance & Reinsurance Company reaffirms its full commitment to implementing global best practices in digital governance, contributing to enhancing its position in the local and regional market, and supporting the sustainability and growth of its operations in an environment characterized by constant change and accelerating challenges.

In this context, the Board of Directors of Warba Insurance & Reinsurance Company is keen on instilling governance principles and enhancing the path of stability and growth, driving the company towards achieving sustainable success in the long term, as one of the leading Kuwaiti companies in the insurance sector. This commitment has been clearly reflected in the Board's focus on enhancing oversight, improving management efficiency, and building a well-integrated governance system based on global best practices and sound governance principles, in alignment with the requirements of regulatory bodies, primarily the Insurance Regulatory Unit and the Capital Markets Authority of Kuwait.

The company clearly adopts an advanced framework for compliance with professional, behavioral, and governance standards, based on a set of strict policies and procedures that regulate decision-making mechanisms, define roles and powers, and enhance the application of the principles of integrity, accountability, and transparency, reflecting on the protection of the rights of shareholders and all stakeholders. Governance at Warba Insurance & Reinsurance is closely linked to the goals of institutional sustainability, and through it, the company seeks to align financial and economic performance with social and environmental commitments.

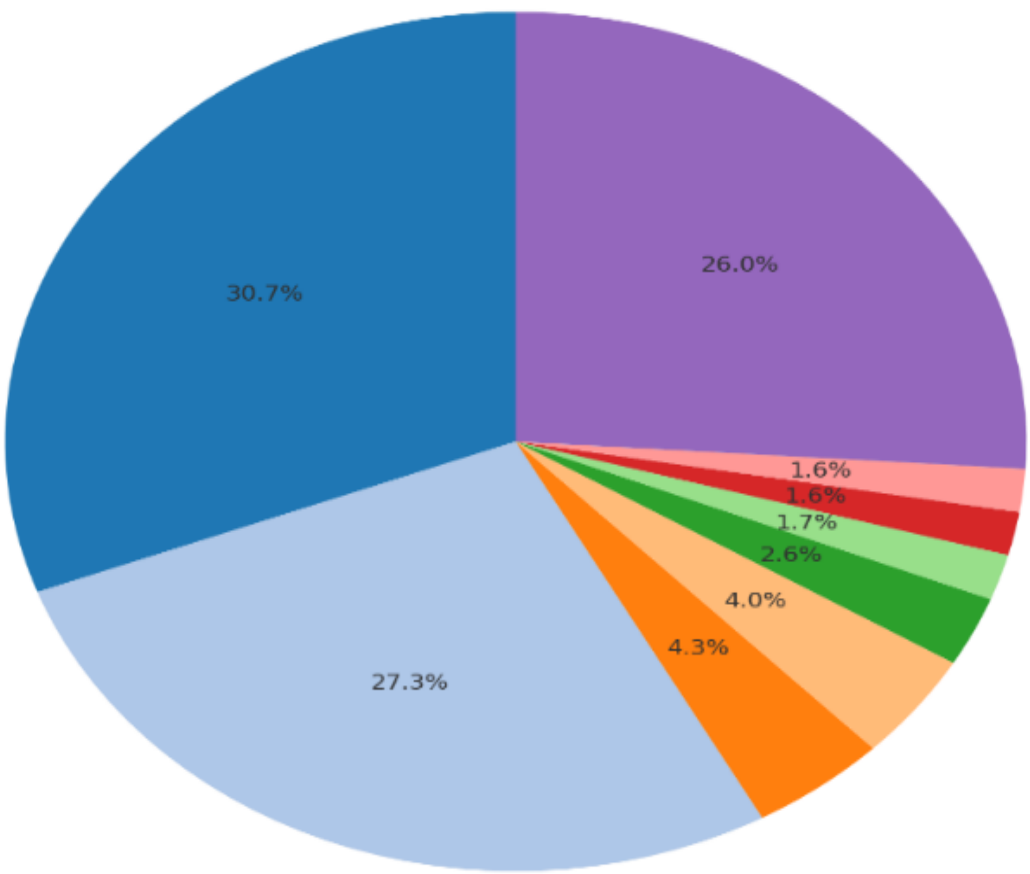
The Board of Directors relies on an effective internal control system, which is periodically updated through comprehensive reviews, ensuring full compliance with laws and regulations, and contributing to the improvement of operational performance quality. The committees emanating from the Board, led by the Governance and Risk Committee, perform their roles in oversight, follow-up, and formulating recommendations, ensuring the effective implementation of strategies and operational plans within a transparent institutional framework.

company continues its strong commitment to continuous improvement in the implementation of governance, through the development of internal policies and the adoption of the best regulatory standards, in order to create a work environment characterized by efficiency and integrity, and to keep pace with legislative and regulatory changes. This approach reflects the Board of Directors' belief in the effective role of governance in supporting the company's competitiveness and enhancing its market position, in alignment with the national vision for sustainable development, "New Kuwait 2035".

Statement of Major Shareholders of the Company as of December 31, 2024

Shareholder Name	Number of Shares	Ownership Percentage
Al-Emad Real Estate Company	76,741,111	30.70%
The Arab Investment Company Clients 1	68,309,578	27.32%
Watani Investment Company Clients 1	10,800,343	4.32%
Nation Investments Company Clients Account	10,118,350	4.05%
Warba Insurance & Reinsurance Company Treasury Shares	6,570,244	2.63%
Abdulrasoul Hussain Ali	4,321,986	1.73%
Al Baraka Kuwait General Trading and Contracting Company	4,062,637	1.63%
Salah Abdulmohsen Al-Asfour	4,050,000	1.62%
Others	65,025,751	26.01%
Total	**250,000,000**	**100.000%**

Statement of Major Shareholders of the Company as of December 31, 2024



Shareholder	Percentage
Al Emad Real Estate Company	30.696%
Al Areba Investment Company – Clients 1	27.324%
Al Watani Investment Company – Clients 1	4.320%
(National Investments Company (Client Account	4.047%
Warba Insurance & Reinsurance Company – Treasury Shares	2.628%
Abdulrasool Hussain Ali	1.729%
Al Baraka Kuwait General Trading and Contracting Company	1.625%
Salah Abdulmohsen Al-Asfoor	1.620%
Others	26.010%

Credit Rating

#	Rating Agency	Rating	S&P Rating	Outlook
1		BBB+	BBB+	Positive

First Rule: Building a balanced structure for the Board of Directors.

1. Overview of the Structure and Composition of the Board of Directors of Warba Insurance & Reinsurance Company.

The Board of Directors of Warba Insurance & Reinsurance Company has invested all of its expertise to enhance the company's performance in line with the expectations of the esteemed shareholders and stakeholders. The board has also made efforts to keep up with best governance practices and activate digital governance to ensure the effectiveness of strategies and prepare its members to fulfill their responsibilities concerning the company's strategic issues. Additionally, the board encourages and facilitates their positive contributions to achieving and developing the company's goals while safeguarding the rights of the shareholders amid geopolitical, economic, and market changes.

In accordance with governance rules, the board has relied on several specialized committees under its purview to distribute tasks and responsibilities. Each committee submits its reports and recommendations periodically to the Board of Directors, within the framework of enhancing the principles of accountability and transparency. The following chart illustrates the governance structure adopted at Warba Insurance Company:

1.1 Statement on the Composition of the Board of Directors

Based on the resolution of the Ordinary General Assembly of Warba Insurance & Reinsurance Company, the election of a new Board of Directors for a three-year term was approved. The Board was formed with members possessing extensive and diverse experience, skills, and knowledge, which contributes to achieving a positive balance and effectiveness within the Board. This diversity enables the Board of Directors to carry out its duties and responsibilities efficiently, while considering the evolving needs of the company's business.

The Board of Directors of Warba Insurance & Reinsurance is structured in a way that aligns with the size and nature of the company's activities, in addition to the tasks and responsibilities assigned to its members.

When forming the board, professional and practical experience diversity was considered, along with the necessary technical skills. The Nomination and Remuneration Committee is responsible for verifying that the Board of Directors and executive management meet all the requirements of the company's competency and integrity model guide. The committee also reviews the required skill sets for the membership of the Board of Directors and executive management on an annual basis.

The Board of Directors of Warba Insurance & Reinsurance consists of 7 members, including:

5 Non-executive members 2 Independent members

All members of the Board of Directors have an extensive record of experience in serving on the boards of various companies, in addition to possessing the necessary skills to hold these positions. They also have broad experience in the insurance industry, which enhances their ability to lead the company towards achieving its strategic objectives. Board members are elected by the General Assembly every three years, with the current members being re-elected on 17/04/2022.

Formation:

Name	position	classification
Mr. Anwar Jawad Bu khamseen	Chairman of the Board of Directors	Non-Executive
Sheikh/ Mohammed Al-Jarrah Al-Sabah	Deputy Chairman of the Board of Directors	Non-Executive
Mr. Raed Bukhamseen	Member of the Board of Directors	Non-Executive
Mr. Hazem Ali Al-Mutairi	Member of the Board of Directors	Non-Executive
Mr. Rifaat Ghaliyeni	Member of the Board of Directors	Non-Executive
Mr. Rafed Al-Rifaie	Member of the Board of Directors	independent member
Mr. Mohammed Al-Mubarakie	Member of the Board of Directors	independent member

Mr. Anwar Jawad Bu khamseen – Chairman of the Board – Non-Executive

Mr. Anwar Bukhamseen possesses extensive experience in the fields of banking, insurance, and real estate investment. Throughout his professional career, he has held numerous leadership positions and currently occupies several prominent roles, including: Board Member at Kuwait International Bank (KIB), Advisor to the Board of Directors at Al-Dawli Takaful Insurance Company (KIB Takaful), Board Member at Bukhamseen Holding Group, Board Member at Kuwait Catalyst Company (KCC), Board Member at Kuwait Industries Union (KIU), Chairman of the Kuwait Insurance Federation (KIF), and Member of the Kuwait Economic Society (KES). He holds a bachelor's degree in Economics and Public Administration from the College of Commerce, Economics, and Political Science at Kuwait University (1995). He also obtained a specialized certificate in a selective program on Foreign Policy Management from Harvard University in 2005, in addition to a specialized certificate from the Kuwait Foundation for the Advancement of Sciences (KFAS) in Corporate Governance and the Operations of Financial Institutions.

Mr. Raed Bukhamseen – Member of the Board of Directors– Non-Executive

Sheikh Mohammed Jarrah Al-Sabah possesses distinguished experience in the fields of banking, insurance, and real estate investment. He currently holds the following prominent positions: Chairman of the Board at Kuwait International Bank, Chairman of the Board at Kuwait Industries Union, Board Member at Kuwait Industries

Union, and Member of the Board of Trustees at the Arab Academy for Science, Technology & Maritime Transport. Throughout his illustrious career, Sheikh Mohammed has held several senior executive positions at leading organizations in Kuwait, including: Kuwait Real Estate Investment Group, Commercial Bank of Kuwait, Kuwait Reinsurance Company, Al-Salihiya Real Estate Company, and Arab Insurance Group (ARIG).

Mr. Raed Bukhamseen – Member of the Board of Directors– Non-Executive

Mr. Raed Bukhamseen possesses distinguished experience in various fields, including investment, banking, and business administration. He currently holds the following prominent positions: Deputy Chairman and Chief Executive Officer at Kuwait International Bank, Chairman of the Board at Bukhamseen Holding Company, Board Member at Arab Investment Company, Board Member at The Shared Electronic Banking Services Company (KNET), Non-Executive Chairman at Egyptian Gulf Bank, Board Member at Souk Al-Salmiah Real Estate Company, and Board Member at Credit Bank of Kuwait Holding Company. Mr. Bukhamseen earned his Bachelor of Business Administration degree in 1999 from Boston University in the United States. He also holds specialized certifications in Portfolio Management, Communication, and Investment Analysis.

Mr. Hazem Ali Al-Mutairi – Member of the Board of Directors– Non-Executive

Mr. Hazem Ali Al-Mutairi has over 25 years of experience in various sectors, including banking, investment, and treasury. He is currently a Board Member at Boubyan Bank and serves as the Chief Executive Officer at Credit Bank of Kuwait Holding Company. He graduated from the United States and holds a bachelor's degree in Banking.

Mr. Rifaat Ghaliyeni – Member of the Board of Directors – Non-Executive

Mr. Rifaat Ghalyeni possesses over 20 years of experience in the financial sector. He holds a bachelor's degree in economics and commerce, an MBA, and certifications as a Certified Public Accountant (CPA) and an International Certified Valuation Specialist (ICVS). He currently serves as the Chief Financial Officer at Bukhamseen Holding Group, Deputy Chairman of the Board at Arab Beverages Group (ABG), Deputy Chairman of the Board at Al-Salhiya Real Estate Company, and a Member of the Board of Directors at Kuwait International Educational Company (KIEC).

Mr. Rafed Al-Rifaie – Member of the Board of Directors – Non-Executive (Independent Member)

Mr. Rafed Al-Rifaie possesses over 25 years of distinguished experience in various fields, including trade, investment, and the supply of catalysts and chemicals to the oil and gas industries and catalyst manufacturing. Throughout his career, he has held several positions, including Assistant General Manager and Managing Director at Abdullah Said Rajab Al-Rifaie & Sons Trading and Contracting Company, Board Member and Chairman at Kuwait Catalyst Company. He currently serves as the Chief Executive Officer at Abdullah Said Rajab Al-Rifaie & Sons Trading and Contracting Company and as a Board Member at Kuwait Catalyst Company. He graduated from Kuwait University with a Bachelor's degree in Business Administration.

Mr. Mohammed Al-Mubarakie– Member of the Board of Directors – Non-Executive (Independent Member)

Mr. Mohammed Al-Mubarakie possesses over 25 years of extensive experience in the financial and real estate sectors. He has held the position of Assistant General Manager for Asset Management at both Gulf International Investments Company and Al-Mal Investment Company. Additionally, he has worked in stock trading at Al-Salah Investment Company. Currently, he serves as the General Manager at Real Estate Management Company. He graduated from Kuwait University with a bachelor's degree in business administration, specializing in Finance.

He has also completed specialized courses in risk management, financial analysis for investment decisions, valuation of intrinsic and market value of stocks, portfolio and investment fund management, fundamentals and tools of investment in financial markets, and accounting.

1.2 Statement on Board of Directors Meetings

The Board of Directors of Warba Insurance & Reinsurance Company held meetings with the presence of the majority of its members during the fiscal year ending on December 31, 2024. The Board held 8 meetings, with meetings being convened upon a written invitation from the Chairman. Invitations and the agenda are sent to the board members at least three business days prior to the scheduled date, allowing members to thoroughly review the topics discussed and make appropriate decisions.

The attendance process for Board of Directors meetings is organized in accordance with the company's bylaws, with a mechanism in place for addressing cases of members' irregular attendance at these meetings. The table below provides an overview of the Board of Directors meetings during the mentioned period:

Overview of the Company's Board of Directors Meetings (2024):

Meeting No.	Meeting Date	Key Decisions:	Attendance
(1/2024)	10/03/2024	Approval of the financial statements for the year ended 31/12/2023	8
(2/2024)	13/05/2024	Approval of the First Quarter 2024 financial statements	8
(3/2024)	30/05/2024	Approval of the agenda of the Extraordinary General Assembly	7
(4/2024)	07/08/2024	Approval of the First Half 2024 financial statements	7
(5/2024)	27/08/2024	Discussion of investment opportunities	8
(6/2024)	07/10/2024	Discussion of a proposed sale of company investment property	7
(7/2024)	10/11/2024	Approval of the Third Quarter 2024 financial statements	8
(8/2024)	12/12/2024	Review of the company's rating report	8

Member Name	Number of Meetings	Meeting (1) 10-03-2024	Meeting (2) 13-05-2024	Meeting (3) 30-05-2024	Meeting (4) 07-08-2024	Meeting (5) 27-08-2024	Meeting (6) 07-10-2024	Meeting (7) 10-11-2024	Meeting (8) 12-12-2024
Mr. Anwar Jawad Bu khamseen Chairman of the Board of Directors	8	(√)	(√)	(√)	(√)	(√)	(√)	(√)	(√)
Sheikh/ Mohammed Al-Jarrah Al-Sabah Deputy Chairman of the Board of Directors	8	(√)	(√)	(√)	(√)	(√)	(√)	(√)	(√)
Mr. Raed Bukhamseen Member of the Board of Directors	7	(×)	(√)	(√)	(√)	(√)	(√)	(√)	(√)
Mr. Hazem Ali Al-Mutairi Member of the Board of Directors	7	(√)	(√)	(√)	(√)	(×)	(√)	(√)	(√)
Mr. Rifaat Ghaliyeni Member of the Board of Directors	8	(√)	(√)	(√)	(√)	(√)	(√)	(√)	(√)
Mr. Rafed Al-Rifaie Member of the Board of Directors- Independent	8	(√)	(√)	(√)	(√)	(√)	(√)	(√)	(√)
Mr. Mohammed Al-Mubarakie Member of the Board of Directors- Independent	7	(√)	(√)	(×)	(√)	(√)	(√)	(√)	(√)

1.3 Overview of How to Apply the Requirements for Registration, Coordination, and Retention of Board of Directors Meeting Minutes

Warba Insurance & Reinsurance Company is committed to adhering to the highest standards of governance and transparency in recording, coordinating, and retaining Board of Directors meeting minutes. The meeting minutes are recorded in a special register that indicates the serial number of the minutes for the fiscal year, along with the meeting location, date, and the start and end times. Discussions, deliberations, and voting procedures conducted during the meetings are also documented, organized, and stored in a manner that facilitates easy reference when needed.

The Board of Directors of the company has appointed a Board Secretary by a decision of the Board. A clear charter has been established outlining the duties and responsibilities of the Board Secretary, in compliance with the requirements of the Capital Markets Authority and the Insurance Regulatory Unit. This charter ensures adherence to best practices in managing and documenting Board meetings, while taking into account the requirements of transparency and accountability.

The Board Secretary is also required to record the meeting minutes, which must include the following:

- A serial number assigned to each meeting.
- The date of the meeting, the start time, and the end time.
- A record of all attendees, including the names of those who were unable to attend and those who attended part of the meeting.
- Ensuring the completion of signatures from all Board members present.
- Safekeeping the original minutes as well as the decisions made, maintaining a dedicated record for these minutes.
- Ensuring easy access for Board members to all minutes and attachments at any time for review.

The requirements of the Capital Markets Authority (CMA) and the Insurance Regulatory Unit.

Warba Insurance & Reinsurance Company is committed to implementing all the requirements imposed by the Capital Markets Authority and the Insurance Regulatory Unit regarding the recording and retention of the minutes of the Board of Directors meetings. These requirements include:

2. **Accurate Documentation**: Recording all decisions, votes, and discussions in a detailed and precise manner.
3. **Secure Storage**: Storing the minutes in a secure location that ensures confidentiality of the information and easy access when needed.
4. **Periodic Review:** Ensuring that the minutes comply with applicable regulations and laws.
5. **Disclosure and Transparency:** Providing the required information to the Capital Markets Authority and the Insurance Regulatory Unit upon request, ensuring transparency in dealings with stakeholders.

1.4 Independent Members of the Board of Directors

Warba Insurance & Reinsurance Company believes in the importance of the independence of the Board of Directors as a fundamental factor in achieving effective and sound corporate governance. The independence standards adopted by the company align with local laws and international best practices, including Decision No. (72) of 2015 regarding the issuance of the executive regulations of Law No. (7) of 2010 concerning the establishment of the Capital Markets Authority and the regulation of securities activities and its amendments – Book Fifteen: Corporate Governance.

Based on this, the Board of Directors of Warba Insurance & Reinsurance Company includes non-executive members and independent members. The Corporate Governance Committee reviews the independence of the Board members periodically and ensures their continued compliance with the independence requirements outlined in the governance rules, which have been approved by the Board of Directors in line with regulatory requirements.

Second Rule: Proper Definition of Roles and Responsibilities

2. Overview of proper identification of Roles and Responsibilities for the Board of Directors and Executive Management.

The company, Warba Insurance & Reinsurance, ensures a clear and precise separation of responsibilities between the Board of Directors and executive management, in order to achieve full independence for the Board and enable it to effectively and efficiently perform its responsibilities.

2.1 Overview of How the Company Defines the Roles, Responsibilities, and Duties of Both the Board of Directors and Executive Management

Warba Insurance & Reinsurance Company has clearly defined the roles and responsibilities of both the Board of Directors and executive management in its approved policies and regulations, reflecting a balance of powers and authorities between them. These policies ensure a clear delegation of powers to the executive management while maintaining the Board's final responsibility for the company's management.

The Board of Directors remains fully responsible for the company, even when forming committees or delegating specific tasks to individuals or other entities. The Board ensures the performance of these committees and individuals is closely monitored to guarantee the achievement of the company's strategic objectives.

2.1.1 Duties of the Board of Directors

The Board of Directors represents the highest authority responsible for setting the company's goals, strategies, and main policies. This includes approving the overall strategy, action plans, and optimal capital structure, in addition to determining the profit distribution policy in alignment with the interests of the shareholders and the company. The Board is also responsible for monitoring performance and the organizational structure, approving the budget estimates and financial statements, and overseeing capital expenditures and asset management.

The Board ensures the company's compliance with internal regulations and policies, while emphasizing the accuracy of financial data and the integrity of disclosure and transparency processes. It also works to enhance effective communication with shareholders to ensure they are continuously informed about the company's developments.

Regarding corporate governance, the board establishes an internal governance system and monitors its implementation. The performance of the board members and executive management is assessed according to clear performance indicators. An annual report is prepared that includes the extent of compliance with governance rules, indicating any shortcomings and their causes, and taking the necessary actions for immediate review, as well as implementing precautionary measures to prevent recurrence of deficiencies.

The board forms specialized committees such as the Governance Committee, the Risk and Compliance Committee, the Audit Committee, and the Nominations and Remuneration Committee.

The tasks and responsibilities of each committee, along with their oversight mechanisms, are defined, with periodic performance evaluations in accordance with the laws applicable in the State of Kuwait.

The board is also concerned with establishing internal policies and regulations that ensure transparency and the separation of powers, while delegating some tasks to the executive management and following up through periodic reports. The board monitors the performance of the executive management and makes the necessary decisions to implement the company's strategy, in addition to setting standards for rewards and incentives.

The board places great importance on protecting the rights of minority shareholders and stakeholders. It establishes policies that safeguard their rights and defines mechanisms for dealing with related parties to avoid conflicts of interest. It also ensures the effectiveness of internal control systems and risk management, while putting plans in place to enhance sustainability and integrate it into the company's strategies and operational plans.

2.1.3 Roles and Responsibilities of the Chairman of the Board of Directors

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:

- Ensuring that all key issues are discussed effectively and on time.
- Representing the company before external parties in accordance with the Articles of Association.
- Encouraging the active participation of board members in decision-making that serves the best interests of the company.
- Promoting effective communication with shareholders and conveying their views to the Board of Directors.
- Building positive relationships between the Board of Directors and the Executive Management, supporting constructive interaction between executive and non-executive members.
- Fostering a culture of constructive criticism regarding issues where there are differences of opinion.

2.1.4 Roles and Responsibilities of the Executive Management

The executive management is responsible for implementing the company's policies, regulations, and internal activities as approved by the Board of Directors. It ensures the application of the comprehensive strategy and approved plans to achieve the set objectives. Additionally, the executive management prepares regular reports (both financial and non-financial) outlining the progress in the company's activities in line with the strategic objectives and submits these reports to the Board of Directors for review and making appropriate decisions.

Among the key tasks of the executive management is the establishment of a comprehensive accounting system that includes ledgers, records, and accounts, which accurately reflect the company's financial position, in adherence to international accounting standards to ensure the integrity of the financial data and the protection of the company's assets. The executive management is also responsible for the daily operations and the efficient management of business activities, with a focus on the optimal use of available resources to maximize profits and control expenses in alignment with the company's vision and strategy.

In addition, the executive management plays a pivotal role in promoting organizational values and fostering a positive work culture within the company, which contributes to achieving functional cohesion and enhancing overall performance.

2.2 Achievements of the Board of Directors in 2024

Warba Insurance & Reinsurance Company has achieved several accomplishments during the fiscal year ending on 31/12/2024 in the field of corporate governance principles. Among the most prominent of these achievements are:

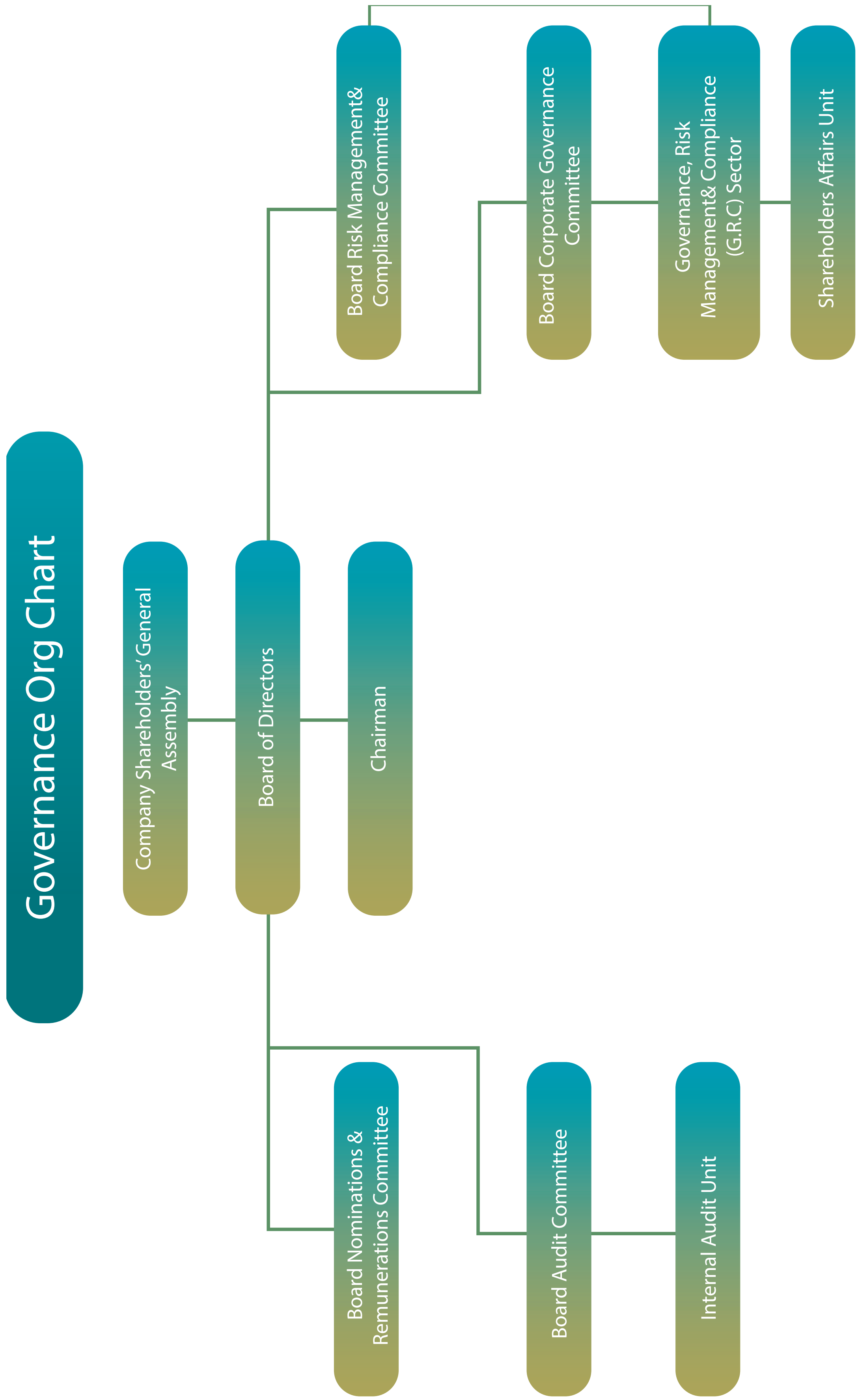
- Implementing the corporate governance requirements of the Capital Markets Authority and the Insurance Regulatory Unit.
- Approving the financial statements for the fiscal year.
- Discussing investment opportunities for the company.
- Discussing the strategy for re-launching the main system project (New Core Strategy)
- Approving the minutes of the committees emanating from the Board of Directors for the year 2024.

2.3 Overview of Implementing the Requirements for the Formation of Independent Specialized Committees by the Board of Directors

The committees arising from the Board of Directors play a pivotal role as a link between the board and executive management. They oversee all operational activities within the company and provide necessary recommendations to the board for decision-making. The board has made sure to establish a comprehensive regulatory framework defining the tasks, powers, formation mechanisms, and meeting schedules of these committees, fully complying with the requirements of the Capital Markets Authority in this regard. These committees are distinguished by their comprehensive coverage of all administrative and technical aspects of the company, enabling board members to stay well-informed on the company's activities and make strategic decisions that serve the company's goals. Additionally, the board has the right to form temporary committees to address specific issues, which will dissolve once their purpose is fulfilled. The duration of all committees' work is aligned with that of the board itself. The board secretary is responsible for maintaining accurate records for each committee, including full meeting minutes with timestamps, the

number of each meeting, as well as issued recommendations and presentation materials. All these documents are made available to board members for review as needed.

Committee Name	Formation	Approval Date	Committee Term
Corporate Governance Committee	(√)	26/03/2023	3 Years
Risk & Compliance Committee	(√)	26/03/2023	3 Years
Audit Committee	(√)	26/03/2023	3 Years
Nominations & Remuneration Committee	(√)	26/03/2023	3 Years



Governance Org Chart
Company Shareholders' General Assembly
Board of Directors
Chairman
Board Risk Management& Compliance Committee
Board Corporate Governance Committee
Governance, Risk Management& Compliance (G.R.C) Sector
Shareholders Affairs Unit
Board Nominations & Remunerations Committee
Board Audit Committee
Internal Audit Unit

Committee Work System:

The Board of Directors of Warba Insurance & Reinsurance Company has approved the bylaws and operating regulations for all committees, which include defining the tasks of each committee, the duration of its work, and the powers granted to it. A specific charter has also been established for each committee, outlining how the Board of Directors monitors the committees' performance. The committees have been delegated specific powers by the Board to ensure the achievement of their objectives efficiently and effectively.

This structure reflects Warba Insurance & Reinsurance Company's commitment to the highest standards of governance and transparency, which enhances the trust of shareholders and clients in the company's management.

Risk and Compliance Committee:

Formation:

Member Name	Position	Number of Meetings
Mr. Wafaa Ghalayini	Committee Chairman	5
Mr. Rafeh Al-Rifai	Committee Member	
Mr. Mohammed Al-Mubarak	Committee Member	

Tasks of the Risk & Compliance Committee:

- Supervising the implementation of a unified risk management vision at the organizational level to ensure a coordinated and effective response to any risks the company may face.
- Preparing and reviewing policies and procedures related to risk management before their approval by the Board of Directors, ensuring their alignment with the company's strategic plans.
- Ensuring that the executive management is committed to effectively implementing these policies and strategies.
- Contributing to the development and formulation of strategic plans that align with the company's vision and long-term goals, reflecting the expectations of stakeholders.
- Assisting the Board of Directors in identifying and evaluating the level of acceptable risks for the company and implementing systems and mechanisms to measure and monitor different types of risks it may face.
- Ensuring an appropriate balance between risks and expected returns, considering future plans and the company's strategic goals.
- Studying and assessing the potential impacts of risks on the company, determining appropriate actions to address or mitigate their effects, including response and recovery scenarios.
- Monitoring financial and non-financial risks, including operational, legal, compliance, reputational, technological risks, and others.
- Promoting employee awareness about the importance of risk management, providing educational and training programs to equip them with a comprehensive understanding of risk concepts.
- Ensuring the integration of internal control systems with the risk management process to help detect and address deviations effectively.
- Reviewing periodic reports submitted by the Risk Management Department and comparing them with the company's performance and actual results against targets.

- Developing emergency response plans in coordination with management and proposing appropriate recommendations to the Board of Directors.
- Monitoring the implementation of internal risk management procedures and preventive measures within the company.
- Reviewing proposed investment opportunities from a risk perspective and evaluating their potential impact on the company's financial position.
- Ensuring the company's compliance with all environmental, social, and governance (ESG) requirements, and suggesting measures to mitigate associated risks.
- Reviewing capital adequacy and solvency reports on a regular basis.
- Reviewing credit rating reports and recommending necessary actions to improve the company's credit rating.

Achievements:

- Conducted a comprehensive presentation on credit risk, with recommendations to mitigate exposure
- Reviewed and validated the operational and financial risk mitigation plan for the issuance of car registration books.
- Presented the strategic risk report, identifying key long-term risks and mitigation strategies.
- Followed up on the execution of risk management mandates assigned by the executive management.
- Discussed and approved capital adequacy and financial solvency report, ensuring regulatory alignment.
- Delivered an impact analysis and financial stress test assessing the implications of incorporating reinsurance into the company's operational structure.
- Presented a comprehensive investment risk assessment covering the period from 2013 to the end of 2024.
- Reviewed and approved the updated investment policy, aligning it with market conditions and internal risk appetite.
- Evaluated the company's performance in governance, risk, and compliance (GRC), and issued improvement recommendations.
- Developed the strategic roadmap for GRC and sustainability covering 2025-2027.
- Oversaw the formulation and approval of the authority matrix, enhancing accountability across all departments.
- Monitored the complaints resolution mechanism related to the GRC, in luine with the IRU standards.
- Supervised the technical readiness for achieving ISO 31000 certification for risk management and ISO 9001 for quality management systems.
- Reviewed the company's IFRS 17 readiness report, ensuring compliance with the international accounting standards.
- Conducted an in-depth liquidity risk assessment for the period 2018-2024.
- Analyzed the gap report on operational risks for the fiscal year ending 31/12/2024 and endorsed mitigation measures.
- Evaluated the maturity profile of debt instruments and its alignment with the company's investment strategy for Q4 2024.
- Approved the whistleblowing and risk reporting policy, reinforcing transparency and ethical conduct.

- Endorsed the ESG-aligned risk management plan, integrating environmental, social and governance principle into the enterprise risk framework.
- Approved the Compliance Management Plan and oversaw the implementation of ISO 9001 Quality Management System certification.
- Recommended the approval of the Risk Management Plan targeting the attainment of an 'A' Rating.
- Recommend the approval of the Market Risk Report and corresponding mitigation strategies for the financial year ending 2025.
- Presented a benchmarking analysis of global rating agencies and recommended adopting S&P as the primary rating agency.
- Approved the updated risk-related policies and procedures.
- Approved the Risk Report for the financial year 2024, along with the Risk Management Department's proposed mitigation plan.

Audit Committee

Composition:

Member Name	Position	Number of Meetings
Mr. Raed Jawad Bukhamseen	Committee Chairman	6
Mr. Rifaat Ghaliyeni	Committee Member	
Mr. Rafed Al-Rifaie	Committee Member	

Tasks of the Audit Committee:

- Review of interim and annual financial statements, external auditors' reports, and their preliminary approval before submission to the Board of Directors.
- Ensuring the integrity and transparency of financial statements and reports.
- Recommending the appointment or reappointment of external auditors.
- Ensuring the independence of external auditors and reviewing any significant changes that may affect their decisions.
- Reviewing the appropriateness of the accounting policies adopted by the company, as well as the financial disclosures and related data.
- Monitoring the implementation of internal audit policies and procedures within the company.
- Evaluating the efficiency and effectiveness of the internal audit unit, the performance of the unit's head, and ensuring the independence of the unit and the quality of its reports.
- Reviewing internal audit reports, discussing the results and observations with the relevant departments, and recommending necessary actions.
- Verifying the company's compliance with relevant laws, regulations, instructions, as well as internal policies and procedures.

Achievements:

- Discussing and reviewing the financial results for the fiscal year ending on 31/12/2024 with the external auditor, and recommending the reappointment of the external auditor, Ernst & Young, for the fiscal year ending on 31/12/2025.
- Discussing and reviewing the financial results for the fiscal year ending on 31/12/2024 with the executive management.

- Reviewing the financial indicators for the year 2024.
- Discussing and following up on the implementation of the internal audit plan for 2024.
- Discussing and reviewing the internal audit results for the period ending on 31/03/2024 with the external auditor.
- Discussing and reviewing the internal audit results for the period ending on 31/03/2024 with the executive management.
- Discussing and reviewing the internal audit results for the first half of 2024.
- Discussing and reviewing the financial results for the period ending on 30/06/2024 with the external auditor.
- Discussing and reviewing the financial results for the period ending on 30/06/2024 with the executive management.
- Discussing the financial results for the period ending on 30/09/2024 with the external auditor.
- Discussing and reviewing the financial results for the third quarter ending on 30/09/2024 with senior management.
- Reviewing and discussing internal audit activities.
- Discussing and approving the internal audit plan.

Nomination and Remuneration Committee

Composition:

Member Name	Position	Number of Meetings
Mr. Raed Jawad Bukhamseen	Committee Chairman	2
Mr. Rifaat Ghalaeini	Committee Member	
Mr. Mohammed Al-Mubarakie	Committee Member	

Tasks of the Nomination and Remuneration Committee:

- Ensuring the nomination of the most experienced, capable, and skilled candidates for vacant positions, based on standards of competence and integrity.
- Providing recommendations to the Board of Directors regarding the appointment or reappointment of executive leadership positions.
- Overseeing the study and update of the salary and remuneration structure for leadership positions and employees within the company, and approving necessary measures.
- Reviewing policies and procedures related to compensation and benefits and suggesting necessary amendments.
- Preparing and developing policies related to allowances and rewards for Board members and subcommittees, and submitting them to the Board of Directors for recommendation to be approved by the company's General Assembly.
- Reviewing nominations for Board membership or its various committees to ensure compliance with governance requirements, standards of competence and integrity, as well as regulatory and General Assembly requirements, and providing recommendations to the Board regarding candidates for Board membership for the years 2025-2027, in accordance with the approved policies and standards that comply with the applicable laws in the State of Kuwait.

- Evaluating the Board members and executive management in accordance with the requirements of the Capital Markets Authority and the Insurance Regulatory Unit.

Achievements:

- Reviewing the historical salary data for 2024.
- Preparing a detailed report and model of the bonuses granted to the Board members and executive management to be presented to the General Assembly for approval.
- Discussing and approving the distribution of annual incentives to company employees in accordance with the criteria set in the 2024 Bonus and Performance Policy.
- Discussing and reviewing amendments to the company's organizational structure.
- Discussing and reviewing the results of the employee benefits survey regarding objections to the preparation of the benefits and compensation structure for the company's employees.
- Discussing and reviewing the company's job replacement program.
- Discussing the recruitment of administrative positions for Kuwaiti national students.

Corporate Governance Committee

Composition:

Member Name	Position	Number of Meetings
Mr. Raed Jawad Bukhamseen	Committee Chairman	1
Sheikh/ Mohammed Al-Jarrah Al-Sabah	Committee Member	
Mr. Hazem Ali Al-Mutairi	Committee Member	

Tasks of the Corporate Governance Committee:

- Conducting periodic reviews to ensure the company's compliance with the principles of governance and related regulations, and assessing adherence to the rules and standards governing them.
- Providing reports and recommendations regarding the results of governance implementation and addressing any observations or instances of non-compliance with applicable laws and regulations.
- Monitoring decisions and instructions issued by regulatory authorities and providing appropriate recommendations to the Board of Directors regarding the mechanisms for their implementation and updating policies when necessary.
- Developing and implementing indicators and evaluation criteria to measure the company's adherence to governance principles.
- Overseeing the implementation of governance frameworks and policies adopted by the Board of Directors, and reviewing them periodically to ensure consistency with the requirements of regulatory authorities.
- Studying and approving necessary amendments to the company's internal governance manual.
- Monitoring gap analysis reports for the implementation of corporate governance.
- Discussing and recommending the adoption of the sustainability report.

Achievements:

- Discussing and reviewing the Corporate Governance Report for the fiscal year ending on 31 December 2024.
- Discussing and reviewing the report on the monitoring of corporate governance rules implementation.
- Discussing and reviewing the governance indicators within the company.

Summary of How Requirements Are Implemented to Ensure Board Members Receive Accurate and Timely Information:

Warba Insurance & Reinsurance Company has successfully built an integrated and effective system that ensures the availability and accessibility of accurate information in a timely manner for the Board of Directors. This is achieved through a well-structured organizational framework based on two main pillars. The first pillar consists of specialized committees emanating from the Board of Directors, where the company has formed four committees at the Board level, in addition to other committees at the executive management level, covering all aspects of operational and financial activities. These committees periodically review developments, analyze data, and submit comprehensive reports containing practical recommendations and objective evaluations, ensuring complete independence in opinion and analysis.

The second pillar is represented by the company's advanced internal control structure, which includes the governance, sustainability, risk, compliance, and internal audit departments, equipped with the latest data monitoring and analysis systems. This control framework prepares detailed reports on the company's performance and potential risks, with an immediate reporting mechanism that allows Board members to access vital information directly and independently. This structure prevents any conflicts of interest and ensures objectivity in the evaluation process.

This system is distinguished by its ability to provide accurate and comprehensive information in a timely manner, supported by in-depth analyses that reflect the company's actual situation. It also ensures a clear mechanism for submitting reports and recommendations, while maintaining the highest standards of independence and objectivity. This system has effectively contributed to enabling Board members to make informed strategic decisions, enhancing the principles of sound governance, and improving internal control efficiency. As a result, it has positively impacted the company's overall corporate performance and increased the confidence of shareholders and stakeholders.

Third Rule: Selection of Competent Individuals for Board and Executive Management Membership

3. Overview of Mechanisms for Selecting Nominees for Board and Executive Management Membership

Warba Insurance & Reinsurance Company has clear and transparent mechanisms for selecting Board and Executive Management members. The Nomination and Remuneration Committee plays a central role in ensuring the selection of qualified and competent individuals for these positions.

The selection of members is based on compliance with the necessary standards of competence and integrity that must be met by the nominees. This guide has been developed in accordance with global best practices and in alignment with the requirements of regulatory authorities. The Nomination and Remuneration Committee reviews the required skills and experience annually, ensuring that they align with the needs of the insurance industry and the company's objectives, to ensure the suitability of the candidates.

3.1 Overview of the Implementation of the Nomination and Remuneration Committee Formation Requirements

The Nomination and Remuneration Committee at Warba Insurance & Reinsurance Company adheres to all regulatory requirements regarding formation procedures, meetings, and the execution of its assigned tasks. The committee's duties include:

- Ensuring that nominees meet regulatory requirements, considering their attendance and active participation in Board meetings.
- Developing and reviewing the job descriptions for executive, non-executive, and independent members.
- Ensuring the continued independence of independent members on a periodic basis.
- Establishing a clear policy for the remuneration of Board members and senior executives, and reviewing it as necessary.
- Preparing annual reports on the compensation granted to Board members and executive management.
- Periodically reviewing the required skills and experience for Board membership and executive management.
- Regularly evaluating the performance of Board members, executive management, and subcommittees.
- Ensuring there is no conflict of interest among Board members on a periodic basis.
- Ensuring that appropriate training and orientation are provided to Board members and executive management.

3.2 Report on the Compensation Granted to Board Members and Executive Management

Warba Insurance & Reinsurance Company practices a clear and transparent policy regarding the compensation and incentives granted to Board members and executive management. This policy is based on objective performance criteria that are measured through pre-prepared evaluation forms. The company regularly reviews this policy to update it and ensure its alignment with best practices and international standards.

The company's compensation system is based on linking rewards to actual performance, with annual performance evaluations conducted using precise and clear measurement indicators. The company has designed this system to motivate outstanding performance while maintaining a balance between the interests of the company and its shareholders on one hand, and the rights of the executive leadership on the other.

Any Material Deviations from the Compensation Policy Approved by the Board of Directors

Regarding the company's compliance with the implementation of this policy, internal reports confirm that there were no material deviations from the compensation policy approved during the fiscal year ending on 31 December 2024. This reflects the company's full commitment to applying the system as approved by the Board of Directors and in compliance with regulatory requirements, while ensuring transparency and fairness in the distribution of compensation and incentives.

Fourth Rule: Ensuring the Integrity of Financial Reports

Written assurances have been prepared by both the Board of Directors and executive management regarding the accuracy and integrity of the financial reports for the fiscal year ending on 31 December 2024.

4.1 Overview of the Implementation of the Audit Committee Formation Requirements

Warba Insurance & Reinsurance Company fully adheres to the instructions outlined in Articles (5-5) and (5-6) of the Fifteenth Book on Corporate Governance regarding the formation and operation of the Audit Committee. The Board of Directors determines the legal term of committee membership and its operational mechanisms through a well-structured system that ensures its independence and effectiveness.

The committee's main tasks are focused on several key areas:

1. Reviewing Financial Reports

The committee conducts a comprehensive review of interim and annual financial statements, analyzes reports from external auditors, and provides initial approval before submitting them to the Board of Directors. The committee is also responsible for ensuring the transparency and accuracy of these financial reports.

2. Oversight of External Audits

The committee is responsible for recommending the appointment or reappointment of external auditors, as well as monitoring their performance and ensuring their compliance with international accounting standards and any updates or amendments to them.

3. Oversight of Accounting Policies

The committee is responsible for reviewing the adequacy of the accounting policies followed by the company and the related operational procedures, ensuring that they align with best practices and international standards.

4. Internal Audit Management

The committee's duties include reviewing the policies and procedures of the internal audit function, recommending the appointment, transfer, or dismissal of the internal audit unit manager when necessary. It also evaluates the performance of this unit periodically, reviews proposed internal audit plans, and provides feedback on them.

4.2 Statement of Conflicts Between Audit Committee Recommendations and Board Decisions, Detailing the Recommendations and Reasons, and the Reasons Behind the Board's Decision Not to Adhere

In line with Warba Insurance & Reinsurance Company's commitment to the highest standards of corporate governance and financial transparency, it is evident from the performance evaluation for the fiscal year 2024 that there was complete alignment between the recommendations of the Audit Committee and the decisions of the Board of Directors. This integration reflects the effectiveness of the decision-making mechanisms in place, where all committee recommendations undergo thorough review by the Board before being approved, ensuring full alignment with the company's strategic policies.

4.3 Confirmation of the Independence and Objectivity of the External Auditor

As part of its commitment to financial integrity, the company ensured the selection of Al-Obayan, Al-Oseimi & Partners (Ernst & Young) to carry out external auditing, based on a thorough evaluation of professional competence standards and specialized experience in the insurance sector, with a strong.

emphasis on maintaining independence of opinion and ensuring there is no conflict of interest. The firm has been granted full access to financial records, with guaranteed freedom to communicate with all administrative levels. Additionally, its representatives participate in the main Audit Committee meetings and General Assembly meetings.

To enhance the credibility of the financial reports, the company has implemented an integrated system that includes:

- Providing an independent working environment for external auditors.
- Comprehensive disclosure of financial information.
- Accurate follow-up on legal disclosure obligations.
- Regular evaluation of the performance of the auditing firm.
- Providing direct communication channels between auditors and shareholders.

As part of Warba Insurance & Reinsurance Company's commitment to the highest standards of corporate governance and financial transparency, the following practices highlight the integration between the Audit Committee's work and the Board of Directors:

the company involves external auditors in all strategic meetings. Representatives from Al-Obayan, Al-Oseimi & Partners (Ernst & Young) regularly attend the Audit Committee meetings and actively contribute to discussions on key financial reports. They are also provided with full opportunities to present their observations and recommendations directly to the Board members.

the company ensures the active role of external auditors in the Annual General Assembly meetings. They are invited to participate and respond to shareholders' inquiries. Additionally, their financial reports are discussed in a transparent and clear manner before the General Assembly.

Thirdly, the company implements a comprehensive system for continuous evaluation, which includes:

- Conducting periodic assessments of the external auditing firm's performance.
- Annual review of the auditors' independence and objectivity.
- Ensuring that no conflicts of interest exist that could affect the integrity of their opinions.

Fourthly, the company enhances financial transparency through:

- Publishing the complete reports of the external auditors.
- Comprehensive disclosure of any material observations.
- Providing direct communication channels between auditors and shareholders.

Fifth Rule: Establishing sound systems for risk management and internal control.

5.1. Governance, Sustainability, Risk, and Compliance Sector:

Warba Insurance & Reinsurance Company has been keen to take the initiative to establish this integrated supervisory sector within the company since 2013, positioning itself as a leader in establishing and activating the role of oversight, sound governance, and the implementation of the highest standards of enterprise risk management. This sector is responsible for monitoring all operations within the company without exception, to ensure that no violations or threats arise that could expose the company to current or future risks, whether administrative, technical, or financial.

Warba Insurance & Reinsurance is one of the pioneering insurance companies in the country to implement this. The Board of Directors has worked to support and activate this role across all of the company's activities.

The company has also worked on developing internal policies and procedures in alignment with the requirements of Chapter 15 (Corporate Governance) of the Executive Regulations, as well as the Corporate Governance Rules issued by the Insurance Regulatory Unit. These policies and procedures are continuously updated to keep pace with any legislative or regulatory amendments. The sector is responsible for monitoring the implementation of these policies and overseeing their application in various forms, in addition to ensuring compliance with all regulatory requirements, including periodic reports and others.

5.2 Overview of the Implementation of Risk Management Committee Formation Requirements

In line with Warba Insurance & Reinsurance Company's commitment to the instructions issued in Articles (4-6) and (4-7) of Chapter 15 of the Corporate

Governance Instructions, the company has established a Risk Committee derived from the Board of Directors. The membership term of its members and its operating mechanism have been determined in accordance with regulatory requirements. The committee aims to adopt a unified vision for addressing risks at the organizational level to ensure high-efficiency management in preventing and detecting any risks the company may face. It also works on providing the necessary strategic guidance by adopting initiatives related to key strategic risks, developing risk management plans that align with the company's long-term objectives and priorities, and monitoring the implementation of these strategies through policies approved by the Board of Directors. The committee aligns operational and financial results with the established plans and budget, in addition to measuring the efficiency and quality of the results by comparing them with the strategic objectives. The committee also submits periodic reports related to risks and the necessary measures to avoid and control them. It establishes accurate indicators and criteria to measure and evaluate the various risks within the company. Additionally, it ensures the adequacy of liquidity and financial solvency, and evaluates and monitors market, technical, operational, and credit risks, along with providing the necessary information packages and presentations for credit rating agencies. The committee also develops systems, policies, and studies aimed at maintaining financial solvency, capital adequacy, monitoring deviations, proposing and following up on mitigation plans, and managing the company's credit rating in a way that ensures the enhancement of development and sustainability.

5.3 Summary of Internal Systems and Controls

The internal control system at Warba Insurance & Reinsurance Company is characterized by accuracy and effectiveness. Its aim is to ensure the efficiency of operations, the quality of financial reports, and the company's compliance with applicable laws and regulations. This system relies on integrated mechanisms, including regular audits conducted by the supervisory sector and the internal audit unit, where all operational processes are reviewed, and analytical reports are prepared and submitted to the Board of Directors' committees and the board itself for appropriate decision-making.

The executive management implements the corporate governance instructions issued by the Capital Markets Authority by updating existing documents and preparing new ones to ensure full compliance with these instructions. The effectiveness of the internal control systems is regularly assessed by the Board of Directors and the relevant committees based on the reports provided by the Governance, Risk, and Internal Audit units.

The Board of Directors' assessment of the internal control systems as of December 31, 2024, concluded that these systems are effective and capable of providing the necessary assurances to achieve the company's objectives. It confirmed that the system complies with the required standards and that no violations were found. This report was submitted to the Capital Markets Authority in accordance with the instructions.

5.4 Summary of the Implementation of Requirements for the Formation of an Independent Internal Audit Department/Office/Unit

Warba Insurance & Reinsurance Company has a comprehensive organizational structure for managing internal audit. This department enjoys complete independence from the executive management and directly reports to the Audit Committee derived from the Board of Directors. The internal audit manager is appointed through a precise mechanism, starting with a nomination by the Audit Committee and final approval by the Board of Directors, with guarantees that protect their independence, as they can only be dismissed with the approval of the committee itself.

The internal audit department prepares comprehensive periodic reports that are directly submitted to the Audit Committee. These reports include a detailed analysis of the implementation and effectiveness of internal control procedures, along with an objective assessment of the executive management's compliance with the approved policies and procedures. The reports also highlight any instances of non-compliance with control principles, identifying the underlying causes, and provide practical recommendations and realistic solutions for risks arising from any shortcomings in implementation.

The Audit Committee, in turn, thoroughly reviews these reports and submits the extracted recommendations to the Board of Directors for appropriate decision-making. This well-structured organizational framework ensures the highest levels of integrity and objectivity in the internal audit process, reflecting the company's commitment to applying best practices in corporate governance and effective control.

Sixth Rule: Promoting Positive Behavior and Ethical Values

6. Overview of Mechanisms for Promoting and Reinforcing a Culture of Professional Conduct and Ethical Values

Warba Insurance & Reinsurance Company places great importance on promoting a culture of professional conduct and ethical values among all employees, including the Board of Directors, executive management, and staff. This is achieved through adherence to internal policies, regulations, and legal and regulatory requirements, along with regular reviews of the Code of Conduct and Ethics and the Conflict of Interest Mitigation Mechanisms. The company believes that these practices enhance the interests of all stakeholders, particularly the shareholders, ensuring transparency and preventing conflicts of interest.

6.1 Overview of the Code of Conduct, Including Standards and Criteria for Professional Behavior and Ethical Values

The company's Code of Professional and Ethical Conduct is based on standards and principles derived from its nature as an insurance company. This code was developed by the Board of Directors and reflects the professional and ethical values upon which the company was founded. The company has been committed to adhering to societal customs and aligning with global standards in the insurance industry. The Board of Directors has emphasized the importance of adopting and applying this code across all company activities, making it a primary reference for the Board, executive management, and all employees. The aim is to provide the best service to our clients and partners.

The Code of Conduct includes a set of core principles, including:

- Integrity: All employees are committed to performing their tasks with skill and dedication, dedicating the necessary time and effort to achieve the best results.
- Compliance with Laws and Regulations: Everyone must respect local and international laws and regulations and comply with the guidance of the relevant regulatory authorities.
- Non-Misuse of Resources: Company assets must be used solely for the benefit of the company's interests and not for personal purposes.
- Confidentiality of Information: The sharing of sensitive information with any unrelated party is prohibited, and employees are forbidden from using such information for personal gain.
- Compliance with Fair Competition Standards: The company is committed to dealing transparently with other companies and adhering to best practices in competition.
- Reporting Improper Practices: The company encourages the reporting of any violations and is committed to protecting whistleblowers and ensuring the confidentiality of reports.
- Full Cooperation with Regulatory Authorities: The company is committed to positive engagement with all regulatory and supervisory bodies and complying with their instructions.

6.2 Overview of Policies and Mechanisms for Mitigating Conflicts of Interest

The company adopts a clear and strict policy to prevent conflicts of interest, which is approved by the Board of Directors and applied to all its members, as well as executive management and all employees. This policy includes a set of fundamental rules, the most notable of which are:

- Prohibition of Receiving Additional Benefits: Board members, executive management, or their relatives are prohibited from receiving any additional benefits, whether direct or indirect (such as commissions or transactions with or on behalf of the company), based on their positions within the company, unless approval is obtained from the General Assembly.
- Clear Mechanism for Reporting Conflicts of Interest: A clear mechanism is in place for reporting conflicts of interest, whether the report comes from board members or executive management. A strict policy is also in place for dealings with related parties, which includes a series of auditing and review procedures aimed at avoiding any potential conflict of interest.
- Prohibition of Providing Facilities or Loans: The company is prohibited from offering any facilities or loans to its board members, executive management, or guaranteeing them, regardless of the type of facility.
- Adherence to High Professional Conduct Standards: Board members and executive management must adhere to the highest standards of professional conduct and avoid any behavior that may lead to a conflict of interest.

Seventh Rule: Accurate and Timely Disclosure and Transparency

7. Summary of the Implementation of Accurate and Transparent Disclosure Mechanisms Reflecting the Aspects of Disclosure Governance:

Warba Insurance & Reinsurance Company adheres to a clear disclosure policy in line with the requirements of the Capital Markets Authority. The company has been keen to implement this policy according to best practices, ensuring that shareholders and stakeholders have access to all relevant information about the company through the following channels:

The designated disclosure section on the Kuwait Stock Exchange website.

The official company website under the "Corporate Governance" section.

Objective: The company aims to achieve transparency and integrity in disclosure, enabling stakeholders to access information accurately and in a timely manner, while complying with all legal and regulatory requirements, in accordance with the provisions of Law No. (2010/7) and the relevant Capital Markets Authority instructions.

The company also ensures that its disclosures include accurate information characterized by transparency and neutrality, covering all material information, through continuous coordination between the Board of Directors, the Governance Department, and relevant parties.

7.1 Overview of Implementing Disclosure Record Requirements for Board Members and Executive Management

In line with the Capital Markets Authority instructions, the company maintains a dedicated record that contains the disclosures of the Board members, executive management, and auditors. The Compliance Department, in cooperation with external auditors, is responsible for monitoring this record through regular audit

processes. Additionally, the record is made available to regulatory authorities upon request.

7.2 Summary Statement on Implementing the Requirements for the Formation of the Investor Relations Unit:

Warba Insurance & Reinsurance Company is committed to implementing the instructions outlined in Chapter 15 "Corporate Governance," which mandate the formation of an Investor Relations Unit. This unit is overseen by the Governance and Risk Department and falls under the Governance, Sustainability, Risk, and Compliance Sector. It is responsible for the following tasks:

- Providing the necessary data, information, and reports required by shareholders from various groups, whether local or foreign.
- Enhancing open communication channels and encouraging the exchange of information to ensure that shareholders have access to clear information regarding the company's financial position, future plans, and available opportunities.
- Adhering to the highest standards of transparency and credibility in disclosures, ensuring the availability of the latest data and information related to the company.

- Providing detailed reports covering financial performance, including interim and annual reports, and financial statements listed on the Kuwait Stock Exchange. Offering accurate data regarding profits and forecasted figures that are of interest to the business community and investors.

7.3 Overview of How the IT Infrastructure is Developed and Reliably Used in Disclosure Operations:

Warba Insurance & Reinsurance Company is committed to adhering to the highest standards of integrity and transparency, in line with the instructions of the Capital Markets Authority. In this regard, the company has established a dedicated Corporate Governance section on its website to provide all data and information

that support local and international shareholders and investors, assisting them in evaluating performance and making informed investment decisions.

The company also places great importance on continuously updating this data and strives to develop electronic disclosure processes to ensure that access to information is easy and accurate. This includes adhering to the Authority's recommendations regarding electronic disclosure, as well as listing the company's page on the Kuwait Stock Exchange website to provide all disclosures and reports on a regular basis.

Eighth Rule: Respecting Shareholders' Rights

8. Summary of the Implementation of Requirements for Defining and Protecting Shareholders' Rights to Ensure Fairness and Equality Among All Shareholders

Warba Insurance & Reinsurance Company is committed to protecting the rights of all its shareholders, whether registered in the company's shareholder register or those who hold their shares through custodians or trading platforms. The company ensures equal treatment of all shareholders through the following:

- Maintaining an up-to-date register containing the names and details of shareholders in coordination with the Kuwait Clearing Company.
- Enabling shareholders to exercise their rights to transfer their shares, attend general assembly meetings, and vote on their resolutions.
- Ensuring the transfer of ownership without imposing any fees, in accordance with the relevant regulations and laws.
- Providing access to financial data, documents, and information related to the company.
- Offering essential information that enables shareholders to assess the company's position and make investment decisions based on accurate and transparent information.

8.1 Summary of the Creation of a Special Register Held with the Clearing Agency as Part of Ongoing Monitoring of Shareholder Data:

The company creates a dedicated register to track shareholder activity with the Kuwait Clearing Company, which is continuously updated. The register includes all trading transactions, such as buying and selling, and a weekly report is prepared to monitor ownership percentages and the latest developments.

8.2 Overview of How the Company Encourages Shareholders to Participate and Vote in the Company's General Assembly Meetings

- The company issues an official invitation to shareholders to attend the general assembly meetings, outlining the agenda items.
- The invitation is published through media channels, the Kuwait Stock Exchange website, and the company's official website.
- The company provides shareholders with all relevant information and reports related to the meeting topics well in advance of the meeting date.
- Each shareholder has the right to vote based on the number of shares they own.
- Shareholders are allowed to appoint a proxy to attend and vote on their behalf.
- The company adopts a clear and transparent mechanism for counting votes and calculating results.
- No fees are imposed on shareholders for attending meetings or voting.
- The company provides modern electronic means that enable shareholders to follow the meetings and participate effectively.

Ninth Rule: Acknowledging the Role of Stakeholders

9. Overview of the Systems and Policies Ensuring the Protection, Recognition, and Rights of Stakeholders:

Warba Insurance & Reinsurance Company is committed to protecting the rights of stakeholders within the framework of governance, sustainability, risk, and compliance, by implementing all procedures and policies that ensure fairness, transparency, and equality. This includes:

- The Board of Directors establishes and monitors policies and procedures related to stakeholders, whether they are shareholders, clients, suppliers, regulatory bodies, employees, or others, ensuring that they are treated fairly and impartially.
- Ensuring stakeholders have access to relevant information and data in an organized and accurate manner, through clear and transparent channels.
- Opening communication channels with stakeholders, encouraging them to provide their feedback and suggestions, and facilitating the process of submitting complaints and recommendations regarding any violations.
- Working on developing internal procedures and policies to serve stakeholders and enhance their experience with the company.
- Utilizing modern communication methods to interact with stakeholders efficiently and effectively.
- Regularly updating the website to display accurate and up-to-date information that benefits stakeholders and meets the requirements of various regulatory authorities.

9.1 Overview of How the Company Encourages Stakeholders to Participate in Monitoring the Company's Various Activities:

The company has adopted policies and mechanisms that allow stakeholders to monitor the company's activities in alignment with its goals, values, and strategies, within an organized framework that reflects good governance. This includes:

- Providing effective and secure communication channels for stakeholders to enable them to report any wrongful or unethical practices. Ensuring the confidentiality of reports and protecting whistleblowers from any harm.
- Referring reports, when necessary, to the Board of Directors for review and taking appropriate action.

Tenth Rule: Enhancing and Improving Performance

10. Summary of the Implementation of Requirements for Establishing Mechanisms to Provide Continuous Training Programs for Board Members and Executive Management

Warba Insurance & Reinsurance Company is committed to providing specialized and ongoing training programs for both Board members and executive management to ensure the enhancement of their skills and improvement of their performance. These programs include the following:

- Organizing periodic training workshops aimed at enabling Board members to stay continuously informed about relevant developments, especially changes and shifts in the financial markets.
- The company's commitment to applying best practices in governance, ensuring the provision of updated knowledge tools to assist Board members in making effective and well-informed decisions.
- Establishing a specialized committee responsible for preparing and implementing a comprehensive training plan that addresses the various needs of Board members and executive management.
- Adopting an annual training plan that includes courses and workshops tailored to each member, ensuring a deep understanding of their roles and responsibilities.

Target Audience	Training Program / Workshop
Board of Directors	Board effectiveness, roles, responsibilities and liabilities of members, required committees, risks associated with governance, and how to mitigate these risks.
Executive Management	Awareness on how to develop a succession plan and the metrics used to evaluate the succession process.
Risk and Compliance Committee	Risk management awareness sessions covering tools and techniques, risk assessment methods, and strategic planning for risk management.
Nominations and Remuneration Committee	Awareness on the screening process for board members, including required competencies and relevant experience.

10.1 Overview of How the Performance of the Board of Directors as a Whole, and the Performance of Each Board Member and Executive Management, is Evaluated:

Warba Insurance & Reinsurance Company has adopted a clear and approved policy for evaluating and measuring performance, in line with the instructions issued by the Capital Markets Authority. This policy is reviewed and updated periodically by the relevant committees and the Board of Directors.

The company relies on a unified evaluation model to assess the performance of the Board of Directors and executive management, which includes:

- Chairman of the Board
- Vice Chairman of the Board
- Board Members
- Executive Management

This evaluation model is prepared by the Nominations and Remuneration Committee and is reviewed and officially approved based on objective Key Performance Indicators (KPIs) that allow for the measurement and assessment of the performance of each member, each committee, and the Board as a whole.

The evaluation process takes into account both qualitative and quantitative aspects to ensure an accurate and fair assessment, based on the provisions of Chapter 15 of the Executive Regulations - Tenth Rule. The evaluation is conducted annually for all Board members and executive management.

10.2 Overview of the Board of Directors' Efforts in Creating Institutional Value for Employees through Achieving Strategic Goals and Improving Performance Metrics

Warba Insurance & Reinsurance Company is committed to implementing a cohesive organizational system that ensures business continuity in an organized manner and strengthens the stability of the work environment, even in the event of personnel changes.

This is achieved through the development of policies and procedures approved by the Board of Directors, which are continuously monitored and updated, especially regarding the governance, risk, and compliance sectors.

The company is also committed to providing training and development programs for both new and existing employees to enhance their efficiency and meet the work requirements. Additionally, the company relies on modern electronic systems to manage various operational and administrative processes, whether technical or financial, ensuring the improvement of institutional performance and the achievement of strategic goals.

Eleventh Rule: Focusing on the Importance of Social Responsibility

11. Summary of the Policy to Achieve a Balance Between the Company's Goals and Societal Objectives

Since its establishment, Warba Insurance & Reinsurance Company has aimed to strike a balance between its strategic goals and the interests of society by adopting an approach that considers the human and social aspects of its activities.

The company believes that its success is not only measured by financial returns but also by its contribution to community development through investing its resources in projects that benefit individuals and society.

The company is keen to seize opportunities that allow it to provide its services in a way that enhances insurance awareness and improves the quality of life, while respecting local customs and values. It follows a clear policy that supports sustainable initiatives and implements programs with a developmental, cultural, and sports dimension.

The company is distinguished by an exceptional team that takes on the responsibilities of social responsibility and strives to exert maximum efforts in serving beloved Kuwait in all fields, as detailed in the Board of Directors' report.

11.1 Overview of the Programs and Mechanisms Used to Highlight the Company's Efforts in Social Work

The company places great emphasis on participating in social responsibility, whether through its direct initiatives or partnerships with national institutions. It ensures that its contributions cover various sectors, including:

- Hosting ACA School students at the headquarters of Warba Insurance & Reinsurance Company.
- Implementing the "Mo Nasiinkum" (We did not forget about you) campaign to distribute winter clothing to workers.
- Sponsoring the annual carnival of Al Bayan School.
- Sponsoring the 2024 KA'MUN conference organized by the Gulf University for Science and Technology (GUST).
- Sponsoring the BRICS International Youth Championship.
- Implementing the "Women's Day" campaign on social media.
- Implementing the "Your Giving is Good" campaign to distribute Iftar meals.
- Organizing a free health campaign for blood pressure and diabetes testing for clients over 60 years old, in collaboration with Al Hadi Hospital.
- Sponsoring the "Your Voice Matters" event for youth at the American University of Kuwait (AUK).
- Implementing the "Environment Day" campaign to distribute saplings in collaboration with Home & Garden.
- Organizing the "We Care About You" campaign and distributing ice cream to students and workers.
- Launching the "Warba Insurance Academy for Youth."
- Sponsoring an event for people with special needs in collaboration with the Kuwaiti Association for the Care of the Disabled, with participation from Warba Academy students.

- Organizing an entertainment event for children in collaboration with the KACCH BACCH Association at the Abdullah Al-Roumi Hospital for Children.
- Sponsoring an event at "Over Jar" to support students and local talents.
- Implementing a recycling campaign in collaboration with Fawzia Sultan Healthcare Network (FSHN).
- Organizing a blood donation campaign titled "Kuwait runs in my veins" (Al Kuwait Bidami) in collaboration with the Amiri Diwan.
- Attending a children's theatrical performance of "Pinocchio" with children with special needs.
- Sponsoring the "Flare" Sports Festival for youth.
- Sponsoring the "FOK" event for the Indian community.
- Sponsoring the leadership mentoring program aimed at youth.
- Implementing the " 26th Arabian Gulf Cup" (Khaleeji 26) campaign as part of engagement with the Gulf sporting event.
- Re-implementing the "Mo Nasiinkum" campaign to distribute winter clothing to workers at the end of the year.
- Sponsoring the "Explorers of the Environment Academy" for school students.

Anwar Jawad Bu khamseen
Chairman of the Board of Directors

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

الكويت في 2025/02/19

إقرار وتعهد

(بسلامة 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 2024، 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)	

WARBA Insurance and Reinsurance Company - شركة وربة للتأمين وإعادة التأمين
Authorized Capital K.D. 25,000,000 رأس المال المصرح به د.ك.
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

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
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 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
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 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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 36,675,698 are significant to the Group's consolidated financial statements as at 31 December 2024, 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:

- Understood, evaluated and tested key controls around the claims handling and provision setting processes.
- 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.

Shape the future
with confidence

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 2024 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.

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 2024 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 2024 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

19 February 2025
Kuwait

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	Notes	*2024* *KD*	*2023* *KD*
Revenue:			
Insurance revenue	3	**42,916,380**	43,189,794
Insurance service expenses	3	**(19,647,917)**	(20,676,008)
Insurance service result before reinsurance contracts held		**23,268,463**	22,513,786
Amounts recoverable from reinsurers for incurred claims	3	**(15,550)**	2,641,665
Allocation of reinsurance premiums	3	**(18,013,473)**	(16,211,695)
Net expense from reinsurance contracts held		**(18,029,023)**	(13,570,030)
Insurance service result		**5,239,440**	8,943,756
Finance expenses from insurance contracts issued	3	**(704,322)**	(1,071,674)
Finance income (expenses) from reinsurance contracts held	3	**378,993**	(618,633)
Net insurance financial result		**4,914,111**	7,253,449
Net investment income	4	**2,728,992**	2,478,087
Unallocated general and administrative expenses		**(2,128,035)**	(2,689,116)
Other income		**410,033**	278,235
Total income		**1,010,990**	67,206
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KFAS, NLST AND ZAKAT		**5,925,101**	7,320,655
Contribution to KFAS		**(53,310)**	(69,868)
NLST		**(151,253)**	(98,107)
ZAKAT		**(53,622)**	(37,558)
NET PROFIT FOR THE YEAR		**5,666,916**	7,115,122
Attributable to:			
Equity holders of the Parent Company		**5,620,497**	7,090,281
Non-controlling interests		**46,419**	24,841
PROFIT FOR THE YEAR		**5,666,916**	7,115,122
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	5	**23.29 Fils**	29.47 Fils

The attached notes 1 to 22 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	***2024*** ***KD***	*2023* *KD*
Profit for the year		**5,666,916**	7,115,122
Other comprehensive income:			
Items that are or may be subsequently reclassified to consolidated statement of income:			
Share of other comprehensive income from associates	7	**8,199**	5,285
		8,199	5,285
Items that will not subsequently be reclassified to consolidated statement of income (loss):			
Change in fair value of financial assets at FVOCI		**3,642,999**	(637,832)
		3,642,999	(637,832)
Other comprehensive income (loss) for the year		**3,651,198**	(632,547)
Total comprehensive income for the year		**9,318,114**	6,482,575
Attributable to:			
Equity holders of the Parent Company		**9,271,695**	6,457,734
Non-controlling interests		**46,419**	24,841
		9,318,114	6,482,575

The attached notes 1 to 22 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	***31 December 2024 KD***	*31 December 2023 KD*
ASSETS			
Cash and cash equivalent	11	**5,958,187**	5,374,525
Term deposits	10	**10,592,237**	6,975,000
Financial assets at fair value through other comprehensive income	8	**29,915,735**	26,072,733
Financial assets at fair value through profit or loss	8	**27,463,542**	20,238,608
Reinsurance contract assets	3	**18,539,292**	21,590,441
Other assets	9	**1,055,485**	996,660
Investments in associates	7	**3,827,378**	3,687,314
Property and equipment	6	**6,751,549**	7,170,580
TOTAL ASSETS		**104,103,405**	92,105,861
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	3	**36,675,698**	39,347,212
Term loans		**4,000,000**	4,000,000
Other liabilities	15	**20,135,781**	12,470,653
Total liabilities		**60,811,479**	55,817,865
Equity			
Share capital	12	**25,000,000**	25,000,000
Statutory reserve	13	**5,145,049**	4,552,539
General reserve		**132,367**	132,367
Treasury shares	14	**(686,385)**	(1,210,017)
Treasury shares reserve		**218,607**	212,222
Cumulative changes in fair value reserve		**7,071,156**	3,419,958
Retained earnings		**6,407,116**	4,223,330
Equity attributable to the equity holders of the Parent Company		**43,287,910**	36,330,399
Non-controlling interests		**4,016**	(42,403)
Total equity		**43,291,926**	36,287,996
TOTAL LIABILITIES AND EQUITY		**104,103,405**	92,105,861

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 22 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 2024

	Share capital KD	*Statutory reserve KD*	*General reserve KD*	*Voluntary 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 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 12)	-	-	-	-	-	-	-	(2,380,118)	(2,380,118)	-	(2,380,118)
Bonus dividends (Note 12)	-	-	-	-	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**
Balance as at 1 January 2023 (Restated)	17,710,846	8,781,109	4,000,000	764,895	(1,122,737)	223,066	4,049,271	(3,072,105)	31,334,345	(67,244)	31,267,101
Profit for the year	-	-	-	-	-	-	-	7,090,281	7,090,281	24,841	7,115,122
Other comprehensive loss	-	-	-	-	-	-	(632,547)	-	(632,547)	-	(632,547)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(632,547)	7,090,281	6,457,734	24,841	6,482,575
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	3,234	(3,234)	-	-	-
Issuance of bonus shares (Note 12)	7,289,154	-	(3,867,633)	(764,895)	-	-	-	(2,656,626)	-	-	-
Transfer to statutory reserve	-	732,066	-	-	-	-	-	(732,066)	-	-	-
Extinguish of accumulated deficit (Note 13)	-	(4,960,636)	-	-	-	-	-	4,960,636	-	-	-
Cash dividends (Note 12)	-	-	-	-	-	-	-	(1,363,556)	(1,363,556)	-	(1,363,556)
Movement in treasury shares	-	-	-	-	(87,280)	(10,844)	-	-	(98,124)	-	(98,124)
Balance as at 31 December 2023	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

The attached notes 1 to 22 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	*2024* *KD*	*2023* *KD*
OPERATING ACTIVITIES			
Profit for the year before contribution to KFAS, NLST, and Zakat		**5,925,101**	7,320,655
Adjustments for:			
Depreciation of property and equipment	6	**250,787**	231,859
Net investment income	4	**(3,440,404)**	(3,100,079)
Provision of employees' end if service benefits		**222,389**	222,997
		2,957,873	4,675,432
Changes in operating assets and liabilities:			
Other assets		**301,193**	303,079
Reinsurance contract assets		**3,051,149**	2,505,941
Insurance contract liabilities		**(2,671,514)**	(2,248,910)
Other liabilities		**7,350,889**	1,509,020
Cash flows from operations		**10,989,589**	6,744,562
Employees' end if service benefits paid		**(123,324)**	(224,988)
Contribution to NLST & Zakat paid		**(119,464)**	(137,881)
Net cash flows from operating activities		**10,746,801**	6,381,693
INVESTING ACTIVITIES			
Movement in term deposits		**(3,617,237)**	(168,225)
Net movement of treasury shares		**65,934**	(98,124)
Purchase of investment assets		**(10,591,133)**	(10,543,514)
Proceed from sale of investment assets		**3,806,460**	2,355,827
Purchase of property and equipment	6	**(32,365)**	(97,469)
Proceed from disposal of property and equipment		**200,609**	-
Investment income received		**2,308,257**	2,019,912
Net cash flows used in investing activities		**(7,859,475)**	(6,531,593)
FINANCING ACTIVITIES			
Cash dividends paid		**(2,303,664)**	(1,328,823)
Net cash flows used in financing activities		**(2,303,664)**	(1,328,823)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**583,662**	(1,478,723)
Cash and cash equivalents at 1 January		**5,374,525**	6,853,248
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	11	**5,958,187**	5,374,525

The attached notes 1 to 22 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 2024 were authorised for issuance with a resolution of the Board of Directors on 19 February 2025. 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 2023 were approved by the shareholders of the Parent Company at the Annual General Assembly meeting ("AGM") held on 7 April 2024.

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 income 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.

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on the reported results of operations, net profit and equity.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at 31 December 2024 (together referred to as "the Group") as follows:

	Incorporation country	**Activity**	**Ownership (%) 31 December 2024**	Ownership (%) 31 December 2023
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 income. 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
The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the previous year except for the adoption of certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied the following amendments effective from 1 January 2024:

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

None of these amendments had an impact on the Group's consolidated financial statements at 31 December 2024.

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. The Group intends to adopt these new standards and amended standards and interpretations when they become effective.

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

2.4.1 Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On 30 May 2024, 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

2.4.2 Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.4.3 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 financial statements and notes to the financial statements.

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

2.4.4 IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, 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.

2.5 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 income.

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 income.

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 income.

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 income 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 income. 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 income; 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 income
The amount of the CSM recognized in the consolidated statement of income 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 income in insurance service expense.

The loss component is then amortized to the consolidated statement of income 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 income 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 income 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 income.

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 income 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 associates 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.

Measurement categories of financial assets and liabilities
The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of income.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

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 income. Dividends are recognised in consolidated statement of income 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 income 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 income.

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 income 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 income.

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 income.

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 income.

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 income 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 associates
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 associates 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 income reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of the associates 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 income.

The financial statements of the associates 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 associates in the consolidated statement of income.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associates (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 income.

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 income.

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 income are also recognised in other comprehensive income or consolidated statement of income, 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 income 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 income.

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 income 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 income 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 income 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 income in insurance service expense. The loss component is then amortized to consolidated statement of income 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 income 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 income 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	
	2024	2023	**2024**	2023
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 2024			31 December 2023		
	Valuation Approach	**Assets KD**	**Liabilities KD**	**Net KD**	Assets KD	Liabilities KD	Net KD
Insurance contract assets & liabilities							
Medical	**PAA**	**-**	**(11,427,444)**	**(11,427,444)**	-	(9,933,279)	(9,933,279)
Group life	**PAA**	**-**	**(4,711,638)**	**(4,711,638)**	-	(6,157,424)	(6,157,424)
Motor	**PAA**	**-**	**(9,176,633)**	**(9,176,633)**	-	(8,682,784)	(8,682,784)
Marine & aviation	**PAA**	**-**	**(819,719)**	**(819,719)**	-	(1,064,257)	(1,064,257)
Fire	**PAA**	**-**	**(3,298,405)**	**(3,298,405)**	-	(4,590,798)	(4,590,798)
General accident	**PAA**	**-**	**(5,691,633)**	**(5,691,633)**	-	(7,257,809)	(7,257,809)
Total – PAA (Note 3.1)		**-**	**(35,125,472)**	**(35,125,472)**	-	(37,686,351)	(37,686,351)
Individual life	**GMM**	**-**	**(1,550,226)**	**(1,550,226)**	-	(1,660,861)	(1,660,861)
Total – GMM (Note 3.2)		**-**	**(1,550,226)**	**(1,550,226)**	-	(1,660,861)	(1,660,861)
Total insurance contract assets & liabilities		**-**	**(36,675,698)**	**(36,675,698)**	-	(39,347,212)	(39,347,212)
Reinsurance contract assets & liabilities							
Medical	**PAA**	**3,352,175**	**-**	**3,352,175**	2,286,295	-	2,286,295
Group life	**PAA**	**3,282,232**	**-**	**3,282,232**	4,238,776	-	4,238,776
Motor	**PAA**	**966,325**	**-**	**966,325**	1,529,840	-	1,529,840
Marine & aviation	**PAA**	**844,928**	**-**	**844,928**	1,027,519	-	1,027,519
Fire	**PAA**	**4,932,790**	**-**	**4,932,790**	3,950,977	-	3,950,977
General accident	**PAA**	**5,128,136**	**-**	**5,128,136**	8,543,554	-	8,543,554
Total – PAA (Note 3.3)		**18,506,586**	**-**	**18,506,586**	21,576,961	-	21,576,961
Individual life	**GMM**	**32,706**	**-**	**32,706**	13,480	-	13,480
Total – GMM		**32,706**	**-**	**32,706**	13,480	-	13,480
Total reinsurance contract assets & liabilities		**18,539,292**	**-**	**18,539,292**	21,590,441	-	21,590,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.1 Analysis of insurance contract assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Liabilities for remainingcoverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (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	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)	(4,083,280)	-	(29,594,460)	(522,334)	(34,200,074)
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)	(4,083,280)	-	(29,594,460)	(522,334)	(34,200,074)
ECL impact	-	-	-	-	-	(5,838,727)	-	-	-	(5,838,727)
Net opening balance – after IFRS 9 adoption	-	-	-	-	-	(9,922,007)	-	(29,594,460)	(522,334)	(40,038,801)
Insurance revenue	42,597,793	-	-	-	42,597,793	42,880,685	-	-	-	42,880,685
Insurance service expenses										
Incurred benefits and expenses	-	-	(13,834,913)	(264,378)	(14,099,291)	-	-	(10,404,609)	(91,180)	(10,495,789)
Changes that relate to past service - adjustments to LIC	-	-	(3,736,323)	283,386	(3,452,937)	-	-	(8,103,843)	77,462	(8,026,381)
Amortisation of insurance acquisition cash flows	(1,858,465)	-	-	-	(1,858,465)	(1,832,323)	-	-	-	(1,832,323)
Insurance service expenses	(1,858,465)	-	(17,571,236)	19,008	(19,410,693)	(1,832,323)	-	(18,508,452)	(13,718)	(20,354,493)
Insurance service result	40,739,328	-	(17,571,236)	19,008	23,187,100	41,048,362	-	(18,508,452)	(13,718)	22,526,192
Net finance income from insurance contracts	-	-	(634,333)	-	(634,333)	-	-	(938,343)	-	(938,343)
Total changes in the consolidated statement of income	40,739,328	-	(18,205,569)	19,008	22,552,767	41,048,362	-	(19,446,795)	(13,718)	21,587,849
Cash flows										
Premiums received	(42,268,927)	-	-	-	(42,268,927)	(42,574,005)	-	-	-	(42,574,005)
Claims paid	-	-	16,490,400	-	16,490,400	-	-	17,905,731	-	17,905,731
Directly attributable non- acquisition expenses paid	-	-	3,735,084	-	3,735,084	-	-	3,679,930	-	3,679,930
Insurance acquisition cash flows	2,051,555	-		-	2,051,555	1,752,945	-	-	-	1,752,945
Total cash flows	(40,217,372)	-	20,225,484	-	(19,991,888)	(40,821,060)	-	21,585,661	-	(19,235,399)
Net closing balance	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)
Closing liabilities	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	(9,172,749)	-	(25,435,679)	(517,044)	(35,125,472)	(9,694,705)	-	(27,455,594)	(536,052)	(37,686,351)

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.2 Analysis of insurance contract assets and liabilities for contracts measured under GMM

	31 December 2024					31 December 2023				
	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	**(1,541,967)**	**(80,396)**	**(36,784)**	**(1,714)**	**(1,660,861)**	(1,492,416)	(22,782)	(40,107)	(2,016)	(1,557,321)
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	**(1,541,967)**	**(80,396)**	**(36,784)**	**(1,714)**	**(1,660,861)**	(1,492,416)	(22,782)	(40,107)	(2,016)	(1,557,321)
Insurance revenue:										
Insurance revenue	**318,587**	-	-	-	**318,587**	309,109	-	-	-	309,109
Insurance service expenses										
Incurred benefits and expenses	-	-	**(323,778)**	**(11,959)**	**(335,737)**	-	-	(254,338)	(11,804)	(266,142)
Changes that relate to past service - adjustments to LIC	-	-	**2,801**	**10,606**	**13,407**	-	-	-	12,106	12,106
Losses on onerous contracts and reversal of those losses	-	**85,106**	-	-	**85,106**	-	(67,479)	-	-	(67,479)
Insurance service expenses	**-**	**85,106**	**(320,977)**	**(1,353)**	**(237,224)**	-	(67,479)	(254,338)	302	(321,515)
Insurance service result	**318,587**	**85,106**	**(320,977)**	**(1,353)**	**81,363**	309,109	(67,479)	(254,338)	302	(12,406)
Finance expenses from insurance contracts issued	**(64,749)**	**(5,240)**	**-**	**-**	**(69,989)**	(143,390)	9,865	194	-	(133,331)
Total changes in the consolidated statement of income	**253,838**	**79,866**	**(320,977)**	**(1,353)**	**11,374**	165,719	(57,614)	(254,144)	302	(145,737)
Cash flows:										
Premiums received	**(198,506)**	-	-	-	**(198,506)**	(215,270)	-	-	-	(215,270)
Claims paid	-	-	**276,356**	-	**276,356**	-	-	238,370	-	238,370
Directly attributable non-acquisition expenses paid	-	-	**21,411**	-	**21,411**	-	-	19,097	-	19,097
Net Cash flows	**(198,506)**	**-**	**297,767**	**-**	**99,261**	(215,270)	-	257,467	-	42,197
Net closing balance	**(1,486,635)**	**(530)**	**(59,994)**	**(3,067)**	**(1,550,226)**	(1,541,967)	(80,396)	(36,784)	(1,714)	(1,660,861)
Closing liabilities	**(1,486,635)**	**(530)**	**(59,994)**	**(3,067)**	**(1,550,226)**	(1,541,967)	(80,396)	(36,784)	(1,714)	(1,660,861)
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	**(1,486,635)**	**(530)**	**(59,994)**	**(3,067)**	**(1,550,226)**	(1,541,967)	(80,396)	(36,784)	(1,714)	(1,660,861)

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 2024

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 2024				31 December 2023			
	Estimates of the present value of futurecash 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	**(996,023)**	**(35,920)**	**(628,918)**	**(1,660,861)**	(1,109,713)	(52,987)	(394,621)	(1,557,321)
Opening assets	-	-	-	-	-	-	-	-
Net opening balance	**(996,023)**	**(35,920)**	**(628,918)**	**(1,660,861)**	(1,109,713)	(52,987)	(394,621)	(1,557,321)
Changes that relate to current services:								
CSM recognized in consolidated statement of income for services provided	**-**	**-**	**76,827**	**76,827**	-	-	97,548	97,548
Changes in risk adjustment for risks expired	**-**	**6,783**	**-**	**6,783**	-	4,290	-	4,290
Experience adjustment-arising from premium received in the period that related to past service	**(84,715)**	**(11,959)**	**-**	**(96,674)**	(44,864)	(11,804)	-	(56,668)
Changes that relate to future services:								
Changes in estimates that adjust CSM	**45,138**	**(5,979)**	**(39,159)**	**-**	306,210	10,491	(316,701)	-
Changes in estimates that result in onerous contracts or reversal of losses	**80,794**	**226**	**-**	**81,020**	(71,842)	2,160	-	(69,682)
Changes that relate to past services:								
Changes relating to liabilities for incurred claims	**2,801**	**10,606**	**-**	**13,407**	176	11,930	-	12,106
Insurance service result	**44,018**	**(323)**	**37,668**	**81,363**	189,680	17,067	(219,153)	(12,406)
Net finance expense from insurance contracts	**(45,387)**	**-**	**(24,602)**	**(69,989)**	(118,187)	-	(15,144)	(133,331)
Total changes in the consolidated statement of income	**(1,369)**	**(323)**	**13,066**	**11,374**	71,493	17,067	(234,297)	(145,737)
Cash flows:								
Premiums received	**(198,506)**	**-**	**-**	**(198,506)**	(215,270)	-	-	(215,270)
Claims paid	**276,356**	**-**	**-**	**276,356**	238,370	-	-	238,370
Directly attributable non- acquisition expenses paid	**21,411**	**-**	**-**	**21,411**	19,097	-	-	19,097
Total cash flows	**99,261**	**-**	**-**	**99,261**	42,197	-	-	42,197
Net closing balance	**(898,131)**	**(36,243)**	**(615,852)**	**(1,550,226)**	(996,023)	(35,920)	(628,918)	(1,660,861)
Closing liabilities	**(898,131)**	**(36,243)**	**(615,852)**	**(1,550,226)**	(996,023)	(35,920)	(628,918)	(1,660,861)
Closing assets	-	-	-	-	-	-	-	-
Net closing balance	**(898,131)**	**(36,243)**	**(615,852)**	**(1,550,226)**	(996,023)	(35,920)	(628,918)	(1,660,861)

3 INSURANCE AND REINSURANCE CONTRACTS (continued)

3.3 Analysis of reinsurance contract assets and liabilities for contracts measured under PAA

	31 December 2024					31 December 2023				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			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	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**	1,984,844	-	21,867,199	244,339	24,096,382
Net opening balance	**1,981,394**	**-**	**19,297,422**	**298,145**	**21,576,961**	1,984,844	-	21,867,199	244,339	24,096,382
Changes in the consolidated statement of income										
Allocation of reinsurance premiums	**(17,959,912)**	**-**	**-**	**-**	**(17,959,912)**	(16,158,887)	-	-	-	(16,158,887)
Amounts recoverable from reinsurers										
Amounts recoverable for claims and other expenses	-	-	**783,323**	**5,380**	**788,703**	-	-	2,045,286	8,685	2,053,971
Changes that relate to past service - adjustments to AIC	-	-	**(523,752)**	**(94,938)**	**(618,690)**	-	-	737,807	45,121	782,928
Effect of changes in the risk of reinsurers non performance	-	-	**(1,757)**	-	**(1,757)**	-	-	(14,484)	-	(14,484)
Expenses directly attributable to reinsurance	-	-	**(183,036)**	-	**(183,036)**	-	-	(180,750)	-	(180,750)
Total reinsurance recoverable for incurred claims	-	-	**74,778**	**(89,558)**	**(14,780)**	-	-	2,587,859	53,806	2,641,665
Net (expense) income from reinsurance contract held	**(17,959,912)**	-	**74,778**	**(89,558)**	**(17,974,692)**	(16,158,887)	-	2,587,859	53,806	(13,517,222)
Reinsurance finance income through profit and loss	-	-	**378,876**	-	**378,876**	-	-	(618,906)	-	(618,906)
Total changes in the consolidated statement of income	**(17,959,912)**	-	**453,654**	**(89,558)**	**(17,595,816)**	(16,158,887)	-	1,968,953	53,806	(14,136,128)
Cash flows										
Premiums paid	**18,099,104**	-	-	-	**18,099,104**	16,155,437	-	-	-	16,155,437
Directly attributable expenses paid	-	-	**183,036**	-	**183,036**	-	-	180,750	-	180,750
Recoveries from reinsurance	-	-	**(3,756,699)**	-	**(3,756,699)**	-	-	(4,719,480)	-	(4,719,480)
Total cash flows	**18,099,104**	-	**(3,573,663)**	-	**14,525,441**	16,155,437	-	(4,538,730)	-	11,616,707
Net closing balance	**2,120,586**	-	**16,177,413**	**208,587**	**18,506,586**	1,981,394	-	19,297,422	298,145	21,576,961
Closing liabilities	-	-	-	-	-	-	-	-	-	-
Closing assets	**2,120,586**	-	**16,177,413**	**208,587**	**18,506,586**	1,981,394	-	19,297,422	298,145	21,576,961
Net closing balance	**2,120,586**	-	**16,177,413**	**208,587**	**18,506,586**	1,981,394	-	19,297,422	298,145	21,576,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

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**	
	2024 *KD*	2023 *KD*	**2024** *KD*	2023 *KD*	**2024** *KD*	2023 *KD*
Insurance Service Revenue	**42,597,793**	42,880,685	**318,587**	309,109	**42,916,380**	43,189,794
Insurance service expenses	**(19,410,693)**	(20,354,493)	**(237,224)**	(321,515)	**(19,647,917)**	(20,676,008)
Insurance service result before reinsurance contracts held	**23,187,100**	22,526,192	**81,363**	(12,406)	**23,268,463**	22,513,786
Amounts recoverable from reinsurers for incurred claims	**(14,780)**	2,641,665	**(770)**	-	**(15,550)**	2,641,665
Allocation of reinsurance premiums	**(17,959,912)**	(16,158,887)	**(53,561)**	(52,808)	**(18,013,473)**	(16,211,695)
Net expense from reinsurance contracts held	**(17,974,692)**	(13,517,222)	**(54,331)**	(52,808)	**(18,029,023)**	(13,570,030)
Insurance service result	**5,212,408**	9,008,970	**27,032**	(65,214)	**5,239,440**	8,943,756

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:

	2024					
	Up to 1 year *KD*	**1–2 years** *KD*	**2-3 years** *KD*	**3-4 years** *KD*	**>4 years** *KD*	**Total** *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**

	2023					
	Up to 1 year *KD*	1–2 years *KD*	2-3 years *KD*	3-4 years *KD*	>4 years *KD*	Total *KD*
Insurance contract issued	(60,007)	(73,598)	(44,759)	(48,773)	(401,781)	(628,918)
Reinsurance contract held	263	279	296	317	16,238	17,393

4 NET INVESTMENT INCOME / EXPENSE

	2024 *KD*	*2023* *KD*
Dividend income	**1,650,779**	1,099,763
Interest income	**845,756**	946,249
Realized gain from financial assets at fair value through profit or loss	**68,752**	50,213
Gain on sale of investment in an associate	**-**	307,095
Share of results of associate	**311,765**	345,539
Unrealised gain of financial assets at fair value through profit or loss	**563,352**	351,220
	3,440,404	3,100,079
Investment expense	**(711,412)**	(621,992)
	2,728,992	2,478,087

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:

	2024	*2023* *Restated*
Profit for the year attributable to equity holders of the parent company (KD)	**5,620,497**	7,090,281
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares) (Shares)	**241,310,062**	240,631,654
Earnings per share	**23.29 Fils**	29.47 Fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Earnings per share calculation for the year ended 31 December 2024 and 31 December 2023 have been adjusted to take account of the bonus shares (Note 12).

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 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**

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 2023	8,625,006	882,658	1,811,558	391,691	11,710,913
Additions	-	57,917	38,802	750	97,469
As at 31 December 2023	8,625,006	940,575	1,850,360	392,441	11,808,382
Depreciation:					
As at 1 January 2023	2,049,263	657,105	1,699,575	-	4,405,943
Charge for the year	118,807	73,998	39,054	-	231,859
As at 31 December 2023	2,168,070	731,103	1,738,629	-	4,637,802
Net carrying amount:					
As at 31 December 2023	6,456,936	209,472	111,731	392,441	7,170,580

7 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Ownership percentage		*Country of incorporation*	***2024 KD***	*2023 KD*
	2024	*2023*			
KIB Takaful Insurance Company K.S.C.C.	**25.70%**	25.70%	Kuwait	**3,827,378**	3,687,314
				3,827,378	3,687,314

The movement in the investment in associates during the year is as follows:

	2024 KD	*2023 KD*
Carrying value as at 1 January	**3,687,314**	8,330,796
Disposal of investment in associates	**-**	(4,692,905)
Share of results of associates (Note 4)	**311,765**	345,539
Share of other comprehensive income	**8,199**	5,285
Dividends	**(179,900)**	(301,401)
Carrying value as at 31 December	**3,827,378**	3,687,314

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.

	2024 KD	*2023 KD*
Current assets	**6,778,753**	7,137,957
Non- current assets	**8,931,097**	8,409,831
Current liabilities	**(43,722)**	(29,966)
Non-Current liabilities	**(773,607)**	(1,170,298)
Equity	**14,892,521**	14,347,524
Revenue	**1,279,711**	719,803
Profit for the year	**1,213,093**	636,348
Other comprehensive income for the year	**31,903**	20,566
Total comprehensive income for the year	**1,244,996**	656,914

7 INVESTMENT IN ASSOCIATES (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.

	2024 KD	*2023 KD*
Net assets of the associate	**14,892,521**	14,347,524
Proportion of the Group's ownership interest	**25.70%**	25.70%
Carrying amount of the Group's interest	**3,827,378**	3,687,314

8 INVESTMENT ASSETS

	2024 KD	*2023 KD*
Financial assets at fair value through other comprehensive income	**29,915,735**	26,072,733
Financial assets at fair value through profit or loss	**27,463,542**	20,238,608
	57,379,277	46,311,341

Financial assets at fair value through other comprehensive income	***2024 KD***	*2023 KD*
Quoted securities *	**17,429,417**	15,256,932
Unquoted securities	**11,946,615**	10,323,037
Investment in bonds	**539,703**	492,764
	29,915,735	26,072,733

Financial assets at fair value through other comprehensive income denominated in the following currencies:

	2024 KD	*2023 KD*
Local currency (KD)	**24,510,336**	20,465,539
Foreign currencies	**5,405,399**	5,607,194
	29,915,735	26,072,733

Financial assets at fair value through profit or loss	***2024 KD***	*2023 KD*
Quoted shares	**1,711,235**	1,595,260
Investments in fund	**1,347,975**	1,594,966
Investments in portfolio **	**24,404,332**	17,048,382
	27,463,542	20,238,608

* Quoted shares with a fair value of KD 2,995,725 (2023: KD 2,995,725) are under lien to the Insurance Regulation Unit.

** Investments in portfolio include bonds with a carry interest rate ranging from 3.63% to 5.75% (2023: 3.63% to 5.75%) per annum.

9 OTHER ASSETS

	2024 *KD*	*2023* *KD*
Due from staff	**27,164**	29,716
Accrued income	**421,165**	314,375
Prepaid expenses	**191,482**	230,511
Refundable deposit	**18,002**	13,180
Others	**397,672**	408,878
	1,055,485	996,660

10 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 2023: KD 1,800,000).

The effective interest rate on term deposits was 3.875% to 5.10% (31 December 2023: 4.60% to 5.80%) per annum.

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.

11 CASH AND CASH EQUIVALENTS

	2024 *KD*	*2023* *KD*
Cash on hand	**4,901**	17,631
Cash in portfolio	**1,588,914**	285,662
Short term deposit (Maturity within 3 months ending period)	**-**	489,665
Bank balances	**4,364,372**	4,581,567
Cash and cash equivalents	**5,958,187**	5,374,525

12 SHARE CAPITAL AND CASH DIVIDENDS

The authorised, issued, and fully paid-up share capital comprises of 250,000,000 shares of 100 fils each (2023: 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 19 February 2025 recommended to distribute cash dividends of 12% for the year ended 31 December 2024 (2023: 10%), in addition to bonus share Nil (2023: 2%). 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 7 April 2024 approved the consolidated financial statements for the year ended 31 December 2023 and the distribution of cash dividends of 10% for the year ended 31 December 2023 (2022: 8%) and the distribution date was on 9 May 2024, in addition to issuance of bonus shares of 2% from the treasury shares for every (100) shares of the Parent Company's stock for the year ended 31 December 2023.

13 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.

Since the reserve has reached 50% of the capital, the Board of Directors have resolved to discontinue transfer to statutory reserve and was approved by the Parent Company Annual General Assembly on 26 March 2012. On 8 August 2023, the board of directors of the Parent Company proposed to utilize the statutory reserve for the purpose of extinguishing of accumulated losses amounting to KD 4,960,636, which is approved by the General Assembly meeting hold on 27 September 2024.

As of 31 December 2024, 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.

14 TREASURY SHARES

	2024	*2023*
Number of shares	**6,570,244**	11,789,448
Percentage of issued shares (%)	**2.63%**	4.72%
Market value (KD)	**1,077,520**	1,187,197

An amount of KD 686,385 (31 December 2023: KD 1,210,017) 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 2024 was 164 fils per share (31 December 2023: 115 fils per share).

During the current year, the Group purchased treasury shares of 83,765 shares (31 December 2023: 10,499,073 shares) for total consideration amounting to KD 9,058 (31 December 2023: KD 934,000) and sold treasury shares of 540,000 (31 December 2023: 6,315,027 shares) with total consideration of KD 56,393 (31 December 2023: KD 835,876).

15 OTHER LIABILITIES

	2024 ***KD***	*2023* *KD*
Provision for end of service indemnity	**1,965,113**	1,866,048
NLST and Zakat payables	**217,295**	131,726
KFAS payable	**130,022**	151,896
Dividends payable	**1,387,040**	1,310,569
Accrued staff leave	**381,969**	337,057
Accrued expenses	**1,303,772**	1,205,274
Considerations payable for investments acquired (Note 17)	**11,936,498**	4,753,080
Provision for legal case (Note 18)	**500,000**	500,000
Other liabilities	**2,314,072**	2,215,003
	20,135,781	12,470,653

16 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 income.
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

16 SEGMENT INFORMATION (continued)

(A) Segment information – Consolidated statement of income

	General risk insurance							
31 December 2024	*Marine and aviation*	*General accidents and fire*	*Motor*	*Total general risk insurance*	*Life and medical insurance*	*Investments*	*Unallocated*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*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**

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 2024

16 SEGMENT INFORMATION (continued)

(A) Segment information – Consolidated statement of income (continued)

31 December 2023	*General risk insurance* Marine and aviation KD	*General risk insurance* General accidents and fire KD	*General risk insurance* Motor KD	*General risk insurance* Total general risk insurance KD	*Life and medical insurance KD*	*Investments KD*	*Unallocated KD*	*Total KD*
Revenue:								
Insurance service result before reinsurance contracts held	1,228,640	11,404,354	2,585,600	15,218,594	4,032,296	-	3,262,896	22,513,786
Reinsurance contracts held	(928,488)	(9,722,961)	(1,555,003)	(12,206,452)	(1,363,578)	-	-	(13,570,030)
Finance expenses from insurance contracts issued	(24,004)	(505,445)	(125,372)	(654,821)	(416,853)	-	-	(1,071,674)
Finance expense from reinsurance contracts held	(17,934)	(469,564)	(27,442)	(514,940)	(103,693)	-	-	(618,633)
Net investment income						2,478,087	-	2,478,087
Unallocated general and administrative expenses						-	(2,689,116)	(2,689,116)
Other income						-	278,235	278,235
KFAS, ZAKAT, NLST						-	(205,533)	(205,533)
Profit for the year						2,478,087	646,482	7,115,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

16 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 2024					
Assets	**14,070,038**	**4,469,254**	**85,564,113**	**-**	**104,103,405**
Liabilities	**22,876,397**	**15,839,915**	**15,936,498**	**6,158,669**	**60,811,479**
31 December 2023					
Assets	16,697,369	4,893,072	70,515,420	-	92,105,861
Liabilities	27,548,688	16,002,423	8,753,080	3,513,674	55,817,865

17 RELATED PARTY TRANSACTIONS

The Group has entered into various transactions with related parties, i.e. shareholders, Board of directors, key management personnel, associates 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 2024 KD***	*Total 2023 KD*
Investment activities				
Financial assets at fair value through profit or loss	**-**	**16,837,243**	**16,837,243**	7,968,832
Financial assets at fair value through other comprehensive income	**-**	**22,899,656**	**22,899,656**	20,278,438
Investments in associates	**-**	**3,827,379**	**3,827,379**	3,687,314
Term deposits	**-**	**10,100,000**	**10,100,000**	5,175,000
Cash and cash equivalents	**-**	**3,789,502**	**3,789,502**	3,915,983
Other liabilities*	**-**	**11,936,498**	**11,936,498**	4,753,080
Insurance activities				
Insurance contract assets	**88,823**	**4,333,090**	**4,421,913**	3,684,294
Insurance contract liabilities	**-**	**604,780**	**604,780**	465,488

* Other liabilities represent borrowings from third party through related party with an average interest rate of 4.85% (31 December 2023: 5.90%).

Transactions included in the consolidated statement of income:

	Parent Company's shareholders KD	***Entities under common control KD***	***Total 2024 KD***	*Total 2023 KD*
Premiums written	**20,358**	**1,635,294**	**1,655,652**	1,868,506
Claims paid	**10,784**	**1,359,002**	**1,369,786**	1,471,488
Dividend income	**-**	**687,161**	**687,161**	599,629
Gain from sale of investment in associates	**-**	**-**	**-**	307,095
Share of results of associates	**-**	**311,765**	**311,765**	345,539

Compensation to key management personnel:	***2024 KD***	*2023 KD*
Salaries and short-term employee benefits	**915,141**	846,122
Employees end of service benefits	**28,358**	36,856
	943,499	882,978

18 CAPITAL COMMITMENTS AND CONTINGENCIES

	2024 KD	*2023 KD*
Letters of guarantee	**473,150**	364,164
Capital commitments	**-**	6,480

18 CAPITAL COMMITMENTS AND 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 2023: 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 11 March 2025 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 income or consolidated statement of financial position.

19 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 (2023: 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 (2023: 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 (2023: 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.

20 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.

20 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.

20 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 2024 and 31 December 2023, 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 2024			31 December 2023		
KD	**Insurance contracts issued**	**Reinsurance contracts held**	**Net**	Insurance contracts issued	Reinsurance contracts held	Net
Medical	**11,427,444**	**(3,352,175)**	**8,075,269**	9,933,279	(2,286,295)	7,646,984
Group life	**4,711,638**	**(3,282,232)**	**1,429,406**	6,157,424	(4,238,776)	1,918,648
Motor	**9,176,633**	**(966,325)**	**8,210,308**	8,682,784	(1,529,840)	7,152,944
Marine and aviation	**819,719**	**(844,928)**	**(25,209)**	1,064,257	(1,027,519)	36,738
Fire	**3,298,405**	**(4,932,790)**	**(1,634,385)**	4,590,798	(3,950,977)	639,821
General Accident	**5,691,633**	**(5,128,136)**	**563,497**	7,257,809	(8,543,554)	(1,285,745)
Individual life	**1,550,226**	**(32,706)**	**1,517,520**	1,660,861	(13,480)	1,647,381
Total	**36,675,698**	**(18,539,292)**	**18,136,406**	39,347,212	(21,590,441)	17,756,771

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

20 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:

KD	**31 December 2024** Net insurance contract liabilities	**31 December 2024** Impact on profit	**31 December 2024** Impact on equity	31 December 2023 Net insurance contract liabilities	31 December 2023 Impact on profit	31 December 2023 Impact on equity
Insurance contract liabilities	**(35,125,472)**			(37,686,351)		
Reinsurance contract Assets	**18,506,586**			21,576,961		
Net insurance contract liabilities	**(16,618,886)**			(16,109,390)		
Expenses increase by 1%		**(13,346)**	**(13,346)**		(11,095)	(11,095)
Expenses decrease by 1%		**13,346**	**13,346**		11,094	11,094
Yields curve shift up by 1 %		**72,646**	**72,646**		21,533	21,533
Yields curve shift down by 1 %		**(74,501)**	**(74,501)**		(21,703)	(21,703)

Following are the sensitivities derived for the portfolios computed under GMM approach before risk mitigation by reinsurance contracts held:

KD	**31 December 2024** Insurance contract liabilities	**31 December 2024** Impact on profit	**31 December 2024** Impact on equity	31 December 2023 Insurance contract liabilities	31 December 2023 Impact on profit	31 December 2023 Impact on equity
Insurance contract liabilities	**(1,550,226)**			(1,660,861)		
Lapse/surrenders scenario increase by 5%	**(1,524,253)**	**1,409**	**1,409**	(1,672,183)	(11,322)	(11,322)
Lapse/surrenders scenario decrease by 5%	**(1,523,805)**	**1,857**	**1,857**	(1,671,430)	(10,569)	(10,569)
Mortality increase by 5%	**(1,552,635)**	**(26,973)**	**(26,973)**	(1,721,351)	(60,490)	(60,490)
Mortality decrease by 5%	**(1,495,131)**	**30,531**	**30,531**	(1,620,981)	39,880	39,880
Expenses increase by 5%	**(1,526,835)**	**(1,173)**	**(1,173)**	(1,676,756)	(15,895)	(15,895)
Expenses decrease by 5%	**(1,521,098)**	**4,564**	**4,564**	(1,665,877)	(5,016)	(5,016)
Yields curve shift up by 5%	**(1,482,599)**	**43,063**	**43,063**	(1,644,983)	15,878	15,878
Yields curve shift down by 5%	**(1,572,710)**	**(47,048)**	**(47,048)**	(1,677,127)	(16,266)	(16,266)
Loss reserve increase by 5%	**(1,527,587)**	**(1,925)**	**(1,925)**	(1,662,786)	(1,925)	(1,925)
Loss reserve decrease by 5%	**(1,523,737)**	**1,925**	**1,925**	(1,658,936)	1,925	1,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

20 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 2024			31 December 2023		
	Net insurance contract liabilities	**Impact on profit**	**Impact on equity**	Net insurance contract liabilities	Impact on profit	Impact on equity
Reinsurance contract Assets	**32,706**			13,480		
Net Insurance contract liabilities	**(1,517,520)**			(1,647,381)		
Lapse/surrenders scenario increase by 5%	**(1,491,503)**	**1,452**	**1,452**	(1,658,610)	(11,229)	(11,229)
Lapse/surrenders scenario decrease by 5%	**(1,491,143)**	**1,813**	**1,813**	(1,658,035)	(10,654)	(10,654)
Mortality increase by 5%	**(1,520,132)**	**(27,176)**	**(27,176)**	(1,708,055)	(60,674)	(60,674)
Mortality decrease by 5%	**(1,462,221)**	**30,735**	**30,735**	(1,607,305)	40,076	40,076
Expenses increase by 5%	**(1,494,129)**	**(1,173)**	**(1,173)**	(1,663,276)	(15,895)	(15,895)
Expenses decrease by 5%	**(1,488,391)**	**4,564**	**4,564**	(1,652,397)	(5,016)	(5,016)
Loss reserve increase by 5%	**(1,494,881)**	**(1,925)**	**(1,925)**	(1,649,306)	(1,925)	(1,925)
Loss reserve decrease by 5%	**(1,491,031)**	**1,925**	**1,925**	(1,645,456)	1,925	1,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for year ended 31 December 2024

20 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 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	159,911,845
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**

20 RISK MANAGEMENT (continued)

(c) Insurance risk (continued)

Claims development table (continued)

31 December 2023

	2014 *KD*	*2015* *KD*	*2016* *KD*	*2017* *KD*	*2018* *KD*	*2019* *KD*	*2020* *KD*	*2021* *KD*	*2022* *KD*	*2023* *KD*	*Total* *KD*
Undiscounted liabilities for incurred claims, gross of reinsurance:	17,247,836	15,777,710	13,824,083	13,032,459	24,758,871	11,144,247	12,151,018	16,987,541	18,162,866	15,977,865	159,064,496
At end of accident year	7,890,105	8,962,959	8,711,541	4,966,661	3,231,613	4,259,998	3,746,433	6,593,045	6,597,348	8,059,445	-
One year later	12,846,539	12,818,915	11,972,997	9,166,855	12,455,178	8,841,304	9,491,343	12,809,043	14,364,888	-	-
Two years later	13,513,397	14,170,444	12,448,984	11,717,075	16,564,717	9,661,036	10,514,596	14,045,650	-	-	-
Three years later	13,421,854	14,307,282	13,122,255	11,944,269	18,673,669	10,044,130	10,698,989	-	-	-	-
Four years later	13,538,187	14,875,322	13,003,671	12,194,188	24,073,150	10,121,525	-	-	-	-	-
Five years later	13,679,676	15,221,986	13,128,489	12,249,715	24,298,835	-	-	-	-	-	-
Six years later	13,768,532	15,485,275	13,182,363	12,302,802	-	-	-	-	-	-	-
Seven years later	13,815,688	15,532,734	13,184,462	-	-	-	-	-	-	-	-
Eight years later	13,807,131	15,587,540	-	-	-	-	-	-	-	-	-
Nine years later	13,809,101	-	-	-	-	-	-	-	-	-	-
Gross estimates of the undiscounted amount of the claims	13,809,101	15,587,540	13,184,462	12,302,802	24,298,835	10,121,525	10,698,989	14,045,650	14,364,888	8,059,445	136,473,237
Cumulative gross claims and other directly attributable expenses paid	3,438,735	190,170	639,621	729,657	460,036	1,022,722	1,452,029	2,941,891	3,797,978	7,918,420	22,591,259
Effect of discounting	-	-	-	-	-	-	-	-	-	-	(1,063,719)
Effect of the risk adjustment	-	-	-	-	-	-	-	-	-	-	536,052
Claims payables	-	-	-	-	-	-	-	-	-	-	5,928,054
Gross liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-	27,991,646

20 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.

Maturity profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarizes the maturity profile of groups of insurance contracts issued and reinsurance contracts held that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	2024						
KD	**Up to 1 Year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Insurance contract liabilities	**20,018,924**	**5,252,783**	**2,031,023**	**654,360**	**(309,384)**	**660,780**	**28,308,486**
Reinsurance contract assets	**13,569,806**	**2,141,155**	**892,507**	**407,689**	**(233,412)**	**29,447**	**16,807,192**

	2023						
KD	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Insurance contract liabilities	22,589,680	3,006,311	1,618,985	1,059,409	466,455	911,667	29,652,507
Reinsurance contract assets	16,516,630	1,602,088	915,781	433,075	128,863	12,610	19,609,047

20 RISK MANAGEMENT (continued)

(d) Financial risk (continued)

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:

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**

Exposure credit risk	*General insurance KD*	*Life and Medical insurance KD*	*Total KD*
31 December 2023			
Cash and cash equivalents - excluding cash on hand	4,567,043	789,851	5,356,894
Fixed deposits	6,800,000	175,000	6,975,000
Financial assets at fair value through other comprehensive income	492,764	-	492,764
Other assets - excluding prepayments	680,196	85,953	766,149
Total credit risk exposure	12,540,003	1,050,804	13,590,807

20 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 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**

Exposure credit risk by classifying financial assets according to international credit rating agencies	*A* *KD*	*B* *KD*	*Not rated* *KD*	*Total* *KD*
31 December 2023				
Cash and cash equivalents - excluding cash on hand	5,356,894	-	-	5,356,894
Fixed deposits	6,975,000	-	-	6,975,000
Financial assets at fair value through other comprehensive income	-	492,764	-	492,764
Other assets - excluding prepayments	314,375	408,878	42,896	766,149
Total credit risk exposure	12,646,269	901,642	42,896	13,590,807

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.

20 RISK MANAGEMENT (continued)

(d) Financial risks (continued)

3. Market risk (continued)

(i) Currency risk

	Change in Variables %	***2024*** ***Impact on profit for the year KD***	***Impact on other comprehensive income KD***	*2023* *Impact on profit for the year KD*	*Impact on other comprehensive income KD*
USD	±5	**937,999**	**26,985**	594,363	24,638
BHD	±5	**-**	**270,270**	-	280,360

(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 income statement 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 2024 and 2023.

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	***2024 KD***	*2023 KD*	***2024 KD***	*2023 KD*
Kuwait	**152,960**	159,511	**525,540**	482,487
Other countries	-	-	**270,270**	280,360

21 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.

21 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.

	2024	*2023*
	KD	*KD*
Liabilities arising from insurance contracts	**36,675,698**	39,347,212
Other liabilities	**20,135,781**	12,470,653
Term loan	**4,000,000**	4,000,000
Less: Cash and cash equivalents	**(5,958,187)**	(5,374,525)
Net debt	**54,853,292**	50,443,340
Total equity	**43,291,926**	36,287,996
Total capital	**98,145,218**	86,731,336
Gearing ratio	**56%**	58%

22 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 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 profit or loss	**20,816,063**	**1,347,975**	**5,299,504**	**27,463,542**
Financial assets at fair value though other comprehensive income	**17,969,120**	**-**	**11,946,615**	**29,915,735**
Total	**38,785,183**	**1,347,975**	**17,246,119**	**57,379,277**

22 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 December 2023	*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 profit or loss	13,343,642	1,594,966	5,300,000	20,238,608
Financial assets at fair value though other comprehensive income	15,749,696	-	10,323,037	26,072,733
Total	29,093,338	1,594,966	15,623,037	46,311,341

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 738 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 2,113 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 income 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**
	15,622,541	**1,423,578**	**(496)**	**200,000**	**17,246,119**

22 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 purchases and disposals KD*	*At the end of the year KD*
2023				
Financial assets at fair value though other comprehensive income	603,569	(76,988)	9,796,456	10,323,037
Financial assets at fair value though profit or loss	5,300,000	-	-	5,300,000
	5,903,569	(76,988)	9,796,456	15,623,037