

Notes to Consolidated Financial Statements

As at and for the year ended 31 December 2025

1 Corporate Information

The consolidated financial statements of Gulf Insurance Group K.S.C.P. (the "Parent Company") and subsidiaries (the "Group") for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on **2 March 2026**. The ordinary general assembly of the shareholders of the Parent Company has the power to amend these consolidated financial statements after issuance.

The Parent Company was incorporated as a Kuwaiti Shareholding Company in accordance with the Amiri Decree No. 25 of 9 April 1962 and is listed on Boursa Kuwait. The Parent Company's objectives include all types of insurance, indemnities, compensations and investing its capital and assets in various financial and real estate investments, both locally and abroad.

The Parent Company is 97.06% (31 December 2024: 97.06%) owned by Fairfax financial holding limited.

The address of the Parent Company's registered office is Khaled Ibn Al-Waleed Street, KIPCO Tower, Floor No 40, Office No 1 & 2, Shark, Kuwait City P.O. Box 1040 Safat, 13011 State of Kuwait.

2.1 Basis of Preparation

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

The consolidated financial statements have been prepared on a historical cost convention except for the measurement at fair value of investments at fair value through profit or loss, investments at fair value through other comprehensive income, investment properties and land and buildings that classified as property and equipment.

The consolidated financial statements are presented in Kuwaiti Dinars, all values are rounded to the nearest

thousand (KD 000), except when otherwise indicated, which is the functional and reporting currency of the Parent Company.

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

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

The Group presents its consolidated statement of financial position broadly in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 24.

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have an impact on the Group's consolidated statement of financial statements.

Standards issued but not yet effective

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

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) – 1 January 2026

The Amendments include:

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

Presentation and disclosures in financial statements (IFRS 18) – 1 January 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements

in IAS 1 unchanged and complementing them with new requirements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss.
- Enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes.
- Mandatory disclosures about management-defined performance measures (MPMs - a subset of alternative performance measures).

IFRS 18 also makes consequential amendments to other accounting standards, including IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Statements.

The Group is currently evaluating the impact of these new standards and amendments. The Group will adopt it when the new standard and amendments become effective.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2025. Subsidiaries are investee that the Group has control over.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

2.3 Summary of Material Accounting Policies

Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 re-measured to fair value at the acquisition date through consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated statement of income.

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

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

Product classification

Insurance contracts

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the 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. Insurance contracts can also transfer financial risk.

Investment contracts

Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

IFRS 17 Insurance Contracts

Definition and classification

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without Direct Participation Feature (DPF) issued by the Group fall under this category. Some investment contracts issued by the Group contain DPF, whereby the investor has the right and

is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17. The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets. An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in savings and participating products comprise policyholder account values less applicable surrender fees. The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items. Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 (referred to as the GMM) to reflect that the consideration an entity receives for the contracts is a variable fee. Direct participating contracts issued by the Group are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these Groups of contracts under the VFA.

Fair Value changes on Unit-Linked Investments

Fair value changes on unit-linked investments have been included within the "Finance income/ expenses from insurance contracts issued" section to the consolidated statement of income. These changes are directly

related to insurance contracts issued and may not represent realized gains/losses on investments. Their presentation aims to provide a more comprehensive view of the Group's financial performance. All other insurance contracts originated by the Group are without direct participation features. In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

Level of Aggregation

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

- contracts that are onerous at initial recognition
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a Group of remaining contracts. These Groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such Groups are not subsequently reconsidered.

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

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

Contracts issued within participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to Groups of contracts that have no significant possibility of becoming onerous at the time of initial recognition.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued.

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

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

Recognition

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

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

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

Investment contracts with DPF are initially recognized at the date the Group becomes a party to the contract.

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

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

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

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

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

Contract modification and derecognition

An insurance contract is derecognized when it is:

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

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

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

When an insurance contract not accounted for under the PAA is derecognized from within a Group of insurance contracts, the group:

- Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non- financial risk relating to the rights and obligations removed from the Group.
- Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the Group) in the following manner, depending on the reason for the derecognition:
 - If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.

- If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
 - If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in a. adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Group assumes such a hypothetical premium as actually received.
- Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

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

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

Fulfilment cash flows

Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

- are based on a probability weighted mean of the full range of possible outcomes.
- are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

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

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

Risk of the Group's non-performance is not included in the measurement of Groups of insurance contracts issued.

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

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

Contract boundary

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

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

- a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b) both of the following criteria are satisfied:
 - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that

the price fully reflects the reassessed risk of that portfolio; and

- ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

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

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

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Group to deliver cash at a present or future date.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

The Group's quota-share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within a one-year boundary are included in each of the reinsurance contracts' measurement.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

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

Measurement Model Application

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

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

Initial measurement – Groups of contracts not measured under the PAA - contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a Group of insurance contracts issued representing the unearned profit that the Group will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a Group of contracts is onerous) arising from:

- a) the initial recognition of the FCF;
- b) the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
- c) cash flows arising from the contracts in the Group at that date.

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

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past

events, in which case the Group recognizes the net cost immediately in the consolidated statement of income. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognize as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired through business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a) the initial recognition of the FCF; and
- b) cash flows arising from the contracts in the Group at that date, including the fair value of the groups of contracts acquired at the acquisition date as a proxy of the premiums received.

Subsequent measurement – Groups of contracts not measured under the PAA

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

- a) the LRC, comprising:
 - i. the FCF related to future service allocated to the Group at that date; and
 - ii. the CSM of the Group at that date; and
- b) the LIC, comprising the FCF related to past service allocated to the Group at the reporting date.

Changes in fulfilment cash flows

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

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

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

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

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

the actual investment component that becomes payable in the period; and
 d) changes in the risk adjustment for non-financial risk that relate to future service.

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

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

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

For investment contracts with DPF that are measured under the GMM and provide the Group with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as relating to future service and accordingly adjusts the CSM. At inception of such contracts, the Group specifies its commitment as crediting interest to the policyholder's account balance based on the return on a pool of assets less a spread. The effect of discretionary changes in the spread on the FCF adjusts the CSM while the effect of changes in assumptions that relate to financial risk on this commitment are reflected in insurance finance income or expenses.

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognized in insurance finance expenses.

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

- a) changes in the Group's share of the fair value of the underlying items; and
- b) changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
 - iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
 - iv. differences between any investment component expected to become payable in the period and

the actual investment component that becomes payable in the period; and
 v. changes in the risk adjustment for non-financial risk that relate to future service. Adjustments ii-v. are measured using the current discount rates.

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

- a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b) changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the FCF relating to the LIC; and
 - ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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

Changes to the contractual service margin

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

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

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

Interest accretion on the CSM

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

Adjusting the CSM for changes in the FCF relating to future service

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

Release of the CSM to statement of income

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

For contracts issued, the Group determines the coverage period for the CSM recognition as follows:

- a) for term life and universal life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk; and
- b) for direct participating contracts and for investment contracts with DPF, the coverage period corresponds to the period in which insurance or investment management services are expected to be provided.

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

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

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

The Group determines coverage units as follows:

- a) for term life and universal life insurance contracts, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;
- b) for direct participating contracts, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;
- c) for investment contracts with DPF, coverage units are based on policyholders' account values

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

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

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

Onerous contracts – Loss component on GMM/VFA

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

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

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

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

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

Initial and subsequent measurement – Groups of contracts measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as stated above.

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

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

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

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

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

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

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

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

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

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

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

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

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

Onerous contracts – Loss component on PAA

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

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

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

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

Insurance acquisition costs

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

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

Before a group of insurance contracts is recognized, the Group could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognized.

The acquisition costs are generally capitalized and recognized in the consolidated statement of income over the life of the contracts.

Risk adjustment for non-financial risk

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

The Group has chosen a confidence level in the range of the 70th to 80th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

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

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

Insurance revenue

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

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

- Amounts relating to the changes in the LRC:
 - insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts related to the loss component;
 - repayments of investment components;
 - amounts of transaction-based taxes collected in a fiduciary capacity; and
 - insurance acquisition expenses;
 - changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income (expenses);
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;

- amounts of the CSM recognized in statement of income for the services provided in the period; and
- experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

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

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

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

Insurance service expenses

Insurance service expenses include the following:

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

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

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

Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

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

Net income (expenses) from reinsurance contracts held

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

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

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

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

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

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

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

Insurance finance income or expenses

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

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

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

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

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

- a) changes in the fair value of underlying items;
- b) interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- c) the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

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

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

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

The Group disaggregates insurance finance income or expenses on insurance contracts issued for its credit life portfolio for only one of its subsidiary 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 minimize accounting mismatches between the accounting for financial assets and insurance assets and liabilities. For all other businesses, the Group does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVTPL.

For the contracts measured using the VFA, the P&L option is applied. As the Group holds the underlying items for these contracts, the use of the P&L option results in the elimination of accounting mismatches with income or expenses included in profit or loss on the underlying assets held. This is applied because the amounts of income or expenses for the underlying assets are recognized in profit or loss.

Recognition of Receivables Related to Past Service

In accordance with IFRS 17 the Group exercises judgment in determining the appropriate classification of cash inflows receivable related to past service. Where such receivables arise from overpayments or adjustments linked to incurred claims or attributable expenses and are within the contract boundary, they are recognized as part of the insurance contract liabilities/ assets.

This policy reflects the Group's view that such recoveries are directly attributable to the settlement of incurred claims or maintenance expenses and therefore form part of the fulfilment cash flows under IFRS 17. The policy is applied consistently across all relevant insurance contracts.

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year attributable to 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 and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

Taxation

Domestic Minimum Top-up Tax (DMTT)

Income taxes arising from tax law enacted by the State of Kuwait (Law No. 157 of 2024) for implementation of DMTT on entities which are part of multinational group with annual revenues of EUR 750 million or more are provided for in accordance with the Executive regulations issued through Ministerial Resolution No. 55 of 2025. The Group applies the mandatory temporary exception not to recognise deferred taxes associated with this additional taxation. Refer note 25 for further information

National Labour Support Tax and Zakat

National Labour Support Tax and Zakat was provided for in accordance with the applicable fiscal laws, rules and regulations. Consequent to the implementation of DMTT in the State of Kuwait, the Group is not liable to National Labour Support Tax and Zakat effective from 1 January 2025.

Overseas tax

Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available to utilise these. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and applicable legislation enacted at the reporting date.

IFRS 9 Financial Instruments

Initial Recognition and subsequent measurement

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

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model.

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

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

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

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

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

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

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

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

Measurement categories of financial assets and liabilities

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

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

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

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

Debt instruments at amortised cost

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

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

of principal and interest (SPPI) on the principal amount outstanding.

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

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flow, cash and cash equivalent consist of cash on hand and at banks and short term deposits and call accounts net of bank overdraft.

Short- and long-term deposits

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

Equity instruments at FVOCI

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

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

Debt instruments at FVOCI

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

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

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

Financial assets at FVTPL

The Group classifies financial assets fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

For unit linked investments for insurance contracts issued with discretionary participation features, the Group has elected to measure those investments at FVTPL to compensate insurance finance income / expense. That election is irrevocable and made on an instrument-by instrument basis.

Derecognition

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

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

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

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

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

Impairment of financial assets

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

The measurement of ECL reflects:

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

Expected credit losses are recognized in two stages, 12-month expected credit losses and Lifetime expected credit losses.

The Group measures 12-month expected credit losses in following cases:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

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

Credit impaired financial assets:

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

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

Recognition of ECL

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

Presentation of loss allowances in the statement of financial position:

Loss allowances for expected credit losses are presented as follows:

- financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets;
- the ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets

in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in the statement of comprehensive income with a corresponding charge to the statement of income.

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

The Group allocates its assets subject to ECL calculations to one of these categories, determined as follows:

Stage 1 - 12-month ECL (12mECL):

The 12mECL is calculated as the portion of lifetime ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate effective interest rate (EIR).

Stage 2 - LTECL:

When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

Stage 3 - Credit impaired:

For debt instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Property and equipment

Land and buildings are accounted for under the revaluation model less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Land is not depreciated. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in consolidated statement of income, the increase is recognised in profit and loss. A revaluation deficit is recognised in the consolidated statement of consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Other categories (Furniture and fixtures, motor vehicles and leasehold improvements) are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight-line basis over the useful lives of the following classes of assets:

Buildings	20 – 50 years
Others	1 – 5 years

Investment in associates

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

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

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

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

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

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

Share-based payments plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments against one-time award and/or long-term incentive plan, whereby employees render services over the vesting period as consideration. Since the Group awards shares of the ultimate parent and the Group has the obligation to settle the share-based payments, the same is accounted as cash-settled share-based payment transaction. The Group recognizes the cost of the services received, and a liability to pay for these services, as the employees render service over the vesting period, at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment

whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Amortization is provided on a straight-line basis over the useful lives of the following classes of assets and is recognised in the consolidated statement of income:

Computer software	4 years
Distribution network	5-12 years

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Goodwill

Accounting policy relating to goodwill is documented in the accounting policy "Business combinations and goodwill".

Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date that is determined based on valuation performed by an independent valuer using valuation methods consistent with the nature and usage of the investment properties. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in consolidated statement of income in the year of retirement or disposal.

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

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of non-financial assets

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

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

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

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

Impairment losses are recognised in the consolidated statement of income.

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

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

Goodwill

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

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

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

Fair value measurement

For those assets and liabilities carried at fair value, the Group measures fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The Group must be able to access the principal or the most advantageous market at the measurement date.

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

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

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

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Investments with no reliable measure of their fair value and for which no fair value information could be obtained are carried at their initial cost less impairment in value.

End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labour Law, employee contracts and applicable labour laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination on reporting date. With respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions which are expensed when due.

Treasury shares

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

Foreign currency transactions

The Group's consolidated financial statements are presented in Kuwaiti Dinars, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

i) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the consolidated statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

ii) Group companies

On consolidation, assets and liabilities of foreign operations are translated into Kuwaiti dinars at the rate of exchange prevailing at the reporting date and their statements of income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Effect of changes in ownership interest of subsidiaries

This reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

Hyperinflation accounting

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy be stated in the measuring unit currency at the reporting period end. IAS 29 provides certain qualitative and quantitative guidelines to determine the existence of a hyperinflationary economy. Accordingly, hyperinflation shall be deemed to exist where the last three years' cumulative inflation approaches or exceeds 100%.

From 1 April 2022, the Turkish economy is considered to be hyperinflationary in accordance with the criteria in IAS 29. This requires purchasing power adjustment to the carrying values of the non-monetary assets and liabilities and to items in the consolidated statement of comprehensive income with respect to the subsidiary of the Group operating in Turkey.

On the application of IAS 29 the Group used the conversion factor derived from the consumer price index ("CPI") in Turkey. The CPIs and corresponding conversion factors are since 2005 when Turkey previously ceased to be considered hyperinflationary.

The index and corresponding conversion factors are as follows:

Reporting period	Index	Conversion factor
31 December 2025	3,513.87	1.309
31 December 2024	2,684.55	1.444
31 December 2023	1,859.38	1.648

Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. Since the Group's comparative amounts are presented in a stable currency, these comparative amounts are not restated.

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current. Non-monetary assets and liabilities are restated by applying the relevant index from the date of acquisition or initial recording and are subject to impairment assessment with the guidance in the relevant IFRS. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.

All items in the statement of income are restated by applying the relevant conversion factors, except for restatement of certain specific income statement items which arise from the restatement of non-monetary assets and liabilities like amortization and gain or loss on sale of fixed assets.

The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, liabilities, shareholders' equity and income statement items. The gain or loss on the net monetary position is included in the statement of income.

2.4 Significant Accounting Judgements, Estimates and Assumptions

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

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

Insurance and reinsurance contracts

i. PAA Eligibility Assessment

The Group has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year except long term life insurance contracts with participation features for which Variable Fee Approach (VFA) has been applied. This testing has been performed on following insurance and corresponding reinsurance contracts:

- Medical - Long term
- Engineering - Long term
- Property - Long term
- Motor third party liability

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

Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

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

ii. Liability for remaining coverage

Acquisition cash flows

The acquisition costs are generally capitalized and recognized in the consolidated statement of income over the life of the contracts.

Expected premium receipts adjustment

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate

Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the LRC.

iii. Liability for incurred claims

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

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

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

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

iv. Onerosity determination

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

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

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

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

v. Expense attribution

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

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Group has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred. The proportion of directly

attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

vi. Estimates of future cash flows

The Group primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates (insurance risk and reinsurance business)

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

- Expenses

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

- Lapse and surrender rates

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

vii. Discount rates

The Group adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves- taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the Moody's Analytics yield curves for risk-free rates for USD adjusted for illiquidity premiums, and the relevant country specific risk premium will be loaded as required.

The bottom-up approach was used to derive the discount rate for the cash flows that do not vary based on the returns on underlying items in the Participating contracts (excluding investment contracts without DPF that are not in the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). Direct participating contracts and investment contracts with DPF are considered less liquid than the financial assets used to derive the risk-free yield. For these contracts, the illiquidity premium was estimated based on market observable liquidity premium in financial assets adjusted to reflect the illiquidity characteristics of the liability cash flows.

viii. Risk adjustments

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items

- Fulfilment Cash Flow (FCF) comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure
- Risk Adjustment (RA) for non-financial risk
- Contractual Service Margin (CSM)

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

Derivation of the risk adjustment

The Group has determined that the derivation of the risk adjustment shall be performed at subsidiary level using an appropriate methodology that is in line with IFRS 17 guidelines. The Group's consolidated risk adjustment is the aggregation of all subsidiaries' risk adjustments, without allowance for correlation among subsidiaries (i.e., no diversification benefit is considered at the Group level).

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based on the quantile approach

performed on each subsidiary's triangles with consideration to market benchmarks.

The Group has set a target confidence level in the range of the 70th to 80th percentile, on a diversified basis, at an aggregate subsidiary level (i.e., diversification is allowed among the actuarial segments within the subsidiary itself). The Group applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired Risk Adjustment.

ix. Sensitivities on major assumptions considered while applying IFRS 17

The sensitivity analysis is done to evaluate the impact on gross and net liabilities for reasonably possible movements in key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear. The sensitivity analysis performed during the year and has been presented under Note 23.

x. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 14.

xi. Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

xii. Classification of investment property

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

xiii. Revaluation of property and equipment and investment properties

The Group carries its property and equipment (land and building only) and investment properties at fair value with changes in fair value being recognized in other comprehensive income and the statement of profit or loss respectively. These properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2025. The key assumptions used to determine the fair value of these properties and sensitivity analyses are provided in Note 11 and Note 12.

3. Investment Income

	2025	2024
	KD 000's	KD 000's
Net gain on investments at fair value through profit or loss	11,955	9,058
Dividend income	4,140	3,094
Foreign exchange gain	1,925	2,596
Net rental income from investment properties	385	342
Change in fair value of investment properties (Note 11)	1,199	157
Loss on sale of investment properties	-	(27)
	19,604	15,220

4. Basic and Diluted Earnings per Share Attributable to Equity Holders of the Parent Company

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Parent Company (adjusted for interest on subordinated perpetual tier 2 bond) by the weighted average number of shares, less weighted average number of treasury shares outstanding during the year. Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less weighted average

number of treasury shares, outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares which is reserved from employees' share option scheme.

The information necessary to calculate basic and diluted earnings per share based on weighted average number of share outstanding during the year is as follow:

	2025	2024
	KD 000's	KD 000's
Profit for the year attributable to equity holders of the Parent Company	24,699	25,922
Less: interest and amortization on subordinated perpetual tier 2 bonds	(3,118)	(3,124)
	21,581	22,798
	Shares	Shares
Weighted average number of shares outstanding during the year, net of treasury shares	284,572,463	284,356,420
Basic and diluted earnings per share attributable to equity holders of the Parent Company	75.84 fils	80.17 fils

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

5. Cash and Cash Equivalents

	2025	2024
	KD 000's	KD 000's
Cash on hand and at banks	82,920	85,001
Short term deposits	69,391	75,846
	152,311	160,847

As at 31 December 2025, certain bank balances amounting to KD 28,437 (31 December 2024: KD 27,558 thousand) are statutory required balances and are not available for use in the day-to-day operations.

Reconciliation to cash flow statement

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2025	2024
	KD 000's	KD 000's
Balances as above	152,311	160,847
Less: bank overdraft	(1,812)	-
	150,499	160,847

Bank overdraft carries an effective interest rate of 0.95% (2024: Nil) over the CBK discount rate.

6. Time Deposits

Term deposits of KD 41,546 (2024: KD 36,989) are placed with local and foreign banks and carry an average effective interest rate ranging from 4% to 6.2% (2024: from 2.350% to 5.8 %) per annum. Term deposits mature after one year.

7. Other Assets

	2025	2024
	KD 000's	KD 000's
Accrued interest and dividends income	8,046	7,381
Refundable deposits	1,008	633
Outstanding premium due from intermediaries	4,307	4,582
Prepaid expenses	4,931	3,985
Other tax receivables	2,705	2,771
Others	7,527	8,726
	28,524	28,078

8. Insurance and Reinsurance Contracts

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

	Valuation Approach	31 December 2025			31 December 2024		
		Assets	Liabilities	Net	Assets	Liabilities	Net
		KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Insurance contract assets & liabilities							
Medical	PAA	29,802	93,038	(63,236)	14,823	99,666	(84,843)
Marine and aviation	PAA	2,295	24,151	(21,856)	324	28,634	(28,310)
Motor	PAA	1,954	162,613	(160,659)	304	141,678	(141,374)
Property	PAA	12,782	176,821	(164,039)	10,900	134,426	(123,526)
General insurance	PAA	308	44,201	(43,893)	311	38,749	(38,438)
Engineering	PAA	905	47,619	(46,714)	824	55,392	(54,568)
Liability	PAA	598	27,646	(27,048)	87	32,013	(31,926)
Life	PAA	1,543	22,455	(20,912)	1,684	23,797	(22,113)
Total - PAA (Note 8.1)		50,187	598,544	(548,357)	29,257	554,355	(525,098)
Life	GMM	-	69,016	(69,016)	-	59,858	(59,858)
Life	VFA	-	33,744	(33,744)	(236)	20,290	(20,526)
Total - GMM/VFA (Note 8.2)		-	102,760	(102,760)	(236)	80,148	(80,384)
Total insurance contract assets & liabilities		50,187	701,304	(651,117)	29,021	634,503	(605,482)
Reinsurance contract assets & liabilities							
Medical	PAA	11,211	3,379	7,832	48,706	1,156	47,550
Marine and aviation	PAA	12,187	1,993	10,194	13,229	2,418	10,811
Motor	PAA	4,890	4,062	828	8,395	513	7,882
Property	PAA	140,588	17,972	122,616	94,254	13,161	81,093
General insurance	PAA	7,436	2,357	5,079	11,640	2,512	9,128
Engineering	PAA	32,025	116	31,909	34,171	2,162	32,009
Liability	PAA	12,921	5,671	7,250	19,188	118	19,070
Life	PAA	9,815	153	9,662	8,783	327	8,456
Total - PAA (Note 8.3)		231,073	35,703	195,370	238,366	22,367	215,999
Life	GMM	29,411	8	29,403	25,547	106	25,441
Life	VFA	11	(336)	347	282	(12)	294
Total - GMM/VFA (Note 8.4)		29,422	(328)	29,750	25,829	94	25,735
Total reinsurance contract assets & liabilities		260,495	35,375	225,120	264,195	22,461	241,734

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

	31 December 2025					31 December 2024				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)			Liabilities for incurred claims (LIC)	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Opening liabilities	128,253	8,481	382,517	35,104	554,355	79,190	8,240	365,289	37,631	490,350
Opening assets	(98,548)	35	67,893	1,363	(29,257)	(53,184)	-	45,780	1,007	(6,397)
Net opening balance	29,705	8,516	450,410	36,467	525,098	26,006	8,240	411,069	38,638	483,953
Insurance revenue	(713,215)	-	-	-	(713,215)	(833,295)	-	-	-	(833,295)
Insurance service expenses:										
Incurred claims	-	(8,429)	488,797	19,009	499,377	-	(4,481)	672,168	21,366	689,053
Other directly attributable expenses ¹	-	-	62,401	-	62,401	-	-	54,305	-	54,305
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(41,036)	(17,447)	(58,483)	-	-	(73,574)	(24,474)	(98,048)
Loss on onerous contracts	-	9,776	-	-	9,776	-	4,740	-	-	4,740
Insurance acquisition cash flows amortization	99,276	-	-	-	99,276	87,456	-	-	-	87,456
Insurance service expenses	99,276	1,347	510,162	1,562	612,347	87,456	259	652,899	(3,108)	737,506
Insurance service result	(613,939)	1,347	510,162	1,562	(100,868)	(745,839)	259	652,899	(3,108)	(95,789)
Net finance expense from insurance contracts	8,088	-	15,334	541	23,963	-	-	10,395	1,246	11,641
Foreign currencies adjustment to comprehensive income	(1,905)	(20)	(2,779)	(93)	(4,797)	(4,377)	17	(7,382)	(346)	(12,088)
Total changes in the statement of income and OCI	(607,756)	1,327	522,717	2,010	(81,702)	(750,216)	276	655,912	(2,208)	(96,236)
Hyperinflation impact	5,274	-	(3,756)	-	1,518	5,902	-	(4,392)	-	1,510
Cash flows										
Premiums received	765,782	-	-	-	765,782	848,956	-	-	-	848,956
Claims and other directly attributable expenses paid ¹	-	-	(564,983)	-	(564,983)	-	-	(612,179)	37	(612,142)
Insurance acquisition cash flows	(97,356)	-	-	-	(97,356)	(100,943)	-	-	-	(100,943)
Total cash flows	668,426	-	(564,983)	-	103,443	748,013	-	(612,179)	37	135,871
Net closing balance	95,649	9,843	404,388	38,477	548,357	29,705	8,516	450,410	36,467	525,098
Closing liabilities	126,328	9,781	424,364	38,071	598,544	128,253	8,481	382,517	35,104	554,355
Closing assets	(30,679)	62	(19,976)	406	(50,187)	(98,548)	35	67,893	1,363	(29,257)
Net closing balance	95,649	9,843	404,388	38,477	548,357	29,705	8,516	450,410	36,467	525,098

The Group has applied judgment in determining the classification of cash inflows for recoveries related to past service under IFRS 17. In cases where such recoveries arise from excess amounts paid in respect of incurred claims or attributable expenses and are within the contract boundary, they are recognized as part of the LIC (asset position). This approach is based on the Group's assessment that these amounts are recoverable under the terms of the insurance contract and

are directly linked to the settlement of past claims or maintenance expenses. The Group believes this treatment provides a fair presentation of the underlying economic substance of the transaction.

¹ Other directly attributable expenses of KD 62,401 thousand include KD 11,924 thousand within the LIC relating to letter of guarantee liquidated by a counterparty upon termination of the contract. Claims and other directly attributable expenses paid of KD 564,983 thousand include KD 47,697 thousand associated with this liquidation. The net impact on the insurance contract assets is KD 35,773 thousand

8.2 Analysis of insurance contract assets and liabilities for contracts measured under GMM/VFA

	31 December 2025						31 December 2024				
	Liability for remaining coverage			Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	
Opening liabilities	72,435	916	6,042	755	80,148	78,386	3,935	4,663	512	87,496	
Opening assets	(133)	369	-	-	236	(621)	2	41	5	(573)	
Net opening balance	72,302	1,285	6,042	755	80,384	77,765	3,937	4,704	517	86,923	
Insurance revenue	(15,347)	-	-	-	(15,347)	(13,291)	-	-	-	(13,291)	
Insurance service expenses:											
Incurred claims	-	(287)	7,236	376	7,325	-	(2,447)	8,038	217	5,808	
Other directly attributable expenses	-	-	1,414	-	1,414	-	-	1,001	-	1,001	
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(281)	(246)	(527)	-	-	(165)	-	(165)	
Losses on onerous contracts	-	857	-	-	857	-	361	-	-	361	
Insurance acquisition cash flows amortizations	(283)	-	-	-	(283)	(837)	-	-	-	(837)	
Insurance service expenses	(283)	570	8,369	130	8,786	(837)	(2,086)	8,874	217	6,168	
Insurance service result	(15,630)	570	8,369	130	(6,561)	(14,128)	(2,086)	8,874	217	(7,123)	
Net finance expense from insurance contracts	7,515	85	615	66	8,281	4,724	44	(125)	19	4,662	
Foreign currencies adjustment to comprehensive income	715	(11)	(12)	(2)	690	(5,928)	(610)	18	2	(6,518)	
Total changes in the statement of income and OCI	(7,400)	644	8,972	194	2,410	(15,332)	(2,652)	8,767	238	(8,979)	
Investment components	(3,346)	-	3,346	-	-	(3,855)	-	3,855	-	-	
Cash flows											
Premiums received	33,442	-	-	-	33,442	19,876	-	-	-	19,876	
Claims and other directly attributable expenses paid	-	-	(10,615)	-	(10,615)	-	-	(11,284)	-	(11,284)	
Insurance acquisition cash flows	(2,861)	-	-	-	(2,861)	(6,152)	-	-	-	(6,152)	
Total cash flows	30,581	-	(10,615)	-	19,966	13,724	-	(11,284)	-	2,440	
Net closing balance	92,137	1,929	7,745	949	102,760	72,302	1,285	6,042	755	80,384	
Closing liabilities	92,137	1,929	7,745	949	102,760	72,435	916	6,042	755	80,148	
Closing assets	-	-	-	-	-	(133)	369	-	-	236	
Net closing balance	92,137	1,929	7,745	949	102,760	72,302	1,285	6,042	755	80,384	

8.2.1 Reconciliation of insurance contract assets and liabilities by components for contracts measured under GMM / VFA

	31 December 2025				31 December 2024			
	Estimates of the present value of future cash flows	Risk Adjustment for non-financial risk	Contractual Service Margin (CSM)	Total	Estimates of the present value of future cash flows	Risk Adjustment for non-financial risk	Contractual Service Margin (CSM)	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Opening liabilities	49,958	3,691	26,499	80,148	52,356	3,760	31,380	87,496
Opening assets	167	2	67	236	(1,452)	165	714	(573)
Net opening balance	50,125	3,693	26,566	80,384	50,904	3,925	32,094	86,923
Changes that relate to current services:								
CSM recognized in statement of income for services provided	-	-	(7,638)	(7,638)	-	-	(3,724)	(3,724)
Changes in risk adjustment for risks expired	-	(642)	-	(642)	-	(532)	-	(532)
Experience Adjustments-Premium and Associated Cashflows	93	-	-	93	(4,806)	-	-	(4,806)
Experience adjustments-relating to insurance service expenses	1,280	-	-	1,280	933	351	-	1,284
	1,373	(642)	(7,638)	(6,907)	(3,873)	(181)	(3,724)	(7,778)
Changes that relate to future services:								
Changes in estimates that adjust the CSM	(9,036)	2,489	6,547	-	8,608	(2,142)	(6,462)	4
Changes in estimate that results in onerous contract losses or (reversal) of such losses	1,878	(1,053)	-	825	(881)	1,261	-	380
Contracts initially recognized during the year	(11,348)	844	10,594	90	(10,565)	998	9,547	(20)
Experience adjustments-arising from premiums received in the period that relate to future service	1,039	-	(1,054)	(15)	865	-	(862)	3
	(17,467)	2,280	16,087	900	(1,973)	117	2,223	367
Changes that relate to past services:								
Changes that relate to past service- changes in the FCF relating to the LIC	579	137	-	716	423	(135)	-	288
Experience adjustment-arising from premium received in the period that related to past service	(887)	(383)	-	(1270)	-	-	-	-
	(308)	(246)	-	(554)	423	(135)	-	288
Insurance service result	(16,402)	1,392	8,449	(6,561)	(5,423)	(199)	(1,501)	(7,123)
Net finance expense from insurance contracts	5,558	701	2,022	8,281	3,795	302	565	4,662
Foreign currencies adjustment to comprehensive income	24	75	591	690	(1,591)	(335)	(4,592)	(6,518)
Total changes in the statement of income and OCI	(10,820)	2,168	11,062	2,410	(3,219)	(232)	(5,528)	(8,979)
Cash flows:								
Premiums received	33,442	-	-	33,442	19,876	-	-	19,876
Claims and other directly attributable expenses paid	(10,615)	-	-	(10,615)	(11,284)	-	-	(11,284)
Insurance acquisition cash flows	(2,861)	-	-	(2,861)	(6,152)	-	-	(6,152)
Total cash flows	19,966	-	-	19,966	2,440	-	-	2,440
Net closing balance	59,271	5,861	37,628	102,760	50,125	3,693	26,566	80,384
Closing liabilities	59,271	5,861	37,628	102,760	49,958	3,691	26,499	80,148
Closing assets	-	-	-	-	167	2	67	236
Net closing balance	59,271	5,861	37,628	102,760	50,125	3,693	26,566	80,384

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

	31 December 2025					31 December 2024				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Opening liabilities	(40,611)	-	16,814	1,430	(22,367)	(43,466)	-	7,070	505	(35,891)
Opening assets	(15,115)	-	237,370	16,111	238,366	(73,279)	-	272,504	17,670	216,895
Net opening balance	(55,726)	-	254,184	17,541	215,999	(116,745)	-	279,574	18,175	181,004
Reinsurance expenses	(207,204)	-	-	-	(207,204)	(327,929)	-	-	-	(327,929)
Amounts recoverable from reinsurers:										
Incurred claims recovery	-	-	165,518	10,382	175,900	-	-	316,304	11,551	327,855
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(21,081)	(8,686)	(29,767)	-	-	(47,749)	(11,769)	(59,518)
Income on initial recognition of onerous underlying contracts	-	1,168	-	-	1,168	-	-	-	-	-
Change in provision for risk of non-performance	-	-	(1,417)	-	(1,417)	-	-	(363)	-	(363)
Net expense from reinsurance contracts held	(207,204)	1,168	143,020	1,696	(61,320)	(327,929)	-	268,192	(218)	(59,955)
Net finance income from reinsurance contracts	-	-	7,561	297	7,858	-	-	5,807	529	6,336
Foreign currencies adjustment to comprehensive income	(437)	3	(1,867)	(51)	(2,352)	2,073	-	(6,669)	(280)	(4,876)
Total amounts recognised in statement of income and OCI	(207,641)	1,171	148,714	1,942	(55,814)	(325,856)	-	267,330	31	(58,495)
Hyperinflation impact	1,450	-	(625)	-	825	1,639	-	(153)	-	1,486
Cash flows:										
Premiums paid	187,076	-	-	-	187,076	385,236	-	-	-	385,236
Claims and other recoveries	-	-	(152,716)	-	(152,716)	-	-	(292,567)	(665)	(293,232)
Total cash flows	187,076	-	(152,716)	-	34,360	385,236	-	(292,567)	(665)	92,004
Net closing balance	(74,841)	1,171	249,557	19,483	195,370	(55,726)	-	254,184	17,541	215,999
Closing liabilities	(47,499)	-	11,200	596	(35,703)	(40,611)	-	16,814	1,430	(22,367)
Closing assets	(27,342)	1,171	238,357	18,887	231,073	(15,115)	-	237,370	16,111	238,366
Net closing balance	(74,841)	1,171	249,557	19,483	195,370	(55,726)	-	254,184	17,541	215,999

8.4 Analysis of reinsurance contract assets and liabilities for contracts measured under GMM/VFA

	31 December 2025					31 December 2024				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Opening liabilities	(264)	120	49	1	(94)	(358)	127	69	-	(162)
Opening assets	20,354	184	4,856	435	25,829	22,257	25	2,780	312	25,374
Net opening balance	20,090	304	4,905	436	25,735	21,899	152	2,849	312	25,212
Changes in the statement of income:										
Allocation of reinsurance premiums:										
Reinsurance expenses	(6,927)	-	-	-	(6,927)	(5,860)	-	-	-	(5,860)
Amounts recoverable from reinsurers:										
Incurred claims recovery	-	-	3,108	202	3,310	-	-	3,346	193	3,539
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	242	(138)	104	-	-	345	(81)	264
Income on initial recognition of onerous underlying contracts	-	-	-	-	-	-	(4)	-	-	(4)
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	(35)	-	-	(35)	-	(3)	-	-	(3)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	74	233	-	-	307	(132)	155	(43)	-	(20)
Effect of changes in risk of non-performance by issuer of reinsurance contracts held	-	-	(474)	-	(474)	(3)	-	-	-	(3)
Net (expense) income from reinsurance contracts held	(6,853)	198	2,876	64	(3,715)	(5,995)	148	3,648	112	(2,087)
Net finance income (expense) from reinsurance contracts	3,027	12	348	37	3,424	826	3	(62)	11	778
Foreign currencies adjustment to comprehensive income	(11)	-	(12)	(1)	(24)	47	1	13	1	62
Total amounts recognised in statement of income and OCI	(3,837)	210	3,212	100	(315)	(5,122)	152	3,599	124	(1,247)
Cash flows:										
Premiums paid net of ceding commissions and other directly attributable expenses	7,230	-	-	-	7,230	3,313	-	-	-	3,313
Recoveries from reinsurance	-	-	(2,900)	-	(2,900)	-	-	(1,543)	-	(1,543)
Total cash flows	7,230	-	(2,900)	-	4,330	3,313	-	(1,543)	-	1,770
Net closing balance	23,483	514	5,217	536	29,750	20,090	304	4,905	436	25,735
Closing liabilities	235	37	56	-	328	(264)	120	49	1	(94)
Closing assets	23,248	477	5,161	536	29,422	20,354	184	4,856	435	25,829
Net closing balance	23,483	514	5,217	536	29,750	20,090	304	4,905	436	25,735

8.4.1 Reconciliation of reinsurance contract assets and liabilities by components for contracts measured under GMM / VFA

	31 December 2025				31 December 2024			
	Estimates of the present value of future cash flows	Risk Adjustment for non-financial risk	Contractual Service Margin (CSM)	Total	Estimates of the present value of future cash flows	Risk Adjustment for non-financial risk	Contractual Service Margin (CSM)	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Opening liabilities	(785)	108	583	(94)	563	325	(1,050)	(162)
Opening assets	15,124	1,612	9,093	25,829	15,621	1,373	8,380	25,374
Net opening balance	14,339	1,720	9,676	25,735	16,184	1,698	7,330	25,212
Changes in the statement of income:								
Changes that relate to current services:								
CSM recognized in statement of income for services transferred	-	-	(2,895)	(2,895)	-	-	(2,018)	(2,018)
Changes in risk adjustment for non-financial risks	-	(214)	-	(214)	-	(400)	-	(400)
Experience adjustments	(155)	-	11	(144)	(197)	193	-	(4)
	(155)	(214)	(2,884)	(3,253)	(197)	(207)	(2,018)	(2,422)
Changes that relate to future services:								
Changes in estimates that adjust the CSM	(752)	(73)	825	-	(153)	353	147	347
Contracts initially recognized during the year	(4,198)	320	3,885	7	(3,704)	9	3,382	(313)
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	2	2	-	-	(30)	(30)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	302	16	(4)	314	91	63	-	154
Experience adjustments - arising from ceded premiums paid in the period that relate to future service	114	-	(126)	(12)	55	-	(84)	(29)
	(4,534)	263	4,582	311	(3,711)	425	3,415	129
Changes that relate to past services:								
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	1,132	83	-	1,215	287	(81)	-	206
Experience adjustments - arising from ceded premiums paid in the period that relate to past service	(1,766)	(222)	-	(1,988)	-	-	-	-
	(634)	(139)	-	(773)	287	(81)	-	206
Net expenses from reinsurance contracts held	(5,323)	(90)	1,698	(3,715)	(3,621)	137	1,397	(2,087)
Net finance (expense) income from reinsurance contracts	2,270	272	882	3,424	258	(24)	544	778
Foreign currencies adjustment to comprehensive income	(37)	5	8	(24)	(252)	(91)	405	62
Total changes in the statement of income & comprehensive income	(3,090)	187	2,588	(315)	(3,615)	22	2,346	(1,247)
Cash flows:								
Premiums paid net of ceding commissions and other directly attributable expenses paid	7,230	-	-	7,230	3,313	-	-	3,313
Incurred claims recovered and other insurance service expenses recovered	(2,900)	-	-	(2,900)	(1,543)	-	-	(1,543)
Total cash flows	4,330	-	-	4,330	1,770	-	-	1,770
Net closing balance	15,579	1,907	12,264	29,750	14,339	1,720	9,676	25,735
Closing liabilities	189	93	46	328	(785)	108	583	(94)
Closing assets	15,390	1,814	12,218	29,422	15,124	1,612	9,093	25,829
Net closing balance	15,579	1,907	12,264	29,750	14,339	1,720	9,676	25,735

8.5 Impact of contracts recognized in the year for contracts measured under GMM / VFA

Impact on insurance contract liabilities	31 December 2025			31 December 2024		
	Contracts written by the Group			Contracts written by the Group		
	Non-onerous contracts originated	Onerous contracts originated	Total	Non-onerous contracts originated	Onerous contracts originated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Estimates of the present value of future cash outflows						
• claims incurred and directly attributable non-acquisition expenses	9,690	97	9,787	15,925	-	15,925
• insurance acquisition costs	2,677	92	2,769	4,354	-	4,354
	12,367	189	12,556	20,279	-	20,279
Estimates of the present value of future cash inflows	(24,631)	(141)	(24,772)	(30,254)	-	(30,254)
Risk adjustment for non-financial risk	936	11	947	853	-	853
CSM	11,328	-	11,328	9,123	-	9,123
Increase in insurance contract liabilities from contracts recognized in the year	-	59	59	1	-	1

Impact on reinsurance (RI) contract assets	31 December 2025			31 December 2024		
	Contracts written by the Group			Contracts written by the Group		
	Contracts originated not in a net gain	Contracts originated in a net gain	Total	Contracts originated not in a net gain	Contracts originated in a net gain	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Estimates of the present value of future cash inflows	5,030	(176)	4,854	(6,369)	(77)	(6,446)
Estimates of the present value of future cash outflows	(8,961)	64	(8,897)	10,016	54	10,070
Risk adjustment for non-financial risk	256	52	308	(310)	9	(301)
CSM	3,678	61	3,739	(3,337)	14	(3,323)
Increase in reinsurance contract liabilities from contracts recognized in the year	3	1	4	-	-	-

8.6 Csm Recognition in Profit or Loss

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below:

	2025					
	Up to 1 year	1-2 years	2-3 years	3-4 years	>4 years	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Insurance contract issued	20,837	4,395	3,172	2,343	6,881	37,628
Reinsurance contract held	(4,300)	(1,829)	(1,370)	(1,042)	(3,723)	(12,264)
	2024					
	Up to 1 year	1-2 years	2-3 years	3-4 years	>4 years	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Insurance contract issued	10,305	3,320	2,511	1,960	8,470	26,566
Reinsurance contract held	(1,264)	(1,255)	(971)	(796)	(5,390)	(9,676)

9. Financial Instruments

9.1 Investments at Fair Value through Profit or Loss

	2025	2024
	KD 000's	KD 000's
Quoted securities	87,811	42,169
Unquoted securities	9,779	10,670
Managed funds of quoted securities	23,704	39,268
Managed funds of unquoted securities	16,003	7,858
Quoted bonds	31,170	16,972
Unquoted bonds	8,909	4,301
	177,376	121,238

9.2 Investments at Fair Value through other Comprehensive Income

	2025	2024
	KD 000's	KD 000's
Quoted equity securities	17,497	19,673
Unquoted equity securities	11,713	10,513
Unquoted managed funds	200	187
Quoted bonds	359,290	343,724
Unquoted bonds	3,458	-
	392,158	374,097

9.3 Debt Instruments at Amortised Cost

	2025	2024
	KD 000's	KD 000's
Debt instruments at amortised cost		
Quoted	61,392	37,462
Unquoted	18,495	35,533
	79,887	72,995

The fair value hierarchy and basis of valuation is disclosed in Note 28.

10. Investment in Associates

The Group has the following significant investment in associates:

	Country of incorporation	Percentage of ownership		Principal Activity
		2025	2024	
Al-Argan International Real Estate Company K.S.C.P. (Al-Argan) ¹	Kuwait	-	20%	Real Estate
Alliance Insurance Company P.S.C. ("Alliance")	United Arab Emirates	20%	20%	Insurance
Algerian gulf life insurance Company ("AGLIC")	Algeria	42.5%	42.5%	Insurance
Others	Middle East			

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

	2025	2024
	KD 000's	KD 000's
Carrying value at 1 January	24,126	24,297
Dividends received	(2,746)	(2,736)
Share of results of associates	2,879	3,737
Share of other comprehensive income (loss) of associates	48	(71)
Capital contribution	74	-
Foreign currency translation adjustments	102	(672)

¹ During the year ended 31 December 2025, the Parent Company has entirely disposed of its share of 20% of Al-Argan International Real Estate Company K.S.C.P. (Al-Argan) with total consideration of KD 5,977 thousand. Resulted from disposal net realized gain of KD 377 thousand that recognized to the consolidated statement of income after recycling the share of other comprehensive loss of associate to the consolidated statement of income of KD 495 thousand.

	2025	2024
	KD 000's	KD 000's
Impairment loss ¹	(298)	(400)
Transferred to financial assets at fair value through profit or loss	-	(29)
Disposal ²	(6,089)	-
	18,096	24,126

The associates contingent liabilities and capital commitments as at 31 December is as follows:

	2025	2024
	KD 000's	KD 000's
Contingent liabilities	1,152	3,966
	1,152	3,966

Summarised financial information of material associates of the Group is as follows:

	AGLIC	Alliance	Others	2025	2024
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Share of associates' financial position:					
Assets	20,733	21,981	23,899	66,613	106,148
Liabilities	18,506	12,712	19,259	50,477	75,708
Share of the associates' net assets	2,227	9,269	4,640	16,136	30,440
Goodwill	-	1,784	176	1,960	1,960
Impairment	-	-	-	-	(8,274)
Carrying value	2,227	11,053	4,816	18,096	24,126
Share of associates' revenues and net profit:					
Revenues	4,293	3,999	4,424	12,716	9,052
Net profit	644	622	1,613	2,879	3,737

¹ In respect of the Group's investment in certain associates, the management considered the performance outlook and business operations of the cash generating units (CGUs) to assess whether the recoverable amount of a CGU covers its carrying amount. Based on the estimated cash flows, discounted back to their present value using a discount rate that reflects the risk profile and market comparable approach, the management concluded that the carrying value exceeds the recoverable amount by KD 298 thousand (2024: KD 400) for certain CGUs. Accordingly, an impairment loss has been recognized in the consolidated statement of income.

² During the year ended 31 December 2025, the Parent Company has entirely disposed of its share of 20% of Al-Argan International Real Estate Company K.S.C.P. (Al-Argan) with total consideration of KD 5,977 thousand. Resulted from disposal net realized gain of KD 377 thousand that recognized to the consolidated statement of income after recycling the share of other comprehensive loss of associate to the consolidated statement of income of KD 495 thousand.

11. Investment Properties

	2025	2024
	KD 000's	KD 000's
Opening balance as at 1 January	6,656	8,354
Additions	-	106
Disposal	-	(1,168)
Change in fair value	1,199	157
Foreign exchange differences and other movements	(496)	(793)
	7,359	6,656

Measuring investment property at fair value

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of investment income (Note 3).

For local properties, the fair values of investment properties are based on a valuation performed by accredited independent valuers; one of these appraisers is a local bank and the other is a local reputable accredited appraiser. As for foreign properties, the fair values of investment properties are based on one valuation

performed by foreign accredited independent valuer. The valuation is based on acceptable methods of valuation such as market comparable methods. As the significant valuation inputs used are based on indirectly observable market data, these are classified under level 2 fair value hierarchy. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use where the price per square meter determined from each territory of each investment property is the significant input. There has been no change to the valuation techniques during the year.

The fair value hierarchy and basis of valuation is disclosed in Note 28.

12. Property and Equipment

	Land	Buildings	Others	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Cost:				
As at 1 January 2025	11,380	28,497	25,465	65,342
Additions	-	26	2,407	2,433
Disposals	-	-	(167)	(167)
Revaluation adjustment	179	3,367	-	3,546
Exchange differences and other movements	140	367	39	546
As at 31 December 2025	11,699	32,257	27,744	71,700

	Land	Buildings	Others	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Accumulated depreciation:				
As at 1 January 2025	-	(8,843)	(20,578)	(29,421)
Charge for the year	-	(743)	(1,880)	(2,623)
Related to disposals	-	-	84	84
Exchange differences and other movements	-	(64)	(8)	(72)
As at 31 December 2025	-	(9,650)	(22,382)	(32,032)
Net carrying amount:				
As at 31 December 2025	11,699	22,607	5,362	39,668

	Land	Buildings	Others	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Cost:				
As at 1 January 2024	12,466	30,415	24,306	67,187
Additions	61	127	2,263	2,451
Disposals	-	-	(692)	(692)
Revaluation adjustment	(341)	(278)	-	(619)
Exchange differences and other movements	(806)	(1,767)	(412)	(2,985)
As at 31 December 2024	11,380	28,497	25,465	65,342
Accumulated depreciation:				
As at 1 January 2024	-	(8,179)	(20,015)	(28,194)
Charge for the year	-	(861)	(1,688)	(2,549)
Related to disposals	-	-	665	665
Exchange differences and other movements	-	197	460	657
As at 31 December 2024	-	(8,843)	(20,578)	(29,421)
Net carrying amount:				
As at 31 December 2024	11,380	19,654	4,887	35,921

Land and buildings are recognized at fair value based on annual valuations by external independent accredited valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to revaluation surplus reserve to the shareholders' equity net of the deferred tax charged directly to Equity from foreign subsidiaries subject to the deferred tax. All other property, plant and equipment is recognized at historical cost less depreciation.

The observable valuation input is the Price per square meter determined from each territory of each land in addition to the market comparable approach for the buildings.

The fair value hierarchy and basis of valuation is disclosed in Note 28.

13. Intangible Assets

	Customer and Broker Relationships	Computer Software and others	Total
	KD 000's	KD 000's	KD 000's
Cost:			
As at 1 January 2025	45,676	25,663	71,339
Impairment loss	-	(130)	(130)
Additions	-	3,838	3,838
Exchange differences and other movements	(83)	798	715
As at 31 December 2025	45,593	30,169	75,762
Accumulated amortization:			
As at 1 January 2025	15,115	14,706	29,821
Charge for the year	4,415	3,705	8,120
Exchange differences and other movements	(17)	302	285
As at 31 December 2025	19,513	18,713	38,226
Net carrying amount:			
As at 31 December 2025	26,080	11,456	37,536
As at 31 December 2024			
	Customer and Broker Relationships	Computer Software and others	Total
	KD 000's	KD 000's	KD 000's
Cost:			
As at 1 January 2024	45,560	23,371	68,931
Additions	-	2,698	2,698
Disposals	-	(473)	(473)
Exchange differences and other movements	116	67	183
As at 31 December 2024	45,676	25,663	71,339
Accumulated amortization:			
As at 1 January 2024	10,656	11,932	22,588
Charge for the year	4,427	2,947	7,374
Related to disposals	-	(209)	(209)
Exchange differences and other movements	32	36	68
As at 31 December 2024	15,115	14,706	29,821
Net carrying amount:			
As at 31 December 2024	30,561	10,957	41,518

14. Goodwill

Goodwill has been allocated to individual cash-generating units. The carrying amount of goodwill allocated to each of the cash-generating units is shown below:

	2025	2024
	KD 000's	KD 000's
GIG Egypt "Arab Misr Insurance Group Company S.A.E."	308	308
GIG Bahrain "Bahrain Kuwaiti Insurance Company B.S.C."	2,626	2,626
GIG Jordan "Arab Orient Insurance Company J.S.C."	5,292	5,292
GIG Iraq "Dar Al-Salam Insurance Company "	604	604
GIG Egypt Takaful "Egypt Life Takaful Insurance Company S.A.E."	168	168
GIG Saudi Company	22,166	22,224
GIG Turkey "Gulf Sigorta A.Ş."	2,173	2,173
	33,337	33,395

Movement on goodwill during the year is as follows:

	2025	2024
	KD 000's	KD 000's
As at 1 January	33,395	33,319
Foreign currency translation adjustments	(58)	76
As at 31 December	33,337	33,395

The Group performed its annual impairment test in accordance with its accounting policy and performed a sensitivity analysis of the underlying assumptions used in the value-in-use calculations. The recoverable amounts of cash-generating units were higher than the carrying amounts. Consequently, no impairment was considered necessary as at the end of the reporting period.

The following table represents the valuation techniques with the assumptions used in the impairment test for the major CGUs.

	WACC	Terminal Growth rate
GIG Bahrain "Bahrain Kuwaiti Insurance Company B.S.C."	13.8%	2.5%
GIG Jordan "Arab Orient Insurance Company J.S.C."	13.4%	2.5%
GIG Saudi Company	10.3%	2.5%

*Sensitivity impact by change of +/- by 1% in the key assumptions used in impairment test, the recoverable amounts will still exceed the carrying amounts.

15. Term Loans

	2025	2024
	KD 000's	KD 000's
Relating to the parent company	65,542	50,866
Relating to subsidiaries	1,078	-
	66,620	50,866

For Parent Company's loans they are unsecured loans obtained from banks and payable as follows:

- First loan is payable on annual installment basis beginning on 21 August 2022 with last installment to be due on 26 December 2027 and carries interest rate of 1.25% per annum over Central Bank of Kuwait discount rate. The balance of the term loan as at 31 December 2025 is KD 23,154 thousand (31 December 2024: KD 28,116 thousand). The Parent Company has agreed with the bank to postpone the installment with the total amount of KD 4,961 thousand that was due on 26 December 2024, to be settled on 26 December 2027.
- Second loan is payable on quarterly installment basis for a period of five years beginning on 30 September 2021 and carries an interest rate of 1.25% per annum over Central Bank of Kuwait discount rate and the last installment is due on 30 September 2026. The balance of the term loan as at 31 December 2025 is KD 13,387 thousand (31 December 2024: KD 22,750 thousand). On 5 November 2025, the Parent Company restructured this term loan to be paid on annual installments

- beginning on 31 December 2025 with the last installment due on 31 December 2029 and carries an effective interest rate of 1.25% per annum over the Central Bank of Kuwait discount rate.
- Third loan is payable on annual installment basis beginning on 31 March 2026 with last installment to be due on 31 March 2030 and carries interest rate of 1.25% per annum over Central Bank of Kuwait discount rate. The balance of the term loan as at 31 December 2025 is KD 20,000 thousand (31 December 2024: KD Nil).
- Revolving loan with balance of KD 9,000 thousand as at 31 December 2025 (2024: KD Nil) and carries interest rate of 1.25% per annum over Central Bank of Kuwait discount rate.

For the loans related to subsidiaries:

The term loan relates to one of the Group's subsidiaries and is repayable in semiannual instalments over five years, starting 11 May 2026 with the last instalment due on 11 November 2030. The loan is unsecured and bears interest at an annual rate of 6.45%.

16. Other Liabilities

	2025	2024
	KD 000's	KD 000's
Accrued expenses	14,819	14,075
Refundable deposits	39	40
Insurance payable for intermediaries	10,038	35,476
provision for litigations	801	2,795
Others	41,908	60,473
	67,605	112,859

17. Provision for End of Service Benefits

	2025	2024
	KD 000's	KD 000's
Opening balance as at 1 January	17,313	17,087
Charged during the period	3,815	4,011
Paid during the year	(1,202)	(3,761)
Foreign exchange differences	(70)	(24)
	19,856	17,313

18. Equity, Dividends and Reserves

a) Share capital

The authorised share capital of the Parent Company comprises of 350,000,000 shares (31 December 2024: 350,000,000 shares) of 100 fils each. The issued and fully paid-up share capital consists of 284,572,463 shares (31 December 2024: 284,572,463 shares) of 100 fils each.

b) Dividends and directors' remuneration

Dividends for 2024

The Ordinary Annual General Assembly meeting of the Parent Company's shareholders held on 8 May 2025, approved the Board of Director's proposal for distributing cash dividends to the shareholders of 23 fils per share amounting to KD 6,545 thousand for the year ended 31 December 2024.

Proposed dividends for 2025

At the Board of Directors meeting held on 2 March 2026, the directors of the Parent Company proposed not to distribute cash dividends for the year ended 31 December 2025. This proposal is subject to the approval of the shareholders at the General Assembly meeting

Directors' remuneration

Directors' remuneration of KD 200 thousand for the year ended 31 December 2025 is subject to approval by the Ordinary Annual General Assembly of the Parent Company's shareholders. Directors' remuneration of KD 185 thousand for the year ended 31 December 2024 was approved by the Ordinary Annual General Assembly of the Parent Company's shareholders held on 8 May 2025.

c) Statutory reserve

In accordance with the Companies' Law, as amended, and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, a minimum of 10% of the profit for the year before KFAS and board of directors' remuneration shall be transferred to the statutory reserve. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. The transfer to the statutory reserve is ceased as it exceeds 50% of the Paid-up capital.

d) Voluntary reserve

In accordance with the Companies' Law, as amended, and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, a maximum of 10% of the profit for the year attributable to the equity holders of the Parent Company before KFAS and board of directors' remuneration shall be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve. The transfer to the voluntary reserve is ceased as it exceeds 50% of the paid-up capital.

19. Subordinated Perpetual Tier 2 Bonds

On 10 November 2022, the Parent Company issued perpetual subordinated Tier 2 fixed and floating rate bonds composed of KD 30 million at a fixed interest rate of 4.5% and KD 30 million at floating interest rate of 2.75% above Central Bank of Kuwait discount rate (the "Tier 2 bonds").

The Tier 2 bonds constitute direct, unconditional, subordinated obligations of the Parent Company and are classified as equity in accordance with IAS 32: Financial Instruments - Classification. The Tier 2 bonds do not have a maturity date. They are redeemable by the Parent Company after 5 years.

The Fixed Rate Tier 2 bonds will bear interest from the Issue Date to the First Reset Date at a fixed rate

of 4.5% per annum payable semi-annually in arrears on 10 May and 10 November in each year, commencing on 10 May 2022. Interest is treated as a deduction from equity.

The Floating rate Tier 2 bonds will bear interest at a rate of 2.75% over the CBK Discount Rate per annum provided however that such sum shall never exceed the prevailing Interest Rate attributable to the Fixed Rate Tranche Bonds at that time plus 1%, payable semi-annually in arrears on 10 May and 10 November in each year, commencing on 10 May 2022. Interest is treated as a deduction from equity.

20. Segment Information

For the management purpose, the Group operates in two segments, insurance (subdivided into general risk insurance and life and medical) and investments; there are no inter-segment transactions. The following are the details of these two segments:

- The general risk insurance segment offers general insurance to individuals and businesses. General insurance products offered include marine and aviation, motor vehicles, property, engineering and general accidents. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.
- The life and medical insurance segment offer savings, protection products and other long-term contracts. It comprises a wide range of whole life insurance, term insurance, unitized pensions (Misk individual policies), pure endowment pensions, group life and disability,

credit life (banks), group medical including third party administration (TPA), preferred global health and FAY products. Revenue from this segment is derived primarily from insurance premium, fees, commission income, investment income and fair value gains and losses on investments.

Unallocated category comprises of assets and liabilities' relating to the Group's investing activities which do not fall under the Group's primary segments.

Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment result and is measured consistently with the results in the consolidated financial statements.

a) Segmental consolidated statement of income

31 December 2025					General risk insurance		Life and Medical		Investments	Unallocated	Total
	Marine and aviation	Motor vehicles	Property	Engineering	General Insurance	Liability	Life	Medical	Investments		
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's		
Insurance service results	11,580	18,200	(4,119)	25,393	20,360	19,704	10,494	5,817	-	-	107,429
Net (expense) income from reinsurance contracts held	(6,048)	(4,869)	2,983	(18,257)	(13,278)	(12,345)	(5,301)	(7,920)	-	-	(65,035)
Net insurance and reinsurance finance expense	(576)	(3,092)	(435)	(424)	(8,033)	(1,498)	(4,543)	(1,700)	-	-	(20,301)
Net insurance financial result	4,956	10,239	(1,571)	6,712	(951)	5,861	650	(3,803)	-	-	22,093
Investment income	-	-	-	-	-	-	-	-	19,604	-	19,604
Investment expenses	-	-	-	-	-	-	-	-	(2,605)	-	(2,605)
Interest income	-	-	-	-	-	-	-	-	40,096	-	40,096
Share of results from associates	-	-	-	-	-	-	-	-	2,879	-	2,879
Impairment of investment in associates	-	-	-	-	-	-	-	-	(298)	-	(298)
Gain on sale of associates	-	-	-	-	-	-	-	-	377	-	377
Non-attributable general and administrative expenses	-	-	-	-	-	-	-	-	-	(35,591)	(35,591)
Other income, net	-	-	-	-	-	-	-	-	-	4,288	4,288
Monetary loss from hyperinflation	-	-	-	-	-	-	-	-	-	(2,110)	(2,110)
Finance costs	-	-	-	-	-	-	-	-	-	(4,845)	(4,845)
Profit before KFAS, Directors' remuneration and taxation	4,956	10,239	(1,571)	6,712	(951)	5,861	650	(3,803)	60,053	(38,258)	43,888

31 December 2024					General risk insurance		Life and Medical		Investments	Unallocated	Total
	Marine and aviation	Motor vehicles	Property	Engineering	General Insurance	Liability	Life	Medical	Investments		
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's		
Insurance service result	11,369	13,438	18,692	23,684	13,029	11,136	8,138	3,426	-	-	102,912
Net (expense) income from reinsurance contracts held	(8,006)	2,679	(21,261)	(18,419)	(6,659)	(8,531)	(3,515)	1,670	-	-	(62,042)
Net insurance and reinsurance (expense) finance income	(395)	(3,118)	(730)	157	297	(1,127)	(4,118)	(330)	-	-	(9,364)
Net insurance financial result	2,968	12,999	(3,299)	5,422	6,667	1,478	505	4,766	-	-	31,506
Investment income	-	-	-	-	-	-	-	-	15,220	-	15,220
Investment expenses	-	-	-	-	-	-	-	-	(2,566)	-	(2,566)
Interest income	-	-	-	-	-	-	-	-	39,438	-	39,438
Share of results from associates	-	-	-	-	-	-	-	-	3,737	-	3,737
Impairment loss of Associates	-	-	-	-	-	-	-	-	(400)	-	(400)
Gain on sale of associates	-	-	-	-	-	-	-	-	299	-	299
Non-attributable general and administrative expenses	-	-	-	-	-	-	-	-	-	(37,016)	(37,016)
Other income, net	-	-	-	-	-	-	-	-	-	757	757
Monetary loss from hyperinflation	-	-	-	-	-	-	-	-	-	(4,028)	(4,028)
Finance costs	-	-	-	-	-	-	-	-	-	(6,496)	(6,496)
Profit before KFAS, Directors' remuneration and taxation	2,968	12,999	(3,299)	5,422	6,667	1,478	505	4,766	55,728	(46,783)	40,451

b) Segment consolidated statement of financial position

31 December 2025	Marine and aviation	Motor vehicles	Property	Engineering	General Insurance	General risk insurance		Life and Medical		Investments	Unallocated	Total
						Liability	Life	Medical	Investments			
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Segment assets	14,482	6,845	153,371	32,930	7,744	13,520	40,778	41,013	716,422	299,729	1,326,834	
Segment liabilities	26,144	166,675	194,793	47,735	46,559	33,317	125,038	96,417	-	182,592	919,270	

31 December 2024	Marine and aviation	Motor Vehicles	Property	Engineering	General Insurance	General risk insurance		Life and Medical		Investments	Unallocated	Total
						Liability	Life	Medical	Investments			
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Segment assets	13,553	8,698	105,154	34,995	11,951	19,275	36,060	63,527	599,112	345,352	1,237,677	
Segment liabilities	31,053	142,191	147,587	57,555	41,261	32,131	104,364	100,823	-	200,656	857,621	

c) Geographic information

	Kuwait		GCC Countries		Other Countries			Total
	2025	2024	2025	2024	2025	2024	2025	2024
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Insurance service result	(4,083)	5,913	22,754	16,973	3,422	8,620	22,093	31,506
Profit for the period	(6,308)	(4,297)	27,814	18,488	9,999	17,631	31,505	31,822
Profit for the year attributable to equity holders of the Parent Company	(6,327)	(4,306)	22,019	13,719	9,007	16,509	24,699	25,922

	Kuwait		GCC Countries		Other Countries			Total
	2025	2024	2025	2024	2025	2024	2025	2024
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Total assets	244,441	264,195	833,702	747,697	248,691	225,785	1,326,834	1,237,677
Total liabilities	217,239	244,416	530,752	465,230	171,279	147,975	919,270	857,621

21. Statutory Guarantees

The following amounts are held in Kuwait by the Parent Company as security for the order of the Insurance Regulatory Unit in accordance with law 125 for year 2019:

	2025	2024
	KD 000's	KD 000's
Current accounts and deposits at banks	15,679	13,979
	15,679	13,979

Statutory guarantees of KD 120,564 thousand (2024: KD 81,015 thousand) are held outside the State of Kuwait as security for the subsidiary companies'

activities in accordance with regulatory requirements of the countries in which subsidiaries are located.

22. Contingent Liabilities

At the reporting date, the Group is contingently liable in respect of letters of guarantee and other guarantees amounting to KD 40,907 thousand (2024: KD 105,641 thousand).

While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The Group operates in the insurance industry and is subject to legal proceedings in the normal course of business.

23. Risk Management

(a) Governance framework

The Group's risk and financial management objective is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Risk management also protects policyholders' fund by ensuring that all liabilities towards the policyholders are fulfilled in duly matter. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group established a risk management function with clear terms of reference from the Parent Company's board of directors, its committees and the associated executive management committees. The risk management function will support the Parent Company as well as the subsidiaries

in all risk management practices. This supplemented with a clear organisational structure that document delegated authorities and responsibilities from the board of directors to executive and senior managers.

(b) Regulatory framework

Law No. 125 of 2019, and its Executive by law, and the rules, Decisions, Circulars and regulations issued by the Insurance Regulatory Unit (IRU) provide the regulatory framework for the insurance industry in Kuwait will be effective, which state that all insurance companies operating in Kuwait are required to follow these rules and regulations.

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

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

The Group's Governance, Risk Management and Compliance (G.R.C.) sector is responsible for monitoring compliance with the above regulations and has delegated authorities and responsibilities from the board of directors to ensure compliance.

The Group's internal audit and quality control department is responsible for monitoring compliance with the above regulations and has delegated authorities and responsibilities from the board of directors to ensure compliance.

(c) Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to manage the risks that affect its capital position.

Capital management objectives

The capital management objectives are:

- To maintain the required level of financial stability of the Group thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and shareholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.
- To allocate capital towards the regional expansion where the ultimate goal is to spread the risk and maximize

the shareholders returns through obtaining the best return on capital.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

In reporting financial strength, capital and solvency is measured using the rules prescribed by the Insurance Regulatory Unit (IRU). These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written.

Capital management policies

The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the Insurance Regulatory Unit, including any additional amounts required by the regulator as well as keeping a capital buffer above the minimum regulatory requirements, where the Group operates to maintain a high economic capital for the unforeseen risks.

Capital management approach

The Group seeks to optimize the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and secure the policyholder's fund.

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics through the Group's internal Capital Model. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

The capital requirements are routinely forecasted on a periodic basis using the Group's internal Capital Model and assessed against both the forecasted available capital and the expected internal rate of return including risk and sensitivity analyses. The process is ultimately subject to approval by the board.

(d) Insurance risk

Insurance risk is the risk arising from the uncertainty around the actual experience and/or policyholder behaviour being materially different than expected at the inception of an insurance contract. These uncertainties include the amount and timing of cash flows from premiums, commissions, expenses, claims and claim settlement expenses paid or received under a contract.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than the estimate. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Frequency and severity of claims

Frequency and severity of claims

The Group manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, line of business and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Group has the right to renew individual policies, to re-price the risk, to impose deductibles and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Group's strategy limits the total exposure to any one territory and the exposure to any one line of business.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer net insurance losses more than the limit defined in the Risk appetite statement in any one event. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk

claims. The risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision include incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities and changing situation during the claim evaluation. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The amount of insurance claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected considering the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and claims inflation.

Process used to decide on assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group uses assumptions based on a mixture of internal and market data to measure its claims liabilities. Internal data is derived mostly from the Group's claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Group has reviewed the individual contracts and in particular, the line of business in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The Group uses several statistical methods and actuarial techniques to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The three methods more commonly used are the Chain Ladder, Expected Loss Ratio and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business or involves significant deal of changes in terms of process.

Expected Loss Ratio method (ELR) is used to determine the projected amount of claims, relative to earned premiums. ELR method is used for line of businesses that

lack past data, while the chain ladder method is used for stable businesses. In certain instances, such as new lines of business, the ELR method may be the only possible way to figure out the appropriate level of loss reserves required.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

The Group uses standard actuarial techniques to estimate its loss provisions as mentioned above. Actuarial techniques and/or methodologies used to estimate the loss provisions could vary based on the specific nature of the lines of business. The general excluding motor and group life business typically have a lower frequency and higher severity of claims while the medical and motor business are more attritional in nature i.e., higher frequency and lower severity. For the attritional lines, any inconsistencies in the claims processes could impact the loss development experience assumed in the technical provisions calculation and hence is one of the key assumptions in the estimation of the technical provisions. For the less attritional lines, typically the loss ratio assumptions under the Bornhuetter-Ferguson technique is a key assumption in the estimation of the technical provisions. The Group monitors closely and validates the key assumptions in the estimation of the technical provisions on a periodic basis.

Claims development table

The following tables show the estimates of cumulative incurred claims, including claims notified for each successive accident year at each reporting date, together with cumulative payments to date. The Group has not disclosed previously unpublished information about claims development that occurred earlier than ten years before the end of the annual reporting period in which it first applies IFRS 17. The cumulative claims estimates, and cumulative payments are translated to the presentation currency at the spot rates of the current financial year.

Gross liabilities for incurred claims

	Before 2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
At end of accident year	325,924	265,008	428,265	464,030	512,083	504,139	610,610	633,116	696,040	728,369	442,443	
One year later	376,589	333,965	499,491	688,373	539,813	509,381	631,002	666,848	721,323	748,626	-	
Two years later	403,712	336,920	500,497	720,292	543,321	518,654	627,491	672,194	721,804	-	-	
Three years later	404,334	336,468	502,141	647,463	542,254	519,037	630,081	671,114	-	-	-	
Four years later	400,365	336,431	501,215	603,994	545,346	517,360	629,168	-	-	-	-	
Five years later	396,522	335,780	501,226	599,335	547,772	514,405	-	-	-	-	-	
Six years later	397,349	335,786	501,188	598,601	547,432	-	-	-	-	-	-	
Seven years later	398,403	337,815	500,072	597,901	-	-	-	-	-	-	-	
Eight years later	396,236	337,713	499,974	-	-	-	-	-	-	-	-	
Nine years later	394,998	337,648	-	-	-	-	-	-	-	-	-	
Ten years later	394,095	-	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	394,095	337,648	499,974	597,901	547,432	514,405	629,168	671,114	721,804	748,626	442,443	6,104,610

	Before 2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
At end of accident year	(264,640)	(218,044)	(348,718)	(350,568)	(385,485)	(364,370)	(464,213)	(463,202)	(520,778)	(559,226)	(267,376)	
One year later	(341,858)	(311,130)	(471,411)	(498,132)	(508,156)	(485,903)	(603,211)	(621,989)	(686,464)	(688,687)	-	
Two years later	(355,938)	(321,923)	(485,669)	(530,845)	(523,489)	(500,891)	(614,570)	(639,603)	(700,551)	-	-	
Three years later	(367,687)	(328,282)	(490,754)	(547,167)	(530,914)	(506,134)	(617,184)	(651,360)	-	-	-	
Four years later	(372,408)	(330,106)	(494,015)	(588,079)	(535,881)	(509,063)	(619,489)	-	-	-	-	
Five years later	(373,939)	(331,221)	(496,356)	(589,365)	(538,696)	(509,760)	-	-	-	-	-	
Six years later	(377,071)	(332,128)	(496,873)	(589,684)	(539,163)	-	-	-	-	-	-	
Seven years later	(378,323)	(332,777)	(497,088)	(589,653)	-	-	-	-	-	-	-	
Eight years later	(379,749)	(332,896)	(497,717)	-	-	-	-	-	-	-	-	
Nine years later	(380,397)	(333,258)	-	-	-	-	-	-	-	-	-	
Ten years later	(380,787)	-	-	-	-	-	-	-	-	-	-	
Cumulative payment to date	(380,787)	(333,258)	(497,717)	(589,653)	(539,163)	(509,760)	(619,489)	(651,360)	(700,551)	(688,687)	(267,376)	(5,777,801)
Gross insurance contracts outstanding claims	13,308	4,391	2,258	8,249	8,269	4,645	9,679	19,754	21,252	59,939	175,067	326,811
IBNR											97,746	97,746
Effect of risk adjustment for non-financial risk											40,767	40,767
Others ¹											8,479	8,479
Effect of discounting											(22,242)	(22,242)
Total gross liabilities for incurred claims	13,308	4,391	2,258	8,249	8,269	4,645	9,679	19,754	21,252	59,939	299,817	451,561

¹ Others includes insurance claims payable, inflation adjustment and other payables

Undiscounted liabilities for incurred claims net of reinsurance

	Before 2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
At end of accident year	255,535	191,375	216,915	219,274	259,790	251,537	299,995	296,826	303,579	325,118	296,163	
One year later	295,434	227,298	247,912	249,590	277,822	259,680	310,638	309,523	318,015	334,391	-	
Two years later	311,414	231,452	249,572	251,201	280,663	264,008	310,590	313,063	318,520	-	-	
Three years later	317,306	231,635	249,998	253,493	281,218	264,560	310,750	312,213	-	-	-	
Four years later	316,010	231,754	249,356	253,556	284,600	264,474	309,984	-	-	-	-	
Five years later	313,910	231,396	250,354	253,382	286,456	263,475	-	-	-	-	-	
Six years later	314,737	231,531	250,162	253,388	285,813	-	-	-	-	-	-	
Seven years later	315,695	231,236	249,704	252,736	-	-	-	-	-	-	-	
Eight years later	314,949	231,422	249,694	-	-	-	-	-	-	-	-	
Nine years later	315,138	231,425	-	-	-	-	-	-	-	-	-	
Ten years later	314,358	-	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	314,358	231,425	249,694	252,736	285,813	263,475	309,984	312,213	318,520	334,391	296,163	3,168,772

	Before 2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
At end of accident year	(227,270)	(160,019)	(181,939)	(178,606)	(203,443)	(190,766)	(234,939)	(223,859)	(229,669)	(246,926)	(217,844)	
One year later	(282,401)	(216,655)	(236,115)	(237,420)	(263,920)	(246,072)	(297,580)	(293,321)	(300,036)	(311,748)	-	
Two years later	(290,934)	(223,568)	(241,678)	(243,482)	(272,038)	(255,206)	(303,349)	(302,030)	(306,048)	-	-	
Three years later	(301,140)	(226,613)	(244,198)	(247,032)	(276,499)	(259,028)	(305,263)	(305,408)	-	-	-	
Four years later	(303,525)	(228,044)	(246,351)	(251,097)	(280,519)	(259,739)	(305,853)	-	-	-	-	
Five years later	(303,910)	(228,757)	(248,277)	(251,724)	(282,919)	(260,170)	(234,939)	-	-	-	-	
Six years later	(306,405)	(229,512)	(248,373)	(251,056)	(282,742)	-	-	-	-	-	-	
Seven years later	(307,293)	(229,615)	(248,503)	(250,897)	-	-	-	-	-	-	-	
Eight years later	(307,427)	(229,881)	(248,473)	-	-	-	-	-	-	-	-	
Nine years later	(308,336)	(230,063)	-	-	-	-	-	-	-	-	-	
Ten years later	(308,589)	-	-	-	-	-	-	-	-	-	-	
Cumulative payment to date	(308,589)	(230,063)	(248,473)	(250,897)	(282,742)	(260,170)	(234,939)	(305,408)	(306,048)	(311,748)	(217,844)	(2,956,921)
Gross insurance contracts outstanding claims	5,769	1,362	1,221	1,839	3,071	3,305	75,045	6,805	12,472	22,643	78,319	211,851
IBNR											67,439	67,439
Effect of risk adjustment for non-financial risk											20,406	20,406
Others ¹											(38,931)	(38,931)
Effect of discounting											(13,088)	(13,088)
Total gross liabilities for incurred claims	5,769	1,362	1,221	1,839	3,071	3,305	75,045	6,805	12,472	22,643	114,145	247,677

¹ Others includes reinsurance claims receivable, reinsurance credit risk, inflation adjustment and other receivables

Sensitivity analysis for contracts measured under PAA

The following table presents information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables 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 insurance liabilities is sensitive to possible changes in underwriting risk variables.

	2025		2024	
	LIC as at 31 December	Impact on LIC	LIC as at 31 December	Impact on LIC
	KD 000's	KD 000's	KD 000's	KD 000's
Insurance contract liabilities	442,865		486,877	
Reinsurance contract assets	(269,040)		(271,725)	
Net insurance contract liabilities	173,825		215,152	
Best estimate reserves- 5% increase				
Insurance contract liabilities		21,730		19,875
Reinsurance contract assets		(11,203)		(9,811)
Net insurance contract liabilities		10,527		10,064
Risk adjustment - 5% increase				
Insurance contract liabilities		1,903		1,804
Reinsurance contract assets		(1,009)		(864)
Net insurance contract liabilities		894		940
Yield curve 50bps				
Insurance contract liabilities		(1,609)		(1,492)
Reinsurance contract assets		694		694
Net insurance contract liabilities		(915)		(798)

Sensitivity analysis for contracts not measured under PAA

The following tables present information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

	Insurance contract liabilities	Reinsurance contract assets
Mortality increases by 10%	VFA: the impact of mortality will not be significant, but it will slightly increase the FCF due to the unfavorable impact on cash outflows and in contrary, the CSM will be reduced.	VFA: the impact of mortality will not be significant, but it will slightly reduce due to the expectation to increase the cash outflow and in contrary, the CSM will be increasing more or less with the same amount of increase in the FCF.
	GMM: the impact will be quite significant for Term life portfolios where the increase in mortality will significantly increase the expected cash outflow which will increase the FCF and accordingly reduces the CSM.	GMM: the impact will be quite significant for Term life portfolios where the increase in mortality will significantly increase the expected cash outflow which will increase the FCF and accordingly reduces the CSM.
Lapse/Surrender increase in rates by 5%	VFA: the increase in lapse rates will lead to higher cash outflows related to fulfilling insurance obligations and decrease the cash inflow related to future premiums and hence, the expected future profits margin will reduce. However, the impact on CSM shall depend on the aging of the portfolio.	VFA: Changes in lapse rates will indirectly impact reinsurance contract assets through their effect on the underlying insurance contracts. If higher lapse rates lead to increased cash outflows for fulfilling insurance obligations, this could indirectly affect the FCF associated with reinsurance contract assets through reducing the inforce business on the long term so reducing the expected CSM and FCF.
	GMM: Similarly, the increase in lapse rates will lead to higher cash outflows related to fulfilling insurance obligations and decrease the cash inflow related to future premiums and hence, the expected future profit margin will reduce.	GMM: Similarly, under GMM, changes in lapse rates would affect the fulfillment cash flow (FCF) associated with reinsurance contract assets, primarily driven by changes in the underlying insurance contracts. An increase in lapse rates could lead to higher cash outflows, impacting the FCF and CSM of reinsurance contracts.
Expense loadings by 5%	VFA: the increase in expenses will lead to higher administrative and operational costs associated with managing the insurance contracts, which will increase the fulfillment cashflow (FCF) and hence, the Contractual Service Margin (CSM) would decrease.	N/A
	GMM: Under GMM, the increase in expense loadings will also lead to higher administrative and operational costs, which will increase the FCF and hence, a decrease in the CSM.	
Yield Curve rates increase by 50bps.	VFA: the increase in the yield curve rates will lead to higher discounting factors applied to future cashflows associated with insurance liabilities. As a result, the present value of future cash outflows would decrease (more than the decrease in cash inflows) leading to a further reduction in the FCF and hence, a higher CSM.	VFA: The impact of a yield curve increase on reinsurance contract assets would be indirect under VFA,
	GMM: Similarly, the increase in the yield curve rates will lead to higher discounting factors applied to future cashflows associated with insurance liabilities. As a result, the present value of future cash outflows would decrease (more than the decrease in cash inflows) leading to a further reduction in the FCF and hence, a higher CSM.	GMM: Similar to its impact on insurance contract liabilities, under GMM, a 50 basis points increase in the yield curve would lead to higher discount rates applied to future cash inflows from insurance contracts. This would increase the present value of future cash inflows, reducing the Fulfillment Cash Flow (CF) associated with reinsurance contract assets, and decrease, the Contractual Service Margin (CSM).

No changes were made by the Group in the methods and assumptions used in preparing the above analysis.

Concentration of insurance risk

The Group's underwriting business is mainly based within GCC and Europe countries

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

The geographical concentration of the Group's insurance contract liabilities is noted below. The disclosure is based on the countries where the business is written:

	Non Life	Life	Total	Non Life	Life	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
GCC Countries						
Insurance contract liabilities- net	428,340	99,314	527,654	412,155	90,819	502,974
Reinsurance contract assets- net	157,131	38,144	195,275	182,944	33,000	215,944
Non GCC countries						
Insurance contract liabilities- net	106,625	16,466	123,091	90,832	11,676	102,508
Reinsurance contract assets- net	28,340	1,214	29,554	24,831	957	25,788

The line of business of insurance and reinsurance contract assets and liabilities presented in note 8.

(e) Financial risks

(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.

- A Group credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Board Audit Committee (BAC).
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- The credit risk in respect of customer balances, incurred on non-payment of premiums will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position.

	31 December 2025			
Exposure to credit risk by classifying financial assets according to type of insurance	General	Life	Unit linked	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Cash in hand and at Banks	77,365	5,555	-	82,920
Short term Deposits	47,574	21,817	-	69,391
Long term Deposits	37,796	3,750	-	41,546
Debt Instruments at Amortized Cost	71,586	8,301	-	79,887
Quoted & Unquoted Bonds (classified FVTPL)	24,605	2,648	12,826	40,079
Quoted & Unquoted Bonds (classified FVOCI)	331,722	31,026	-	362,748
Other assets (due from intermediaries)	4,307	-	-	4,307
Loans Secured by Insurance Policies	-	-	76	76
Total credit risk exposure	594,955	73,097	12,902	680,954

	31 December 2024			
Exposure to credit risk by classifying financial assets according to type of insurance	General	Life	Unit linked	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Cash in hand and at Banks	78,972	6,029	-	85,001
Short term Deposits	65,127	10,719	-	75,846
Long term Deposits	31,705	5,284	-	36,989
Debt Instruments at Amortized Cost	64,290	8,705	-	72,995
Quoted & Unquoted Bonds (classified FVTPL)	11,216	2,382	7,674	21,272
Quoted & Unquoted Bonds (classified FVOCI)	315,087	28,637	-	343,724
Other assets (due from intermediaries)	4,582	-	-	4,582
Loans Secured by Insurance Policies	-	-	138	138
Total credit risk exposure	570,979	61,756	7,812	640,547

The table below provides information regarding the credit risk exposure of the financial assets at 31 December 2025 by classifying assets according to International credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BB are classified as not rated.

Exposure to credit risk by classifying financial assets according to international credit rating agencies	AAA	AA	A	BBB	BB and below	Not rated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2025							
Cash in hand and at Banks	-	12	47,001	6,391	28,917	599	82,920
Short term Deposits	-	-	36,186	19,399	11,712	2,094	69,391
Long term Deposits	-	-	30,421	8,400	1,307	1,418	41,546
Debt Instruments at Amortized Cost	-	2,764	15,628	15,412	46,083	-	79,887

Exposure to credit risk by classifying financial assets according to international credit rating agencies	AAA	AA	A	BBB	BB and below	Not rated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Quoted & Unquoted Bonds (classified FVTPL)	-	953	8,503	6,573	23,827	223	40,079
Quoted & Unquoted Bonds (classified FVOCI)	-	135,911	64,617	105,559	55,006	1,655	362,748
Other assets (due from intermediaries)	-	-	4,307	-	-	-	4,307
Loans Secured by Insurance Policies	-	-	-	-	-	76	76
Total credit risk exposure	-	139,640	206,663	161,734	166,852	6,065	680,954

The table below provides information regarding the credit risk exposure of the financial assets at 31 December 2024 by classifying assets according to International credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BB are classified as not rated.

Exposure to credit risk by classifying financial assets according to international credit rating agencies	AAA	AA	A	BBB	BB and below	Not rated	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2024							
Cash in hand and at Banks	-	14	36,370	6,486	39,562	2,569	85,001
Short term Deposits	-	1	50,771	10,486	13,934	654	75,846
Long term Deposits	-	-	23,728	3,337	6,719	3,205	36,989
Debt Instruments at Amortized Cost	-	2,766	13,805	-	41,461	14,963	72,995
Quoted & Unquoted Bonds (classified FVTPL)	-	920	15,863	778	3,479	232	21,272
Quoted & Unquoted Bonds (classified FVOCI)	-	127,351	68,412	67,090	79,819	1,052	343,724
Other assets (due from intermediaries)	-	-	4,582	-	-	-	4,582
Loans Secured by Insurance Policies	-	-	-	-	-	138	138
Total credit risk exposure	-	131,052	213,531	88,177	184,974	22,813	640,547

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a daily basis and ensures that sufficient funds are available. The Group has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business.

The table below summarises the maturity of the financial liabilities of the Group based on remaining undiscounted contractual obligations for 31 December. As the Group does not have any interest-bearing liabilities (except for long term loans, bank overdraft), the figures below agree directly to the consolidated statement of financial position. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

	Up to 3 Month	Within 3-12 months	Within 1-5 years	Over 5 years	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2025:					
Insurance contract liabilities	202,788	354,813	134,123	26,281	718,005
Reinsurance contract liabilities	18,994	13,480	2,862	136	35,472
Bank Overdraft	-	1,812	-	-	1,812
Short term loans	-	21,442	-	-	21,442
Long term loans	-	155	51,899	-	52,054
Income Taxes Payable	1,768	5,380	9,750	-	16,898
Other liabilities	18,436	12,521	20,813	15,835	67,605
Lease liabilities	141	1,106	3,671	391	5,309
	242,127	410,709	223,118	42,643	918,597

	Up to 3 Month	Within 3-12 months	Within 1-5 years	Over 5 years	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2024:					
Insurance contract liabilities	105,913	420,274	103,789	20,577	650,553
Reinsurance contract liabilities	9,677	11,139	949	812	22,577
Short term loans	5,913	11,942	-	-	17,855
Long term loans	-	-	38,199	-	38,199
Income Taxes Payable	885	4,844	6,253	4	11,986
Other liabilities	19,492	23,572	52,906	16,889	112,859
Lease liabilities	199	878	3,897	316	5,290
	142,079	472,649	205,993	38,598	859,319

(3) Market risk

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

Market risk comprises three types of risk: currency risk, interest rate risk and equity rate price risk. The Group has developed its policies and procedures to enhance the Group's mitigation of market risk.

(i) Currency risk

Currency risk is the risk that 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, Bahraini dinar, Saudi riyal, Egyptian pound, Jordanian dinar, Euro, and Pound sterling.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities, which mitigate the foreign currency exchange rate risk. Accordingly, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled. The currency risk is effectively managed by the Group through financial instruments as well as the Group's Asset Liability Management model.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the material impact on profit (due to changes in fair value of currency sensitive monetary assets and liabilities).

	Change in variables	2025		2024	
		Net exposure	Impact on profit	Net exposure	Impact on profit
		KD 000's	KD 000's	KD 000's	KD 000's
USD	±5%	132,600	6,630	73,180	3,659
BD	±5%	52,500	2,625	40,720	2,036
EGP	±5%	7,860	393	10,140	507
JD	±5%	10,780	539	9,460	473
SAR	±5%	7,100	355	67,980	3,399

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk guideline requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The guideline also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Group is not exposed to interest rate risk with respect of its term deposits carrying fixed interest rates.

The Group has no significant concentration of interest rate risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Currency	2025		2024	
	Change in variables	Impact on profit before tax	Change in variables	Impact on profit before tax
		KD 000's		KD 000's
KD	+50 bps	51	+50 bps	84
USD	+50 bps	474	+50 bps	455
BD	+50 bps	174	+50 bps	153
Others	+50 bps	1,186	+50 bps	1,176

The method used for deriving sensitivity information and significant variables did not change from the previous year.

(iii) Equity price risk

The Group is exposed to equity price risk with respect to its equity investments. Equity investments are classified either as investments at FVTPL or FVOCI

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set

by the Group management and the Investment Strategy and Policy.

The equity price risk sensitivity is determined based on the following market indices:

	2025	2024
	%	%
Kuwait market	14%	1%
Rest of GCC market	46%	29%
MENA	117%	56%
Other international markets	19.3%	19.6%

The above percentages have been determined based on basis of the average market movements over a year period from January to December 2025 and 2024. The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. The analysis reflects the impact of changes to equity prices in accordance with the above-mentioned equity price risk sensitivity assumptions.

	Profit for the year		Equity	
	2025	2024	2025	2024
	KD 000's	KD 000's	KD 000's	KD 000's
Investments at fair value through OCI	-	7,800	5,160	-
Investments at fair value through profit or loss	53,849	16,124	-	-

The table below presents the geographical concentration of financial instruments exposed to equity price risk:

31 December 2025	GCC	MENA	Europe	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Investments at fair value through OCI	3,203	3,660	10,635	17,498
Investments at fair value through profit or loss	54,939	24,470	359	79,768
	58,142	28,130	10,994	97,266

31 December 2024	GCC	MENA	Europe	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Investments at fair value through OCI	3,304	2,787	13,582	19,673
Investments at fair value through profit or loss	27,337	14,834	-	42,171
	30,641	17,621	13,582	61,844

24. Maturity Analysis of Assets And Liabilities

The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Up to 3 Month	Within 3-12 months	Within 1-5 years	Over 5 years	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
31 December 2025:					
ASSETS					
Cash and cash equivalents	94,815	57,496	-	-	152,311
Time deposits	-	10,977	29,049	1,520	41,546
Insurance contract assets	10,751	39,047	389	-	50,187
Reinsurance contract assets	53,638	158,534	39,644	8,679	260,495
Investments at FVTPL	48,380	31,641	44,484	52,871	177,376
Investments at FVOCI	27,120	22,735	279,965	62,338	392,158
Other assets	10,164	15,488	2,161	711	28,524
Debt instruments at amortised cost	4,432	11,093	53,263	11,099	79,887
Deferred tax assets from foreign subsidiaries	-	236	2,604	203	3,043
Right of use assets	111	606	3,714	804	5,235
Investments in associates	-	-	-	18,096	18,096
Investment properties	-	-	71	7,288	7,359
Property and equipment	44	24	7,950	31,650	39,668
Intangible assets	31	10	16,553	20,942	37,536
Goodwill	-	-	-	33,337	33,337
Loans secured by life insurance policies	-	-	-	76	76
Total	249,486	347,887	479,847	249,614	1,326,834
LIABILITIES					
Insurance contract liabilities	202,787	341,208	131,310	25,999	701,304
Reinsurance contract liabilities	18,995	13,421	2,823	136	35,375
Bank Overdraft	-	1,812	-	-	1,812
Term loans	-	18,944	47,676	-	66,620
Income tax payable	1,768	5,380	9,750	-	16,898
Deferred tax liabilities from foreign subsidiaries	952	-	1,647	1,918	4,517
Other liabilities	18,437	12,521	20,813	15,834	67,605
Provision for end of service benefits	72	1,131	8,891	9,762	19,856
Lease liabilities	140	1,101	3,654	388	5,283
Total	243,151	395,518	226,564	54,037	919,270

	Up to 3 Month	Within 3-12 months	Within 1-5 years	Over 5 years	Total
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Net Gap	6,335	(47,631)	253,283	195,577	407,564
31 December 2024:					
ASSETS					
Cash and cash equivalents	57,075	54,405	44,209	5,158	160,847
Time deposits	6,606	1,824	27,137	1,422	36,989
Insurance contract assets	5,961	17,799	2,476	2,785	29,021
Reinsurance contract assets	2,154	70,923	143,235	47,883	264,195
Investments at FVTPL	30,351	21,118	26,059	43,710	121,238
Investments at FVOCI	34,297	34,021	231,268	74,511	374,097
Other assets	8,907	13,365	5,806	-	28,078
Debt instruments at amortised cost	958	10,726	50,820	10,491	72,995
Deferred tax assets from foreign subsidiaries	-	261	2,305	-	2,566
Right of use assets	108	552	2,926	2,311	5,897
Investments in associates	-	-	-	24,126	24,126
Investment properties	-	-	1,241	5,415	6,656
Property and equipment	-	-	-	35,921	35,921
Intangible assets	15	65	2,102	39,336	41,518
Goodwill	-	-	-	33,395	33,395
Loans secured by life insurance policies	-	-	-	138	138
Total	146,432	225,059	539,584	326,602	1,237,677
LIABILITIES					
Insurance contract liabilities	105,913	410,132	98,178	20,280	634,503
Reinsurance contract liabilities	9,677	11,073	900	811	22,461
Bank Overdraft	-	-	-	-	-
Term loans	5,250	10,212	35,404	-	50,866
Income tax payable	885	4,844	6,253	4	11,986
Deferred tax liabilities from foreign subsidiaries	-	1,038	701	669	2,408
Other liabilities	19,492	23,572	52,906	16,889	112,859
Provision for end of service benefits	-	-	-	17,313	17,313
Lease liabilities	197	867	3,849	312	5,225
Total	141,414	461,738	198,191	56,278	857,621
Net Gap	5,018	(236,679)	341,393	270,324	380,056

25 Taxation

Kuwait Domestic Minimum Top-up Tax (DMTT)

The State of Kuwait issued Law No. 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of multinational entities group (MNE Group) with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate are computed in accordance with the executive regulations issued through Ministerial Resolution No. 55 of 2025. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

Overseas tax

During 2025, OECD Pillar Two tax reforms were introduced in many of the overseas jurisdictions where the Group operates. For example, both governments of Bahrain and United Arab Emirates enacted a DMTT effective for financial years beginning on or after 1 January 2025 ensuring a minimum effective tax rate of 15% in line with OECD Pillar Two requirements. The Group has provided for additional tax liabilities arising from the implementation of Pillar two regulations in all applicable jurisdictions.

	2025	2024
	KD 000's	KD 000's
Taxation from subsidiaries	(10,946)	(7,186)
NLST	-	(796)
Zakat	-	(130)
Domestic Minimum Top-up Tax - outside Kuwait	(986)	-
	(11,932)	(8,112)

26. Related Party Transactions

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

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

	31 December 2025		31 December 2024	
	Insurance revenue	Insurance service expenses	Insurance revenue	Insurance service expenses
	KD 000's	KD 000's	KD 000's	KD 000's
Entities under common control	2,207	3,647	8,812	(7,357)
Associates	380	237	181	(4)
Other related parties	-	-	3,465	(421)
	2,587	3,884	12,458	(7,782)

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

	31 December 2025			31 December 2024		
	Amounts owed by related parties	Amounts owed to related Parties	Financial assets at FVTPL	Amounts owed by related parties	Amounts owed to related parties	Financial assets at FVTPL
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Shareholders	-	(154)	3,361	1,260	-	1,710
Directors and key management personnel	33	-	-	26	-	-
Entities under common control	-	(92)	-	1,440	218	-
Associate	348	-	-	336	-	-
Other related parties	-	-	-	1,909	1,014	-
	381	(246)	3,361	4,971	1,232	1,710

Compensation of key management personnel is as follows:

	2025	2024
	KD 000's	KD 000's
Salaries and other short-term benefits	1,104	1,040
Employees' end of service benefits	1,185	648
	2,289	1,688

27. Subsidiaries Companies

The consolidated financial statements include the following subsidiaries:

Name of the company	Percentage of ownership		Country of incorporation	Principal activity
	2025	2024		
Directly held:				
GIG Kuwait "Gulf Insurance and Reinsurance Company K.S.C. (Closed)"	99.80%	99.80%	Kuwait	Life and medical insurance and General risk
GIG Lebanon "Fajr Al Gulf Insurance and Reinsurance Company S.A.L."	92.69%	92.69%	Lebanon	General risk and life insurance and Reinsurance
GIG Egypt "Arab Misr Insurance Group Company S.A.E." ¹	98.664%	98.664%	Egypt	General risk insurance
GIG Bahrain "Bahrain Kuwaiti Insurance Company B.S.C. (BKIC)"	56.12%	56.12%	Bahrain	General risk insurance
GIG Jordan "Arab Orient Insurance Company J.S.C."	89.87%	89.87%	Jordan	General risk insurance
GIG Egypt Takaful "Egypt Life Takaful Insurance Company S.A.E."	61.31%	61.31%	Egypt	Life Takaful insurance
GIG Iraq "Dar Al-Salam Insurance Company"	79.87%	79.87%	Iraq	General risk & life insurance
GIG Algeria "L'Algerienne Des Assurance (2a)"	51.00%	51.00%	Algeria	General risk insurance
Gulf Sigorta A.S.	99.22%	99.22%	Turkey	General risk insurance
GIG Gulf B.S.C.C	100%	100%	Bahrain	Life and medical insurance and General risk
Held through GIG Kuwait				
GIG Kuwait Takaful "Gulf Takaful Insurance Company K.S.C.C." ¹	78.93%	66.63%	Kuwait	Takaful insurance
Held through GIG Bahrain				
GIG Bahrain Takaful "Takaful International Company"	81.94%	81.94%	Bahrain	Takaful insurance
Held through GIG Gulf B.S.C.C.				
Gulf Insurance Group (Saudi Joint Stock Company) ²	50%	50%	Saudi Arabia	Cooperative Insurance operations

¹ During the year, GIG Kuwait Takaful increased the share capital, contributed entirely by GIG Kuwait increasing its ownership from 66.63% to 78.93%. The transaction was accounted for under transaction with non-controlling interests at the carrying amounts. The difference between carrying amount and consideration paid was recognized under "Effect of changes in ownership interest of subsidiaries" reserve.

² GIG Gulf has evidenced its control using its voting power through five board seats out of eight.

Material partly owned subsidiary:

The Group has concluded that Bahrain Kuwaiti Insurance Company B.S.C. ("BKIC") and Gulf Insurance Group (Saudi Joint Stock Company) are the only subsidiaries with non-controlling interests that are material to the consolidated financial statements. Financial information of subsidiaries that have material non-controlling interests are provided below:

Accumulated balances of material non-controlling interests:

	2025	2024
	KD 000's	KD 000's
Bahrain Kuwait Insurance Company B.S.C.	18,095	18,087
Gulf Insurance Group (Saudi Joint Stock Company)	52,820	49,272

Profit allocated to material non-controlling interests:

	2025	2024
	KD 000's	KD 000's
GIG Bahrain Company B.S.C.	1,839	1,805
Gulf Insurance Group (Saudi Joint Stock Company)	3,957	2,964

Summarised financial information of these subsidiaries is provided below:

	2025		2024	
	GIG Bahrain	GIG Saudi	GIG Bahrain	GIG Saudi
	KD 000's	KD 000's	KD 000's	KD 000's
Statement of income				
Income	176,477	150,910	122,803	133,344
Expenses	(172,461)	(142,997)	(118,940)	(127,416)
Profit for the year	4,016	7,913	3,863	5,928
Total comprehensive income	4,495	12,342	3,639	6,475
Statement of financial position				
ASSETS				
Cash and bank balances	19,111	29,864	21,868	44,729
Time deposits	102	16,491	-	8,745
Insurance contract assets	2,246	-	379	-
Reinsurance contract assets	93,470	33,746	52,622	16,297
Investments at fair value through profit or loss	17,483	9,404	10,781	6,249
Investments at fair value through other comprehensive income	53,771	146,302	52,385	138,828
Other assets	8,464	4,199	7,625	3,371
Deferred tax assets from foreign subsidiaries	-	772	-	619
Right of use assets	526	1,983	169	2,282

	2025		2024	
	GIG Bahrain	GIG Saudi	GIG Bahrain	GIG Saudi
	KD 000's	KD 000's	KD 000's	KD 000's
Investments in associates	340	-	337	-
Investment properties	1,591	-	1,602	-
Property and equipment	3,437	419	3,564	417
Intangible assets	1,258	12,688	1,280	14,869
Total assets	201,799	255,868	152,612	236,406
LIABILITIES				
Insurance contract liabilities	148,563	131,562	103,664	115,508
Reinsurance contract liabilities	4,491	190	2,000	110
Income tax payable	272	6,862	137	6,249
Other liabilities	6,501	7,197	6,045	11,441
Provision for end of service benefits	1,692	2,450	1,585	2,378
Lease liabilities	532	1,968	177	2,177
Total liabilities	162,051	150,229	113,608	137,863
Total equity	39,748	105,639	39,004	98,543

28. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the Group's assets carried at fair value.

31 December 2025	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			KD 000's	KD 000's	KD 000's
Investments at fair value through OCI					
Quoted equity securities	31 December 2025	17,497	17,497	-	-
Unquoted equity securities	31 December 2025	11,713	-	-	11,713
Quoted bonds	31 December 2025	359,290	359,290	-	-
Unquoted bonds	31 December 2025	3,458	-	-	3,458
Unquoted managed funds	31 December 2025	200	-	200	-
Investments at fair value through profit or loss:					
Quoted securities	31 December 2025	87,811	87,811	-	-
Unquoted equity securities	31 December 2025	9,779	-	-	9,779
Quoted managed funds	31 December 2025	23,704	23,704	-	-
Unquoted managed funds	31 December 2025	16,003	-	-	16,003
Quoted bonds	31 December 2025	31,170	31,170	-	-
Unquoted bonds	31 December 2025	8,909	-	-	8,909

31 December 2025	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			KD 000's	KD 000's	KD 000's
Property and equipment					
Land	31 December 2025	11,699	-	11,699	-
Buildings	31 December 2025	22,607	-	22,607	-
Investment properties	31 December 2025	7,359	-	7,359	-
		611,199	519,472	41,865	49,862

31 December 2024	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			KD 000's	KD 000's	KD 000's
Investments at fair value through OCI					
Quoted equity securities	31 December 2024	19,673	19,673	-	-
Unquoted equity securities	31 December 2024	10,513	-	-	10,513
Quoted bonds	31 December 2024	343,724	343,724	-	-
Unquoted managed funds	31 December 2024	187	-	142	45
Investments at fair value through profit or loss:					
Quoted securities	31 December 2024	42,171	42,171	-	-
Unquoted equity securities	31 December 2024	10,670	-	76	10,594
Managed funds of quoted Securities	31 December 2024	39,267	39,267	-	-
Unquoted managed funds	31 December 2024	7,858	-	15	7,843
Quoted bonds	31 December 2024	16,972	16,972	-	-
Unquoted bonds	31 December 2024	4,300	-	-	4,300
Property and equipment					
Land	31 December 2024	11,380	-	-	11,380
Buildings	31 December 2024	19,654	-	-	19,654
Investment properties	31 December 2024	6,656	-	-	6,656
		533,025	461,807	233	70,985

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

Year ended in 31 December 2025	At 1 January 2025	Change in fair value recorded in the consolidated statement of income	Change in fair value recorded in the consolidated statement of comprehensive income	Net additions and disposals	At 31 December 2025
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
FVOCI:					
Unquoted equity securities	10,513	-	1,030	170	11,713
Unquoted managed funds	45	-	-	(45)	-
Unquoted bonds	-	-	(23)	3,481	3,458
FVTPL:					
Unquoted equity securities	10,594	(1,338)	-	523	9,779
Unquoted managed funds	7,843	2,208	-	5,952	16,003
Unquoted bonds	4,300	1,516	-	3,093	8,909
	33,295	2,386	1,007	13,174	49,862

Year ended in 31 December 2024	At 1 January 2024	Change in fair value recorded in the consolidated statement of income	Change in fair value recorded in the consolidated statement of comprehensive income	Net additions and disposals	At 31 December 2024
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
FVOCI:					
Unquoted equity securities	8,556	-	2,248	(291)	10,513
Unquoted managed funds	30	-	15	-	45
FVTPL:					
Unquoted equity securities	9,120	(37)	-	1,511	10,594
Unquoted managed funds	7,190	(104)	-	757	7,843
Unquoted bonds	4,300	-	-	-	4,300
	29,196	(141)	2,263	1,977	33,295

Description of significant unobservable inputs to valuation of financial assets:

Unquoted securities and unquoted managed funds are valued based on net assets value method using latest available financial statements of the funds and securities, wherein the underlying assets are fair valued.

29. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong capital base and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issues new shares or purchase/sale of treasury shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2025

and 2024. The Group monitors its capital at the Group level and at each of its subsidiaries.

The Group monitors capital using a gearing ratio "Financial Leverage Ratio", which is net debt divided by total capital plus net debt. The Group includes within net debt, credit facilities granted from banks (such as loans) and debt securities issued (if exist). Capital represents equity after excluding non-controlling interest.

The Group's gearing ratio as at 31 December was as follows:

	2025	2024
	KD 000's	KD 000's
Credit facilities:		
Bank overdraft	1,812	-
Term loans	66,620	50,866
Net debt	68,432	50,866
Equity (excluding non-controlling interest and Subordinated perpetual Tier 2 bonds)	264,229	242,559
Total capital and net debt	332,661	293,425
Gearing ratio	20.57%	17.34%

Liabilities arising from insurance contracts are usually checked against designated funds to policyholders as per the regulators of each country of the Group's operations and is monitored on periodic basis through an adequate Asset Liability Model developed at Parent Company level as well as subsidiaries level.

Insurance and reinsurance payables are also monitored against insurance and reinsurance receivables.

All the above ratios are monitored on periodic basis and any breach (if exists) is directly reported to the key management for their information and immediate actions.