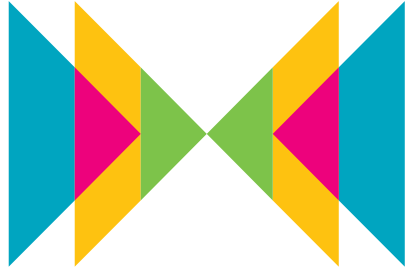




الأولى تكافل
FIRST TAKAFUL

ANNUAL REPORT 2025





الأولى تكافل
FIRST TAKAFUL

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Souq Alsafat Building, First Floor - Office No. 4
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For All That Matters • لكل ما هو مهم



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His Highness the Amir Of Kuwait
Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah



His Highness the Crown Prince
Sheikh Sabah Al-Khaled_Al-Hamad_Al-Sabah



ABOUT US

First Takaful Insurance Co (First Takaful) was established in July 2000 with the objective of providing Takaful insurance solutions to individuals, commercial establishments and the various industrial sectors in Kuwait. The company has the distinction of being the first company licensed to offer Takaful (Islamic alternative to the conventional Insurance) in Kuwait. Over the years, First Takaful has demonstrated several superior qualities such as adaptability, agility, commitment to customer service, credibility and dependability thereby distinguishing it from others. One of our key differentiators is that we work through dedicated professional teams that understand our customer's needs and offer personalized solutions. Nowadays, First Takaful is an independent, financially strong entity operating fully out of its own funds with a paid capital of KD 10,660,000 and having its own independent management. FTIC is listed in the Kuwait Stock Exchange under (stock symbol: First takaful).

TAKAFUL

Takaful Insurance is a form of Islamic insurance where members contribute regularly to a fund, from which reimbursements are paid in case of loss or damage incurred by any member. The loss can be related to one's assets, life, health, etc. The fund is managed by a Takaful operator. The literal translation of Takaful means "guaranteeing each other". It is based on a mutual risk transfer arrangement, involving participants and operators. Takaful Insurance provides insurance solutions that comply with Islamic Shari'ah, the Hadith and Qur'anic verses.

VISION

To lead in providing Takaful services thus being the First choice of preferred insurance operators in the region.

MISSION

To continuously provide innovative Takaful Insurance products, value-added services and quality customer care thereby building sustainable and long lasting relationships with our stakeholders.

OUR VALUES

We have embedded the following core values in our system and are committed to creating a culture that promotes the same. Our values are:

- Commitment
- Quality services
- Customer focus
- Integrity and transparency
- Inspiration and excellence

OUR STRATEGY

First Takaful Strategy is aiming at achieving the highest customer satisfaction standards throughout providing the best and unique Takaful services, this strategy helped First Takaful to acquire wide customer's segment in both corporate and individual.

"For All That Matters" is the new slogan that First Takaful chose to promise its customers with innovated services that satisfy their needs considering the risk element they might face.

OUR OBJECTIVES

Continuous improvement of the Customer Services to maintain the highest customer satisfaction standards.

- Introducing new products to meet the special needs of individuals and corporate.
- Dealing with excellent reliable reinsurers to secure best services and protection.
- Focusing on employee's development (especially Kuwaiti fresh candidates) through trainings.
- Concentrating on continuously improving the information technology.
- Increasing the insurance awareness in the Kuwaiti Society.



Chairman of the Board of Directors' speech

Chairman's Address

Praise be to God, Lord of the Worlds, and peace and blessings be upon the Messenger of God, his family, and all his companions.

Dear Shareholders,

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

It is my pleasure to extend to you all our sincere thanks and gratitude for accepting our invitation to attend the Ordinary General Assembly Meeting of the Company for the fiscal year ending December 31, 2025. It is also my honor, along with the other members of the Board of Directors, to present to you the annual report on the Company's performance, achievements, and financial statements, as well as the Governance Report, the Audit Committee Report, the Remuneration and Benefits Report, and the Sharia Supervisory Board Report.

Dear Shareholders:

Amidst the rapid pace of global events and the volatility in many countries, and despite the critical junctures and pivotal changes in the political and economic spheres facing the region, First Takaful continues to follow the approach it has adopted in previous years. This approach

involves streamlining its insurance portfolios, avoiding negative competition, and strengthening capital reserves and technical provisions for both shareholders' and policyholders' portfolios. The aim is to enhance the company's financial solvency, enabling it to confidently and steadily face future challenges and achieve its desired objectives. Despite numerous constraints hindering the acceleration of the global economy, First Takaful maintained its integrated strategy throughout 2025, diligently striving to select the best insurance premiums to enhance the company's efficiency, competitiveness in the market, and the provision of exceptional service to its clients.

Corporate Governance and Social Responsibility

First Takaful has prioritized its social responsibility by contributing to and supporting numerous national health, charitable, and educational initiatives. In recognition of the contributions of senior citizens, the company hosted a group Iftar (fast-breaking meal) for the Dar Farah Elderly Care Home and participated in the Arab Orphan Day celebration. It also organized a Gergean (traditional children's celebration) for the children of the Dar Al-Atfal (Children's Home) at the Social Welfare Complex.

First Takaful has continued its success by adhering to all laws and regulatory decisions issued by the Insurance Regulatory Unit, the Capital Markets Authority, and the Kuwait Stock Exchange. This success is further demonstrated by its commitment to internal control policies, risk management, procedures, and the principles of good governance, as well as its compliance with the Tax Compliance Act. Furthermore, the company is fully committed to the provisions of Islamic Sharia in its insurance, reinsurance, and investment dealings. First Takaful was keen to fulfill its social responsibility by raising insurance awareness among individuals and the private sector in the State of Kuwait. Accordingly, the company's management issued forty periodic bulletins until 2025 to increase insurance awareness in the insurance market in Kuwait.

Shareholder Results:

First Takaful achieved a profit of KD 604 in 2025, compared to a loss of KD 181,655 in 2024, representing a 100.33% increase. This improvement was driven by higher investment income and lower general expenses, particularly legal expenses related to the cases of Waqaya Insurance and Reinsurance Company – Saudi Arabia. Earnings per share (EPS) reached 0.01 fils in 2025, compared to a loss per share of 1.7 fils in 2024. Shareholders' equity for the current year reached KD 9,597,402, compared to KD 9,572,489 in the previous year, reflecting a 0.26% increase. Total assets attributable to shareholders for the current year amounted to KD 12,634,396, compared to KD 12,773,491 in the previous year. In the previous year, this represents a decrease of 1.09%.



It is worth noting that, as is customary at First Takaful – praise be to Allah– no penalties or violations were imposed on the company by regulatory authorities during 2025.

The remuneration of the Board members, the attendance fees for committees formed by the Board during 2025, and the bonuses, benefits, and monthly salaries received by the executive management are included in the Nominations and Remuneration Committee report within the annual report for your review.

Results of the Policyholders' Portfolio:

Competition remains fierce in the local insurance market. Thanks to God, First Takaful has maintained its position in the Kuwaiti market. The company has continued its approach of increasing carefully selected premiums and strengthening its insurance portfolio to protect itself from any future losses amidst the intense competition among insurance companies. The company is also committed to continuously developing modern technology systems to better serve its clients and shareholders. All reinsurance agreements were renewed during the year.

Principal subscriptions for the fiscal year 2025 amounted to KD 5,455,214, compared to KD 6,045,156 in the fiscal year 2024, representing a decrease of KD 589,941, or 9.8%. This decrease in premiums is attributed to the completion of work on some oil sector projects in which First Takaful had a stake, resulting in the cessation of insurance coverage for these projects.

The insurance portfolio for 2025 recorded an insurance surplus of KD 67,842, compared to an insurance deficit of KD 90,428 in 2024, representing a 175% increase. This rise in profits is attributed to improved underwriting policies, particularly in health insurance, and a decrease in certain technical provisions.

Dear Shareholders:

In its commitment to complying with legislative decisions and strengthening its resources and financial position, First Takaful has enhanced its solvency margin by increasing its capital by KD 6,000,000 (six million Kuwaiti dinars). Furthermore, our company continues to exert every effort to achieve positive results and strengthen its market share in the insurance sector by providing better service to its clients.

First Takaful is concerned with developing human resources, considering that the trained and qualified human element is the basic pillar for maintaining the strength of the company and the integrity of its structure and the cornerstone of the success of the development strategy. Accordingly, the company continues to pay attention to training and devel-

oping the administrative and technical skills of all its employees in order to advance the company's technical, financial, administrative and supervisory work and to create a second and third tier qualified to lead the company in the future.

Insurance Supervision

The establishment of the Insurance Regulatory Unit has led to a noticeable improvement in the performance of operating companies and a reduction in negative competition among them. The Unit's role has been to supervise and regulate the insurance sector, legislate regulations, enact laws, and impose fines and penalties to curb abuses and manipulation by some companies. However, much more effort is still required from the Unit to elevate the Kuwaiti insurance market to the level of its counterparts in neighboring countries and global insurance markets, particularly regarding market regulation in terms of pricing, reviewing the licenses granted to some insurance companies, and obligating companies to a certain level of customer service in order to improve the quality and overall image of the local insurance market.

Acknowledgments and Appreciation:

In conclusion, we ask Allah Almighty to grant us success in achieving our aspirations for the good of our beloved nation, the company, and our esteemed shareholders, under the leadership and guidance of His Highness the Emir of the State of Kuwait, His Highness the Crown Prince, and His Highness the Prime Minister, may Allah protect and preserve them. We also extend our gratitude to our shareholders, the members of the Sharia Supervisory Board, the Executive Management, the company's employees, the Insurance Department at the Ministry of Commerce and Industry, the Capital Markets Authority, the Kuwait Stock Exchange, and our clients. We further express our thanks to our reinsurers, insurance brokers, and all other relevant authorities. We pray to Allah Almighty to grant us continued progress and prosperity.

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



Abdullah Abdul Razzaq Al Asfour
Chairman of the Board



Board of Directors

Abdullah Abdul Razzaq Al Asfour

Chairman of the Board - Non-Executive Member

Hussain Ali Al-Attal

Vice-Chairman, Chief Executive Officer -
Executive Member

Bandar Suleiman Al-Jarallah

Board Member - Non-Executive Member

Mohammad Mohammad Mustafa

Secretary of the Board

Bader Jassim Alhajeri

Board Member - Non-Executive Member

Rami Habli

Board Member - Non-Executive Member

Ezzat Abu Amarah

Board Member - Non-Executive Member

Saleh Al-Tnaib

Board Member - Non-Executive Member



Fatwa and Shari'a Supervisory Board Report

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

Report of the Fatwa and Sharia Supervisory Board

Praise be to Allah, Lord of the Worlds, and peace and blessings be upon the noblest of prophets and messengers, our Prophet Muhammad, and upon his family and companions.

The Fatwa and Sharia Supervisory Board of First Takaful Insurance Company K.S.C. is pleased to present to you its report on the company's transactions and operations for the fiscal year ending December 31, 2025, for presentation to the company's General Assembly.

Based on the report of the Chairman of the Board, appointed by the Board to monitor and oversee all the company's operations from a Sharia perspective, His Eminence Sheikh Dr. Anwar Shuaib Abdul Salam, and the transactions and operations presented to the Board in the field of Takaful insurance, including Takaful insurance policies, products, investments, and contracts, in accordance with the requirements of the Insurance Regulatory Unit, Article (122) of the Executive Regulations of Law No. (125) of 2019, the Board finds them to be in compliance with its decisions and recommendations. Accordingly, we sign.

In conclusion, we ask Allah Almighty to grant success and guidance to the company's management and employees in their endeavors, thus affirming the soundness of their approach and the correctness of its application within the framework of Islamic law.

He is the All-Hearing, the One Who Answers prayers. Praise be to Allah, Lord of the Worlds. May Allah's peace and blessings be upon our Prophet Muhammad, his family, and all his companions.

And Allah is the source of all success.

Sheikh Dr. Anwar Shuaib Abdul Salam
Chairman of Fatwa and
Shari'a Supervisory Board

Sheikh Dr. Mohammed Abdul Razzaq Al-Tabtabai
Vice Chairman of Fatwa and
Shari'a Supervisory Board

Sheikh Dr. Essam El Ghareeb
Member of Fatwa and
Shari'a Supervisory Board

Shari`a Supervisory Board

Sheikh Dr. Anwar Shuaib Abdul Salam

Chairman of Fatwa and Shari`a
Supervisory Board

Sheikh Dr. Mohammed Abdul Razzaq Al-Tabtabai

Vice Chairman of Fatwa and
Shari`a Supervisory Board

Sheikh Dr. Essam El Ghareeb

Member of Fatwa and Shari`a Supervisory Board



Undertaking of Board of Directors on Financial Reports

The Board of Directors of the First Takaful Insurance Company (K.S.C.P) undertakes its responsibility for the integrity and accuracy of all the annual financial statements and reports of the company, based on the information provided by the executive management to the Board of Directors as well as on the commitment of the executive management towards the Board of Directors to present all financial reports in a sound and fair manner.



Official Stamp

Kuwait: 09/03/2026

Board Members of First Takaful Insurance Company		
Member Name	Designation	Signature
Abdullah Abdul Razzaq Al Asfour	Chairman	
Hussain Ali Al-Attal	Vice-Chairman and C.E.O	
Ezzat Aziz Abu Amarah	Independant Board Member	
Bandar Suleiman Al-Jarallah	Independant Board Member	
Bader Jassim Alhajeri	Non-Executive Board Member	
Saleh Al-Tnaib	Non-Executive Board Member	
Rami Habli	Non-Executive Board Member	

Undertaking of Board of Executive

Management on Financial Reports

The Executive Management of the First Takaful Insurance Company (K.S.C.P) undertakes that all financial reports submitted to the Board of Directors of the company are presented in a sound and fair manner, that they include all the financial aspects of the company from operating data results, and that all financial reports have been prepared in accordance with the international accounting standards adopted by the Capital Market Authority.



Official Stamp

Kuwait: 09/03/2026

Vice Chairman and Chief Executive Officer:
Hussain Ali Al-Attal

Signature

V.P Finance & Administration:
Malik Salim Oraikat

Signature



GOVERNANCE

Corporate Governance Report

First Takaful Insurance Company K.S.C.P.

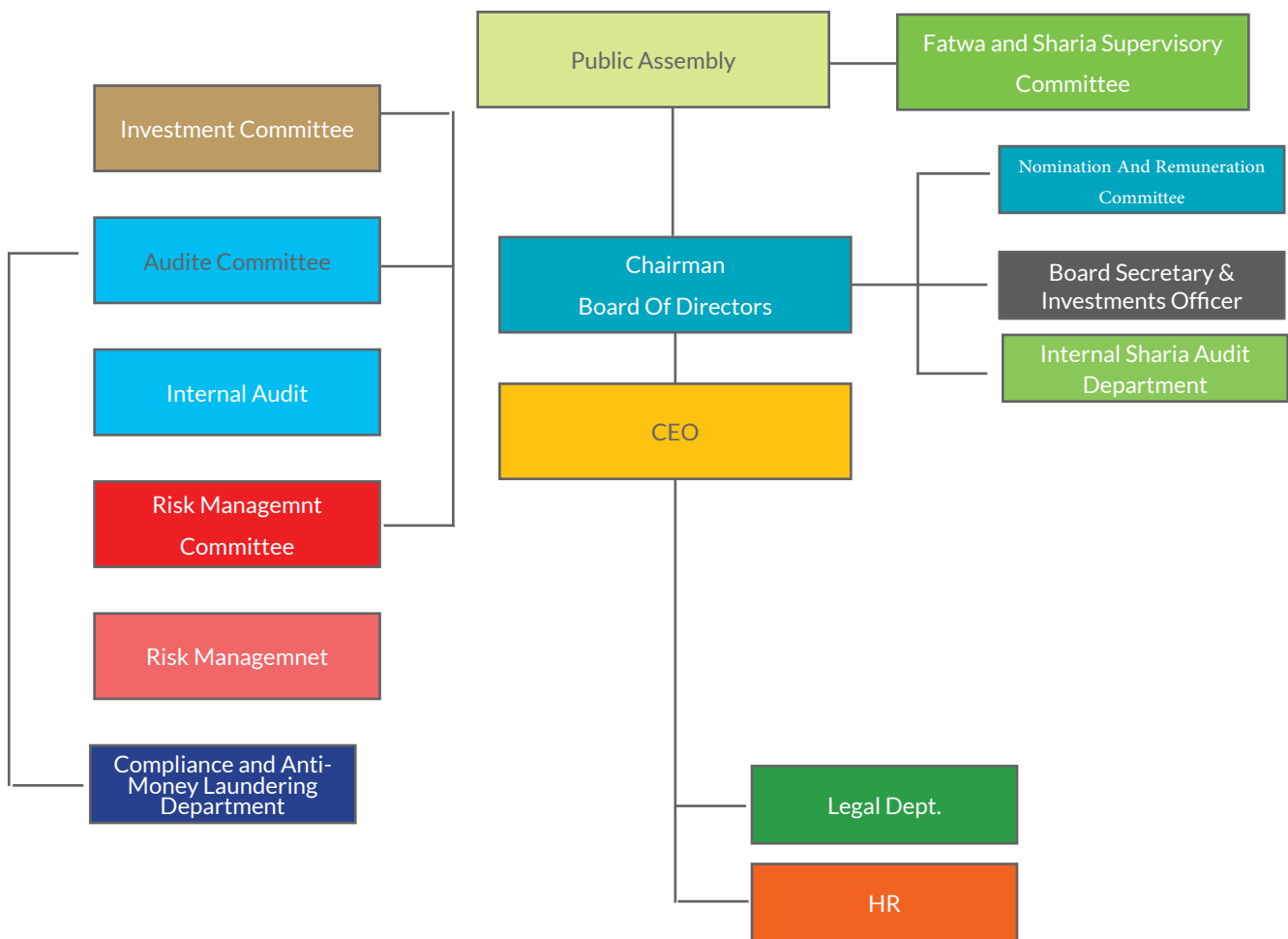
For the year 2025

Audit Committee Members

Member Name	Rami Habli	Bader Jassim Alhajeri	Bandar Suleiman Al-Jarallah	Saleh Al-Tnaib
Attribute	Committee Chairman,	Committee Member	Committee Member	Committee Member

First Takaful Insurance Company operates within the framework of good governance through the application of corporate governance rules of principles, systems and procedures through which to achieve the best protection and balance between the interests of the company's management and shareholders as well as stakeholders. Through the application of good governance, First Takaful seeks to enhance investor confidence in the efficiency of the company's performance. And its ability to face crises, the framework of good governance regulates the internal decision-making methodology in the company, and stimulates the commitment to transparency and credibility of those decisions, and the separation of power between the executive management that works on the conduct of the company's business and the board of directors, which prepares, reviews and approves the company's policies and plans gives a comfortable character. It is reassuring and enhances a sense of confidence, as this enables shareholders and stakeholders to effectively control the company, and this comes to document and consolidate ethical behavior, control, accountability and sound administrative organization, and work to enhance administrative efficiency, enhance control and audit procedures and enhance social responsibility, and this comes as a commitment from the first Takaful to apply what is stipulated in the fifteenth book (corporate governance) of the executive regulations of Law No. Article 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its amendments and Decision No. (58) of 2023 regarding the Insurance Regulatory Unit (Corporate Governance Rules) - State of Kuwait.

Governance Framework:





Building a balanced structure for the Board of Directors:

Brief about the formation of the Board of Directors:

The management of the First Takaful Insurance Company is chaired by a board of directors consisting of seven members with diverse experiences and skills, who were elected by the shareholders through the company's general assembly that was held on April 30, 2025, in which the members of the Board of Directors were elected for the next three years (2025-2027), to achieve sustainable value for the parties With interests (shareholders, customers, employees and the community), the board has a majority of non-executive members and two independent members. This reinforces the principle of independence in decision-making and oversight of the performance of the executive management to achieve the desired goals.

The Board of Directors also exercises powers and responsibilities in accordance with the company's policies and the work system of the Board of Directors. The Board of Directors bears full responsibility for "First Takaful", and the scope of work of the Board of Directors includes, for example, but not limited to:

- Developing the company's strategy, defining the desired goals, and drawing up the company's future plans.
- Determine the company's risk appetite.
- Work to adhere to the standards of good governance and follow up on their implementation.
- Supervising the executive management and monitoring its performance and work, including the CEO.

The commitment of the Board of Directors to apply good governance is also considered one of the most important axes to ensure the achievement of the company's goals and one of the foundations for maintaining the trust granted by the shareholders. Shareholders, employees, and other stakeholders, and ensure that the management of "First Takaful" is carried out within the scope of the laws and instructions in force and the approved internal policies of "First Takaful".

Board of Directors:

Member Name	Title	Qualification and practical experience	election / appointment date
Abdullah Abdul Razzaq Al Asfour	Chairman of the Board - Non-Executive Member	-Bachelor of Accounting - Experience more than 30 years	April 30, 2025
Hussain Ali Al-Attal	Vice-Chairman and Chief Executive Officer - Executive Member -	-Bachelor of Business Administration and Marketing -Experience over 30 years	April 30, 2025
Bandar Suleiman Al-Jarallah	Board Member - Independent Member	-Bachelor of Marketing - Over 20 years of experience	April 30, 2025
Bader Jassim Alhajeri	Board Member - Non-Executive Member	-Bachelor of Business management - marketing - Over 20 years experience	April 30, 2025
Rami Habli	Board Member - Non-executive member	-Bachelor of Business Administration -Experience more than 20 years	April 30, 2025
Saleh M. Altnaib	Board Member - Non-Executive Member	-Master In Accounting - Over 10 years of experience	April 30, 2025
Ezzat Aziz Abu Amarah	Board Member - Independent Member	-Bachelor of Law - Experience more than 25 years	April 30, 2025
Mohammad Mohammad Mustafa	Secretary of the Board	-Bachelor of Law - Experience more than 25 years	May 05, 2025

Organizing Board Meetings:

Based on the commitment of the First Takaful Insurance Company to organize periodic meetings, and to apply the highest standards of governance and to meet the requirements of the laws and instructions of the regulatory authorities, the Ministry of Commerce and Industry - Companies Law, the Capital Markets Authority and the Insurance Regulatory Unit - Corporate Governance, the number of Board meetings shall not be less than (6) meetings annually, and the Board of Directors shall hold at least one meeting in every quarter.

Ownership percentage of major shareholders (more than 5%) in the First Takaful Insurance Company:

Major Shareholders and Percentage of Ownership	Ownership percentage
Med Al Bahar Holding Company Group	31.28%
International Financial Advisors Company	53.45%
Kuwait Real Estate Company	5.27%

Share ownership percentage for board members (after the new formation):

Board Members	Capacity	Percentage of ownership/number of shares
Abdullah Abdul Razzaq Al Asfour	Chairman of the Board - Non-Executive Member	200 Shares
Hussain Ali Al-Attal	Vice-Chairman and Chief Executive Officer - Executive Member -	10 Shares
Bandar Suleiman Al-Jarallah	Board Member - Independent Member	10 Shares
Bader Jassim Alhajeri	Board Member - Non-Executive Member	10 Shares
Rami Habli	Board Member - Non-executive member	20 Shares
Saleh M. Altnaib	Board Member - Non-Executive Member	50 Shares
Ezzat Aziz Abu Amarah	Board Member - Independent Member	0 Shares
Mohammad Mohammad Mustafa	Secretary of the Board	-Bachelor of Law - Experience more than 25 years



Summary of the Board of Directors meetings of "First Takaful" during 2025:

The Board of Directors of First Takaful Insurance Company held (11) meetings during 2025.

The following table details these meetings and the number of meetings attended by each member during 2025:

Member name /title	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Meeting no.	Number of Meeting	Attendance Percentage
	(1/2025)	(2/2025)	(3/2025)	(4/2025)	(5/2025)	(6/2025)	(7/2025)	(8/2025)	(9/2025)	(10/2025)	(11/2025)		
	Dated 12/03/2025	Dated 27/03/2025	Dated 05/05/2025	Dated 12/05/2025	Dated 13/07/2025	Dated 30/07/2025	Dated 06/08/2025	Dated 26/08/2025	Dated 01/10/2025	Dated 02/11/2025	Dated 14/12/2025		
Abdullah Al Asfour Board Chairman	√	√	√	√	√	√	√	√	√	√	√	11	100%
Hussain Al-Attal Member of Board	√	√	√	√	√	√	√	√	√	√	√	11	100%
Osama Al Abdul Jalil Independent Member	X	X	-	-	-	-	-	-	-	-	-	0	0%
Ezzat Aziz Abu Amarah Independent Member	-	-	√	√	√	√	√	√	√	√	√	9	81%
Bandar Suleiman Al-Jarallah Independent Member	√	√	√	√	√	√	√	√	√	√	√	11	100%
Saleh Al-Tnaib Member of Board	√	√	√	√	√	√	√	√	√	√	√	11	100%
Rami Habli Member of Board	√	√	√	√	√	√	√	√	√	√	√	11	100%
Bader Alhajeri Member of Board	√	X	√	√	√	√	√	√	√	√	√	10	90%

«-»The board meeting was held, and he did not have the status of a board member.

«*» Members who have resigned from the Board of Directors.

«^» Members selected to represent the company's Board of Directors for the coming years.

"√" Attended the board meeting.

"X" Did not attend the board meeting

Summary of the most important achievements and decisions made by the company's Board of Directors during 2025:

- The Board of Directors of First Takaful was keen to follow up on the implementation of strategic plans and desired objectives. It also maintained continuous communication with the executive management to achieve these goals and plans. The Board focused on applying sound governance standards as the company's operating method. During 2025, several decisions and achievements were made, the most important of which are:
- The Audit Committee's report on the draft financial statements for the fiscal year ending December 31, 2024, was discussed and approved.
- The draft financial statements for the fiscal year ending December 31, 2024, were approved after adopting the Audit Committee's recommendations.
- The coverage of policyholders' net surplus from insurance operations for the fiscal year ending December 31, 2024, in accordance with the company's Articles of Association, was discussed. The Board of Directors approved allocating the net insurance surplus for policyholders resulting from insurance activities for the year 2024, amounting to KD 90,428, to the shareholders' account as an "interest-free loan." The remaining interest-free loan granted by the shareholders will be repaid from the surplus generated from insurance activities in future years.
- The items on the agenda of the Ordinary General Assembly for the fiscal year ending December 31, 2024, were discussed and approved.
- The Executive Management's declaration and undertaking regarding the financial reports for the fiscal year ending December 31, 2024, were adopted.
- The Board of Directors' declaration and undertaking regarding the financial reports for the fiscal year ending December 31, 2024, were adopted.
- The updated Internal Audit Manual was reviewed and approved.
- The Annual Internal Audit Activity Report on "Independence and Objectivity" was reviewed and approved.
- The updated Internal Audit Charter was reviewed and approved.
- The final statement on the institution's risk tolerance was reviewed and approved. The Risk Management Plan was reviewed and approved.
- The Compliance and Adherence Management Plan was reviewed and approved.
- The Internal Sharia Audit Management Plan was reviewed and approved.
- The Independent Board Members' Declaration was reviewed and approved.
- The Board Members' Declaration of the First Takaful Insurance Company was reviewed and approved.
- The updated policies, procedures, and charters related to the company and its activities, the Committee Charter, and the job descriptions for Board members and the Secretary were reviewed and approved.
- The Audit Committee's report assessing the adequacy of the company's internal control systems was reviewed and approved.
- The report on the level of independence and objectivity of the internal audit activity was reviewed and approved.
- The Internal Control Systems Assessment Report for the First Takaful Insurance Company for the fiscal year ending December 31, 2024, prepared by an external audit firm and submitted to the Capital Markets Authority – State of Kuwait, was discussed and approved.
- The Internal Audit Department's assessment of the company's internal control systems was reviewed and approved.
- The performance evaluation results for the Board of Directors, the Chairman of the Board, the CEO, the Board Committees, the Board Secretary, and the Secretaries of the Board Committees for the year 2024 were approved.
- The sale of four shares of Al-First Takaful Insurance Company's stake in Al-First Financial Holding Company to a related party – Financial Consulting Holding Company – for KD 60,000 was approved, based on the recommendation of the Risk Management Committee and the Investment Committee.
- The Audit Committee's recommendation to reappoint Ms. Hind Abdullah Al-Sari' – Grant Thornton – Al-Qatami & Al-Aiban & Partners as the company's external auditor for the fiscal year ending December 31, 2025, was approved. The professional fees will remain unchanged as agreed upon. The independence of the auditor is emphasized, and the auditor



must be registered with the Capital Markets Authority, adhering to the mandatory rotation period. This recommendation will be submitted to the company's General Assembly.

- The annual report of the Risk Management Committee was reviewed and approved.
- The recommendation of the Investment Committee regarding the letter received from S&C Group Investments LLC (an investment in which we own 17.65% of the company's capital) was discussed and approved. They are requesting our approval to transfer ownership of S&C Group Investments LLC and its subsidiaries to a Special Purpose Vehicle (SPV), namely Strive Investments Limited.
- Since the transfer of our company's ownership in S&C Group Investments to Strive Investments Limited will preserve the integrity of our investment, maintaining our ownership percentage and investment value, and ensuring no material or financial impact on this investment, while guaranteeing no effect on our ownership or interests, the Board of Directors has approved the transfer of ownership in S&C Group Investments. The Chairman, Vice Chairman, and Chief Executive Officer are authorized to take the necessary actions in this regard and sign the relevant documents.
- Further to the Ordinary General Assembly Meeting of First Takaful Insurance Company held on April 30, 2025, at which the Board of Directors was elected for the next three years (2025-2027):
 - Mr. Mohamed Mustafa Obeido has been appointed Secretary of the Board of Directors.
 - The nomination and appointment of the esteemed gentlemen to the committees of the Board of Directors of First Takaful Insurance Company for the next three years (2025-2027) was approved, and the committee members were subsequently appointed.
 - The item concerning the company's urgent obligations was discussed. Mr. Hussain Al-Attal provided a detailed explanation of some of the company's obligations to third parties. It was agreed that the priority should be settling the company's obligations, and Mr. Hussain Ali Al-Attal, Vice Chairman of the Board and CEO, was authorized to do so.
 - The Audit Committee's report on the draft interim financial statements for the fiscal year ending March 31, 2025, was discussed and approved.
 - The draft interim financial statements and the audit report for the period ending March 31, 2025, were discussed and approved, following the adoption of the Audit Committee's recommendations.
 - The coverage of policyholders' net surplus from insurance operations for the fiscal year ending March 31, 2025, in accordance with the company's Articles of Association, was discussed. The Board of Directors approved the allocation of KD 308,483, representing the net insurance surplus for policyholders generated from insurance activities for 2025, to the shareholders' account as an "interest-free loan." The remaining interest-free loan granted by the shareholders will be repaid from the surplus generated from insurance activities in future years. Independent Board Member Mr. Ezzat Aziz Abu Amara inquired about the interest-free loan, specifically whether there was a specific repayment period or if it was open-ended. Vice Chairman and CEO Mr. Hussain Ali Al-Attal clarified that the interest-free loan represents a loss for policyholders and will be repaid from the surplus generated from insurance activities in the coming years.
 - The policies and procedures for the Compliance Department were reviewed and approved. (Updated)
 - The company's organizational structure was reviewed and approved. (Updated)
 - The matrix of financial and administrative authorities was discussed and approved. (Updated)
 - The Compliance Department's work plan for 2025-2026 was reviewed and approved.
 - The Internal Sharia Audit Department's work plan for 2025-2026 was reviewed and approved.
 - The following proposal was discussed: (providing a cash bonus to members of the Board of Directors' subcommittees for each meeting attended, and a cash bonus to the Board Secretary and the Secretary of the Board of Directors' subcommittees for each meeting attended). The Nominations and Remuneration Committee's recommendation to continue paying a cash bonus of KD 250 to committee members only for each meeting attended was approved. The proposal to provide a cash bonus to the Board Secretary and the Secretary of the subcommittees was rejected. The Secretary's bonus will be included among the key performance indicators (KPIs) used to evaluate and reward employees at the end of each year by the company's CEO.

- The Internal Audit Department's Charter was reviewed and approved. (Updated)
- The item concerning the company's urgent obligations was discussed. Mr. Hussain Al-Attal provided a detailed explanation of some of the company's obligations to third parties. It was agreed that the priority should be settling the company's obligations, and Mr. Hussain Ali Al-Attal, Vice Chairman of the Board and CEO, was authorized to do so.
- The draft interim financial statements and the audit report for the financial period ending June 30, 2025, were discussed and approved.
- The draft interim financial statements for the financial period ending June 30, 2025, were approved after the Audit Committee's recommendations were adopted.
- The coverage of the net surplus/deficit of policyholders from insurance operations for the financial period ending June 30, 2025, in accordance with the company's Articles of Association, was discussed. The Board of Directors approved covering the net surplus of policyholders resulting from insurance activities for the financial period ending June 30, 2025, in the amount of KD 194,916, to the shareholders' account as an interest-free loan. The interest-free loan granted by the shareholders will be repaid from the surplus generated by insurance activities in future years.
- The Vice Chairman of the Board and CEO, Mr. Hussain Ali Al-Attal, reviewed the investigation conducted today, July 30, 2025, with the Insurance Regulatory Unit regarding the following:
 - The company's violation of Articles (30-32) of Law No. (125) of 2019 concerning the regulation of insurance, as well as Circular No. 5 of 2025 regarding providing the Unit with annual reports, due to the company's failure to submit the annual reports to the Unit by the stipulated deadlines.
 - o The First Takaful Insurance Company responded that Circular No. (5) of 2025 regarding the provision of annual reports to the unit contains 17 items, and that this report was submitted within the allotted period of 90 days from the end of the fiscal year. After the report was submitted, the unit noted a shortfall in the deposit amount, and the company immediately rectified the shortfall upon becoming aware of it, in order to fully comply with the applicable instructions and regulations.
 - The company violated Article No. (35) of Law No. (125) of 2019 concerning the Regulation of Insurance and Articles Nos. (137-144) of the Executive Regulations of the aforementioned law, due to the lack of a sufficient solvency margin for the company during 2024.
 - o The First Takaful Insurance Company responded that it is still awaiting the results of the investigation meeting held on January 27, 2025, regarding the solvency margin issue, and has not yet received any response or notification from the unit on this matter.
 - o The Vice Chairman of the Board and CEO, Mr. Hussain Ali Al-Attal, also submitted a recommendation to discuss the best possible solutions to ensure an adequate solvency margin for the company in the coming years, through a meeting of the Board of Directors and its subcommittees.
 - The developments in the insurance sector were discussed, and the best solutions were proposed to enhance the company's solvency margin in accordance with the requirements of the Insurance Regulatory Unit. The Board of Directors resolved to recommend to the Extraordinary General Assembly the approval of a capital increase to strengthen the company's solvency margin and to initiate the necessary legal procedures. The capital increase will be in the amount of six million Kuwaiti dinars in cash, bringing the company's paid-up capital to sixteen million six hundred and sixty thousand Kuwaiti dinars (16,660,000) and its authorized capital to sixteen million seven hundred and sixty thousand Kuwaiti dinars (16,760,000). This increase will be completed within five months of the date of the Extraordinary General Assembly meeting. The Chairman of the Board or the Vice Chairman of the Board is authorized to convene the Extraordinary General Assembly and undertake all subsequent procedures to finalize this proposed increase with the company's regulatory authorities.
- The Financial and Administrative Authorities Matrix was reviewed and updated.
- The CEO was authorized to approve investments up to 500,000 Kuwaiti dinars, and then submit them to the Board of Directors for approval at the next scheduled meeting after the CEO has made the investment.



- Investments exceeding 500,000 Kuwaiti Dinars must be submitted to the Investment Committee for approval.
- The Investment Committee's recommendation, as recorded in the minutes of meeting No. (06/2025) held on August 11, 2025, regarding the potential sale of 9,013,340 shares of Rasameel Company, was reviewed. The committee unanimously approved the sale of these shares at a price of no less than 40 fils per share and authorized the Vice Chairman and CEO, Mr. Hussain Al-Attal, to dispose of these shares through another investment aligned with the company's objectives and listed on the stock exchange.
- The priority of subscribing to the capital increase shares was discussed, and it was approved that the new shares be offered to the public for subscription to shareholders registered in the company's shareholder register on the entitlement date and those who have acquired priority rights. This priority right is granted to a share of the new shares proportional to the number of shares held. Shareholders will be given fifteen days to exercise their priority right, starting from the subscription period. Any unsubscribed surplus shares will be offered to the public for subscription to existing shareholders who have priority rights. If subscription requests exceed the number of shares offered, the number of shares offered will be reduced proportionally for subscribers.
- The Board of Directors was authorized to determine the terms and conditions for calling up the capital and disposing of any fractional shares, as well as to confirm and amend the call-up date and determine the trading schedule for priority rights, in accordance with the provisions of Law No. (7) of 2010 concerning the Capital Markets Authority and the Regulation of Securities Activities, its amendments, and its executive regulations.
- The delegation of authority to Mr. Hussain Ali Al-Attal, Vice Chairman of the Board and CEO, to manage the investments authorized to him in Board Meeting Minutes No. (07/2025) was approved. He is authorized to place buy and sell orders and handle any bets placed on these investments. He may delegate this responsibility to another party for subsequent management.
- The Audit Committee's report on the company's interim financial statements for the period ending September 30, 2025, was discussed and approved.
- The draft interim financial statements for the period ending September 30, 2025, were discussed and approved, following the adoption of the Audit Committee's recommendations.
- The coverage of policyholders' net surplus/deficit from insurance operations for the period ending September 30, 2025, in accordance with the company's Articles of Association, was discussed. The Board of Directors approved allocating the net surplus of policyholders generated from insurance activities for the financial period ending September 30, 2025, in the amount of 58,999, to the shareholders' account as an "interest-free loan." This interest-free loan will be repaid from the surplus generated from insurance activities in future years.
- The Internal Audit Plan issued by the Audit Department was discussed and approved, and the Audit Committee's recommendations were endorsed.
- The Internal Audit Department's review and evaluation report by an independent audit firm (UHY) was discussed and approved, and the Audit Committee's recommendations were endorsed.
- The Internal Sharia Audit Department's third-quarter report ending September 30, 2025, was discussed and approved.
- The Sharia Supervisory Board's third-quarter report ending September 30, 2025, was discussed and approved.
- The 2026 budget and the 2027-2030 business plan were discussed, approved, and no comments were raised.
- The report on conducting the emergency plan test has been discussed periodically since its adoption, and no comments were made.
- The Risk Committee's recommendation regarding the final Risk Management Review Report on the proposed

related-party transactions was discussed and approved.

- The Audit Committee's recommendation regarding the capital increase and investment strategy presentation was discussed and approved.
- A workshop was presented to the Board members entitled Combating Money Laundering and Terrorist Financing, and they were provided with the scientific material for the workshop.
- Summary of the most important achievements and decisions taken by the Annual General Meeting held on April 30, 2025:
- The Board of Directors' report for the fiscal year ending December 31, 2024, was discussed and unanimously approved.
- The report of the company's auditors, Ms. Hind Abdullah Al-Sari' and Grant Thornton, Al-Qatami & Al-Aiban & Partners, for the fiscal year ending December 31, 2024, was discussed and unanimously approved.
- The report of the company's Sharia Supervisory Board for the fiscal year ending December 31, 2024, was heard and unanimously approved.
- The financial statements and profit and loss statement for the fiscal year ending December 31, 2024, were discussed and unanimously approved. • The report on penalties or violations imposed on the company by regulatory authorities for the fiscal year ending December 31, 2024, was reviewed. A warning penalty was issued to the company (Decision No. 27 of 2024 – Disciplinary Board) for failing to disclose to the Kuwait Stock Exchange the decision issued by the Committee for the Resolution of Securities Disputes in the Kingdom of Saudi Arabia. This decision was based on a class action lawsuit filed by some shareholders of Waqaya Takaful Insurance and Reinsurance Company, which resulted in a decision against some members of the Board of Directors and employees of Waqaya Takaful Insurance and Reinsurance Company (an affiliate company). This item was unanimously approved.
- The report on penalties or violations imposed on the company by regulatory authorities for the fiscal year ending December 31, 2024, was reviewed. • Transactions with related parties that took place during the fiscal year ending December 31, 2024, were unanimously approved, and the Board of Directors was authorized to conduct transactions with related parties during the fiscal year ending December 31, 2025.
- The General Assembly unanimously approved the Board of Directors' recommendation not to distribute dividends for the fiscal year ending December 31, 2024.
- The Board of Directors proposed not paying bonuses to its members for the fiscal year ending December 31, 2024. A proposal by shareholders representing 58.329% of the company's shares to pay a bonus of KD 3,000 to each member, for a total amount of KD 21,000, was approved.
- • The Governance Report and the Audit Committee Report for the fiscal year ended December 31, 2024, were read and unanimously approved.
- The Remuneration and Benefits Report for the Board of Directors and Executive Management for the fiscal year ended December 31, 2024, was heard and unanimously approved.
- The Board of Directors unanimously discharged and released the members of the Board from any liability arising from their performance of their legal duties for the fiscal year ending December 31, 2024.
- The Board unanimously approved the reappointment of Ms. Hind Abdullah Al-Sari' from the firm of Grant Thornton - Al-Qatami & Al-Aiban & Partners as the company's auditor for the fiscal year ending December 31, 2025, based on the recommendation of the Audit Committee, which was approved by the Board of Directors, taking into account the mandatory rotation period for auditors. The Board of Directors was authorized to determine her fees.
- The Board unanimously approved the reappointment of the company's Sharia Supervisory Board for the fiscal year



ending December 31, 2025, represented by the following esteemed members:

- a. His Eminence Sheikh Dr. Anwar Shuaib Abdul Salam - Chairman of the Board
- b. His Eminence Sheikh Dr. Muhammad Abdul Razzaq Al-Tabtabai - Vice Chairman of the Board
- c. His Eminence Dr. Essam Al-Gharib

The Board of Directors was authorized to determine their fees for the fiscal year ending December 31, 2025.

- The election of the Board of Directors for the next three years (2025-2027) was approved in accordance with the company's Articles of Association, the rules and regulations of the regulatory authorities, and the governance rules issued by the Capital Markets Authority, as follows:

Primary Members:

Abdullah Abdul Razzaq Al Asfour	Chairman of the Board - Non-Executive Member
Hussain Ali Al-Attal	Vice-Chairman and Chief Executive Officer - Executive Member -
Bandar Suleiman Al-Jarallah	Board Member - Independent Member
Bader Jassim Alhajeri	Board Member - Non-Executive Member
Rami Habli	Board Member - Non-executive member
Saleh M. Altnaib	Board Member - Non-Executive Member
Ezzat Aziz Abu Amarah	Board Member - Independent Member
Mohammad Mohammad Mustafa	Secretary of the Board

• **Non-Independent Reserve Members:**

Al-Khalidiyah Real Estate Company – First Reserve Member

Al-Deera Holding Company – Second Reserve Member

• **Independent Reserve Members:**

Mr. Ahmed Omran Al-Sabri – First Independent Reserve Member

Summary of the most important achievements and decisions taken by the Extraordinary General Assembly held on October 9, 2025:

1- Approval of increasing the company's authorized capital by 55.76% from KD 10,760,000 (ten million seven hundred and sixty thousand Kuwaiti dinars) distributed across 107,600,000 shares (one hundred and seven million six hundred thousand shares) with a share value of 100 fils, to KD 16,760,000 (sixteen million seven hundred and sixty thousand Kuwaiti dinars) distributed across 167,600,000 shares (one hundred and sixty-seven million six hundred thousand shares) with a share value of 100 fils, by increasing the authorized capital by KD 6,000,000 (six million Kuwaiti dinars). The Board of Directors was authorized to call for the increase in issued and paid-up capital, to register the increase in issued and paid-up capital in the Commercial Register, and to determine the terms and conditions. In full or in part, in installments and within the limits of the authorized capital, by a resolution specifying the amount, methods, and type of increase, the date or dates of its call, and all its terms and conditions. The Extraordinary General Assembly authorizes the Board of Directors to decide on a share premium and determine its value to be added to the nominal value of the increased shares, and to dispose of any fractional shares. The Board of Directors is also authorized to determine the subscription periods. The company's shareholders have the right of priority in subscribing to the cash increase, each in proportion to their share in the company's capital, for a period of not less than 15 days from the date of opening the subscription. After that, the Board of Directors may extend the period for exercising priority rights or allocate the surplus thereof to existing or new shareholders in accordance with the provisions of the law. It may also seek assistance or authorize whomever it deems appropriate in all or part of the above, taking into account the fulfillment of requirements and obtaining approvals in accordance with the provisions of the law, regulations, and the instructions and decisions of the regulatory authorities.

2- Approval of increasing the issued and paid-up capital from KD 10,660,000 to KD 16,660,000, an increase of KD 6,000,000 (six million Kuwaiti dinars), with a share value of 100 fils. This is a one-time cash increase to be allocated to shareholders registered in the company's records up to the date of the General Assembly meeting. The Board of Directors is authorized to establish the controls, rules, and conditions for calling up the capital and disposing of any fractional shares.

3- Approval of amending Article (5) of the Articles of Association and Article (6) of the Memorandum of Association:

Text before amendment:

The company's authorized capital is set at KD 10,760,000 (ten million seven hundred and sixty thousand Kuwaiti dinars), equivalent to 107,600,000 shares with a par value of 100 fils per share. All shares are held in cash and in kind.

The company's issued and paid-up capital is set at KD 10,660,000 (ten million six hundred and sixty thousand Kuwaiti dinars), equivalent to 106,600,000 shares. All shares are held in cash and in kind.

Cash capital: KD 972,087; In-kind capital: KD 9,687,913

Text after amendment:

The company's authorized capital is set at KD 16,760,000 (sixteen million seven hundred and sixty thousand Kuwaiti dinars), equivalent to 167,600,000 shares (one hundred and sixty-seven million six hundred thousand shares), all of which are cash and in-kind.

The company's issued capital is set at KD 16,660,000 (sixteen million six hundred and sixty thousand Kuwaiti dinars), equivalent to 166,600,000 shares (one hundred and sixty-six million six hundred thousand shares), all of which are cash and



in-kind.

Cash capital: KD 6,972,087; In-kind capital: KD 9,687,913.

The company's paid-up capital was set at KD 10,660,000 (ten million six hundred and sixty thousand Kuwaiti dinars), equivalent to 106,600,000 shares (one hundred and six million six hundred thousand shares), all of which are cash and in-kind. Cash capital is KD 972,087 and in-kind capital is KD 9,687,913, subject to the approval of the relevant authorities. This item was unanimously approved.

Recording, formatting, and archiving the minutes of the Board of Directors meetings / Business

Secretary:

The Board Secretary maintains a special register of the minutes of the Board meetings of the First Takaful Insurance Company. This register contains the following information:

- The agenda for each meeting.
- The date and location of the meeting.
- The start and end dates and times of the meeting.

The Secretary also provides Board members with the agenda, along with supporting documents, three working days in advance to allow them sufficient time to review the agenda items.

The minutes of the Board meetings are signed by all Board members and the Secretary. The Secretary plays a crucial role in securing, delivering, and distributing the necessary information and documents, and in coordinating between Board members and stakeholders.

Board of Directors and Executive Management Policy:

First Takaful Insurance Company is committed to providing clear policies and procedures that define the roles, responsibilities, and duties of both the Board of Directors and the Executive Management. The company also strives to ensure that its organizational structure is transparent and objective, enabling effective decision-making and the implementation of governance principles.

First Takaful Insurance Company regularly updates these policies and procedures, as well as its financial and administrative authority matrix and organizational structure, to reflect any changes or updates.

Proper Definition of Tasks and Responsibilities:

“A summary of how the requirements are implemented to enable board members to obtain accurate and timely information and data.”

The company is committed to building a balanced board structure by applying the principles of good governance. Board members are provided with the meeting agenda, including all specified topics and supported by necessary documents and information, through the company's various communication channels. This procedure is carried out by the board secretary at least three working days before any board meeting, with the exception of emergency meetings.

This allows members sufficient time to review and study the topics before the meeting, which benefits the company's operations and decision-making processes due to the effectiveness of board meetings.

Board of Directors' Policy:

The Charter of the Board of Directors of First Takaful stipulates that the Board directly supervises and monitors business operations to protect the interests of stakeholders in accordance with the principles of good governance. This includes maintaining internal, financial, and accounting controls and monitoring reports. The Board is also committed to complying with applicable laws and regulations issued by regulatory authorities, as well as the company's Articles of Association, bylaws, and internal policies.

Policies and Procedures Governing the Work of the Executive Management:

First Takaful has prepared and implemented a policy and procedure manual for all company departments. This manual includes policies related to the requirements of the Executive Regulations – Book Fifteen – Corporate Governance issued by the Capital Markets Authority – State of Kuwait, as well as policies related to the requirements of other regulatory bodies. Each manual details the tasks and obligations of the relevant department, which aim to:

- Ensure efficiency and effectiveness within the company’s activities;
- Maintain a complete separation of powers between functions.

The company also has a matrix for the delegation of financial and administrative powers, covering all departments operating within the company, which is updated as needed.

The Board of Directors of First Takaful Insurance Company formed several subcommittees:

These subcommittees operate independently in accordance with the company’s internal regulations. The regulations clearly define the tasks, responsibilities, and powers granted to each subcommittee during its term, as well as the oversight mechanisms. The subcommittees are obligated to report their activities, findings, and recommendations to the Board.

The subcommittees were formed by the Board members on May 5, 2025, for the next three years. The term of office for these subcommittees is to be updated, along with the membership details, every three years, upon the election of the Board members.

Formation of Board Committees:





Selecting Qualified Individuals for Board Membership and Executive Management: Nominations and Remuneration Committee:

The Nominations and Remuneration Committee is a specialized subcommittee comprised of members of the Board of Directors. The committee performs a number of key tasks, including:

- Preparing recommendations to the Board of Directors regarding proposed nominations, within a comprehensive and transparent framework for appointing Board members and senior management;
- Establishing a clear policy for the remuneration of the Board of Directors and executive management;
- Preparing a detailed report on the remuneration granted to members of the Board of Directors and executive management;
- Ensuring that the independence of independent Board members is not compromised.

Committee Formation:

First Takaful Company is committed to forming Board of Directors committees in accordance with the regulations and provisions stipulated in Resolution No. (58) of 2023 issued by the Insurance Regulatory Unit – Corporate Governance. The Nominations and Remuneration Committee is formed as follows:

- The committee consists of four members from the Board of Directors, with a majority being non-executive members;
- One member is an independent member;
- The committee chairman is a non-executive board member.

Below you will find the Nominations and Remuneration Committee meetings for First Takaful for 2025 (before the new formation):

Nominations and Remuneration Committee:			
Members	Bader Jassim Al-Hajri Committee Chairman	Hussain Ali Al-Attal Committee Member	Bandar Suleiman Al-Jarallah Committee Member - Independent
Meeting 1/2025	√	√	√
Meeting 2/2025	√	√	√
Attendance Rate:	100%	100%	100%

Below you will find the meetings of the Nominations and Remuneration Committee of the company “Oula Takaful” for 2025 (after the new formation):

Nominations and Remuneration Committee:				
Members	Saleh M. Altnaib Committee Chairman	Hussain Ali Al-Attal Committee Member	Ezzat Aziz Abu Amarah Committee Member - Independent	Abdullah Abdul Razzaq Al Asfour Committee Member
Meeting 3/2025	√	√	√	√
Attendance Rate:	100%	100%	100%	100%

The Committee's Achievements During 2025:

- A detailed annual report was prepared on all fixed and variable compensation granted to members of the Board of Directors and the Executive Management, including sums, benefits, and perks. This detailed report was presented to and approved by the Company's General Assembly and will be read by the Chairman of the Board.
- The Compensation Policy was reviewed.
- The Performance Evaluation Policy was reviewed.
- The Executive Management's staffing needs for certain executive positions were reviewed.
- The CEO was authorized to solicit applications from those interested in filling certain executive positions and to take all necessary actions to meet the Executive Management's needs and fill other administrative positions as required.
- The independence of independent Board members was verified through the signing of the independence declaration.
- The job descriptions for executive, non-executive, and independent Board members were reviewed.
- The organizational structure and the matrix of financial and administrative authorities were reviewed and updated.
- The applications for membership on the Board of Directors of First Takaful Insurance Company for the next three years (2025-2027) were reviewed. Only seven candidates were nominated for Board membership. After reviewing all applications, the committee recommended their nomination to the General Assembly.
- The following proposal was discussed: "Providing a cash reward to members of the Board's subcommittees for each meeting attended, and a cash reward to the Board Secretary and the Secretary of the subcommittees for each meeting attended." The Board of Directors was recommended to approve the continuation of the cash reward for committee members only, at a rate of KD 250 per meeting, and to reject the proposal to provide a cash reward to the Board Secretary and the Secretary of the subcommittees. The Secretariat will be included among the key performance indicators (KPIs) used to evaluate and reward employees at the end of each year by the company's CEO.
- The company's organizational structure was reviewed and updated (the Compliance Department was reassigned to the Audit Committee).

Report on Remuneration Granted to Board Members and Executive Management During 2025:

First: The Company's Remuneration and Incentive System:

The rewards and incentive system granted to members of the Board of Directors and Executive Management at First Takaful Insurance Company is based on key performance indicators and achievements at both the company level and individual levels during the year ending, which contribute to achieving the company's strategic objectives.

Second: Remuneration Granted to Board Members and Executive Management, whether in the form of cash, benefits, or other perks, is detailed below:

- Remuneration and Benefits for Board Members

Total number of members	Bonuses and benefits through the parent company			Bonuses and benefits through affiliates			
	Fixed rewards and benefits (KD)	Variable rewards and benefits (KD)		Fixed rewards and benefits (KD)		Variable rewards and benefits (KD)	
	health insurance	Annual reward	Committees Reward	Healthy adoption	Monthly salaries	Annual bonus	Bonus Committees
7	0	0	18.750 KD	-	-	-	-



- Bonuses and benefits granted to five senior executives who received the highest rewards, in addition to the Chief Executive Officer and the Chief Financial Officer or whoever takes their place if he is not among them.

Number	Bonuses and benefits through the parent company						Bonuses and benefits through affiliates	
	Fixed rewards and benefits (KD)						Variable rewards and benefits (KD)	Fixed rewards and benefits (KD)
	Monthly salaries (Total during the year)	Health Insurance	life Insurance	Annual tickets	Parking allowance	Annual reward	There are no rewards or benefits either fixed or variable through affiliates.	
7	274,500 KD	7,730 KD	5,118.12 KD	7,160 KD	840 KD	28,075 KD	0	

- Bonuses and benefits granted to all employees of the company, excluding the addition of five senior executives who received the highest bonuses, the chief executive officer and the financial director or whoever acts on their behalf.

	Bonuses and benefits through the parent company					Bonuses and benefits through affiliates	
	Fixed bonuses and benefits (KD)					Variable Bonuses and benefits (KD)	Fixed Bonuses and benefits (KD)
-	Monthly salaries (Total during the year)	health insurance	life insurance	Parking allowance	Annual reward	There are no Bonuses or benefits either fixed or variable through affiliates.	
	407,940 KD	28,382 KD	6,331.880 KD	3,245 KD	35,715 KD	0	

Total remuneration for executive and senior management is estimated at KD 805,171.000

Third: Other remuneration granted directly or indirectly:

- **There are no other bonuses.**

Fourth: Material deviations from the approved remuneration policy:

- **There are no material deviations.**





Acknowledgment Independent

board member

I, the undersigned, Mr. Ezzat Aziz Abu Amara, Independent Board Member of First Takaful Insurance Company, hereby declare that I meet the following conditions:

1. I possess complete independence as stipulated in Article (10) of Chapter Two of Book Fifteen (Corporate Governance) of the Executive Regulations of Law No. (58) of 2023 concerning the Insurance Regulatory Unit and the Regulation of Securities Activities and its amendments.
2. I possess complete independence as stipulated in Article (2-3) of Chapter Two of Book Fifteen (Corporate Governance) 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.

Name: Mr. Abdullah Abdulrazzaq Al-Asfour
Chairman of the Board

Name: Mr. Ezzat Aziz Abu Amara
Board Member - Independent

Date: 09/03/2026



Acknowledgment Independent

board member


I, the undersigned, Mr. Bandar Suleiman Al-Jarallah, Independent Board Member of First Takaful Insurance Company, hereby declare that I meet the following conditions:

1. I possess complete independence as stipulated in Article (10) of Chapter Two of Book Fifteen (Corporate Governance) of the Executive Regulations of Law No. (58) of 2023 concerning the Insurance Regulatory Unit and the Regulation of Securities Activities and its amendments.
2. I possess complete independence as stipulated in Article (2-3) of Chapter Two of Book Fifteen (Corporate Governance) 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.

Name: Mr. Abdullah Abdulrazzaq Al-Asfour
Chairman of the Board



Name: Mr. Bandar Suleiman Al-Jarallah
Board Member - Independent



Date: 09/03/2026





Ensure the integrity of financial reporting:



Executive Management’s Declaration and Undertaking Regarding Financial Reports (see page 17):

The company’s executive management submits an annual written declaration to the Board of Directors, stating that all financial reports presented to the Board are accurate and fair, encompass all aspects of the company’s finances, including operational data and results, and are prepared in accordance with International Financial Reporting Standards (IFRS) approved by the Capital Market Authority.

Board of Directors’ Declaration and Undertaking Regarding Financial Reports (see page 16):

The company’s Board of Directors submits a written declaration and undertaking assuming full responsibility for the accuracy and integrity of all the company’s annual financial data and reports. This declaration is based on the information, data, and reports submitted to the Board by the executive management, as well as the executive management’s undertaking to present all financial reports accurately and fairly.

Audit Committee:

The audit committee is a fundamental aspect of implementing good governance principles and is a crucial committee for the Board of Directors of First Takaful Insurance Company. The audit committee performs a number of key tasks, including:

- Ensuring the integrity of the company’s financial data;
- Recommending to the Board of Directors the appointment, re-appointment, or replacement of external auditors and determining their fees;

- Ensuring the efficiency and effectiveness of internal control systems and compliance with them;
- Recommending the appointment of the Internal Audit Manager and evaluating the performance and effectiveness of the company’s Internal Audit Department;
- Ensuring the company’s compliance with relevant legal requirements, policies, regulations, and instructions.

The Audit Committee Charter also outlines the committee’s key characteristics and stipulates that in the event of any conflict between the Audit Committee’s recommendations and the Board of Directors’ decisions, including the Board’s refusal to follow the Audit Committee’s recommendations, the Governance Report must include a detailed statement from the Board explaining the recommendations and the reason(s) behind the Board’s decision not to comply with them.

Committee Formation:

First Takaful Company is committed to forming Board of Directors committees in accordance with the provisions and regulations stipulated in Book Fifteen of the Corporate Governance Code. The Audit Committee is formed as follows:

The committee consists of four members from the Board of Directors; the majority of members are non-executive. One member is an independent member. One of the committee members is an independent member.

Neither the chairman of the board nor the executive board members are members of the committee.

Below you will find the audit committee meetings of the company “First Takaful” for 2025 (before the new formation):

AUDIT COMMITTEE			
Committee Members	Saleh Al-Tanib Committee Chairman	Rami Habli Member of committee	Bandar Al-Jarallah Member of committee- Independent
Meeting no. 01/2025	√	√	√
Attendance	100 %	100 %	100 %

Below you will find the audit committee meetings of the company “First Takaful” for 2025 (after the new formation):

AUDIT COMMITTEE				
Committee Members	Rami Habli Committee Chair- man	Saleh Al-Tanib Member of committee	Bandar Al-Jarallah Member of committee- Independent	Bader Jassim Alhajeri Member of commit- tee
Meeting no. 02/2025	√	√	√	√
Meeting no. 03/2025	√	√	√	√
Meeting no. 04/2025	√	√	√	√
Meeting no. 05/2025	√	√	√	√
Attendance	100 %	100 %	100 %	100 %

Key achievements of the Committee during 2025:

- Reviewing the Committee’s recommendation to reappoint Ms. Hind Al-Sari as the external auditor, taking into account the auditor rotation period and the auditor’s independence as per the instructions of the regulatory authorities.
- Reviewing the external auditor’s observations on the financial statements, discussing and approving the draft interim financial statements and the company’s audit report issued on December 2024 ,31, and following up on the related actions.
- Reviewing the accounting policies in place and providing an opinion and recommendation to the Board of Directors.
- Reviewing the annual audit committee report on the adequacy of the internal control systems implemented within the company as of December 2024 ,31. The report was approved and recommended for presentation at the General Assembly in compliance with regulatory requirements.
- Reviewing and approving the annual evaluation of internal audit activities for 2024. It was recommended to continue with the internal audit services provider.
- Review the findings of regulatory reports and ensure that the necessary actions were taken regarding them during 2024.
- Review and ensure the company’s compliance with relevant laws, policies, regulations, and instructions during 2024.



- Discuss and approve the draft annual financial statements and audit report for the financial period ending December ,31 2024. A recommendation was made for approval by the Board of Directors and ratification by the General Assembly.
- Review and approve the Internal Control Review (ICR) report prepared by an independent external audit firm as of December 2024 ,31. A recommendation was made to present it to the Board of Directors with a commitment to the report's recommendations.
- Review and approve the Internal Audit Report – Evaluation and Review of the Internal Control Systems as of December 2024 ,31. A recommendation was made to adhere to the report's recommendations.
- Review and approve the annual Internal Audit Report – Independence and Objectivity – issued by the Internal Audit Officer.
- Review and approve the updated Internal Audit Charter. With the recommendation of approval by the relevant persons.
- Review and approve the Internal Audit Management Policy.
- Review and approve the agreement for the provision of a three-year audit and performance evaluation report for the Internal Audit Management, covering the period from July 2022 ,1, to June 2023 ,30, by UHY Pillars.
- Discuss the draft interim financial statements and audit report for the financial period ending March 2025 ,31, and submit recommendations to the Board of Directors for approval.
- Discuss and approve the updated Internal Audit Charter.
- Discuss and approve the updated Compliance and Equality Management Action Plan.
- Discuss the draft interim financial statements and audit report for the financial period ending June 2025 ,30, and submit recommendations to the Board of Directors for approval.
- Review and approve the Internal Audit Management reports for the company's various departments. • Review and discussion of the results of the field inspection conducted on May 2025 ,20, by the Insurance Regulatory Unit. A violation report was issued against the company.
- Discussion of the investigation conducted with the Insurance Regulatory Unit on July 2025 ,30.
- Discussion and approval of the Compliance and Audit Department's 2025 report concerning regulatory circulars (Circular No. 07 and Circular No. 03) issued by the Insurance Regulatory Unit for 2025.
- Discussion of the internal audit plan issued by the Audit Department and approval of the Audit Committee's recommendations.
- Discussion of the Internal Audit Department's review and evaluation report by an independent audit firm (UHY) and approval of the Audit Committee's recommendations.
- Discussion of the report prepared by the Executive Vice President for Finance and Administration, Mr. Malek Areeqat, concerning the capital increase and investment strategy. The report was approved, and a recommendation was submitted to the Board of Directors for approval.

External Auditor:

First Takaful Insurance Company has an external auditor registered with the Capital Markets Authority and the Insurance Regulatory Unit. The auditor is completely independent of First Takaful and its Board of Directors. The company allows the auditor to discuss their views with the Audit Committee by inviting them to attend Audit Committee meetings. The auditor is also permitted to attend General Assembly meetings and present their report to the shareholders. The auditor has broad authority to report any violations or obstacles in detail to the Capital Markets Authority and the Insurance Regulatory Unit.

A representative from First Takaful Insurance Company's external auditor attended four Audit Committee meetings in 2025 and discussed all financial statements with the committee members.

Information about auditors:

External auditor			
Position	Name	Number of meetings	date of appointment
Auditor	Grant Thornton / Al-Qatami & Al-Aiban & Partners	4	12/03/2025

About the Whistleblower Policy:

The company is committed to the highest standards of integrity, transparency, and compliance with applicable laws and regulations. Accordingly, the company has adopted a Whistleblower Policy designed to empower employees and all stakeholders to report any irregularities, unethical practices, or potential violations, such as fraud, abuse of power, conflicts of interest, or any conduct that contravenes company policies or relevant laws.

The company provides secure and confidential channels for submitting reports and guarantees the protection of well-intentioned whistleblowers from any form of retaliation or professional harm. The company is also committed to reviewing reports objectively and with complete confidentiality, and taking the necessary actions in accordance with its established policies and procedures.

Establishing sound systems for risk management and internal control:

Risk Management:

The company's Risk Management Department identifies, measures, and monitors risks surrounding the company and provides appropriate recommendations to the Board of Directors. Those responsible for Risk Management enjoy complete independence and report to the Risk Management Committee, which is a subcommittee of the Board of Directors. They also possess broad authority to perform their duties effectively.

It is worth noting that Procapita Management Consulting provides risk management consulting services to First Takaful Insurance Company. Furthermore, representatives from the Risk Management Department attended all four meetings of the Risk Management Committee.



The Risk Management Committee is a specialized risk management committee established by the Board of Directors. Its main roles and responsibilities are as follows:

- Preparing and reviewing risk management policies before their adoption by the Board of Directors;
- Ensuring the independence of the risk management department and that its staff have a comprehensive understanding of the risks surrounding the company;
- Preparing periodic reports on the nature of the risks to which the company is exposed and submitting them to the



Board of Directors.

Committee Formation:

- The company is committed to forming Board of Directors committees in accordance with the provisions of Corporate Governance Resolution No. (58) of 2023, specifically the regulations and provisions of the Insurance Regulatory Unit. The Risk Management Committee is formed as follows:
- The committee consists of four members from the Board of Directors, with a majority being non-executive members.
- The committee chair is a non-executive member of the Board of Directors.
- The Chairman of the Board of Directors is not a member of the committee.
- One member of the committee is an independent member.

Below you will find the meetings of the “First Takaful” Risk Management Committee for 2025 (before the new formation):

Risk Management Committee			
Committee Members	Rami Habli Committee Chairman	Hussain Al-Attal Committee Member	Bader Jassim Alhajeri committee Member
Meeting no. 01/2025	√	√	√
Attendance percentage	100 %	100 %	100 %

Below you will find the meetings of the “First Takaful” Risk Management Committee for 2025 (after the new formation):

Risk Management Committee				
Committee Members	Bader Jassim Alhajeri Committee Chairman	Hussain Al-Attal Committee Member	Rami Habli committee Member	Bandar Al-Jarallah committee Member
Meeting no. 02/2025	√	√	√	√
Meeting no. 03/2025	√	√	√	√
Meeting no. 04/2025	√	√	√	√
Meeting no. 05/2025	√	√	√	√
Meeting no. 06/2025	√	√	√	√
Attendance percentage	100 %	100 %	100 %	100 %

Key achievements of the committee during 2025:

- Discussion and approval of the Risk Management Action Plan (2025-2026), emphasizing adherence to the approved plan.
- Discussion and approval of the 2024 Risk Management Assessment, recommending continuation with the Risk Management Services Provider.
- Review of the company's (updated) organizational structure and the functional structure of the Risk Management Department and other company departments.
- Review to ensure the availability of sufficient resources and systems for risk management through the provision of a dedicated team by the Risk Management Services Provider.
- Review to ensure the independence of Risk Management staff from activities that expose the company to risks, while ensuring that there is no factor affecting the independence of the Risk Management Services Provider.
- Review to ensure that Risk Management officers have a complete understanding of the risks surrounding the company and to work on enhancing employees' risk awareness and culture.
- Discussion and approval of the Risk Approach, with a recommendation to the Board of Directors for approval.
- Preparation of the final Risk Management Review report on related party transactions involving the sale of (4) shares of the company's stake in Al-Oula Financial Holding Company - State of Kuwait to a related party. Discussion and adoption of the semi-annual Risk Management Report as of December 31, 2024, issued by the Risk Management Department, concerning the Risk Management Framework and providing a comprehensive overview of key risks, including financial, non-financial, and other risks. The report was adopted and approved.
- Discussion and adoption of the Risk Management Report concerning solvency margin risk.
- Discussion and adoption of the Risk Management Report concerning related party transaction risks.
- Discussion and adoption of the final semi-annual Risk Management Report as of June 30, 2025.
- Discussion and adoption of the final Risk Management Report on the proposed capital increase subscription agreement with a related party (Arzan Financial Group for Finance and Investment), with Mr. Bader Jassim Al-Hajri dissenting on this report.

Internal Control:

First Takaful relies on a set of control systems and regulations that cover all the company's operations and departments. These systems and regulations work to maintain the integrity of the company's financial position, the accuracy of its data, and the efficiency of its operations in all aspects. The company's organizational structure reflects dual control mechanisms, including the clear definition of authorities and responsibilities, complete separation of duties and avoidance of conflicts of interest, dual review and audit, and dual signature.

Compliance Department:

The company has a dedicated department for implementing regulatory instructions, namely the Compliance Department. This department strives to adhere to all instructions issued by regulatory authorities and internal policies to achieve the highest standards of compliance. The department enjoys independence and reports to the Audit Committee and, consequently, to the Board of Directors. During the year, five meetings were held with the Audit Committee, and a number of reports were submitted to the committee.

Employee Name	Job Title	Date of Appointment	Professional Qualifications and Work Experience	Replacement Employee
Mohammad Fahd Al-Ahmad	Senior Manager – Compliance	2015	Bachelor's degree More than 10 years of experience	Badriya Bader Al-Ruwaihed Senior Officer – AML Compliance



Evaluation and Review of Internal Control Systems:

An evaluation report of the internal control systems of First Takaful Insurance Company was prepared by an independent audit firm for the fiscal year ending December 31, 2024. This report included an examination of the company's control environment and its compliance with the Corporate Governance Rules issued by the Capital Markets Authority – State of Kuwait. The report was submitted to the Board of Directors and the Capital Markets Authority. It indicated the company's adherence to the basic internal control systems in accordance with the Capital Markets Authority – State of Kuwait's rules. The report also clarified that there were no new observations regarding the company, and that all observations from previous years had been addressed.

Internal Audit Department:

The company's Internal Audit Department reviews and evaluates internal control systems. It also assesses the performance of the executive management in implementing these systems and reports to the Audit Committee. The department operates with complete independence and reports to the Audit Committee and, ultimately, to the Board of Directors. It is worth mentioning that Agile Management Consulting provides consulting services in internal audit management. The representative of the internal audit office of Al Oula Takaful Insurance Company attended (4) meetings with the audit committee and the auditor for the year 2024 and discussed with the committee members all the financial data and reports issued by the internal audit office.

Promoting Professional Conduct and Ethical Values:

Code of Conduct:

The company has a Code of Conduct with comprehensive behavioral standards and guidelines established by the Board of Directors to instill ethical concepts and values. The executive team operates according to these standards and guidelines to achieve the company's aspirations and objectives, contributing to the optimal performance of tasks.

- The Board of Directors of First Takaful Insurance Company has adopted and updated policies and procedures to achieve the highest level of adherence to the company's Code of Conduct and behavioral standards. Below are some of the policies and procedures as examples of their application in the company's operations:
- Shareholder Relations Policy - Code of Conduct
- Related Parties and Investor Affairs Policy
- Disclosure Policies and Procedures Manual
- Internal Reporting Policy
- Related Party Transactions Policy
- **Conflict of Interest Policy**
- **Conflict of Interest:**

The Conflict of Interest Policy at Oula Takaful aims to minimize conflicts of interest between the company and related parties. It also identifies situations that could lead to future conflicts of interest and works to address and mitigate such situations. Furthermore, the Conflict of Interest Policy contributes to protecting the integrity and reputation of the company and its stakeholders.

The Conflict of Interest Policy requires members of the Board of Directors and the Executive Management to disclose any shared interests they may have with the company and to separate personal interests from their official responsibilities within the company. It prioritizes the company's interests over those of its members.

Investment Committee:

An Investment Committee, formed by the Board of Directors, is dedicated to developing an effective investment policy. This is one of the Board's primary responsibilities. The Investment Committee's objectives include developing the investment policy and monitoring its implementation and performance in collaboration with the Executive Management. The Board of Directors reviews and approves the policy.

Committee Responsibilities:

Reviewing the company's investment plan and policy and recommending it to the Board of Directors for approval.

Committee Composition: The Board of Directors formed the Investment Committee, which consists of four members from among its members. One of the committee members is an independent member;

The committee chair is a non-executive member of the board of directors.

Committee Meetings:

The committee will convene as needed, either at the company headquarters or elsewhere if necessary. An invitation to the meeting, along with the agenda and supporting documents, will be sent out. A quorum requires the physical presence of at least half of the committee members.

The committee will also convene at the request of the chair, two committee members, or the board of directors, provided that the request for the meeting states the reasons for the request.

Below you will find the meetings of the "First Takaful" Investment Committee for 2025: (before the new formation):

Investment Committee:			
Committee Members	Bader Jassim Alhajeri Committee Chairman	Hussain Al-Attal Committee Member	Saleh Al-Tanib committee Member
Meeting no. 01/2025	√	√	√
Meeting no. 02/2025	√	√	√
Attendance percentage	100 %	100 %	100 %

Below you will find the meetings of the "First Takaful" Investment Committee for 2025: (after the new formation):

Investment Committee:				
Committee Members	Rami Habli Committee Chairman	Hussain Al-Attal Committee Member	Bader Jassim Alhajeri committee Member	Ezzat Abu Aramarah committee Member
Meeting no. 03/2025	√	√	√	√
Meeting no. 04/2025	√	√	√	√
Meeting no. 05/2025	√	√	√	√
Meeting no. 06/2025	√	√	√	√
Attendance percentage	100 %	100 %	100 %	100 %



The sale of four shares of First Takaful Insurance Company's equity in First Financial Holding Company, equivalent to KD 60,000 (sixty thousand Kuwaiti dinars only), to a related party – International Financial Advisors Holding Company – was discussed and approved.

- A recommendation was submitted to the Board of Directors to approve the sale of four shares of the company's stake in First Financial Holding Company, equivalent to KD 60,000, to a related party – International Financial Advisors Holding Company.

- The letter received from S&C Group Investments LLC (an investment in which we own 17.65% of the company's capital) was discussed, requesting our company's approval to transfer ownership of S&C Group Investments LLC and its subsidiaries to a special purpose vehicle (SPV), Strive Investments Limited.

- Since the transfer of our company's ownership in S&C Group Investments to Strive Investments Limited will preserve the integrity of our investment, maintaining our ownership percentage and investment value, and ensuring no material or financial impact on this investment, while guaranteeing no effect on our ownership or interests, the members of the Investment Committee approved this transfer.

- Accordingly, the recommendation was submitted to the Board of Directors to approve the transfer of our company's ownership in S&C Group Investments to a special purpose vehicle (SPV), namely Strive Investments Limited.

- Discussion of debt collection from a related party (International Financial Advisors Holding Company – IFA) on behalf of First Takaful Insurance Company, amounting to KD 250,000 (two hundred and fifty thousand Kuwaiti dinars only).

- This proposal was presented to the Sharia Supervisory Board and represents an investment opportunity managed by Arzan Financial Group for Finance and Investment K.S.C. The proposal aimed to utilize surplus funds by investing 250,000 Kuwaiti Dinars (two hundred and fifty thousand Kuwaiti Dinars), equivalent to US\$815,000, in a real estate investment in the United States compliant with Islamic Sharia. This proposal was initially rejected in principle by the members of the Fatwa and Sharia Supervisory Board. Consequently, the Investment Committee requested a meeting with the members of the Fatwa and Sharia Supervisory Board to obtain a more detailed explanation of the investment's nature and to understand the underlying Sharia opinion. This was intended to determine the appropriate course of action for investing in this opportunity or exploring other investment opportunities. Mr. Bader Jassim Al-Hajri abstained from voting on this proposal.

- All conditions presented by Sheikh Dr. Anwar Shuaib Abdul Salam, Chairman of the Fatwa and Sharia Supervisory Board, were approved, and the recommendations were forwarded to the Board of Directors for approval.

- Mr. Rami Habli, Chairman of the Committee, reviewed the details of the opportunity to sell shares of Rasameel Investment Company, which amount to 9,013,340 shares. The sale of these shares at a price of no less than 40 fils was unanimously approved. The recommendation was also made to reinvest the amount obtained from this sale in shares listed on the Kuwait Stock Exchange, provided that they are shares with good returns for the company, and this recommendation was submitted to the members of the Board of Directors for approval.

Board Committees Whose Formation Has Not Yet Been Approved for the Next Three Years

Governance Committee:

The Governance Committee is a specialized committee for corporate governance, established and formed by the Board of Directors. Its main roles and responsibilities are as follows:

- Monitoring the company's implementation of and compliance with corporate governance principles;
- Preparing a detailed annual report on the application of corporate governance principles at First Takaful Insurance Company;

- Submitting recommendations to the Board of Directors on all matters related to the corporate governance framework;

Committee Formation:

The company's Board of Directors has formed a committee dedicated to sound governance principles and regulations, working to implement best practices. The Governance Committee is structured as follows:

- The committee consists of three members from the Board of Directors, with a majority being non-executive members.
- The Chairman of the Board is the committee chair.
- The company's Chief Executive Officer is a member of the committee.

Committee Meetings:

- The Governance Committee meets at least once a year, and the number of meetings may be increased as needed.
- Directors who are not members of the committee may attend meetings upon invitation from the committee chair.

Governance Committee:			
Committee Members	Abdullah Abdul Raz-zaq Al Asfour Committee Chairman	Hussain Al-Attal Committee Member	Osama Al Abdul Jalil committee Member
Meeting no. 01/2025	√	√	√
Attendance percentage	100 %	100 %	100 %

Key achievements of the committee during 2025:

- Preparation and approval of the company's 2024 governance report for submission to regulatory authorities.
- Approval of the 2025-2026 Compliance, Anti-Money Laundering (AML) and Compliance Management (CAMP) Action Plan.
- Authorization of the CEO (a committee member) to oversee the CAMP's compliance action plan and approve reports prepared by the department.
- Discussion of Circulars No. 4 and 5 of 2025 issued by the Insurance Regulatory Unit regarding compliance with corporate governance rules, in addition to providing the unit with annual reports.

Senior executive management and executive directors:

Names of senior executive management	position	academic qualifications, work experience	date of appointment
Hussain Al-Attal	Vice-Chairman and Chief Executive Officer - Executive Member -	Bachelor's degree Over 25 years of experience	01/06/2012
Malik Salim Oraikat	V.P Finance & Administration:	Bachelor's degree Over 25 years of experience	17/03/2001



Names of the executive directors:

Names of senior executive directors	position	academic qualifications, work experience	date of appointment
Mohamed Fahd Al-Ahmad hamed	Senior Manager – Anti-Money Laundering and Sharia Compliance	Bachelor's degree Over 10 years of experience	19/04/2015
Mohamed Ibrahim Zaqrit	Senior Manager – Administrative Affairs	Bachelor's degree Over 15 years of experience	25/08/2013
Youssef Mohamed Abu Huwaili	Senior Manager – Finance and Accounting	Bachelor's degree Over 20 years of experience	11/05/2003
Adel Sayed Ahmed Ali	Senior Manager – Fire and General Accident Underwriting	Bachelor's degree Over 20 years of experience	06/03/2022
Mohamed Mustafa Obeido	Senior Manager – Legal Affairs	Bachelor's degree Over 25 years of experience	09/05/2004
Zafer Youssef Shaheen	Senior Manager – Life and Medical Claims	Bachelor's degree Over 20 years of experience	03/06/2013
Abdulrahman Mohamed Al-Attal	Senior Manager – Public Relations	Bachelor's degree Over 15 years of experience	06/07/2008
Mohamed Sherif Abdel-Raouf	Senior Manager – Reinsurance and General Claims	Bachelor's degree Over 20 years of experience	21/11/2021
Ehab Abdel-Azim Saleh Al-Shimi	Fire and General Accident Underwriting Manager	Bachelor's degree Over 15 years of experience	28/09/2025
Emad Ayoub Othman Eid	Human Resources Manager	Bachelor's degree Over 14 years of experience	13/09/2020
Asmaa Salah Mahmoud Mo	Life and Medical Claims Manager	Bachelor's degree Over 12 years of experience	19/10/2014
Mohamed Atiq Hafeez	Reinsurance Accounts Manager	Bachelor's degree Over 20 years of experience	10/11/2001
Mohamed Farouk Mohamed Shaaban	Creditors Accounts Manager	Bachelor's degree Over 20 years of experience	29/06/2021

For accurate and timely disclosure and transparency:

Disclosure and Presentation Mechanisms:

The company is committed to implementing best-in-class disclosure mechanisms. The Board of Directors has adopted disclosure policies and procedures that include methods and procedures for disclosing material data and information. These policies ensure complete transparency regarding all information and data, allowing for timely disclosure. The Board of Directors reviews these disclosure mechanisms periodically to align with international best practices.

Disclosure Register:

The company maintains a dedicated register for disclosures by members of the Board of Directors and the Executive Management. This register is available to all company shareholders free of charge. The company updates this register regularly to accurately reflect the positions of related parties.

Investor Affairs Unit:

The company has an Investor Affairs Unit responsible for providing all necessary data, information, and reports to potential investors. This unit operates with a high degree of independence, providing this data and these reports accurately and in a timely manner through all established channels. A dedicated page on the company's website is provided for the Investor Affairs Unit, containing all contact information for the unit's head.

Technology:

The company relies heavily on technology, which facilitates communication with shareholders, investors, and stakeholders through the use of information technology. First Takaful has dedicated a full section on its website to corporate governance and company disclosures, providing up-to-date data and information that empowers current and potential shareholders and investors to exercise their rights in evaluating the company's performance.

Encouraging Stakeholder Participation: The company provides stakeholders with access to all information and data relevant to their activities. It also offers a mechanism for reporting any improper practices experienced by stakeholders, ensuring full protection for whistleblowers.

Whistleblower Policy: The company has a whistleblowing policy designed to encourage employees and stakeholders to report any illegal or unethical conduct within the company or organization. This policy outlines a secure and confidential channel for reporting violations that may include corruption, financial manipulation, unethical behavior, or any other actions that could harm the interests of the company or its employees.

The policy outlines how to report violations through a secure and confidential channel. **Respect for Shareholders' Rights:**

The company's articles of association, policies, regulations, and internal controls guarantee fairness and equality for all shareholders. Shareholders have general rights, such as holding the board of directors accountable, monitoring the company's performance, and electing board members, among others.

First Takaful grants shareholders their full rights without discrimination, in a manner that does not harm the company's interests or conflict with applicable laws and regulations.

Clearing Agency:

The company is committed to accuracy and continuous monitoring of shareholder data. A dedicated register is maintained with the clearing agency, recording the names of shareholders and the number of shares each owns. The company ensures that any changes are updated in the shareholder register immediately to maintain the highest level of accuracy.

Encouraging Shareholder Participation:

The right to participate and vote in the company's General Assembly is an inherent right of all shareholders. The company is committed to activating this role by sending invitations to shareholders to attend the General Assembly meeting, including all data and information related to the agenda items. Shareholders also have the right to appoint a proxy to attend the General Assembly meeting through a special power of attorney or authorization. The company enables shareholders who own 5% of the company's capital to add items to the agenda. The company also provides shareholders with disclosure information regarding members of the Board of Directors and members of the Executive Management.

Recognizing the Role of Stakeholders:

Recognizing the rights of stakeholders contributes to strengthening the framework of mutual cooperation between the company and its stakeholders. The company is committed to respecting and protecting the rights of stakeholders. The policies and procedures established by the company guarantee full protection and equal treatment for all members of the Board of Directors without discrimination. The company strives to build strong relationships with its clients and suppliers and maintains the confidentiality of information related to them. The policy outlines the mechanism for submitting and resolving complaints, as well as the procedures that safeguard the rights of stakeholders.

Enhancing and improving performance: Encouraging performance improvement:

The company's interest in encouraging the development and improvement of efficiency and performance has contributed to the establishment of mechanisms and systems that allow members of the Board of Directors and the executive management to obtain training programs and courses related to the company's activities and work, through introductory programs such as the company's strategy and the financial and operational aspects for newly appointed members, as well as including programs, workshops and conferences for current members and the executive management.

Accordingly, several workshops were held:

Special workshops for Board members:

- A training workshop was conducted for the Board members of the First Takaful Insurance Company entitled "Combating Money Laundering and Terrorist Financing."
- Some workshops, courses, and conferences specifically for executive management:
- Insurance sector: Risks, regulation, and flexibility.



- Accredited Board Secretary.
- Marine pollution insurance.
- Advanced international professional certification in anti-money laundering.
- Regulating securities transactions for insiders.
- Marine pollution insurance.
- Policies and procedures in accordance with the provisions of Law No. 125 of 2019.
- Corporate governance rules and enhancing transparency.
- Insurance claims.
- Professionalism and mastery in selling insurance products.
- Insurance policy rules.
- Most effective marketing strategies.
- Generative artificial intelligence.
- Sales and negotiation skills.

Performance Evaluation:

The performance evaluation of the Board of Directors and Executive Management is based on qualitative and quantitative performance indicators defined by the company. The most important qualitative indicators upon which performance evaluation systems are based are interaction and responsiveness to the desired objectives, addressing feedback from regulatory bodies, problem management and resolution, and participation in training courses and their relevance to the company’s activities and operations.

Quantitative indicators are based on returns on average assets and on average shareholders’ returns, including net profit margin and annual returns.

Creating Corporate Values:

The company’s vision and mission work to create a suitable environment for effective and productive corporate values. These contribute to improving performance rates and instilling corporate values in employees. This, in turn, contributes to enhancing operations and maintaining the company’s financial stability. The reflection of our values in all of the company’s activities and products has fostered a culture of commitment to laws and regulatory decisions, as well as providing high-quality services, honesty, integrity, and transparency in dealings with clients. This helps achieve the company’s strategic objectives. Focusing on the Importance of Social Responsibility:

Social Responsibility:

First Takaful’s social responsibility activities revolve around fulfilling its social duty as a key partner in the development of Kuwaiti society. This is achieved through contributing to the improvement of living, social, and economic conditions in the country. The company supports all sectors within Kuwait, and the importance of social responsibility lies in strengthening the relationship between the company and the community.

For example, some of First Takaful’s activities include:

- “Iftar for the Fasting”: First Takaful provided a group Iftar meal for the elderly at Dar Farah Home.
- “Orphan Children”: First Takaful organized a Gergean celebration for the children of the Family Nursery.
- “Periodic Newsletter”: First Takaful publishes periodic newsletters that raise awareness about insurance and highlight its importance within Kuwaiti society.

Data on the members of the Sharia Committee:

Fatwa and Sharia Supervisory Board

Committee Chairman	Committee Member	Committee Member
Sheikh Dr. Anwar Shuaib Abdul Salam	Sheikh Dr.Mohammed Abdul Razzaq Al-Tabtabai	Sheikh Dr. Essam El Ghareeb

The Sharia Supervisory Board is responsible for the following:

- Reviewing the articles of incorporation, bylaws, regulations, and policies of the Takaful insurance company to ensure their compliance with Islamic Sharia principles.

- Establishing the fundamental Sharia-compliant rules for the company's operations.
- Reviewing all the company's transactions, Takaful insurance products, contracts, and documents to ensure their compliance with Islamic Sharia principles and approving them before implementation.
- Reviewing the company's Takaful insurance transactions and investment activities to determine their compliance with Islamic Sharia principles.
- Rejecting any activity undertaken by the company that does not comply with Islamic Sharia principles.
- Proposing and offering Sharia-compliant solutions to financial transaction problems that do not conform to the principles and rulings of Islamic Sharia, and contributing to finding Sharia-compliant alternatives for products that violate Sharia rules.
- Ensuring that profits generated from sources or methods that conflict with the provisions and principles of Islamic Sharia are allocated to charitable causes after approval by the relevant unit.
- Ensuring that expenses, profits, and losses are distributed in accordance with Islamic Sharia principles and the established system. Ensuring that Zakat is calculated in accordance with the provisions and principles of Islamic Sharia, where required, as stipulated in the company's articles of association.
- Overseeing the compilation of the Sharia Supervisory Board's fatwas and approving their publication as a legally binding and official reference document.
- Recording any Sharia violations in the company's activities and requesting their correction or cessation, with the Board submitting its objection in writing to the Chairman of the Board.
- Reviewing the internal Sharia auditor's reports regarding the audit of the company's operations and their compliance with Islamic Sharia principles.

Sharia Supervisory Board Reports and Meetings:

- The Internal Sharia Audit Department of Al Oula Takaful Insurance Company K.S.C.P. submits a summary of the quarterly reports to the members of the Fatwa and Sharia Supervisory Board and the Board of Directors. These reports reviewed and evaluated the extent to which the company's transactions and operations comply with the provisions and principles of Islamic Sharia. This was achieved through four periodic reports aimed at strengthening Sharia governance, raising the level of compliance, and addressing relevant observations and recommendations.

Content:

- Discussion of investment opportunities presented to Al Oula Takaful Insurance Company.
- Review of a random sample of daily transactions and operations.
- Review of transactions and operations in the field of Takaful insurance, including products, investments, and contracts concluded during 2025.
- Discussion of opening an investment portfolio account with Arzan Financial Group for Finance and Investment.
- Review and approval of the Internal Sharia Audit reports.

Sharia Committee Recommendations:

The quarterly reports addressed the monitoring of Al Oula Takaful Insurance Company K.S.C.P.'s compliance. By implementing the recommendations and decisions of the Fatwa and Sharia Supervisory Board, and measuring the level of Sharia compliance in various activities and operations, the review results showed the executive management's keenness to implement the issued recommendations and work to address the Sharia observations within the approved timeframes, which contributes to strengthening adherence to the provisions of Islamic Sharia and consolidating the Sharia governance system in the company.

End of Report



Financial Statement

Consolidated financial statements and independent auditor's report
First Takaful Insurance Company – KPSC and its Subsidiary
Kuwait
31 December 2024



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Independent Auditor's Report

To the Shareholders of
First Takaful Insurance Company – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Takaful Insurance Company - KPSC ("the Parent Company") and subsidiary, (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including international independence standards)* issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of 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. We have determined the matters described below as the key audit matters.

Valuation of investments held at fair value

The Group invests in various asset classes, of which 24% of the total assets represent investments in foreign unquoted shares which is carried at fair value and classified as investments at fair value through other comprehensive income. The investments are fair valued on a basis considered most appropriate by the management, depending on the nature of the investment, and the valuation is performed by the Group using a fair value hierarchy as detailed in note 9 and 20.3 and are carried at fair value based on Level 3 valuations. Fair value measurement can be a subjective area and more so for the investments classified under Level 3 since these are valued using inputs other than quoted prices in an active market. Given the inherent subjectivity in valuation of investments classified under level 3 we determined this to be a key audit matter. Refer to Notes 4.10.3 and 20.3 for more information on fair valuation of investments at fair value through other comprehensive income.

Our audit procedures included, among others, documenting and assessing the processes in place to fair value the investments, agreeing the carrying value of the investments to the Group's external valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtaining supporting documentation and explanations to corroborate the valuations.

Other information

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards 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,



Independent Auditor's Report to the Shareholders of First Takaful Insurance Company - KPSC (continued)

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report to the Shareholders of First Takaful Insurance Company - KPSC (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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 consol

Independent Auditor's Report to the Shareholders of First Takaful Insurance Company - KPSC (continued)

idated 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 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.



Hend Abdullah Al Surayea

(Licence No. 141-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

9 March 2026





Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Income			
Share of result from investment in associates	8	(1,689)	3,378
Profit from saving deposits		54,527	38,441
Other income	17	125,980	27,439
		178,818	69,258
Expenses and other charges			
General and administrative expenses	19	(189,580)	(226,450)
Reversal /(provision) for expected credit losses		15,067	(24,463)
Loss on disposal assets held for sale		(3,680)	-
		(178,193)	(250,913)
Profit / (loss) for the year before provisions for National Labour Support Tax (NLST) and Zakat			
		625	(181,655)
Provision for NLST		(15)	-
Provision for Zakat		(6)	-
Profit/(loss) for the year		604	(181,655)
Basic and diluted earnings / (loss) per share	6	0.01 Fils	(1.7) Fils

The notes set out on pages 63 to 116 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit / (loss) for the year		604	(181,655)
Other comprehensive income:			
Items that will not to be reclassified to profit or loss in subsequent periods:			
- Change in fair value of investments at fair value through other comprehensive income	9	24,309	69,805
Total other comprehensive income		24,309	69,805
Total comprehensive income / (loss) for the year		24,913	(111,850)

The notes set out on pages 63 to 116 form an integral part of these consolidated financial statements.



Consolidated statement of financial position

	Notes	31 Dec . 2025 KD	31 Dec. 2024 KD
Assets			
Bank balances	7	66,496	146,944
Term deposits	7	2,219,000	1,239,000
Assets held for sale	10	-	175,686
Investment in associates	8	661,690	723,379
Investments at fair value through other comprehensive income	9	3,408,126	2,961,049
Qard Hassan to policyholders' fund	11	2,985,761	3,053,603
Amount due from policyholders	12	473,074	-
Due from related parties	17	2,779,134	4,459,980
Other assets		41,115	13,850
Total assets		12,634,396	12,773,491
Equity and liabilities			
Equity			
Share capital	13	10,660,000	10,660,000
Statutory reserve	14	336,226	336,226
Voluntary reserve	14	306,980	306,980
Fair value reserve		1,642,248	1,617,939
Foreign currency translation reserve		(282,917)	(282,917)
Accumulated losses		(3,065,135)	(3,065,739)
Total equity		9,597,402	9,572,489
Liabilities			
Policyholders' deficit reserve	11	2,985,761	3,053,603
Other liabilities		51,233	147,399
Total liabilities		3,036,994	3,201,002
Total equity and liabilities		12,634,396	12,773,491

Abdullah A. Al-Asfour
Chairman

Hussain Ali Mohammed Al-Attal
Vice Chairman & CEO

The notes set out on pages 63 to 116 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Accumulated losses KD	Total KD
Balance at 31 December 2024	10,660,000	336,226	306,980	1,617,939	(282,917)	(3,065,739)	9,572,489
Profit for the year	-	-	-	-	-	604	604
Other comprehensive income for the year	-	-	-	24,309	-	-	24,309
Total comprehensive income for the year	-	-	-	24,309	-	604	24,913
Balance at 31 December 2025	10,660,000	336,226	306,980	1,642,248	(282,917)	(3,065,135)	9,597,402
Balance at 31 December 2023	10,660,000	336,226	306,980	1,548,134	(282,917)	(2,884,084)	9,684,339
Loss for the year	-	-	-	-	-	(181,655)	(181,655)
Other comprehensive income for the year	-	-	-	69,805	-	-	69,805
Total comprehensive income for the year	-	-	-	69,805	-	(181,655)	(111,850)
Balance at 31 December 2024	10,660,000	336,226	306,980	1,617,939	(282,917)	(3,065,739)	9,572,489

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Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
OPERATING ACTIVITIES			
Profit / (loss) for the year		604	(181,655)
Adjustments for:			
Share of result from investment in associate		1,689	(3,378)
Unwinding of discount for due from related parties – included in other income		(106,922)	(12,205)
(Reversal) / provision for expected credit losses		(15,067)	24,463
Loss on disposal of an assets held for sale	10	3,680	-
		(116,016)	(172,775)
Changes in operating assets and liabilities:			
Other assets		(27,265)	16,028
Due from related parties		1,802,835	1,392,073
Movement in amount due from policyholders		(473,074)	(413,568)
Other liabilities		(36,166)	(107,264)
Net cash from operating activities		1,150,314	714,494
INVESTING ACTIVITIES			
Increase in term deposits		(500,000)	(300,000)
Addition to investments at FVOCI		(422,768)	-
Proceeds from disposal of an asset held for sale	10	172,006	-
Net cash used in investing activities		(750,762)	(300,000)
Net (decrease) / increase in cash and cash equivalents		399,552	414,494
Cash and cash equivalents at the beginning of the year	7	646,944	232,450
Cash and cash equivalents at the end of the year	7	1,046,496	646,944
Non-cash transaction:			
Partial disposal of investment in an associate		60,000	-
Other liabilities		(60,000)	-

The notes set out on pages 63 to 116 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

First Takaful Insurance the (“Parent Company”) is a Kuwaiti Public Shareholding Company that was incorporated on 25 July 2000 and is registered under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments.

The shares of the Parent Company are listed on Boursa Kuwait.

On 1 September 2019, the new Insurance Law No.125 of 2019 was issued effective from 28 August 2019. This Law supersedes the Law No. 24 of 1961 and its subsequent amendments. The Executive Regulations of Law No. 125 for the year 2019 were issued on 16 March 2021.

The Parent Company is a subsidiary of International Financial Advisors Holding - KPSC (“the Ultimate Parent Company”). The Parent Company and its subsidiary are together referred to as “the Group”.

Details of the Group’s consolidated subsidiary at the end of the reporting period is as follows:

	Country of registration and place of business	Nature of business	Proportion of ownership interest	
			31 Dec. 2025	31 Dec. 2024
Nawasi Kuwait Real Estate Company for the Purchase and Sale of Land and Properties W.L.L. (formerly: Weqya Real Estate Company – WLL	Kuwait	Real Estate	100%	100%

The subsidiary was incorporated during the year 2022 and has not yet started operations.

The Parent Company is engaged in:

- Takaful insurance for all types of insurance
- Owning properties and movables for the benefit of the Company
- Buying and selling shares and bonds for the Company
- Utilizing financial surplus in financial portfolios through investment in financial portfolios managed by specialized companies and authorities
- Providing administrative and technical services to insurance companies
- Health insurance management and regulation

Takaful is an Islamic alternative to a conventional insurance and investment program, based on the mutual funds concept, where each policyholder will receive his share in the surplus arising from the insurance activities, in accordance with the Parent Company’s articles of association and the approval of Fatwa and Sharee’a Supervisory Board.

The Group conducts business on behalf of the policyholders and advances funds to the policyholders’ operations as and when required. The shareholders are responsible for liabilities incurred by policyholders in the event the policyholders’ fund is in deficit and the operations are liquidated. The Group holds the physical custody and title of all assets related to the policyholders’ and shareholders’ operations, such assets and liabilities together with the results of policyholders’ lines of business are disclosed in the notes.



Notes to the consolidated financial statements (continued)

1 Incorporation and activities (continued)

The Group maintains separate books of accounts for policyholders and shareholders. Income and expenses clearly attributable to either activity is recorded in the respective accounts. Management and the board of directors determine the basis of allocation of expenses from joint operations.

All insurance and investment activities are conducted in accordance with Islamic Sharee'a, as approved by Fatwa and Sharee'a Supervisory Board.

The address of the Parent Company's registered office is PO Box 5713, Safat 13058, State of Kuwait.

The financial statements for the year ended 31 December 2025 were authorised for issue by the board of directors of the Parent Company on 9 March 2026 and are subject to the approval of the General Assembly of the shareholders.

2 Statement of compliance and basis of preparation

2.1 Statement of compliance with IFRS Accounting Standards and going concern assumptions

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investments at fair value through other comprehensive income which have been measured at fair value.

The financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional and presentation currency of the Group.

The Group elected to present the "consolidated statement of comprehensive income" in two statements: the "statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

3 Changes in accounting policies

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to existing IFRS Accounting Standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

IAS 21 Amendments – Lack of exchangeability

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

IAS 21 Amendments – Lack of exchangeability (continued)

- Specify when a currency is exchangeable into another currency and when it is not – a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable – when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable – when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

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

The amendments to IFRS 7 and IFRS 9 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.



Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments (continued)

- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- Disclosures of management-defined performance measures (MPM)
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

Management is currently working to identify all of the impacts that IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Annual Improvements to IFRS Accounting Standards – volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

Management does not anticipate adoption of the amendments will have a significant impact on the Group's consolidated financial statements.

4 Material accounting policies

The material accounting policies adopted in the preparation of the consolidated financial statements are set out below.

4.1 Basis of consolidation

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.1 Basis of consolidation (continued)

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

4.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

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.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

4.3 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (eg regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Revenue

The Group recognises revenue from the following major sources:

- Rental income
- Income from investment deposit
- Dividends income

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

- 1- Identifying the contract with a customer
- 2- Identifying the performance obligations
- 3- Determining the transaction price
- 4- Allocating the transaction price to the performance obligations
- 5- Recognizing revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

4.4.1 Rental income

Rental income from investment properties is recognised as noted in Note 4.

4.4.2 Dividend income

Dividend income, other than those from associates, are recognised at the time the right to receive payment is established.

4.4.3 Income from investment deposit

Income from investment deposit is recognised on a time proportion basis taking account of the principal outstanding and profit rate applicable.

4.5 Operating expenses

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or at the date of their origin.

4.6 Leased assets

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.6 Leased assets (continued)

The Group as a lessee (continued)

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.6 Leased assets (continued)

The Group as a lessor

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

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

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

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

4.7 Investment in associates

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

The Group's investment in associates is accounted for under the equity method of accounting, i.e. on the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment and the statement of profit or loss reflects the Group's share of the results of operations of associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of profit or loss.

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. Changes in the Group's share in associate's equity are recognised immediately in the statement of changes in equity.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.7 Investment in associates (continued)

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the Group's reporting date or to a date not earlier than three months of the Group's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Group's reporting date.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the statement of profit or loss.

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

4.8 Taxation

4.8.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

4.8.2 National Labour Support Tax (NLST)

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

4.8.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Under the NLST and Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

4.8.4 Taxation on overseas associates

Taxation on overseas associates is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these associates operate.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.9 Segment reporting

The Group has two operating segments: takaful insurance and investment. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.10 Financial instruments

4.10.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

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

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

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

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

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of profit or loss.

4.10.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVTOCI)



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.10 Financial instruments (continued)

4.10.2 Classification of financial assets (continued)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4.10.3 Subsequent measurement of financial assets

a) **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

Bank balances

Bank balances are subject to an insignificant risk of changes in value.

Due from Parent Company

Due from Parent Company is a financial asset originated by the Group that have fixed or determinable payments and are not quoted in an active market.

Other assets

Other assets are stated at the original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

b) **Financial assets at FVTOCI**

The Group's financial assets at FVTOCI mainly comprise investment in equity shares. These represent investment in unquoted equity shares.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.10 Financial instruments (continued)

4.10.3 Subsequent measurement of financial assets (continued)

b) Financial assets at FVTOCI (continued)

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument - by - instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short - term profit - taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the statement of changes in equity on de-recognition.

Dividends on these investments in equity instruments are recognised in the statement of profit or loss.

4.10.4 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets at amortised cost or at FVTOCI. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.10 Financial instruments (continued)

4.10.4 Impairment of financial assets (continued)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at the probability of default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group recognises lifetime ECL for due from related parties and other assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in the statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

4.10.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include other liabilities and amount due to policyholders.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

These are stated using effective interest rate method. Other liabilities and amount due to policyholders are classified as financial liabilities at amortised cost.

Other liabilities

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.11 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal 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 liabilities simultaneously.

4.13 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

4.14 Non-current assets and liabilities classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell; other than for investment properties which are measured at fair value (note 4.14), all others non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Any profit or loss arising from the sale of a non-current assets held for sale or its remeasurement to fair value less costs to sell is presented as part of a single line item in profit or loss.

4.15 Qard Hassan to policyholders and policyholders' deficit reserve

Qard Hassan represents non-profit Islamic financing provided by the shareholders to the policyholders with respect to the deficit arising from the takaful operations which will be settled from the surplus arising from such business in future years.

4.16 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.16 Impairment testing of non-financial assets (continued)

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.17 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Memorandum of Incorporation.

Fair value reserve – comprises of gains and losses relating to investments at fair value through other comprehensive income.

Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign associates into Kuwait Dinars.

Accumulated losses include current year profit and all prior period retained profits and losses.

All transactions with owners of the Group are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

4.18 Foreign currency translation

4.18.1 Functional and presentation currency

Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

4.18.2 Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in statement of profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.18.3 Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of foreign entities with a functional currency other than the KD are translated into KD. The functional currency of the foreign entities has remained unchanged during the reporting period.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.18 Foreign currency translation (continued)

4.18.3 Foreign operations (continued)

Assets and liabilities have been translated into KD at the closing rate at the reporting date. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal/ liquidation of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to statement of profit or loss and are recognised as part of the gain or loss on disposal/liquidation.

4.19 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Parent Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4.20 Related party transactions

Related parties represent Parent Company, associate, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

5 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

5.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.11). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets.



Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.1 Business model assessment (continued)

Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5.2.1 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5.2.2 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.3 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the group.

6 Basic and diluted earnings/(loss) per share

Basic and diluted earnings / (loss) per share is computed by dividing the profit/(loss) for the year by the weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit / (loss) for the year (KD)	604	(181,655)
Weighted average number of shares outstanding during the year	106,600,000	106,600,000
Basic and diluted earnings / (loss) per share	0.01 Fils	(1.7) Fils

Notes to the consolidated financial statements (continued)

7 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Bank balances	66,496	146,944
Term deposits	2,219,000	1,239,000
	2,285,496	1,385,944
Less: deposits maturing with original maturity of more than three months	(1,239,000)	(739,000)
Cash and cash equivalents as per consolidated statement of cash flows	1,046,496	646,944

Term deposits represent deposits with a local bank and carry an effective profit rate ranging from 3.625% to 4% (31 December 2024: 3.75% to 4.25%).

In accordance with executive regulations of Kuwaiti law No. (125) of 2019 regarding the Regulation of Insurance, an amount of KD839,000 (31 December 2024: KD778,000) has been retained as investment deposits with a Kuwaiti financial institution. The effective profit rate on the deposits during the period was 4% (31 December 2024: 4%). (refer to note 16.3 for the balance deposits)

8 Investment in associates

Name	Percentage ownership		Country of incorporation	Principal activity
	31 Dec. 2025 %	31 Dec. 2024 %		
Weqaya Takaful Insurance and Reinsurance Company – SSC (“Weqaya”) [see (a) below]	20	20	Kingdom of Saudi Arabia	Insurance
First Financial Holding Company-WLL (Holding)-“FFH” [see (b) below]	44	48	Kuwait	Finance

- a) The Group has discontinued to recognise its share of further losses of the associate (Weqaya) which is stated at a carrying value of KD1 effective from 1 April 2014 in accordance with IAS 28. If the investee company subsequently reports profits, the Group will resume recognising its share of these profits only after its share of the profits equals the share of losses not recognised.
- b) During 2020, the Group invested KD 720,000 in First Financial Holding Company – WLL (Holding) (“FFH”), with a total share capital of KD 1,500,000.

During the year, the Parent Company partially disposed of the above investment in the associate to a related party for a total sale consideration of KD 60,000. As the disposal was made at carrying value, no gain or loss was recognized in the consolidated statement of profit or loss.

The associates total net assets as of 31 December 2025 amounted to KD 1,503,841. The Group’s share of the loss for the year was KD (1,689).



Notes to the consolidated financial statements (continued)

9 Investments at fair value through other comprehensive income

	31 Dec. 2025 KD	31 Dec. 2024 KD
Local quoted securities	426,798	-
Foreign unquoted securities (a)	2,981,328	2,961,049
	3,408,126	2,961,049

a) These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments in equity instruments as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these investments in shareholders' results would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

10 Assets held for sale

The movement of assets held for sale are as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Opening balance at the beginning of the year	175,686	175,686
Disposals	(175,686)	-
Closing balance at the end of the year	-	175,686

During the year, the investment property classified as held for sale was disposed of. The total proceeds from the sale amounted to KD 172,006, resulting in a realised loss on disposal of KD 3,680, which has been recognised in the consolidated statement of profit or loss for the year.

11 Qard Hassan to policyholders' fund and deficit reserve

In accordance with the Parent Company's articles of association, the policyholders' net deficit from insurance operations has been covered by "Qard Hassan" from the shareholders. The Qard Hassan given by shareholders will be settled through surplus arising from the insurance operations in future years.

	31 Dec. 2025 KD	31 Dec. 2024 KD
Opening balance at the beginning of the year	3,053,603	2,963,175
Net (surplus) /deficit for the year from insurance operations (note 16)	(67,842)	90,428
Closing balance at the end of the year	2,985,761	3,053,603

Notes to the consolidated financial statements (continued)

12 Amount due from policyholders

	31 Dec. 2025 KD	31 Dec. 2024 KD
Opening balance at the beginning of the year	-	-
Net movements during the year	473,074	-
Closing balance at the end of the year	473,074	-

Net movements in policyholders' account represent the net funds transferred to their account on their behalf for meeting working capital requirements of policyholders.

13 Share capital

	31 Dec. 2025 KD	31 Dec. 2024 KD
Authorised shares of 100 Fils each	16,760,000	10,760,000
Issued and fully paid up shares of 100 Fils each:		
Shares paid in cash -	972,087	972,087
Shares paid in kind -	9,687,913	9,687,913
	10,660,000	10,660,000

The Extra-ordinary General Assembly of the shareholders held on 19 October 2025 approved the board of directors' proposals to increase the authorized share capital of the Parent Company from KD 10,760,000 to KD 16,760,000 and to authorize the board of directors to increase the issued and fully paid-up share capital of the Parent Company within the limits of the new authorized share capital. In addition, the shareholders of the Parent Company authorized the board of directors to determine the amount and way of issued and paid-up capital increase and to determine the share premium on issuance of the new shares. Following approval by the shareholders at the Extraordinary General Assembly, the amendment to the share capital was registered in the Commercial Register on 4 November 2025.

Accordingly, at their meeting held on 19 October 2025, the Board of Directors resolved to issue 60,000,000 shares for cash to the existing shareholders at a price of 100 fils per share. The subscription period was from 29 January 2026 ended on 12 February 2026.

Subsequent Events

Subsequent to the reporting date, the Company completed the subscription process related to the capital increase, whereby the share capital increased from KD 10,660,000 to KD 16,660,000 following full subscription by shareholders. The subscription period ended on 12 February 2026, and allocation procedures were finalized thereafter.

14 Statutory and voluntary reserves

Statutory reserve

The Companies Law and the Parent Company's articles of association require that 10% of the profit for the year before KFAS, NLST, Zakat and board of directors' remuneration to be transferred to the statutory reserve. The shareholders of the Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital.



Notes to the consolidated financial statements (continued)

14 Statutory and voluntary reserves (continued)

Statutory reserve (continued)

Distribution of statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of the paid-up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

Voluntary reserve

According to the Parent Company's articles of association, 10% of the profit for the year before KFAS, NLST, Zakat and board of directors' remuneration is to be transferred to the voluntary reserve at the discretion of the board of directors subject to the approval of the general assembly of the shareholders. There is no restriction on distribution of voluntary reserve.

No transfers to reserves is required in a year in which the Group has incurred a loss or where accumulated losses exist.

15 Annual General Assembly of the Shareholders

The board of directors of the Parent Company proposed not to distribute dividends for the year ended 31 December 2025, and this proposal is subject to the approval of the general assembly of the Parent Company's shareholders.

The general assembly of the shareholders held on 30 April 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the proposal of the board of directors not to distribute any dividends for the year then ended. Further, the shareholders approved to distribute board of directors' remuneration amounting KD 21,000 for the year ended 31 December 2024, which has been recorded during the current year consolidated statement of profit or loss under general and administrative expenses.

16 Policyholders' results by line of business and fund

16.1 Material accounting policies for Policyholders

Takaful and reinsurance contracts

Takaful and reinsurance contracts issued classification

The Group issues takaful contracts in the normal course of business, under which it accepts significant Takaful risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Takaful contracts can also transfer financial risk. The Group does not issue re-insurance contracts in the normal course of business.

Separating components from Takaful and reinsurance contracts

The Group assesses its Takaful products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. Currently, the Group's products do not include any distinct components that require separation.

Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into two categories: onerous contracts and others.

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Level of aggregation (continued)

This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Group applied a full retrospective approach for transition to IFRS 17.

The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into two groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of the remaining contracts in the portfolio if any)

The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Historical information
- Results of similar contracts it has recognised
- Environmental factors, e.g. a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Recognition

The Group recognises groups of Takaful contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Recognition (continued)

The Group recognises a group of reinsurance contracts held:

- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Group adds new contracts to the group when they are issued or initiated.

Contract boundary

The Group includes in the measurement of a group of Takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the contributions, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Group has the practical ability to reassess the risks of the portfolio of Takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contributions or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future Takaful contracts.

Takaful contracts - initial measurement

The Group applies the premium allocation approach (PAA) to all the takaful contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all contributions within the contract boundary.

Or

- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as the contributions, if any, received at initial recognition, minus any insurance acquisition cash flows at that date, there is no allowance for time value of money as the contributions are mostly received within one year of the coverage period.

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Takaful contracts - initial measurement (continued)

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as Takaful contracts that it issues, however, adapted to reflect the features of reinsurance contracts held that differ from Takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Takaful contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognized as insurance revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Reinsurance contracts held

The Group do not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

The subsequent measurement of reinsurance contracts held follows the same principles as those for Takaful contracts issued and has been adapted to reflect the specific features of reinsurance held.

Takaful contracts - modification and derecognition

The Group derecognises Takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);
- or

The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Takaful contracts - modification and derecognition (continued)

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

Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of groups of Takaful contracts issued that are assets, groups of Takaful contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding Takaful contracts are included in the carrying amount of the related groups of Takaful contracts issued.

The Group disaggregates the total amount recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

The Group separately presents income or expenses from Reinsurance contracts held from the expenses or income from Takaful contracts issued.

Takaful revenue

The Takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected contribution receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of Takaful contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Insurance finance income and expense (continued)

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group disaggregate insurance finance income or expenses between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. the Group financial assets are also measured at FVTOCI.

Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from re-insurers, and an allocation of the reinsurance contributions paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held.

Equipment

Equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of equipment.

The following useful lives are applied:

- Equipment: 4-5 years
- Vehicles: 3 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the statement of policyholders' results.

Provision for employees' end of service benefits

The Group provides end of service benefits to its employees. 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.

With respect to its Kuwaiti national employees, in addition to the end of service benefits, 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.



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Critical accounting judgments and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Assessment of significance of Takaful risk:

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

Expected credit loss

Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of Takaful and re-Takaful receivables. For non-Takaful receivables the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

Takaful and re-Takaful contracts

The Group applies the PAA to simplify the measurement of Takaful contracts. When measuring liabilities for remaining coverage, 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.

Liability for remaining coverage

For Takaful acquisition cash flows, the Group is eligible and chooses to capitalise all Takaful acquisition cashflows upon payments.

The effect of recognising Takaful acquisition cash flows as an expense on initial recognition of group of Takaful 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 profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

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.

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.1 Material accounting policies for Policyholders (continued)

Critical accounting judgments and key sources of estimation uncertainty (continued)

Liability for incurred claims (continued)

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 analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claim's 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 of market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

Discount rate

The Group use bottom-up approach to derive the discount rate. 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 contribution'). The risk-free rate 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 a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of Takaful contracts. The risk adjustment reflects an amount that a Takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Revenue			
Takaful revenue	16.5	5,890,044	5,877,419
Takaful service expenses	16.5	(4,084,815)	(2,759,691)
Takaful service result before reinsurance contracts held		1,805,229	3,117,728
Re-insurance expenses from reinsurance contracts held	16.6	(3,151,660)	(3,600,711)
Re-insurance income from reinsurance contracts held	16.6	1,743,285	898,480
Reinsurance service result		(1,408,375)	(2,702,231)
Takaful finance income for Takaful contracts issued		(179,241)	(95,327)
Reinsurance finance expenses for reinsurance contracts held		126,498	43,920
		(52,743)	(51,407)
Other income		336,033	217,636
Net Takaful financial result		680,144	581,726
Expenses and other charges			
Unallocated general and administrative expenses		(612,302)	(672,154)
		(612,302)	(672,154)
Net surplus / (deficit) from Takaful operations		67,842	(90,428)
Other comprehensive income		83,129	80,249
Net surplus / (deficit) from Takaful operations with other comprehensive income		150,971	(10,179)

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.2 Policyholders' assets, liabilities and fund:

	Note	31 Dec . 2025 KD	31 Dec. 2024 KD
Assets			
Cash and bank balances		9,519	4,490
Investment deposits	16.3	822,000	822,000
Financial assets at FVTOCI	16.7	389,976	306,847
Reinsurance contract assets	16.6	4,864,799	3,775,773
	Other assets	240,866	233,298
Equipment		9,030	12,306
Total assets		6,336,190	5,154,714
Liabilities			
Takaful contract liabilities	16.5	8,052,779	7,074,238
Reinsurance contract liabilities	16.6	1,363	2,494
Amount due to shareholders		473,074	-
Other liabilities	16.8	1,536,321	1,956,300
Total liabilities		10,063,537	9,033,032
Policyholders' fund			
Net deficit for policyholders at the beginning of the year		(3,053,603)	(2,963,175)
Net surplus / (deficit) from Takaful operations for the year (11)		67,842	(90,428)
Total net deficit from insurance operations	16.9	(2,985,761)	(3,053,603)
Fair value reserve		(824,715)	(904,964)
Change in fair value during the year		83,129	80,249
		(741,586)	(824,715)
Total policyholders' fund at the end of year	16.9	(3,727,347)	(3,878,318)
Total liabilities and policyholders' fund		6,336,190	5,154,714

16.3 In accordance with executive regulations of Kuwaiti law No. (125) of 2019 regarding the Regulation of Insurance, an amount of KD822,000 (31 December 2024: KD822,000) has been retained as investment deposits with a Kuwaiti financial institution. The effective profit rate on the deposits during the period was 4% (31 December 2024: 4%). (refer note no 7).



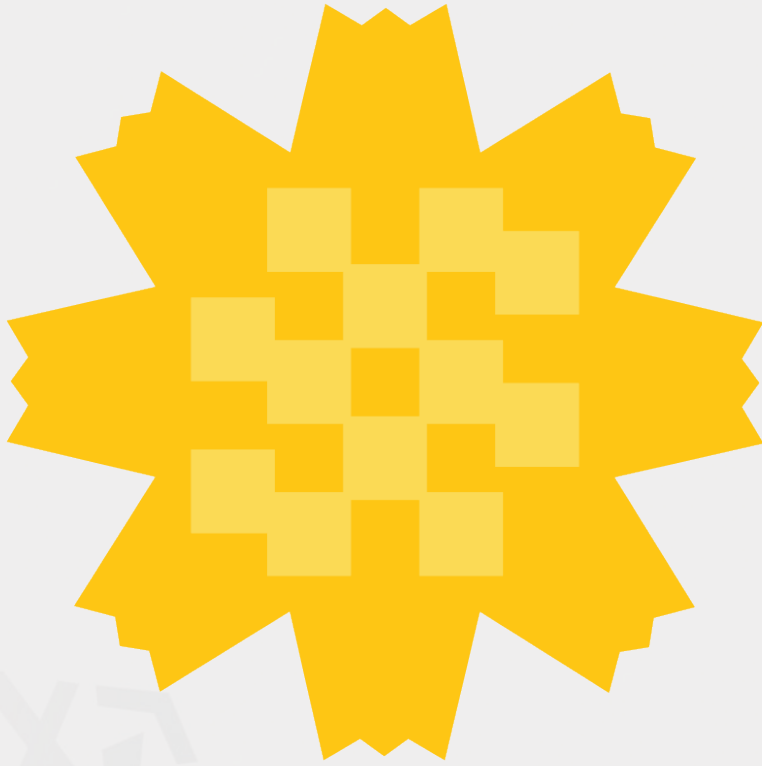
Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.4 Takaful and Reinsurance contracts held

The breakdown of groups of Takaful contracts and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 Dec. 2025			31 Dec. 2024		
	Assets KD	Liabilities KD	Net KD	Assets KD	Liabilities KD	Net KD
Takaful contracts issued						
General	-	(5,608,975)	(5,608,975)	-	(4,591,697)	(4,591,697)
Motor	-	(732,170)	(732,170)	-	(728,737)	(728,737)
Medical and life	-	(1,711,634)	(1,711,634)	-	(1,753,804)	(1,753,804)
Total	-	(8,052,779)	(8,052,779)	-	(7,074,238)	(7,074,238)
Reinsurance contracts held						
General	4,024,815	-	4,024,815	2,986,295	-	2,986,295
Motor	365,045	-	365,045	374,576	-	374,576
Medical and life	474,939	(1,363)	473,576	414,902	(2,494)	412,408
	4,864,799	(1,363)	4,863,436	3,775,773	(2,494)	3,773,279



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.5 Takaful contract assets and Takaful contract liabilities

The following reconciliations that are required by IFRS 17 are included below, for Takaful contracts. Reconciliation of the liability for remaining coverage and the liability for incurred claims – applicable to contracts measured under the PAA.

31 December 2025	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present Value of Cash flows	Risk Adjustment	
	KD	KD	KD	KD	
Takaful contract liabilities as at 1 January 2025	(2,783,568)	-	(4,117,920)	(172,750)	(7,074,238)
Net Takaful contract liabilities as at 1 January 2025	(2,783,568)	-	(4,117,920)	(172,750)	(7,074,238)
Takaful revenue	5,890,044	-	-	-	5,890,044
Takaful service expenses					
Risk adjustment release gross	-	-	-	97,595	97,595
New claims incurred over the period	-	-	(2,710,773)	(91,222)	(2,801,995)
Incurred claims settled during the period	-	-	(471,476)	-	(471,476)
Increase in incurred claim liability	-	-	(1,213,395)	(46,164)	(1,259,559)
Claims and expenses paid	-	-	(2,619,211)	-	(2,619,211)
Release for incurred claims expected over the period	-	-	3,356,390	-	3,356,390
Amortisation of insurance acquisition cash flows	(386,559)	-	-	-	(386,559)
Total Takaful service expenses	(386,559)	-	(3,658,465)	(39,791)	(4,084,815)
Takaful service result before reinsurance contracts held	5,503,485	-	(3,658,465)	(39,791)	1,805,229
Insurance finance expenses	-	-	(179,241)	-	(179,241)
Total Takaful recognised in profit or loss	5,503,485	-	(3,837,706)	(39,791)	1,625,988
Cash flows					
Premiums received	(5,587,857)	-	-	-	(5,587,857)
Claims and other expenses paid including investment component	-	-	2,619,211	-	2,619,211
Total cash flows	(5,587,857)	-	2,619,211	-	(2,968,646)
Additional items					
Deferred acquisition costs of cash flow	364,117	-	-	-	364,117
Total additional items	364,117	-	-	-	364,117
Takaful contract liabilities as at 31 December 2025	(2,503,823)	-	(5,336,415)	(212,541)	(8,052,779)
Takaful contract liabilities as at 31 December 2025	(2,503,823)	-	(5,336,415)	(212,541)	(8,052,779)
Net Takaful contract liabilities as at 31 December 2025	(2,503,823)	-	(5,336,415)	(212,541)	(8,052,779)

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.5 Takaful contract assets and Takaful contract liabilities (continued)

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present Value of Cash flows	Risk Adjustment	
	KD	KD	KD	KD	
31 December 2024					
Takaful contract liabilities as at 1 January 2024	(2,677,113)	-	(4,504,265)	(168,779)	(7,350,157)
Net Takaful contract liabilities as at 1 January 2024	(2,677,113)	-	(4,504,265)	(168,779)	(7,350,157)
Takaful revenue	5,877,419	-	-	-	5,877,419
Takaful service expenses					
Risk adjustment release Gross	-	-	-	118,156	118,156
New claims incurred over the period	-	-	(1,636,067)	(45,139)	(1,681,206)
Incurred claims settled during the period	-	-	(245,905)	-	(245,905)
Increase in incurred claim liability	-	-	(1,304,684)	(76,988)	(1,381,672)
Claims and expenses paid	-	-	(2,905,106)	-	(2,905,106)
Release for incurred claims expected over the period	-	-	3,668,328	-	3,668,328
Amortisation of insurance acquisition cash flows	(332,286)	-	-	-	(332,286)
Total Takaful service expenses	(332,286)	-	(2,423,434)	(3,971)	(2,759,691)
Takaful service result before reinsurance contracts held	5,545,133	-	(2,423,434)	(3,971)	3,117,728
Insurance finance expenses	-	-	(95,327)	-	(95,327)
Total Takaful recognised in profit or loss	5,545,133	-	(2,518,761)	(3,971)	3,022,401
Cash flows					
Premiums received	(6,012,094)	-	-	-	(6,012,094)
Claims and other expenses paid including investment component	-	-	2,905,106	-	2,905,106
Total cash flows	(6,012,094)	-	2,905,106	-	(3,106,988)
Additional items					
Deferred acquisition costs of cash flow	360,506	-	-	-	360,506
Total additional items	360,506	-	-	-	360,506
Takaful contract liabilities as at 31 December 2024	(2,783,568)	-	(4,117,920)	(172,750)	(7,074,238)
Takaful contract liabilities as at 31 December 2024	(2,783,568)	-	(4,117,920)	(172,750)	(7,074,238)
Net Takaful contract liabilities as at 31 December 2024	(2,783,568)	-	(4,117,920)	(172,750)	(7,074,238)



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.6 Reinsurance contract assets and reinsurance contract held liabilities

31 December 2025	Remaining Coverage Component		Incurred claims for contracts under the PAA		Total KD
	Excluding loss component	Loss component	Present Value of Cash flows	Risk Adjustment	
	KD	KD	KD	KD	
Reinsurance contract assets as at 1 January 2025	947,536	-	2,699,630	128,607	3,775,773
Reinsurance contract liabilities as at 1 January 2025	(2,494)	-	-	-	(2,494)
Net reinsurance contract assets as at 1 January 2025	945,042	-	2,699,630	128,607	3,773,279
Reinsurance expenses	(3,151,660)	-	-	-	(3,151,660)
Risk adjustment release gross	-	-	-	(70,404)	(70,404)
New claims incurred over the period	-	-	1,725,464	76,792	1,802,256
Incurred claims settled during the period	-	-	(291,050)	-	(291,050)
Increase in incurred claim liability	-	-	849,644	32,105	881,749
Claims and expenses paid	-	-	669,298	-	669,298
Release for Incurred claims expected over the period	-	-	(1,483,800)	-	(1,483,800)
Amortisation of insurance acquisition cash flows	235,236	-	-	-	235,236
Net expenses from reinsurance contracts held	235,236	-	1,469,556	38,493	1,743,285
Reinsurance finance income	-	-	126,498	-	126,498
Total amounts recognised in profit or loss	(2,916,424)	-	1,596,054	38,493	(1,281,877)
Cash flows					
Premiums paid	3,262,563	-	-	-	3,262,563
Claims & other expenses paid, including investment component	-	-	(669,298)	-	(669,298)
Acquisition cash flows paid	-	-	-	-	-
Total cash flows	3,262,563	-	(669,298)	-	2,593,265
Additional items					
Deferred acquisition costs of cash flow	(221,231)	-	-	-	(221,231)
Total additional items	(221,231)	-	-	-	(221,231)
Reinsurance contract assets as at 31 December 2025	1,069,950	-	3,626,386	167,100	4,863,436
Reinsurance contract assets as at 31 December 2025	1,071,313	-	3,626,386	167,100	4,864,799
Reinsurance contract liabilities as at 31 December 2025	(1,363)	-	-	-	(1,363)
Net reinsurance contract assets as at 31 December 2025	1,069,950	-	3,626,386	167,100	4,863,436

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.6 Reinsurance contract assets and reinsurance contract liabilities (continued)

31 December 2024

	Remaining Coverage Component		Incurred claims for contracts under the PAA		Total
	Excluding loss component	Loss component	Present Value of Cash flows	Risk Adjustment	
	KD	KD	KD	KD	
Reinsurance contract assets as at 1 January 2024	1,132,046	-	2,560,080	123,907	3,816,033
Reinsurance contract liabilities as at 1 January 2024	(2,214)	-	-	-	(2,214)
Net reinsurance contract assets as at 1 January 2024	1,129,832	-	2,560,080	123,907	3,813,819
Reinsurance expenses	(3,600,711)	-	-	-	(3,600,711)
Risk adjustment release gross	-	-	-	(85,906)	(85,906)
New claims incurred over the period	-	-	836,338	27,506	863,844
Incurred claims settled during the period	-	-	(306,424)	-	(306,424)
Increase in incurred claim liability	-	-	1,107,591	63,100	1,170,691
Claims and expenses paid	-	-	511,371	-	511,371
Release for Incurred claims expected over the period	-	-	(1,541,875)	-	(1,541,875)
Amortisation of insurance acquisition cash flows	286,779	-	-	-	286,779
Net expenses from reinsurance contracts held	(3,313,932)	-	607,001	4,700	(2,702,231)
Reinsurance finance income	-	-	43,920	-	43,920
Total amounts recognised in profit or loss	(3,313,932)	-	650,921	4,700	(2,658,311)
Cash flows					
Premiums paid	3,402,625	-	-	-	3,402,625
Claims & other expenses paid, including investment component	-	-	(511,371)	-	(511,371)
Acquisition cash flows paid	-	-	-	-	-
Total cash flows	3,402,625	-	(511,371)	-	2,891,254
Additional items					
Deferred acquisition costs of cash flow	(273,483)	-	-	-	(273,483)
Total additional items	(273,483)	-	-	-	(273,483)
Reinsurance contract assets as at 31 December 2024	945,042	-	2,699,630	128,607	3,773,279
Reinsurance contract assets as at 31 December 2024	947,536	-	2,699,630	128,607	3,775,773
Reinsurance contract liabilities as at 31 December 2024	(2,494)	-	-	-	(2,494)
Net reinsurance contract assets as at 31 December 2024	945,042	-	2,699,630	128,607	3,773,279



Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.7 Investments at fair value through other comprehensive income:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Local unquoted securities	389,976	306,847
	389,976	306,847

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments in equity instruments as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these investments in policyholders' results would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

16.8 Other liabilities:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Provision for employees' end of service benefits	466,050	429,918
Provision for staff leave	237,156	217,012
Accrued expenses	53,955	123,798
Due to related parties	292,071	323,165
Other liabilities	487,089	862,407
	1,536,321	1,956,300

16.9 Capital management and regulatory solvency requirements

As at the reporting date, the Group did not meet the minimum regulatory solvency requirement of 100% as prescribed by the Executive Regulations of Law No. 125 of 2019 relating to the Insurance Regulatory Unit - Kuwait.

As of the reporting date, the Parent Company was in the process of increasing its capital. Subsequent to the reporting date, on 12 February 2026, the Parent Company successfully completed the capital increase to rectify the solvency ratio (refer to Note 13).

16.10 Movement in policyholders' fund:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at beginning of the year	(3,053,603)	(2,963,175)
Net surplus / (deficit) from insurance operations for the year	67,842	(90,428)
	(2,985,761)	(3,053,603)
Fair value reserve at the beginning of the year	(824,715)	(904,964)
Change in fair value during the year	83,129	80,249
	(741,586)	(824,715)
Balance at the end of the year	(3,727,347)	(3,878,318)

Notes to the consolidated financial statements (continued)

16 Policyholders' results by line of business and fund (continued)

16.10 Movement in policyholders' fund: (continued)

In accordance with the Parent Company's articles of association, policyholders' net deficit from insurance operations has been covered by "Qard Hassan" from the shareholders. The Qard Hassan given by shareholders will be settled through surplus arising from the insurance operations in future years.

17 Related party balances and transactions

Related parties represent Parent Company, associate, major shareholders, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Details of balances and transactions between the Group and its related parties are disclosed below.

	31 Dec. 2025 KD	31 Dec. 2024 KD
SHAREHOLDERS		
Consolidated statement of financial position:		
Due from related parties		
On sale of investment properties classified as held for sale (note 10)	1,251,983	1,923,710
On sale of investment at FVTOCI	1,463,534	2,234,911
Others	63,617	301,359
Amount due from policyholders	473,074	-
Partial disposal of investment in associate - at proportionate to carrying value*	60,000	-
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Consolidated statement of profit or loss:		
Consultancy fees expenses	26,000	26,000
Investment fees	24,901	33,642
Reversal /(provision) for expected credit loss	15,067	(24,463)
Unwinding of discount for due from related parties – included in other income	106,922	12,205
Loss on disposal of assets held for sale	(3,680)	-
Key management compensation:		
Salaries and other short-term benefits	57,347	69,663
Board of directors' and board committees' remuneration (included in general and administrative expenses)	39,750	28,500
End of service benefits	3,808	4,146
	100,905	102,309

*During the year, the Parent Company partially disposed one of its investments in an associate to a related party at a proportionate to carrying value of KD 60,000, resulting in no gain or loss.

*Certain FVOCI investments are held in the names of related parties, as explained in Note 9.



Notes to the consolidated financial statements (continued)

17 Related party balances and transactions (continued)

	31 Dec 2025 KD	31 Dec. 2024 KD
POLICYHOLDERS		
Statement of assets, liabilities and fund:		
Takaful contract liabilities	86,941	7,888
Due to related parties- Included in other liabilities	292,071	323,165
Amount due to shareholders	473,074	-
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Statement of policyholders' results:		
Takaful revenue	796,850	713,126
Rental expenses	74,380	74,380
Key management compensation:		
Salaries and other short-term benefits	172,041	208,990
End of service benefits	11,423	12,439
	183,464	221,429

18 Segmental analysis

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to Group's profit or loss.

The Group operates in the sectors of investment and Takaful insurance as follows:

	Investment KD	Takaful insurance KD	Unallocated KD	Total KD
Shareholders				
Year ended at 31 December 2025				
Segment income	172,090	-	23,484	195,574
Profit/(loss) for the year before NLST and Zakat	145,500	-	(144,875)	625
As at 31 December 2025				
Total assets	6,288,816	2,985,761	3,359,819	12,634,396
Total liabilities	-	(2,985,761)	(51,233)	(3,036,994)
Net assets	6,288,816	-	3,308,586	9,597,402
Shareholders				
Year ended at 31 December 2024				
Segment income	54,024	-	15,234	69,258
Profit/(loss) for the year NLST and Zakat	20,382	-	(202,037)	(181,655)
As at 31 December 2024				
Total assets	5,099,114	3,053,603	4,620,774	12,773,491
Total liabilities	-	(3,053,603)	(147,399)	(3,201,002)
Net assets	5,099,114	-	4,473,375	9,572,489

Notes to the consolidated financial statements (continued)

18 Segmental analysis (continued)

	Investment KD	Takaful insur- ance KD	Unallocated KD	Total KD
Policyholders				
Year ended at 31 December 2025				
Takaful results	-	1,805,229	-	1,805,229
Reinsurance service results	-	(1,408,375)	-	(1,408,375)
Net surplus/(deficit) for the year	32,747	344,111	(309,016)	67,842
As at 31 December 2025				
Total assets	1,211,976	4,864,799	259,415	6,336,190
Total liabilities	-	(8,054,142)	(2,009,395)	(10,063,537)
Net assets/(liabilities)	1,211,976	(3,189,343)	(1,749,980)	(3,727,347)
Policyholders				
Year ended at 31 December 2024				
Takaful revenue	-	3,117,728	-	3,117,728
Reinsurance service results	-	(2,702,231)	-	(2,702,231)
Net surplus/(deficit) for the year	33,070	403,267	(526,765)	(90,428)
As at 31 December 2024				
Total assets	1,128,847	3,775,773	250,094	5,154,714
Total liabilities	-	(7,309,630)	(1,723,402)	(9,033,032)
Net assets/(liabilities)	1,128,847	(3,533,857)	(1,473,308)	(3,878,318)



Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies

The Group's risk and financial management framework is to protect the Parent Company's shareholders and policyholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Parent Company's board of directors is ultimately responsible for establishing an overall risk management function and approving risk strategies and principles.

Law No. 24 of 1961, Law No.13 of 1962 and Decree No. 5 of 1989, and the rules and regulations issued by the Ministry of Commerce provide the regulatory framework for the insurance industry in Kuwait. All insurance companies operating in Kuwait are required to follow these rules and regulations.

On 1 September 2019, the new Insurance Law No.125 of 2019 has been issued and is effective from 28 August 2019. This Law supersedes the Law No. 24 of 1961 and its subsequent amendments. On 16 March 2021, the Executive Regulations of Law No. 125 for the year 2019 were issued.

Law No. 125 of 2019, and its executive by law, and the rules and regulations issued by the Insurance regulatory unit 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.

The following are the key regulations governing the operation of the Group:

- a- For the life Insurance Companies KD 500,000 fixed deposit under the ministerial name to be retained in Kuwait.
- b- For the Non-life Insurance Companies KD 500,000 fixed deposit under the ministerial name to be retained in Kuwait.
- c- For the Life and Non-life Insurance Companies KD 1,000,000 fixed deposit under the ministerial name to be retained in Kuwait.
- d- In addition, all insurance companies to maintain a provision of 20% from the gross premiums written after excluding the reinsurance share.

The residual value may be invested in bonds issued or guaranteed by the Government of Kuwait, properties based in Kuwait or loans secured by first mortgage of properties based in Kuwait.

The Group's senior management is responsible for monitoring compliance with the above regulations and has the delegated authorities and responsibilities from the board of directors to ensure compliance.

Insurance risk is the risk that actual claims payable to policyholders in respect of insured events exceed the carrying amount of insurance liabilities. This could occur because the frequency or amounts of claims are more than expected.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly marine and aviation, fire and general accidents, motor and life risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

1. *Non-life insurance contracts*

The Group principally issues the following types of general insurance contracts: Marine-Cargo, Hull Comprehensive & Third Party Liability, Fire, House-holders Comprehensive, Contractors All Risks, Erection All Risks, Machinery Breakdown, Electronic Equipment, Burglary, Personal Accident, Cash in Transit, Fidelity Guarantee, Plate Glass, Workmen Compensation, Third Party Liability, Professional Indemnity, Bankers Blanket, Travel Assistance, Motor Comprehensive, and Motor Third Party Liability. Healthcare contracts provide medical expense cover to policyholders. Risks under non-life insurance policies usually cover twelve-month duration.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and terrorist activities.

Marine and aviation

For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Group has reinsurance cover to limit losses for any individual claim up to KD1,750,000 (31 December 2024: KD1,750,000).

Fire and accidents

For property insurance contracts the main risks are fire and business interruption. In recent years the Group has only underwritten policies for properties containing fire detection equipment.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Group has reinsurance cover for such damage to limit losses for any individual claim up to KD 13,000,000 (31 December 2024: KD13,000,000).

Motor

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. In recent years the Group has primarily underwritten comprehensive policies for owner/drivers over 21 years of age. The Group has reinsurance cover to limit losses for any individual claim up to KD 400,000 (31 December 2024: KD400,000).

The level of court awards for deaths and to injured parties and the replacement costs of, and repairs to motor vehicles are the key factors that influence the level of claims.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Further, 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 all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.



Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

(1) Non-life insurance contracts (continued)

Motor (continued)

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of re-insurance arrangements in order to limit exposure to catastrophic events (e.g. hurricanes, earthquakes and flood damages).

Key assumptions

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

(2) *Life insurance contracts*

For life insurance the main risks are claims for medical, death or permanent disability.

The underwriting strategy for the life of business is to ensure that policies are well diversified in terms of type of risk and level of insured benefit. This is achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history.

For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry. Life insurance contracts offered by the Group include group whole life insurance, credit life (banks), and Group medical including third party administration (TPA).

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.

These risks do not vary significantly in relation to the location of the risk insured by the Group as life business mainly written in Gulf countries.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures.

Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

(2) Life insurance contracts (continued)

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts where death or disability are the insured risks 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 insurance risks are also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behaviour.

All life insurance contracts are in Kuwait, the analysis above would not be materially different if based on the countries in which the counterparties are situated.

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Life insurance contract estimates are either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. Assumptions are made in relation to future deaths, voluntary terminations, investment returns and administration expenses. If the liabilities are not adequate, the assumptions are altered to reflect the current estimates.

(3) *Sensitivity analysis for contracts measured under PAA*

Assumptions made by the Group with regard to underwriting risk variables will impact LIC and profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of Takaful liabilities is sensitive to possible changes in underwriting risk variables. However, a reasonable possible change in best estimate reserve by (5%), risk adjustment by (5%) and yield curve by (50bps) would not have a significant impact on the net Takaful/reinsurance contract liabilities of the Group's consolidated financial statements.

Financial risks

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, profit rate risk and equity price risk), credit risk and liquidity risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Group is exposed are described below.



Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

19.1 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. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or group of customers in specific locations or business through diversification of its activities.

The tables below show the maximum exposure to credit risk for the components of the financial position.

	31 Dec. 2025 KD	31 Dec. 2024 KD
SHAREHOLDERS		
Bank balances	66,496	146,944
Term deposits	2,219,000	1,239,000
Due from related parties	2,779,134	4,459,980
Amount due from policyholders	473,074	-
Other assets	41,115	13,850
	5,578,819	5,859,774
POLICYHOLDERS		
Bank balances	9,519	4,490
Investment deposits	822,000	822,000
Reinsurance contract assets	4,864,799	3,775,773
Other assets	240,866	233,298
	5,937,184	4,835,561

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for related financial position lines, based on the Group's credit rating system.

Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

19.1 Credit risk (continued)

Credit quality per class of financial assets (continued)

At 31 December 2025 and 31 December 2024, credit quality per class is as follows:

	Neither past due nor impaired			Total KD
	High Grade KD	Standard Grade KD	Past due or impaired KD	
31 December 2025				
SHAREHOLDERS				
Bank balances	66,496	-	-	66,496
Term deposits	2,219,000	-	-	2,219,000
Due from related parties	-	2,779,134	-	2,779,134
Amount due from policyholders	-	473,074	-	473,074
Other assets	-	41,115	-	41,115
	2,285,496	3,293,323	-	5,578,819
POLICYHOLDERS				
Bank balances	9,519	-	-	9,519
Investment deposits	822,000	-	-	822,000
Reinsurance contract assets	-	4,864,799	-	4,864,799
Other assets	-	240,866	-	240,866
	831,519	5,105,665	-	5,937,184
31 December 2024				
SHAREHOLDERS				
Bank balances	146,944	-	-	146,944
Term deposits	1,239,000	-	-	1,239,000
Due from related parties	-	4,459,980	-	4,459,980
Other assets	-	13,850	-	13,850
	1,385,944	4,473,830	-	5,859,774
POLICYHOLDERS				
Bank balances	4,490	-	-	4,490
Investment deposits	822,000	-	-	822,000
Reinsurance contract assets	-	3,775,773	-	3,775,773
Other assets	-	233,298	-	233,298
	826,490	4,009,071	-	4,835,561

19.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis. The undiscounted cash outflows for financial liabilities are not materially different from those presented below.



Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

19.2 Liquidity risk (continued)

Maturity profile of financial assets and financial liabilities at 31 December 2025 and 31 December 2024:

	1-3 month KD	3-6 months KD	6-12 months KD	Total Up to 1 year KD	Over 1 year KD	Total KD
31 December 2025						
SHAREHOLDERS						
Assets						
Bank balances	66,496	-	-	66,496	-	66,496
Term deposits	-	1,430,000	789,000	2,219,000	-	2,219,000
Financial assets at FVTOCI	426,798	-	-	426,798	2,981,328	3,408,126
Due from related parties	-	-	2,318,631	2,318,631	667,130	2,985,761
Amount due from policyhold- ers	473,074	-	-	473,074	-	473,074
Other assets	-	41,115	-	41,115	-	41,115
	966,368	1,471,115	3,107,631	5,545,114	3,648,458	9,193,572
Liabilities						
Other liabilities	-	(51,233)	-	(51,233)	-	(51,233)
	-	(51,233)	-	(51,233)	-	(51,233)
Net exposure	966,368	1,419,882	3,107,631	5,493,881	3,648,458	9,142,339
31 December 2024						
POLICYHOLDERS						
Assets						
Cash and bank balances	9,519	-	-	9,519	-	9,519
Investment deposits	-	-	822,000	822,000	-	822,000
Financial assets at FVTOCI	-	-	-	-	389,976	389,976
Reinsurance contract assets	-	4,864,799	-	4,864,799	-	4,864,799
Other assets	-	249,896	-	249,896	-	249,896
	9,519	5,114,695	822,000	5,946,214	389,976	6,336,190
Liabilities						
Takaful contract liabilities	-	(8,052,779)	-	(8,052,779)	-	(8,052,779)
Reinsurance contract liabilities	-	(1,363)	-	(1,363)	-	(1,363)
Amount due to shareholders	(473,074)	-	-	(473,074)	-	(473,074)
Other liabilities	(9,152)	(292,071)	(717,215)	(1,018,438)	(990,957)	(2,009,395)
	(482,226)	(8,346,213)	(717,215)	(9,545,654)	(990,957)	(10,536,611)
Net exposure	(472,707)	(3,231,518)	104,785	(3,599,440)	(600,981)	(4,200,421)

Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

19.2 Liquidity risk (continued)

	1-3 month KD	3-6 months KD	6-12 months KD	Total Up to 1 year KD	Over 1 year KD	Total KD
31 December 2024						
SHAREHOLDERS						
Assets						
Bank balances	146,944	-	-	146,944	-	146,944
Term deposits	500,000	300,000	439,000	1,239,000	-	1,239,000
Financial assets at FVTOCI	-	-	-	-	2,961,049	2,961,049
Due from related parties	-	850,160	702,684	1,552,844	2,907,136	4,459,980
Other assets	-	13,850	-	13,850	-	13,850
	646,944	1,164,010	1,141,684	2,952,638	5,868,185	8,820,823
Liabilities						
Other liabilities	-	147,399	-	147,399	-	147,399
	-	147,399	-	147,399	-	147,399
Net exposure	646,944	1,016,611	1,141,684	2,805,239	5,868,185	8,673,424

31 December 2024

POLICYHOLDERS

Assets						
Cash and bank balances	4,490	-	-	4,490	-	4,490
Investment deposits	-	-	822,000	822,000	-	822,000
Financial assets at FVTOCI	-	-	-	-	306,847	306,847
Reinsurance contract assets	-	3,775,773	-	3,775,773	-	3,775,773
Other assets	-	233,298	-	233,298	-	233,298
	4,490	4,009,071	822,000	4,835,561	306,847	5,142,408
Liabilities						
Takaful contract liabilities	-	7,074,238	-	7,074,238	-	7,074,238
Reinsurance contract liabilities	-	2,494	-	2,494	-	2,494
Other liabilities	256,017	323,165	290,513	869,695	1,086,605	1,956,300
	256,017	7,399,897	290,513	7,946,427	1,086,605	9,033,032
Net exposure	(251,527)	(3,390,826)	531,487	(3,110,866)	(779,758)	(3,890,624)



Notes to the consolidated financial statements (continued)

19 Risk management objectives and policies (continued)

19.3 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: foreign exchange rates (currency risk), market interest rates (profit rate risk) and market prices (equity price risk).

The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in markets.

(a) *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 principal transactions are carried out in KD and its exposure to foreign exchange risk arises primarily with respect to US Dollar, Sterling Pound and Saudi Riyal.

The Group's financial assets are primarily denominated in the same currencies as its insurance 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 contract liabilities are expected to be settled.

However, as at the financial position date the Group does not have any significant exposure to foreign currency denominated monetary assets or monetary liabilities and therefore, the Group is not exposed to any significant foreign currency risks

(b) *Profit rate risk*

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to profit rate risk principally on its profit bearing deposits which carry profit rate at commercial rates

Consequently, a reasonable possible change in profit rates would not have a significant impact on the Group's consolidated financial statements.

Positions are monitored on a regular basis to ensure positions are maintained within established limits.

(c) *Equity price risk*

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group has no financial assets which exposes to equity price risk.

Notes to the consolidated financial statements (continued)

20 Fair value measurement

20.1 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Shareholders' assets and liabilities		
Financial assets:		
<i>At amortised cost:</i>		
- Bank balances	66,496	146,944
- Term deposits	2,219,000	1,239,000
- Due from related parties	2,779,134	4,459,980
- Other assets	41,115	13,850
<i>Amount due from policyholders</i>	473,074	-
<i>Financial assets at fair value:</i>		
Investments at fair value through other comprehensive income	3,408,126	2,961,049
	8,986,945	8,820,823
Financial liabilities:		
<i>Financial liabilities at amortised cost:</i>		
Other liabilities	51,233	147,399
	51,233	147,399
Policyholders' assets and liabilities		
Financial assets:		
<i>At amortised cost:</i>		
Cash and bank balances	9,519	4,490
Investment deposits	822,000	822,000
Reinsurance contract assets	4,864,799	3,775,773
Other assets	240,866	233,298
<i>Financial assets at fair value:</i>		
Financial assets at fair value through other comprehensive income	389,976	306,847
	6,327,160	5,142,408
Financial liabilities:		
<i>Financial liabilities at amortised cost:</i>		
Takaful contract liabilities	8,052,779	7,074,238
Reinsurance contract liabilities	1,363	2,494
Amount due to shareholders	473,074	-
Other liabilities	1,536,321	1,956,300
	10,063,537	9,033,032

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortized cost, approximate their fair values.



Notes to the consolidated financial statements (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement

Fair value represents 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 Group measures financial instruments at fair value and measurement details are disclosed below. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

20.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value on a recurring basis in the statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2025

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
SHAREHOLDERS				
Investments at fair value through other comprehensive income				
Local quoted securities	426,798	-	-	426,798
Foreign unquoted securities	-	-	2,981,328	2,981,328
	426,798	-	2,981,328	3,408,126

POLICYHOLDERS

Investments at fair value through other comprehensive income				
Local unquoted security	-	-	389,976	389,976
	-	-	389,976	389,976

Notes to the consolidated financial statements (continued)

20 Fair value measurement (continued)

20.3 Fair value hierarchy (continued)

31 December 2024

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
SHAREHOLDERS				
Investments at fair value through other comprehensive income:				
Foreign unquoted security	-	-	2,961,049	2,961,049
	-	-	2,961,049	2,961,049

POLICYHOLDERS

Investments at fair value through other comprehensive income:				
Local unquoted security	-	-	306,847	306,847
	-	-	306,847	306,847

There have been no transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model or adjusted net book value model, which includes some assumptions that are not supportable by observable market prices or rates.

Level 3 fair value measurements

The Group's financial assets classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Shareholders		Policyholders	
	Investments at fair value through OCI		Investments at fair value through OCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD	KD	KD	KD
Opening balance	2,961,049	2,891,244	306,847	226,598
Change in fair value	20,279	69,805	83,129	80,249
Closing balance	2,981,328	2,961,049	389,976	306,847



Notes to the consolidated financial statements (continued)

20 Fair value measurement (continued)

20.3 Fair value hierarchy (continued)

Level 3 fair value measurements (continued)

The Group's finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The valuation techniques used for instruments categorized in level 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realized on the statement of financial position date.

The investment managers in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each financial position date. Investment managers used techniques such as discounted cash flow analysis, recent transactions prices, adjusted net book value and market multiples to determine fair value.

The impact on statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the statement of profit or loss, total assets, total liabilities or total equity.

21 Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The capital consists of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors its capital by way of return on equity. This is calculated by reference to profit or loss for the year divided by total equity as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Profit / (loss) for the year	604	(181,655)
Total equity	9,597,402	9,572,489
Return on equity	0.01%	(1.9%)