



شركة التكافل الدولية
TAKAFUL INTERNATIONAL CO.

2025 Annual Report

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**His Majesty
King Hamad Bin Isa Al Khalifa**

**The King of
The Kingdom of Bahrain**



**His Royal Highness
Prince Salman Bin Hamad Al Khalifa**

**The Crown Prince, Deputy Supreme Commander,
and Prime Minister of The Kingdom of Bahrain**

General information

Takaful International Company B.S.C.

HEAD OFFICE	Building 680, Road 2811, Seef District 428, Kingdom of Bahrain
Postal Address	P.O. Box 3230 Manama Kingdom of Bahrain Telephone: +973 17565656 Fax: +973 17582688 E-mail: takaful@gigtakaful.bh Website: www.gigtakaful.bh
Commercial Registration	21100 obtained on 11 April 1989

Takaful Centers:

MUHARRAQ SEEF MALL CENTER	Muharrag Seef Mall Gate A Shop 83, Road 44, Muharrag 243 Kingdom of Bahrain P.O. Box 3230 Telephone: +973 17565405
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MOTOR MINOR ACCIDENTS CENTER	Dana Mall, Building 702 Shop No.18 Road 5115, Block 351 Manama Kingdom of Bahrain P.O. Box 2320 Telephone: +973 17565246
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PRINCIPAL BANKERS	Bahrain Islamic Bank B.S.C Al Salam Bank B.S.C
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SHARE REGISTRAR	Bahrain Clear Manama Kingdom of Bahrain P.O. Box 3230 Telephone: +973 17108833 Telefax: +973 17228061
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AUDITORS	PricewaterhouseCoopers M.E Limited Manama Kingdom of Bahrain P.O. Box : 60771 Telephone: +973 1711 8800 Telefax: +973 1754 0556
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ACTUARY	Lux Actuaries & Consultants W.L.L. Manama Kingdom of Bahrain P.O. Box : 50912 Telephone: +973 3971 2394
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www.gigtakaful.bh



Takaful International has grown into a leading provider of Sharia-compliant insurance solutions in the Kingdom, built on a solid foundation of trust, transparency, and long-standing relationships with its stakeholders. Recognized for its strong governance and customer-centric approach, the company has consistently contributed to the development of the insurance sector and the broader economy.

The company continues to deliver comprehensive and flexible solutions that respond to the evolving needs of individuals and businesses. Its ongoing investments in digital transformation and operational excellence have further enhanced customer experience, ensuring accessibility, efficiency, and reliability.

Committed to creating sustainable value, Takaful International actively contributes to community development and supports initiatives that promote financial inclusion and social wellbeing. Guided by its ethical principles and forward-looking vision, the company remains a trusted partner in building resilience and securing a more prosperous future.





Mission



To be the insurance company of choice by spreading awareness of Islamic insurance solutions and becoming the leading provider of a full range of Takaful products that combines superior quality based on Sharia'a principals and values.

Vision



To be recognized as the pioneering innovative leader of quality Sharia'a compliant insurance solutions.

Values



The essence of our values is our ability to succeed in providing excellent services based on commitment and quality. The principles are:

- Adhere to the highest levels of professionalism.
- Contribute effectively to the local economy.
- Maintaining the company growth, profitability and development.
- Believe that there is potential for development and commitment to achieve success.
- Strengthen leadership by providing integrated services and innovative products.



Takaful is the first Islamic insurance company in the region which have been providing services that specifically suit the Islamic values and caters to the requirements of the modern era.

1. General Takaful

A. Commercial and Major Accounts

- Property All Risks Takaful
- Marine & Aviation Takaful
- Engineering Takaful
- Bankers Blanket Bond Takaful
- Directors & Officers Takaful
- Professional Indemnity Takaful
- Medical Malpractice Takaful
- Surety Bonds Takaful
- Office Comprehensive Takaful
- General Accident Takaful
- Sabotage and Terrorism

B. Personal Lines

- Travel Takaful
- Home Takaful
- Property Takaful
- Personal Accident Takaful

2. Family Takaful and Healthcare

- Family Takaful (Osratatak)
- Group Family Takaful
- Group Health Takaful (Sehatak)
- Group Health Takaful (KEEP WELL)
- Individual Health Takaful (Afya, Enaya, and Sanad)
- Long term Individual (LTA/DTA)
- Critical Illness Plan (Maça)

3. Motor Takaful (Sayaratak)

- Motor Comprehensive Takaful with various a la carte options for coverage enhancement
- Motor Third Party

4. Smart Takaful

- e-Takaful (online Takaful)

Board of Directors



Mr. Ebrahim Alrayes
Chairman



Mr. Abdulrahman Mohammed
Vice Chairman



Mr. Khaled Al Hasan
Board Member



Dr. Abdulla Sultan
Board Member



Mr. Ahmed Bucheeri
Board Member



Mr. Rashed Abdulrahim
Board Member



Dr. Osama Albaharna
Board Member



Mr. Osama Kishk
Board Member



Mr. Yahya Nooruddin
Board Member



Mrs. Fatema Al-Saffar
Board Member

Executive Management



Mr. Essam Al Ansari
Chief Executive Officer



Mr. Abdulaziz Al Othman
Deputy Chief Executive Officer



Mr. Santosh Prabhu
Chief Financial Officer



Mrs. Reema Nowrooz
Director
Family Takaful & Healthcare



Mrs. Fajer Abdulaziz
Director
Specialty Lines and
Major Accounts



Mr. Rayan Almahmood
Director
Business Development
General Takaful



Mr. Yousif Al Hamar
Director
Personal lines and
Quality Control

Sharia'a Supervisory Board

1. **Shaikh Dr. Abdul Latif Al Mahmood** - Chairman
2. **Shaikh Esam Ishaq** - Deputy Chairman
3. **Shaikh Dr. Osama Bahar** - Member



Mr. Ebrahim Alrayes
Chairman

In the name of Allah, The Most Compassionate, The Most Merciful

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 36th Annual Report of Takaful International Company for the financial year ended 31 December 2025.

Economic and Market Context

The year 2025 unfolded against a backdrop of geopolitical uncertainty in the Middle East, moderating inflation trends, and the lingering effects of higher global interest rates. While advanced economies showed gradual recovery, growth across emerging markets remained uneven. Despite these global headwinds, the GCC economies demonstrated resilience, supported by energy sector stability, infrastructure investment, and progressive fiscal and regulatory reforms.

The Kingdom of Bahrain continued to deliver steady non-oil sector growth, supported by financial services expansion, manufacturing activity, and targeted public and private investment initiatives. Inflation remained contained, liquidity conditions improved, and business sentiment strengthened, reflecting political stability and continued reform momentum. These developments reinforce Bahrain's position as a well-regulated and competitive regional financial hub.

Insurance and Takaful Industry Developments

The takaful and insurance sector continued to evolve in response to rising customer expectations, regulatory enhancements, and accelerated digitalization. Key industry trends included the growing adoption of digital distribution channels, bancatakaful partnerships, increased emphasis on underwriting discipline, and strengthened governance and conduct standards.

Market competition remained intense, underscoring the importance of prudent risk management, operational efficiency, and sustained investment in service excellence.


Financial Performance

Against this backdrop, the Company delivered a strong financial performance in 2025.

Key Highlights

- Profit before tax: BD 1.819M (FY2024: BD 1.650M)
- Recognised takaful contributions: **+14%** year-on-year
- Recognised takaful costs: **+9%**, aligned with business growth

These results demonstrate the resilience of our business model, the effectiveness of our underwriting strategy, and the continued impact of disciplined expense management.



The Company delivered a strong financial performance in 2025 with a **Profit of BD 1.819M** (before tax). These results demonstrate the resilience of our business model, the effectiveness of our underwriting strategy, and the continued impact of disciplined expense management.

Policyholder – Surplus Distribution

During the financial year 2025, the Company distributed surplus from the Policyholders' Takaful Fund for the underwriting year 2024 for Motor and Property lines of business, in accordance with the approved surplus distribution mechanism and after meeting all claims, technical reserves, and regulatory requirements. This represents a significant milestone for the takaful sector, as Takaful International Company became the first takaful operator in the Kingdom of Bahrain to distribute surplus to participants. The surplus distribution reflects the strength of the Company's underwriting performance, disciplined expense management, and effective governance of the Policyholders' Fund, and is fully aligned with the principles of Sharia and applicable regulatory guidelines.

The Board considers surplus distribution to be an important indicator of the sustainability and maturity of the takaful business model and will continue to assess future distributions in line with fund performance, regulatory requirements, and Sharia guidance.

Strategic Priorities

The Board remains focused on strengthening the Company's long-term competitiveness and sustainable growth.

Our strategic priorities include:

- Accelerating digital transformation and omnichannel customer journeys
- Expanding bancatakaful and strategic distribution partnerships
- Introducing modular, Sharia-compliant product offerings
- Enhancing underwriting discipline through advanced analytics
- Strengthening Sharia governance and transparency
- Integrating ESG considerations into product design and investments
- Driving operational efficiency through automation and cloud migration

These initiatives aim to balance growth with prudent risk management while enhancing customer trust and experience.

Investment and Growth Strategy

The Company continues to follow a prudent, Sharia-compliant investment strategy aligned with its liability profile and regulatory expectations.

Key elements include:

- Core allocation to sovereign and high-grade GCC sukuk
- Maintenance of strong liquidity buffers
- Selective exposure to Sharia-compliant equity funds
- Evaluation of ESG-aligned and infrastructure-linked sukuk
- Disciplined re-takaful arrangements

This balanced approach supports capital preservation, sustainable returns, and long-term growth.

Human Capital and Organizational Strength

Our people remain the cornerstone of our success. We continue to invest in leadership development, digital and data-analytics capability building, and Sharia awareness across business functions. Key initiatives include succession planning, performance-linked incentives aligned with long-term sustainability, employee wellbeing programmes, and inclusive hiring practices. These efforts foster a high-performance culture anchored in integrity, innovation, and customer centricity.

Risk Management and Governance

The Board maintains a conservative risk appetite aligned with regulatory standards and the Company's A- credit rating.

Our governance priorities include:

- Capital adequacy monitoring and stress testing
- Operational resilience and cyber-security enhancement
- Regulatory compliance and conduct risk oversight
- Strengthened enterprise risk management frameworks

Board of Director's Report

The Board of directors' remuneration and the executive management expenses for the year are as follows:

First: Board of directors' remuneration details:

Name	Fixed Remunerations				Variable Remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance		
	Remunerations of the chairman and BOD	Total allowance for attending Board committees' meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans				Others**	Total
First: Independent Directors:													
1- Mr. Ebrahim Mohamed Sharif Alrayes Chairman	-	600	-	-	600	11,000	-	-	-	11,000	-	11,600	-
2- Rashed Ali Abdulrahim Director	-	1,800	-	-	1,800	11,000	-	-	-	11,000	11,000	23,800	-
3- Dr. Osama Taqi Albaharna Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	-	13,400	-
4- Mr. Yahya Nooruddin Director	-	1,800	-	-	1,800	11,000	-	-	-	11,000	3,000	15,800	-
Second: Non-Executive Directors:													
1-Abdulrahman Abdulla Mohamed Vice Chairman	-	1,200	-	-	1,200	11,000	-	-	-	11,000	11,000	23,200	-
Third: Executive Directors:													
1- Khalid Saud Al Hasan Director	-	900	-	-	900	11,000	-	-	-	11,000	11,000	22,900	-
2- Dr. Abdulla Salah Sultan Director	-	1,800	-	-	1,800	11,000	-	-	-	11,000	-	12,800	-
3- Osama Kamel Kishk Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	11,000	24,400	-
4- Ahmed Bucheeri Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	-	13,400	-
5- Ms. Fatema Al Saffar Director	-	2,400	-	-	2,400	11,000	-	-	-	11,000	-	13,400	-
Total	-	17,700	-	-	17,700	110,000	-	-	-	110,000	47,000	174,700	-

Notes:

- All amounts are stated in Bahraini Dinars.

- The Remuneration of the chairman and BOD is subject to the General Assembly's approval and the relevant regulatory authorities' approval, as appropriate.

Other remunerations:

* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).

** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Board of Director's Report

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	425,883	174,281	12,230	612,394

Note: All amounts are stated in Bahraini Dinars.

* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).

** The company's highest financial officer (CFO, Finance Director, ...etc)

Dividend Recommendation

Based on the Company's performance and financial position, the Board recommends a cash dividend of 15% of the paid-up capital (15 Fils per share), subject to regulatory approval and shareholder endorsement at the forthcoming Annual General Meeting.

Acknowledgements

The Board extends its sincere appreciation to His Majesty King Hamad Bin Isa Al Khalifa and the Government of the Kingdom of Bahrain for their continued support to the national economy and financial sector. We also thank the Central Bank of Bahrain for its guidance and regulatory stewardship.

We are grateful to our shareholders for their trust, our customers for their confidence, our re-takaful partners and intermediaries for their collaboration, and our Sharia'a Supervisory Board for its guidance. Above all, we acknowledge the dedication and professionalism of our employees, whose commitment underpins our achievements.

Outlook

Looking ahead, the Board remains cautiously optimistic. With gradual improvement in global investment conditions, sustained regional economic momentum, and continued domestic reform progress, the Company is well positioned to deliver sustainable returns.

By focusing on disciplined underwriting, digital innovation, prudent investment management, and strong Sharia governance, we remain committed to creating long-term value for all stakeholders.

Thank you,

Ebrahim Al Rayes

Chairman
16 February 2026

Abdulrahman Abdulla Mohamed

Vice Chairman
16 February 2026



Mr. Essam Al Ansari
Chief Executive Officer

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

Dear Shareholders,

The global economic landscape during 2025 continued to reflect cautious optimism. While geopolitical tensions and inflationary pressures persisted in parts of the world, the Kingdom of Bahrain maintained stable economic momentum. Real GDP growth remained supported by strong performance in the non-oil sector, particularly financial services, insurance, logistics, and infrastructure development.

Bahrain's insurance industry sustained steady expansion in 2025, with premium growth largely driven by the health and medical segment, alongside improving demand in commercial and SME lines. Ongoing regulatory enhancements, including strengthened governance standards and expanded healthcare coverage frameworks, contributed to a more structured and resilient market environment.

Against this backdrop, our Company delivered disciplined growth and maintained financial resilience. Gross Written Contributions recorded healthy growth, supported by targeted expansion in medical, SME, and selected corporate portfolios. While medical claims inflation and higher provider costs continued to impact underwriting margins across the industry, our proactive pricing adjustments, network management initiatives, and enhanced claims controls enabled us to manage loss ratios effectively.

In line with the cooperative principles that underpin the Takaful model, Takaful International Company successfully distributed surplus to its policyholders during 2025. This achievement reflects the strength of the Company's risk management framework, disciplined underwriting practices, and commitment to fairness and transparency in the sharing of risk and reward among



Our multi-distribution strategy—spanning brokers, bancatakaful partnerships, corporate channels, and direct digital platforms — has strengthened our market presence and diversified revenue streams.



participants. Takaful International is proud to have been the first Takaful operator in the Kingdom of Bahrain to distribute surplus to policyholders, reinforcing its leadership in promoting authentic Takaful practices and strengthening confidence in the cooperative insurance model.

Investment markets remained supportive through relatively stable yield conditions, contributing positively to overall profitability and reinforcing our capital strength. Our balance sheet remains robust, underpinned by prudent reserving, conservative reinsurance arrangements, and disciplined asset-liability management.

Strategically, 2025 marked a year of strengthening operational foundations. We continued to expand our digital distribution

capabilities, streamline customer onboarding processes, and enhance service turnaround times. Our multi-distribution strategy—spanning brokers, bancatakaful partnerships, corporate channels, and direct digital platforms—has strengthened our market presence and diversified revenue streams.

I would like to highlight some of important results of the company which are reflected in the following graphs and are self-explanatory:

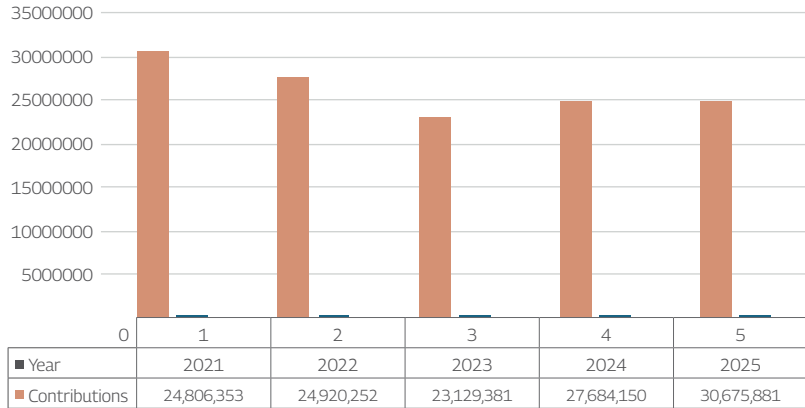
Chief Executive Officer's Report

Financial performance

Contributions:

Against this backdrop, the Company delivered disciplined and sustainable growth during 2025. Gross Written Contributions increased to approximately BD 30.7 million compared with BD 27.7 million in 2024, reflecting growth of approximately 9.7%. This performance was supported by focused expansion within the medical portfolio, continued development of SME business, and selective underwriting within corporate segments.

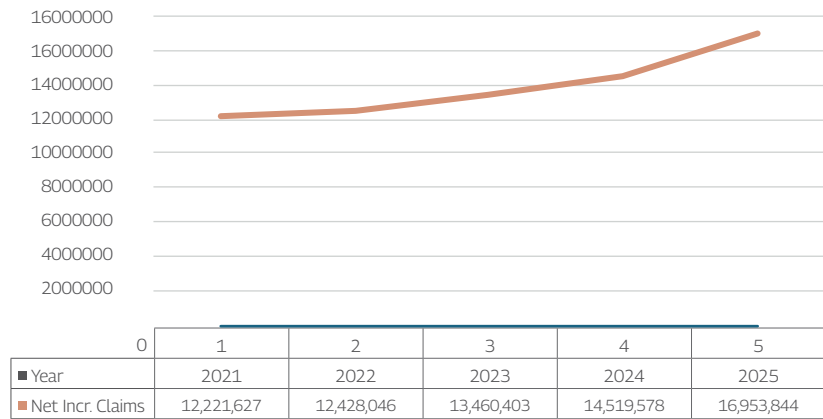
Contributions Written



Claims:

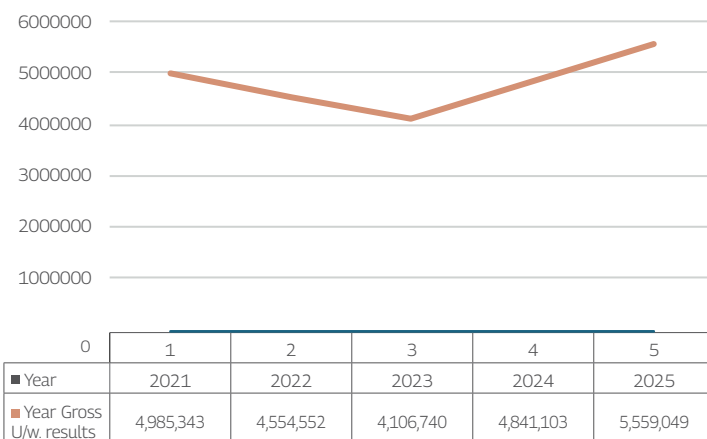
Claims experience across the industry continued to be influenced by medical inflation and rising healthcare provider costs. Despite these pressures, the Company maintained strong underwriting discipline. The net claims incurred ratio remained stable at 76.78% compared with 76.82% in the previous year, reflecting effective claims management, enhanced provider network monitoring, and ongoing pricing optimization.

Net Incurred Claims



Gross Underwriting results:

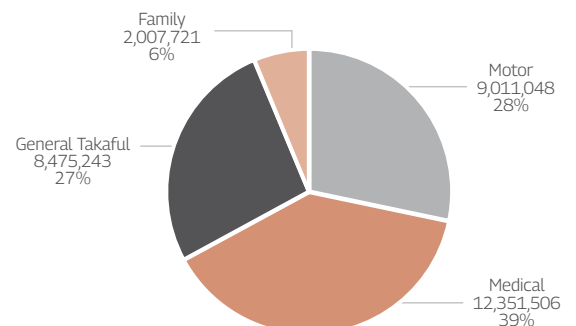
Gross Underwriting results



Business Mix:

Further diversified during the year 2025: During the year, the Company also continued to diversify its portfolio mix across Motor, Medical, General Takaful, and Family Takaful lines, enhancing overall risk distribution and supporting long-term portfolio stability.

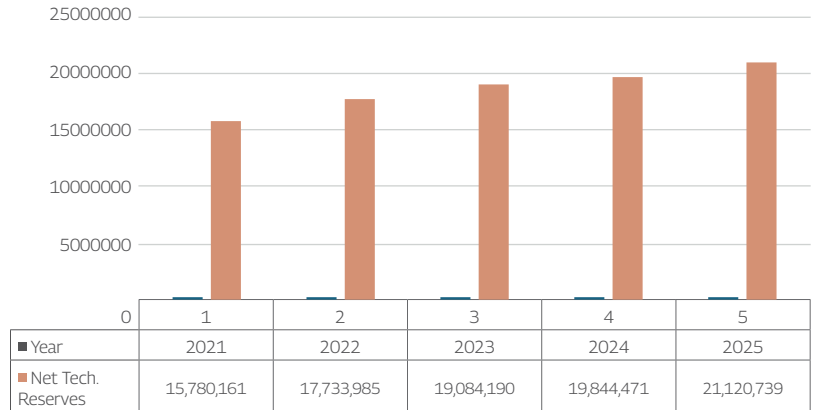
Business Mix



Chief Executive Officer's Report

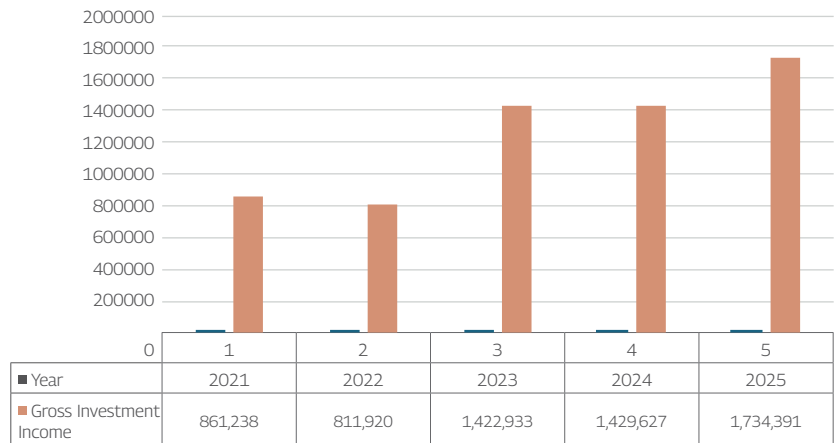
Net Technical Reserves / Liabilities further strengthen during the year 2025: The Company's financial strength continues to be supported by prudent reserving policies, conservative reinsurance arrangements, and disciplined asset-liability management. Net technical reserves increased to BD 21.1 million in 2025, reflecting continued growth in the portfolio and strengthening of the Company's balance sheet.

Net Technical Reserves



Gross Investments Income grew during the year 2025: Investment performance also improved during the year. Investment income increased to approximately BD 1.73 million compared with BD 1.43 million in the previous year, supported by stable market conditions and a balanced investment allocation strategy focused on capital preservation and sustainable yield generation.

Investment Income



Operational efficiency remains a key strategic priority. Management, general and administrative expenses amounted to approximately BD 3.2 million compared with BD 3.0 million in the previous year, representing controlled growth aligned with business expansion and ongoing investments in digital transformation and operational infrastructure.

Governance remains central to our operations. We continue to operate in full compliance with the Central Bank of Bahrain's regulatory framework, maintaining strong internal controls, risk governance, and transparency standards. Our Shari'a governance framework remains integral to our identity as an Islamic insurer, ensuring adherence to cooperative risk-sharing principles and ethical financial practices.

We also progressed further in embedding Environmental, Social, and Governance (ESG) principles into our strategy. During 2025, we enhanced sustainability reporting practices, incorporated ESG considerations into investment screening, and strengthened our commitment to diversity and inclusion across leadership and technical roles.

Looking ahead, we anticipate continued moderate growth in Bahrain's insurance market. Rising healthcare demand, infrastructure expansion, increasing financial awareness, and digital adoption are expected to support industry development. At the same time, underwriting discipline, expense efficiency, and risk selection will remain critical in navigating competitive and inflationary pressures.

Our strategic priorities for 2026 will focus on:

- Sustaining profitable growth through disciplined underwriting.
- Enhancing digital capabilities and customer-centric innovation.
- Optimizing expense management and operational efficiency.
- Maintaining strong solvency and liquidity positions.
- Deepening ESG integration and strengthening stakeholder engagement.

We remain a fundamentally strong institution, guided by sound governance, disciplined execution, and a long-term strategic vision. With a resilient balance sheet and a dedicated team, we are well positioned to continue delivering sustainable value to our shareholders, policyholders, and all stakeholders.

On behalf of the management team, I extend my sincere gratitude to our Board of Directors for their continued guidance and oversight. I also thank our shareholders, customers, distribution partners, regulators, and employees for their trust, collaboration, and unwavering commitment.

We move forward with confidence and clarity of purpose as we continue to build a stronger and more sustainable future.

Yours sincerely,

Essam Al Ansari
Chief Executive Officer

Strength Through Collective Protection

Takaful is founded on the principle of shared responsibility, where participants contribute to a system designed to provide mutual protection and long-term security. By working together within a framework of transparency and accountability, the model enables collective resilience in the face of uncertainty.

Through disciplined governance and responsible participation, we continue to strengthen a structure that supports our stakeholders while reinforcing stability and trust across the communities we serve.



Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

ABOUT TAKAFUL

Company Overview

Takaful International Company B.S.C. ("Takaful" or "the Company") is Bahrain's first Islamic insurance company, offering Shari'a compliant solutions tailored to the evolving needs of both individuals and businesses in Bahrain. Established in 1989, Takaful pioneered Islamic insurance services in the region, guided by principles of fairness, integrity, and commitment to community well-being.

The Company maintains a credit rating of A- with a stable outlook from the international rating agency AM Best.

Core Business Focus

Takaful has strategically positioned itself as a leader in the Takaful industry, guided by Sharia'a principles and a commitment to providing comprehensive insurance solutions that cater to the needs of individuals, families, and businesses. Takaful has diligently crafted a suite of products align with Islamic law and respond to the varied needs of its clientele through four main categories:

- 1. General Takaful:** This category offers a robust range of coverage options that include property all risks, marine and aviation, and engineering insurances. This segment extends to cover professional liabilities such as medical malpractice and directors' and officers' insurance, catering to a diverse professional landscape. For personal needs, this segment also covers travel, home, and personal accident Takaful, ensuring that individual clients receive tailored, comprehensive protection plans.
- 2. Family and Health Takaful:** Recognizing the importance of family and health, Takaful offers an array of products in this category. From family protection plans that secure the future of loved ones to health coverage that caters to both individuals and groups, the company provides peace of mind with plans like long-term care and critical illness coverage, ensuring that families are well-supported during times of need.
- 3. Motor Takaful:** In the realm of vehicle insurance, Takaful provides comprehensive coverage with a variety of customizable options. This coverage ensures that from the most basic to the most comprehensive needs, every vehicle owner finds a plan that suits their specific requirements, backed by the ethical principles of Takaful.
- 4. Smart Takaful:** Embracing technological advancements, Takaful has pioneered Smart Takaful, an innovative digital insurance solution accessible online. This platform meets modern consumer demands for accessibility and efficiency, allowing clients to manage their policies through user-friendly digital interfaces, representing a forward-thinking approach in the traditionally conservative insurance sector.

Commitment to Sustainability

Takaful's commitment to sustainability is deeply integrated into its mission to serve the community with integrity and responsibility, adhering to Sharia'a principles that advocate for environmental stewardship and social welfare. This commitment is manifested through a comprehensive array of Environmental, Social, and Governance (ESG) initiatives aimed at promoting sustainable economic growth, enhancing the well-being of the community, and reducing the environmental impact of its operations.

The company's sustainability strategy is built on proactive measures to conserve resources, optimize operational efficiency, and implement sustainable practices across all aspects of its business. By investing in technology that reduces paper use and energy consumption, Takaful not only minimizes its ecological footprint but also sets a standard for responsible business practices in the Islamic insurance sector.

Additionally, its community programs focus on education, health, and welfare, further embedding sustainability into the core of its corporate principles.

These initiatives are aligned with local regulatory requirements from Central Bank of Bahrain (CBB) as well as Bahrain Bourse and the broader global objectives, such as the United Nations Sustainable Development Goals (SDGs), which provide a framework for addressing a range of global challenges, including inequality, climate change, environmental degradation, peace, and justice. Takaful leverages these goals as a guide to enhancing its contributions to social and economic development while ensuring environmental sustainability.

Sustainability in Islamic Insurance

As an Islamic Insurance Company, Takaful's approach to sustainability is inherently connected to Islamic values, which emphasize ethical practices, fairness, and support for the community. These principles not only guide Takaful's business practices but also shape its sustainability strategy, ensuring that all operations and investments are ethically sound and contribute positively to society.

This Islamic perspective on sustainability is operationalized through the company's investment practices that avoid industries and activities that are a detriment to society or the environment. By focusing on investments that have a positive social impact, such as community development initiatives, Takaful ensures compliance with Islamic law and supports the sustainability ambitions outlined in Bahrain Vision 2030.

Moreover, the company's commitment to fairness and community support is demonstrated through its efforts to make takaful insurance accessible to different groups of society, thereby promoting financial inclusion.

In aligning its operations with SDGs, Takaful acknowledges the interconnectedness of economic, social, and environmental sustainability and commits to advancing these goals within its framework. This alignment not only reinforces the company's dedication to ethical practices but also positions it as a leader in promoting sustainability within the global Islamic insurance industry.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

Mission, Vision, Values

Mission



"To be the insurance company of choice by spreading awareness of Islamic insurance solutions and becoming the leading provider of full range of Takaful products that combines superior quality based on Sharia'a principles and values."

Vision



"To be recognized as the pioneering innovative leader of quality Sharia'a compliant insurance solutions."

Values



The essence of our values is our ability to succeed in providing excellent services based on commitment and quality. The principles are:

- Adherence to the highest levels of professionalism
- Contributing effectively to the local economy
- Maintaining the company's growth, profitability, and development
- Believing that there is potential for development and commitment to achieve success
- Strengthening leadership by providing integrated services and innovative products

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

CEO's MESSAGE



We are pleased to present our ESG progress for 2025, reflecting our continued commitment to creating long-term, sustainable value for our stakeholders. This report highlights our performance across Environmental, Social, and Governance (ESG) areas and demonstrates how sustainability remains embedded within our strategy, operations, and decision-making processes.

At Takaful International, ESG is not approached as a compliance requirement alone, but as a strategic priority that guides how we operate and grow. We are committed to the continuous integration of ESG principles across all aspects of our business, ensuring that our impact on the environment, society, and the economy remains responsible and sustainable.

Throughout the year, we have continued to enhance our ESG framework, ensuring alignment with regulatory requirements, including those issued by the Central Bank of Bahrain (CBB) and Bahrain Bourse. Our approach emphasizes disciplined risk management, strong governance structures, and clear reporting, reflecting our dedication to continuous improvement.

Internally, we remain focused on cultivating a workplace culture built on engagement and professional growth. In 2025, we continued to invest in structured learning and development, delivering approximately 2,355 training hours across the organization to strengthen technical expertise, leadership capabilities, and overall employee development. Our commitment to maintaining a positive and empowering work environment is reflected in our Great Place to Work® Certification. We believe that sustaining a strong workplace culture is fundamental to long-term success and sustainable value creation.

Externally, we continue to integrate environmental and social considerations into our operations, enhance customer-centric practices, and support initiatives that contribute positively to the wider community. Our balanced approach ensures that financial performance and responsible business practices go hand in hand.

As we look ahead, ESG will remain a cornerstone of our long-term strategy. We are committed to advancing our sustainability efforts, strengthening stakeholder partnerships, and building lasting value grounded in responsibility, resilience, and trust.

Essam Al Ansari
Chief Executive Officer

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS ("SDGs")

Takaful's dedication to the United Nations Sustainable Development Goals ("UNSDGs") reflects its strategic commitment to integrate sustainable practices across all areas of its operations. The company's initiatives particularly focus on enhancing health and well-being, promoting sustainable economic growth, and adopting responsible consumption and production practices. Each of these focuses aligns with specific SDGs, demonstrating how Takaful's business practices contribute to broader global agendas.

Takaful's ESG Framework is aligned with the UNSDGs and Bahrain's Economic Vision 2030.



Good Health and Well-being: Takaful prioritizes health and well-being of its employees through its various employee wellness programs such as health checkups, health & safety trainings as well as sports days. Additionally, the company actively participates in health awareness campaigns and partnerships with healthcare organizations to promote health education and preventive care within the community.

Gender Equality: Takaful aims at empowering individuals, regardless of their gender, to reach their full potential and contribute to society without facing bias or limitations.

Affordable & Clean Energy: Takaful measures its annual carbon footprint and discloses its Scope 1 and Scope 2 emissions throughout its operations regularly. In response to climate change, Takaful has implemented measures to reduce its carbon footprint and enhance energy efficiency within its operations. The company's environmental policies include reducing energy use through optimized facility management and transitioning to digital platforms to decrease the need for physical materials and commuting.

Decent Work and Economic Growth: Takaful aims to promote inclusive and sustainable economic growth, fair employment, and decent work for all. This includes creating safe, well-paying jobs and supporting policies that foster innovation and job creation.

Reduced Inequalities: Takaful ensures equal opportunities for all, regardless of race, gender, disability, age, or economic status.

Responsible Consumption and Production: Takaful adopts resource-efficient practices to minimize waste and reduce energy consumption. The shift towards digital Takaful solutions like e-cards and online policy management reduces the need for paper-based

processes which advocates for sustainable consumption and production patterns. These initiatives are part of a larger strategy to enhance operational efficiency and reduce the environmental impact of their business activities.

Climate Action: Takaful focuses on taking action to combat climate change and its impacts. This goal emphasizes the need to reduce greenhouse gas emissions, adapt to climate-related risks, and promote sustainable practices across industry and community.

Peace, Justice and Strong Institutions: Takaful has a dedicated Shari'a Supervisory Board ("SSB") to oversee the adherence to Takaful principles. It continues to uphold a governance framework with clear accountability and oversight mechanisms ensuring transparency. Takaful upholds client data privacy by adhering to strict principles, conducting regular audits and ensuring the security of digital platforms.

Partnerships for the goals: Takaful emphasizes the importance of collaboration with organizations, charities, society, and other stakeholders. It encourages building effective partnerships that combine resources, and expertise to address challenges.

Integrating SDGs into Business Strategy

Takaful integrates these SDGs into its business strategy by ensuring that its products, services, and operational practices not only comply with Islamic principles but also advance sustainability. The company regularly reviews its sustainability objectives and performance, aligning them with the SDGs to ensure that it remains on track to meet its commitments. This strategic alignment is communicated transparently in its annual reports and sustainability disclosures, providing stakeholders with clear insights into the company's progress and contributions towards global sustainability goals.

ESG Governance

Sustainability governance aids in the implementation of a company's sustainability strategy throughout the organization, the management of goal setting and reporting systems, the strengthening of relationships with external stakeholders, and overall accountability.

To execute the Board approved ESG framework, an ESG management steering committee was formed to oversee the ESG integration across all business lines and essential insurance and investment decision-making processes.

The committee is composed of members from the following departments: Governance, Risk Management, Compliance and Shari'a Control, Corporate Communications, Human Resources, and Administration. Dealing with sustainability issues necessitates cross-functional collaboration and support across our whole Company.

The ESG steering committee is assigned several duties relating to ESG, including but not limited to:

- Periodic reporting to the Board and relevant board committee on ESG matters.
- Coordinating and reviewing various ESG initiatives according to the company's action plan.
- Evaluating ESG disclosures and data on a periodic basis.
- Aligning the ESG strategy with the parent company.

The board has delegated the ESG activities to the Nomination, Remuneration, Environmental, Social and Governance ("NRESG") Committee, which currently overlooks the ESG matters, plans and reporting.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

ABOUT THIS REPORT

Scope

This sustainability report covers the full range of Takaful's activities for the fiscal year ending December 31, 2024. It encapsulates the company's continuous efforts in environmental stewardship, social responsibility, and governance. The report focuses on the key areas where the company has the most significant impact, including energy consumption, resource management, community engagement, and governance practices. It aims to provide stakeholders with a transparent and comprehensive view of Takaful's commitments and achievements towards sustainable development.

Reporting Standards

Takaful is committed to maintaining the highest standards of transparency and accountability in its sustainability reporting. The 2025 sustainability report has been prepared in accordance with the following global and local guidelines:

- **Environmental, Social and Governance Requirements Module of the Central Bank of Bahrain's Rulebook:** The report was prepared in accordance with the requirements of the ESG module of the CBB Rulebook.
- **Global Reporting Initiative (GRI) Standards:** The report adheres to the GRI Standards, which provide a global framework for sustainability reporting. These standards help Takaful to measure, understand, and communicate its impacts on issues such as the environment, social practices, and governance.
- **Bahrain Bourse ESG Reporting Guide:** The company follows the ESG reporting guidelines issued by Bahrain Bourse. This local framework is designed to encourage listed companies to disclose material environmental, social, and governance information to enhance the overall transparency of the capital market.

Reporting Period

The report covers ESG-related initiatives and performance metrics for the period from January 1, 2025, to December 31, 2025, while comparing performance to 2024. This report reflects Takaful's commitment to embedding sustainability into every aspect of its operations.

Audience

This report is intended for Takaful's stakeholders, including customers, employees, regulators, investors, and the broader community. It highlights Takaful's dedication to contributing positively to society while fostering a sustainable, ethical, and Sharia'a compliant Islamic insurance framework.

MATERIALITY ASSESSMENT

Stakeholder Engagement

Takaful recognizes the importance of stakeholder engagement in shaping its sustainability and governance framework. By maintaining open dialogue with key stakeholders, we ensure that their expectations and priorities are reflected in our business strategies and sustainability goals. This approach strengthens transparency, trust, and alignment with our core values.

Key Stakeholders

The following stakeholder groups are integral to Takaful's success:

- **Regulators:** The Central Bank of Bahrain (CBB), Bahrain Bourse, Ministry of Industry & Commerce (MOIC) and other relevant regulatory authorities.
- **Employees:** The workforce driving operational excellence and innovation.
- **Customers:** Individuals and businesses who rely on Takaful's Shari'a-compliant insurance solutions.
- **Shareholders and Investors:** Providing the financial support necessary for growth and sustainability.
- **Community Partners:** Local organizations and initiatives supported by Takaful to create societal impact.
- **Board of Directors:** Responsible for overall business strategy.
- **Shari'a Supervisory Board:** Entrusted to ensure the Company's integrity and overall Shari'a compliance.
- **Suppliers:** Important for day-to-day operations of Takaful.
- **Government:** Responsible for creating long-term socio-economic impact.

Engagement Mechanisms

Takaful engages its stakeholders through various channels to understand their perspectives and integrate their feedback into decision-making processes. These include:

- Regular reporting to regulatory bodies to ensure compliance and alignment with national objectives.
- Employee engagement programs and internal communications to foster a collaborative workplace culture.
- Customer feedback collected through satisfaction surveys and service reviews.
- Participation in community initiatives and collaborative programs with non-governmental organizations.

Takaful's Materiality Assessment

As part of our commitment to embedding sustainability into our operations, Takaful conducted a comprehensive materiality assessment to identify and prioritize key environmental, social, and governance (ESG) topics relevant to both the Company and its stakeholders. This assessment ensures alignment between our strategic objectives and the issues that matter most to our stakeholders and operations.

Process Overview

Our materiality assessment involved evaluating the significance of ESG topics based on:

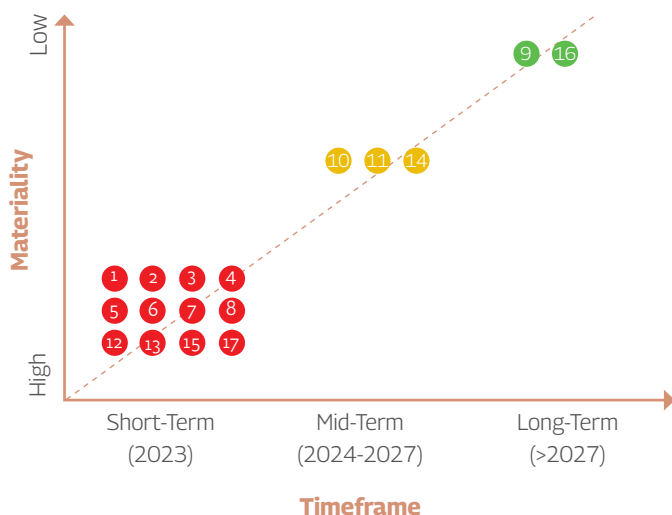
- **Stakeholder impact:** The extent to which these issues influence the decisions and perceptions of stakeholders.
- **Business impact:** The degree to which these topics affect the Company's performance and strategic goals.

Environmental, Social & Governance (ESG) Report

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Material Topics and Timeframes

The materiality assessment identified key ESG topics relevant to Takaful's operations and stakeholders. Each topic has been mapped to a timeframe based on when it is expected to be most effectively addressed, reflecting Takaful's planned sustainability journey.



Material Topic

1. Governance & Transparency
2. Ethics & Compliance
3. Data Privacy
4. Systematic Risk Management
5. Financial & Economic Performance
6. Innovation & Digitalization
7. Serving our customers
8. Financial Inclusion & Accessibility
9. Responsible Underwriting
10. Responsible Investment
11. Fair & Inclusive Workplace
12. Learning & Development
13. Employee Wellbeing & Health
14. Direct environmental impact of operations
15. Community Investment (Socio-Economic Development)
16. Socially Responsible Procurement
17. Nationalization

Driving Our Goals

The outcomes of this assessment have directly shaped our sustainability priorities and reporting framework. By aligning our activities with the identified material topics, we aim to foster a transparent, responsible, and inclusive approach that balances stakeholder expectations with sustainable growth.

ESG HIGHLIGHTS 2025

ENVIRONMENTAL STEWARDSHIP

Environmental Governance and Strategy

- **Overview of Environmental Commitment**
Takaful is committed to integrating sustainable practices across all operations, aligning with Islamic values that emphasize environmental stewardship and responsible resource use. By implementing an ESG framework since 2023, Takaful aims to monitor and reduce its environmental impact while supporting Bahrain's national sustainability agenda.
- **Governance Structure**
Environmental initiatives and oversight are managed within Takaful's ESG framework. The Company's ESG governance structure ensures that environmental priorities are systematically integrated into strategic decision-making and operational practices.
- **Environmental Policies and Long-term Objectives**
Takaful's policies target three core areas: energy efficiency, waste reduction, and sustainable resource management. Takaful is on track to achieve measurable reductions in energy use, carbon emissions, and operational waste, supporting both Bahrain Vision 2030 and the United Nations Sustainable Development Goals (SDGs).

Energy Efficiency and Climate Risk Management

• Energy Management Strategy



Takaful's strategy focuses on optimizing energy use. Digital initiatives, such as the transition to e-Takaful services, are part of a broader effort to reduce energy needs associated with physical operations.

• Climate Risk Assessment and Integration in Business Operations

Takaful recognizes the importance of assessing climate-related risks that could impact its business. By conducting regular scenario analyses, Takaful evaluates potential disruptions from climate events and regulatory changes, ensuring resilience and adaptability in its operations.

• Energy Consumption and 2025 Metrics






Takaful's operations impact on the nature is limited due to its type of business. Takaful aims at managing its impact on the environment by reducing energy, fuel, and water consumption as well as reducing paper/ plastic waste, thereby contributing to environmental protection for the future.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

Total Energy Consumption

	2025	2024
 Energy Total Energy Consumption	488,800 mWh/ kWh	544,176 mWh/ kWh
 Fuel Consumption by vehicles owned by the Company (Petrol)	3,460 Liters	2,216 Liters
 Water Utility Water Consumption (Annual)	1,466 m³	1,235 m³

Energy Reduction Initiatives

Takaful has implemented energy-efficient LED lighting across its premises, contributing to a measurable reduction in overall energy consumption and supporting the Company's sustainability objectives.

Carbon Intensity and Reduction Goals

Takaful aims to establish its baseline carbon intensity based on its energy metrics, to serve as a foundation for targeted reductions. The Company will continue to enhance its data collection and reporting processes to support transparent disclosure and alignment with sustainability frameworks.

Carbon Footprint and Emissions Management



Carbon Emission Calculation

Takaful adheres to the Greenhouse Gas (GHG) Protocol to meticulously calculate and monitor its carbon emissions across three scopes. This systematic approach ensures comprehensive tracking and accountability for all direct and indirect emissions associated with the company's operations.

Scope 1 Emissions (Direct Emissions)

- **Sources:** The primary sources of Scope 1 emissions for Takaful include the combustion of fuel in company-owned vehicles, essential for operational activities.
- **2025 Emissions Data:** For the year 2025 these emissions totaled 3,460 liters of petrol. This quantification helps in assessing the direct impact of the company's vehicles on its carbon footprint.
- In 2025, these emissions totaled 3,460 liters of petrol, reflecting increased operational activity and business growth, which resulted in higher utilization of company vehicles. This quantification helps assess the direct impact of the Company's fleet on its Scope 1 emissions.

Scope 2 Emissions (Indirect Emissions from Purchased Electricity)

- **Sources:** These emissions are derived from the electricity consumed by Takaful's offices and operational centers. Electricity consumption is a significant part of the company's operational footprint, particularly in terms of cooling, and lighting needs.
- **2025 Emissions Data:** The total electricity consumption for 2025 was at 488,800 kWh, which constitutes the bulk of Takaful's operational carbon emissions.

- **Reduction Initiatives:** Takaful has implemented energy-efficient LED lighting across all its premises as part of its commitment to sustainability and environmental responsibility. The upgraded lighting system operates at lower capacity and consumes significantly less electricity compared to conventional lighting, which has resulted in a measurable reduction in the Company's overall energy consumption by 10% in 2025 compared to 2024. This initiative supports Takaful's efforts to improve operational efficiency, reduce its Scope 2 emissions, and align with ESG and sustainability objectives.

Scope 3 Emissions (Indirect Emissions from Value Chain)

- **Sources:** Scope 3 emissions encompass all other indirect emissions from Takaful's value chain, including business travel, employee commuting, outsourced activities.
- **2024 and 2025 Emissions Data:** Comprehensive data collection is ongoing, aiming to provide a fuller understanding of the Scope 3 emissions and identify key areas for emission reduction.
- **Future Initiatives:** Takaful aims to minimize non-essential business travel and increase reliance on virtual meetings to further reduce Scope 3 emissions. However, the Company acknowledges that certain annual and operationally essential travel, as well as in-person attendance, will remain necessary to support critical business needs.

Total Carbon Footprint and Offset Plans

- **Baseline Establishment:** The carbon footprint for 2023 served as a baseline, aiding in the measurement of progress towards future targets.
- **Offset Plans:** Takaful is exploring various carbon offset strategies to complement its emission reduction efforts. These include investments in reforestation projects and other environmentally beneficial initiatives.
- **Commitment to Continuous Improvement**
Takaful is committed to continuous improvement in its emissions management practices. The company regularly reviews and updates its strategies to reflect the latest technological advancements and regulatory requirements. This ongoing commitment ensures that Takaful remains at the forefront of sustainability practices in the insurance industry.

Waste Management and Reduction

Current Waste Management Practices and Waste Reduction strategies



Takaful employs a recycling company that deals with the waste management. While a waste management policy is not in place, the company aims to significantly reduce material use and enhance recycling efforts across all operations.

- **Paper Reduction:** Digitalization initiatives such as e-Takaful and online policy management systems have been critical in reducing the company's reliance on paper. These platforms allow customers to handle their insurance needs electronically, drastically cutting down on paper consumption. Takaful has also been actively using an electronic signature application to further reduce paper consumption.
- **Plastic Reduction:** In line with its sustainability goals, Takaful aims to reduce plastic waste significantly. This target is to be part of a broader effort to decrease the overall environmental impact of the company's operations. The company emphasizes on reducing the use of single-use plastic items among staff, supporting a move towards more sustainable practices.

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The Company has a plan in place to install recycling bins on each floor for the collection of cans, paper, and plastic as part of its waste management and sustainability initiatives. The collected materials will be periodically collected by the assigned service provider for proper recycling and disposal. The project is currently in the finalization stage, and this initiative is scheduled to be officially implemented across the premises during Q1 2026.

- **E-Waste Management:** Takaful takes its electronic waste seriously, and plans to partner with certified recycling providers to ensure that e-waste is disposed of responsibly.
- **Future Initiatives**
 - **Supplier Collaboration:** Recognizing the importance of extending its environmental stewardship throughout the supply chain, Takaful aims to collaborate with suppliers who adhere to similar waste reduction and recycling standards. In line with this commitment, during 2025, Takaful established a Supplier Code of Conduct to be signed by suppliers, ensuring alignment with the company's sustainability and ethical standards. This initiative reinforces accountability and promotes responsible practices across the supplier. The Supplier Code of Conduct is expected to be approved and come into effect in early 2026.
 - Takaful is currently in the process of engaging a service provider to undertake an e-waste management project in 2026.
 - **Employee Engagement:** The company is planning to actively engage its employees in waste reduction efforts through awareness campaigns and participation in recycling programs. This engagement helps to foster a culture of sustainability within the company. In 2026, dedicated campaigns for employees will be organized to reduce and recycle waste, which will then be properly handled and transferred to the relevant authorized entities for recycling and processing.

Water Consumption and Management

Water Conservation Policy

Takaful prioritizes global concerns about water scarcity and is committed to reducing water consumption across its facilities. Sourced by the water provider, we monitor and manage usage, which is primarily utilized by employees. Water consumption is tracked quarterly to identify optimization opportunities and minimize water consumption. This commitment aligns with the company's broader environmental sustainability goals.

- **2025 Water Usage Metrics:** Total Water Consumption: 1,466 m³, primarily used in office facilities.
- **Water Efficiency Initiatives**
 - Takaful is committed to promoting efficient use of water across its operations as part of its sustainability and environmental responsibility efforts. Various initiatives are planned and continuously evaluated to optimize water consumption, reduce waste, and ensure sustainable management of this vital resource. The Takaful remains focused on identifying and implementing effective measures that support long-term water efficiency and environmental stewardship.
 - **Regular Facility Inspections:** Takaful conducts regular inspections of its facilities to identify and promptly address any leaks or inefficiencies in water usage. These inspections are part of a preventative maintenance program that helps avoid excessive water wastage.

SOCIAL RESPONSIBILITY

At Takaful, social responsibility transcends traditional corporate obligations and is considered a fundamental component of their operational ethos. As Bahrain's pioneering Takaful provider, the company is dedicated to upholding the principles of ethical conduct, community service, and inclusivity. These commitments are manifested through a broad spectrum of initiatives strategically designed to boost customer welfare, foster employee growth, and enhance the vitality of the communities they serve.

Guided by Sharia'a principles, which emphasize the welfare of the entire community, Takaful integrates social responsibility into every facet of its business operations. The company's approach aims to address immediate community needs and contribute to sustainable social development. This commitment is evident in the company's comprehensive strategies that cover various aspects of social engagement – from health and education programs to economic empowerment and environmental stewardship.

By embedding these initiatives into the core business strategy, Takaful not only enhances its corporate reputation but also strengthens stakeholder relationships. The company believes that true success is measured by the positive impact it has on society in addition to financial achievements.

Serving Our Customers



• Commitment to Customer Service

Takaful is dedicated to delivering high-quality, Shari'a-compliant insurance solutions that prioritize the well-being of its customers. By adopting a customer-centric approach, Takaful ensures its products are tailored to the diverse needs of individuals and businesses.

• Surplus Distribution:

In line with our commitment to the principles of cooperative risk-sharing and transparency, rooted in Islamic finance under the Takaful model, the Company announced during the year 2025 the distribution of underwriting surplus to policyholders for the 2024 underwriting year for Motor and Property lines of business. This milestone represents the first surplus distribution by a takaful operator in the Kingdom of Bahrain, reinforcing the Company's leadership in applying takaful practices.

The Company maintains a clearly defined surplus distribution policy, that is approved by the Shari'a Supervisory Board and the Board of Directors, which governs the basis for distribution, eligibility criteria, and payment of surplus.

The surplus distribution in 2025 covered all eligible Motor and Property policies for the 2024 underwriting year, irrespective of claims experience, thereby upholding the principles of fairness and mutual participation among policyholders. This initiative added meaningful value to the company's customers, which witnessed positive engagement from both individual and corporate participants, reflecting a high level of confidence in the Company's governance and operational practices.

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The Company provided participants with flexible options to redeem their surplus, including direct bank transfer, contribution offset against future policy renewals, or donation to charitable causes through the Royal Humanitarian Foundation. These services are accessible through the Company's digital platforms, including its official website and mobile application.

• Customer Satisfaction and Engagement

- Takaful has invested in enhancing customer experience through training programs for customer-facing staff and feedback mechanisms to ensure high satisfaction levels of customers. The Company has a dedicated feedback section on its website, enabling customers to provide input directly. This aims at positively contributing to service improvements.

• 2025 Customer Satisfaction Metrics:

Customer satisfaction is Takaful's primary motivation for all business decisions and actions. Takaful's contributions growth reflects strong customer relationships which are based on mutual trust and integrity.

	2025	2024
Number of policies issued during the year	104,246 policies	101,530 policies

To increase customer satisfaction and enhance customer experience, Takaful ensures that customers' feedback, suggestions, and complaints are properly recorded and handled through various channels. A dedicated complaints officer handles and resolves customer complaints. During 2025, Takaful experienced a 3% increase in the number of policies issued, supported by competitive coverage, improved benefits, and attractive pricing. On the other hand, there was an increase in customer complaints, primarily due to lack of customer awareness and understanding of policy terms. Appropriate measures are implemented to monitor, address, and resolve complaints promptly, ensuring continued improvement in customer service and satisfaction.

	2025	2024
Number of formal CBB Complaints	15	8

• Innovation and Digitalization

Takaful has always had innovative initiatives to cope with the rapidly changing customer demands. Takaful embarked on its comprehensive digitalization strategy since 2022, whereby it aimed at improving customer experience through efficient and effective use of digital solutions. Takaful will maintain the momentum of creative adaptation and acceleration in upgrades of systems, talents, and culture while maintaining its proactivity, innovation, and customer centricism.

	2025	2024
Number of policies issued through online channels	19,766 policies	20,126 policies

• Financial Inclusion and Accessibility

Takaful aims to make its services widely accessible through digital platforms, contributing to financial inclusion and ensuring that Shari'a-compliant Takaful options are available to all segments of society.

Workforce Composition and Diversity



• Commitment towards Workforce

At Takaful, we recognize that our people are central to our success. We are committed to fostering a diverse and inclusive workforce that reflects our values of equality and empowerment. By creating an environment where every individual is valued, we ensure that our employees can contribute their full potential to achieving Takaful's vision.

• 2025 Workforce Metrics

Total Workforce	2025	2024
Full-time employees	132	117

Part-time employees	-	-
Trainees and sponsored students	6	12

Turnover	2025	2024
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Under 30 Years old (voluntary)	3.86%	-
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Under 30 Years old (Non-voluntary)	0%	-
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50 - 30 Years old (voluntary)	4.73%	-
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50 - 30 Years old (Non-voluntary)	0%	-
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Over 50 Years old (voluntary)	0.76%	-
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Over 50 Years old (Non-voluntary)	0%	-
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Turnover	2025	2024
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Female (voluntary)	4.82%	-
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Female (non-voluntary)	0%	-
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Male (voluntary)	11.52%	-
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Male (non-voluntary)	0%	-
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Turnover	2025	2024
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Employee turnover (voluntary)	10.6%	8.33%
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Workforce by contract type	2025	2024
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Permanent Contracts	112 (85%)	102 (87%)
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Temporary Contracts	20 (15%)	15 (13%)
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Workforce by Job category	2025	2024
Senior management employees	14 (11%)	9 (8%)
Middle management employees	8 (6%)	8 (7%)
others	110 (83%)	100 (85%)
Workforce by Age	2025	2024
Employees aged 18-30 years	36 (27%)	33 (28%)
Employees aged 31-50 years	87 (66%)	78 (67%)
Employees aged +51 years	9 (7%)	6 (5%)
Workforce by Sex	2025	2024
Male	89 (67%)	78 (67%)
Female	43 (33%)	39 (33%)

Workforce Levels by Gender

Senior Management	2025	2024
Male employees in senior management positions	57%	44%
Female employees in senior management positions	43%	56%
Middle Management	2025	2024
Male employees in middle management positions	75%	71%
Female employees in middle management positions	25%	29%
Other positions	2025	2024
Male employees in other positions	68%	-
Female employees in other positions	32%	-
New Hires	2025	2024
Total new hires (Excluding replacements)	17	12
Workforce by Nationality	2025	2024
Bahraini	104	93
Non Bahraini	28	24

Employee Well-being, Health, and Development



Employee Development and Training

Takaful is committed to fostering a workforce that is both skilled and adaptable, understanding that the company's success is built on the capabilities of its employees. In 2025, the company dedicated a total of 2,355 hours as compared to 3,324 hours in 2024 to training programs that encompass a variety of crucial areas:

- **Technical Skills:** Employees received extensive training in the core areas of insurance products, enhancing their abilities in customer service and equipping them with the skills needed to handle Takaful's digital solutions effectively.
- **Compliance and Shariaa Principles:** Training sessions were also focused on ensuring that all team members are proficient in the standards required for compliance with Islamic insurance regulations and the broader regulatory framework within which Takaful operates including Anti-Money Laundering regulations.
- **Anti-Money Laundering and Fraud:** Employees participated in internal awareness sessions designed to enhance their understanding of current trends and typologies of money laundering and fraud in the insurance sector. These initiatives form part of the Company's ongoing commitment to strengthen compliance, mitigate operational and reputational risks, and uphold the highest standards of corporate governance and ethical conduct.
- **Cybersecurity Awareness:** Awareness sessions on cybersecurity threats, emerging trends and best practices were given to all employees.
- **Professional Development:** The company facilitated leadership workshops and offered certification programs designed to support career advancement, helping to cultivate a leadership pipeline that is capable of steering the company forward in its strategic goals.
- **Sustainability Awareness Survey:** In 2025, Takaful developed a survey questionnaire to evaluate employees' understanding of, attitude towards, and engagement with the company's sustainability initiatives. The survey aimed to identify areas for improvement and to enhance participation in the organization's environmental, social, and governance (ESG) programs.

	2025	2024
Total training hours delivered (Full-time employees)	2,355 Hours	3,324 Hours

Total training hours delivered (by Gender)	2025	2024
Male	1,410 Hours	-
Female	945 Hours	-

	2025	2024
Amount invested in training	27,075 BHD	32,191 BHD

Health, Safety and Wellness

Current Initiatives: Takaful places a strong emphasis on employee wellness, promoting a safe and supportive work environment:

- **Health Programs:** Several health awareness sessions were organized, focusing on Breast Cancer Awareness, Men's Health and Skin & Hair. In addition to general wellness programs such as regular health screenings to monitor and support the well-being of staff.
- **Safety Training:** Comprehensive fire safety and emergency response training was conducted to prepare employees for potential workplace hazards, ensuring a well-prepared and resilient workforce. Takaful raised awareness of emergency evacuation procedures among employees by sharing information about emergency exits and procedures. In addition, a live fire drill was conducted in the second quarter of 2025 to reinforce practical preparedness.

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- **Work-life Balance:** Takaful encourages a healthy work-life balance through flexible working arrangements, providing resources and support that allow employees to manage work alongside personal commitments effectively. Furthermore, the HR team continuously reminds employees of the importance of maintaining a healthy work-life balance by sharing positive and encouraging messages through the Takaful RemoteApps Application.
- **2025 Health & Safety Metrics:** In general, the nature of the work does not expose Takaful's employees to significant safety risks. However, fire safety of the buildings of operations and security related to natural hazards are some of the potential health impacts. In addition, a number of designated employees participated in First Aid and Firefighting courses organized by the Civil Defense during the fourth quarter of 2025 to ensure the safety of others in the event of an emergency and minimize the impact on the employees, customers and the Company. There were no injuries or fatalities during 2025.

Takaful is proudly certified, for the third consecutive year, as a "Great Place to Work" from "The Great Place to Work®" Middle East Trust Index™, which reflects the company's orientations and strategy towards employee wellbeing, health and safety as well as its dedication to improving its culture and environment.



• Diversity and Inclusion

The company values diversity, equality, and inclusion (DEI) to strengthen its dignity as a company that embraces and respects these principles.

- **Non-Discrimination Policy:** The company upholds a zero-tolerance approach to harassment and discrimination of any kind. Clear policies are outlined in the Company's Code of Conduct, which encourages reporting and ensures that a swift and appropriate action is taken to address any instances that may arise. Any complaints or grievances regarding harassment or discrimination will be escalated immediately following a preliminary inquiry and investigation based on the received complaint, in accordance with Law no. (36) of 2012 – Labor Law for the private sector in the Kingdom of Bahrain.

- **Nationalization:** The recruitment and development strategies at Takaful are geared towards prioritizing Bahraini nationals, focusing on nurturing local talent and contributing to the nation's economic prosperity through skill development and career opportunities.

	2025	2024
Nationalization among total workforce	79%	79%
Nationalization of senior management	64%	70%
Total number of national employees	104	93
Number of female national employees	39	37

- **Women Empowerment:** Takaful is committed to providing a fair and inclusive work environment and has a strong belief in women empowerment and inclusion. Women represent 43% of the Company's senior management team in 2025, which showcases the Company's dedication to promoting gender equality and empowering local women in leadership roles.

• Future Directions

Going forward, Takaful plans to further enhance these initiatives by integrating more advanced training modules, expanding its health and wellness programs, and continuing to build on its successes in diversity and inclusion. The company is committed to maintaining an environment that values continuous learning, healthful living, and equitable opportunities for all employees, thereby reinforcing its position as an employer of choice in the region.

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Community Investment and Social Impact

	2025	2024
Community Investment	BD 24,115	BD 15,233

Community Engagement Activities in 2025



Ramadan Groceries Donation to the Royal Humanitarian Foundation

As part of its social responsibility initiatives, Takaful International contributed Ramadan grocery packages to support families in need in collaboration with the Royal Humanitarian Foundation.



Award Ceremony for the Winners of the Second Edition of the Takaful Quran Competition

Takaful International held an award ceremony to honor the winners of the second edition of its Quran Competition, recognizing outstanding participants for their excellence in Quran memorization, as well as honoring the judging panel for their dedicated efforts. This initiative reflects the company's ongoing commitment to supporting community programs that promote Quran culture, knowledge, and values of excellence.

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Community Engagement Activities in 2025



The Launch of the Takaful Chariry Project with the Royal Humanitarian Foundation

A pioneering initiative and the first Charity Takaful project of its kind, launched by Takaful International as the only insurance company implementing such a humanitarian model, reinforcing its long-term social commitment.



Participation in the Polytechnic Bahrain's Annual Career Fair

The participation aimed to engage with young talents and highlight career opportunities within the insurance and takaful sector.



Entertainment Day for the Members of the Bahrain Association for Parents and Friends of the Disabled at Mad Park

As part of our ongoing Corporate Social Responsibility (CSR) initiatives and commitment to supporting our local community, Takaful International organized a special Entertainment Day for the members of the Bahrain Association for Parents and Friends of the Disabled at Mad Park. The event aimed to bring joy, inclusivity, and togetherness by providing an engaging and fun-filled experience for participants and their families. This initiative reflects our shared dedication to promoting social well-being, fostering compassion, and strengthening our role as active contributors to the community.



Participation in the 9th Annual Business Quiz Show

Takaful International Co. participated in the 9th Annual Business Quiz Show, coming together for a fun and engaging experience that highlighted teamwork, learning, and collaboration. The team, made up of three enthusiastic staff members and a bright school student. Their cooperation and enthusiasm earned them first place in the Team Building round, scoring 1,000 points.

Environmental, Social & Governance (ESG) Report

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Community Engagement Activities in 2025



Sponsorship of Al Bilad's "Pink Voices" Campaign

As part of its Corporate Social Responsibility (CSR) strategy aimed at supporting meaningful social initiatives, Takaful International proudly sponsored Al Bilad's "Pink Voices" campaign, an awareness initiative dedicated to educating the community about breast cancer and promoting the importance of early detection and regular screening.



Tree Planting Week

In line with the directives of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister of the Kingdom of Bahrain, employees of Takaful International participated in the 'Tree Week event', as part of efforts to support and implement the National Afforestation Plan, which aims to plant 3.6 million trees by 2035 and achieve carbon neutrality by 2060.



Supporting the Charity Marathon (Miles for Children's Health)

As part of its Corporate Social Responsibility initiatives, the company supported the "Miles for Children's Health" charity marathon, aimed at promoting children's health and supporting related healthcare programs, reinforcing its commitment to community well-being.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

Employee Engagement Activities in 2025

The Company arranged several employee engagement activities in 2025, including the following:



Celebrating Bahrain's "Khaleeji 26" victory



Mobile Dental Clinic Visit for Staff, in Collaboration with Almansoori Medical.



On the occasion of Bahrain Sports Day, the Company organized a special event for its employees, which included a variety of sports activities at Sama Bay, Qalali.



Snippets from Takaful International staff Ghabga



In celebration of Labour's Day 2025, several employees of Takaful International Company were honored by the General Federation of Bahrain Trade Unions for their dedication and contributions.



Believing in the importance of family bonding and enhancing social relationships, Takaful International organized a fun day for employees and their children over the weekend.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

Employee Engagement Activities in 2025



As part of its commitment to promoting health awareness, the company organized a men's health awareness competition for its male staff.

In line with its commitment to promoting health awareness and encouraging female employees to prioritize their well-being, the company organized an awareness event featuring an educational quiz on breast cancer, aimed at spreading knowledge about the importance of early detection and its role in prevention and treatment.



Bahrainin womens day



National Day Celebrations



Annual Staff party

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

1. Corporate Governance

Good Corporate Governance is an integral part of the Company's management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability, and transparency into the value system driving the Company.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision-making process. The Board has adopted high standards and values which set out the discipline expected of staff in their dealings with the participants, customers, shareholders, colleagues, brokers, and other stakeholders of the company. One of the core values communicated within the Company is the belief that the highest standard of integrity is essential in business. The governance of the Company remains under continuous review, in order to enhance compliance levels according to international standards and best practice.

The Company is committed to comply with the requirements of the Corporate Governance Code issued by the Ministry of Industry, and Commerce and the High-Level Controls (HC) Module of the Central Bank of Bahrain's (CBB) Rulebook, Volumes 3 and 6. No changes occurred in HC Module of the CBB Rulebook, Volumes 3 and 6. The Company is also committed to comply with the requirements of Governance Standards as issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI).

2. Shareholding Information

The Company's shares are listed and publicly traded on Bahrain Bourse. The Company has issued 85,000,000 ordinary shares with a face value of BD 0.100 per share (issued and fully paid-up share capital of BD 8,500,000). The Company has only one class of equity shares and the holders of the shares have equal voting rights.

Distribution of shareholding by Nationality

	Number of shareholders	Number of shares	Percentage of shareholding
Bahraini	190	83,981,765	98.80%
Other GCC Nationalities	6	1,018,235	1.20%
Total	196	85,000,000	100%

Distribution of shareholding by Size

	Number of shareholders	Number of shares	Percentage of shareholding
More than 50%	1	74,901,974	88.12%
10% up to less than 50%	-	-	-
5% up to less than 10%	-	-	-
1% up to less than 5%	2	3,902,206	4.59%
Less than 1%	193	6,195,820	7.29%
Total	196	85,000,000	100%

Major shareholders of the Company (5% and more shareholding)

	Nationality	Number of shares	Percentage of shareholding
Bahrain Kuwait Insurance Company B.S.C.	Bahraini	74,901,974	88.12%

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

3. Board of Directors and Executive Management

Board Composition

The Board composition is based on the Company's Memorandum and Articles of Association. Board members, in compliance with corporate governance requirements, possess a mix of high-level professional skills and expertise. Members of board committees possess adequate professional background and experience.

The Board comprises of ten members. The classification of Executive/Non-Executive/Independent is as per the definitions stipulated by the CBB and the Company's own 'independence' criteria as approved by the Board of Directors.

Executive	5
Non-Executive	1
Independent	4

Board Member	Position	Date of Joining	Executive/ Non-Executive/ Independent
Mr. Ebrahim Mohamed Sharif Alrayis	Chairman	7-Apr-15	Independent
Mr. AbdulRahman Abdulla Mohamed	Vice Chairman	17-Jun-15	Non-Executive
Mr. Khaled Saud Al Hasan	Director	7-Apr-15	Executive
Mr. Ahmed AbdulRahman Bucheeri	Director	17-Jun-15	Executive
Mr. Osama Kamel Kishk	Director	20-Dec-17	Executive
Dr. Osama Taqi Albaharna	Director	21-Mar-18	Independent
Mr. Rashed Ali Abdulrahim	Director	21-Mar-18	Independent
Dr. Abdulla Salah Sultan	Director	7-Sep-21	Executive
Mr. Yahya Ebrahim Nooruddin	Director	27-Mar-24	Independent
Ms. Fatima Taqi Al Saffar	Director	27-Mar-24	Executive

As of 31st December 2025, the Board's representation by gender was as follows: 90% Male/ 10% Female.

The current Board term started on 27th March 2024. According to the Company's articles of association, the board term is defined to be three years. However, the current Board of Directors will not complete the full term following the resolution to conduct early board elections in accordance with the Company's governance framework. The board term will end in March 2026.

The Board periodically reviews its composition and the contribution of its members and committees.

Directors are elected/ appointed by the shareholders at the Annual General Meeting (AGM). Election or re-election of a director at the AGM shall be accompanied by a recommendation from the board, based on a recommendation from the Nomination and Remuneration Committee with specific information such as biographical and professional qualifications and other directorships held. The appointment of directors is subject to prior approval of the CBB.

The Board is supported by the Board Secretary who provides professional and administrative support to the General Assembly, the Board, its committees and members. The appointment of the Board Secretary is subject to the approval of the Board.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

3. Board of Directors and Executive Management (continued)

Board's Roles and Responsibilities

The Company is governed through its Board of Directors. The Board's main role is to create value addition to its participants and shareholders, to provide entrepreneurial leadership, to approve Company's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board, which meets at least four times in the financial year, has a schedule of matters reserved for its approval.

The specific responsibilities reserved to the Board include:

- Reviewing Company strategy and approving the annual budget for revenues and capital expenditure.
- Reviewing operational and financial performance.
- Approving acquisitions and divestments.
- Reviewing the Company's systems of financial control and risk management.
- Ensuring that appropriate management development and succession plans are in place.
- Approving composition of the Board and appointment of the Board Secretary; and
- Ensuring that a satisfactory dialogue takes place with shareholders.

Directors' Induction and Professional Development

The Board is required to be up to date with current business, insurance industry, regulatory and legislative development and trends that will affect the Company's business operations. Immediately after appointment, the Company will provide a formal induction, if necessary. Meetings will also be arranged with Executive Management and the Company's Heads of Departments. This will foster a better understanding of the business environment and markets in which the Company operates. A continuing awareness program is essential, and it may take many different forms, through distribution of publications, workshops, presentations at Board meetings and attendance at conferences encompassing topics on directorship, business, insurance industry and regulatory developments. During the year ended 31 December 2025, the Board of Directors' training program covered the following topics:

1. The Synopsis on Taxes in Bahrain and the GCC
2. Mergers and Acquisitions (M&As)

Board and Committees Evaluation

The Board performs board and self-evaluation on an annual basis. The Board annually reviews its Charter and its own effectiveness; and initiates suitable steps for any amendments. The Board will also review the board and self-evaluations of individual Board members and the Board Committees and consider appropriately any recommendations arising out of such evaluation.

Board and board members evaluations were performed by all Board members for the year 2025. The same was reviewed by the Board and all results are satisfactory.

Directors' Profile

Director's Name	Academic & Professional Qualification	Directors' external appointments
Mr. Ebrahim Mohamed Sharif Alrayis Chairman	<ul style="list-style-type: none">• BSc. in Accounting from Beirut Arab University, Lebanon• Certificate of Insurance Proficiency (CIP) from Chartered Insurance Institute, UK	<ul style="list-style-type: none">• Board Member of United Insurance Company B.S.C. Closed, Bahrain
Mr. Abdulrahman Abdulla Mohamed Vice Chairman	<ul style="list-style-type: none">• Master's in business administration from University of Hull, UK	<ul style="list-style-type: none">• None
Mr. Khaled Saoud Al Hasan Board Member	<ul style="list-style-type: none">• Bachelor's degree in political science and Economics from Kuwait University, Kuwait	<ul style="list-style-type: none">• Chairman of Kuwait Insurance Federation (KIF), Kuwait• Board Member of Arab Reinsurance Co, Lebanon• Vice Chairman and Chief Executive Officer of Gulf Insurance Group KSC, Kuwait• Board Member in many of Gulf Insurance Groups' Subsidiaries

Environmental, Social & Governance (ESG) Report

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Director's Name	Academic & Professional Qualification	Directors' external appointments
Mr. Ahmed Abdulrahman Bucheeri Board Member	<ul style="list-style-type: none"> Chartered Alternative Investment Analyst (CAIA) Investment representative program (Series 7) Treasury and capital markets diploma Commercial studies diploma 	<ul style="list-style-type: none"> Chief Investment Officer of Bahrain Kuwait Insurance Company BSC, Bahrain Investment Advisor of Gulf Insurance Group Member of the Investment & ALM Committee of GIG-KSA
Mr. Osama Kamel Kishk Board Member	<ul style="list-style-type: none"> Bachelor of Commerce from Helwan University in Cairo, Egypt Diploma in Modern Accounting from American University in Cairo, Egypt Master of Business Administration from Maastricht School of Management, Kuwait Certified Public Accountant (CPA), USA Certified Risk Professional (CRP), USA Certified Internal Auditor (CIA), USA 	<ul style="list-style-type: none"> Chief Financial Officer of Gulf Insurance Group KSC, Kuwait Board Member of Egyptian Takaful Property & Liability, Egypt Board Member of Egypt Life Takaful, Egypt Independent Board Member of HSBC Management Fund, Egypt Board Member of GIG (Gulf) B.S.C. Closed, Bahrain Board Member of GIG, K.S.A Board Member of GIG, Jordan
Dr. Osama Taqi Albaharna Board Member	<ul style="list-style-type: none"> Doctorate (Ph.D) in Computer Engineering from Imperial College London, UK Master's and bachelor's degree in computer engineering from McGill University, Canada 	<ul style="list-style-type: none"> Managing Director of Continental Group, Bahrain and other GCC countries Board Member of International Agencies Co. Ltd. (Intercol), Bahrain Advisor to Technology & Digital Economy Committee at Bahrain Chamber of Commerce and Industry
Mr. Rashed Ali Abdulrahim Board Member	<ul style="list-style-type: none"> Bachelor of Commerce (BCom) in Accounting from Beirut Arab University, Lebanon Association of Chartered Certified Accountants (FCCA), UK 	<ul style="list-style-type: none"> None
Dr. Abdulla Salah Sultan Board Member	<ul style="list-style-type: none"> Fellow of the Chartered Insurance Institute (FCII) - Chartered Insurance Institute, UK Associate in Risk Management (ARM) - The Institutes, Pennsylvania, USA Certified Catastrophe Modeler (CCM) - AIR Institute, Boston, USA Doctor of Business Administration (DBA) - Swiss Business School, Switzerland Master of Finance (MsF) - Cass Business School, City University, UK Master of Business Administration (MBA) - University of Strathclyde, UK MSc. in Applied Research - Swiss Business School, Switzerland BSc. in Marketing with concentration in Finance - NYIT, USA 	<ul style="list-style-type: none"> Chief Executive Officer of Bahrain Kuwait Insurance Company BSC, Bahrain Chairman of Bahrain Insurance Association, Bahrain Board Member of United Insurance Company BSC closed, Bahrain Board Member of Social Insurance Organization, Bahrain Board Member of GIG Egyptian Takaful (Property & Liability), Egypt Board Member of GIG Jordan, Jordan Board Member of CBB Motor Compensation Fund, Bahrain Board Member of Gulf Assist (Europe Assistance), Bahrain Member of Bahrain Polytechnic Strategic Advisory Committee, Bahrain Board Member of GAIF, Egypt
Mr. Yahya Ebrahim Nooruddin Board Member	<ul style="list-style-type: none"> Master's in Law from Beirut Arab University, Lebanon Bachelor's in Law from Beirut Arab University, Lebanon Diploma in Accounting and Finance from the Association of Chartered Certified Accountants (ACCA), UK Marine Engineer Certificate from Arab Marine Transport Academy, Egypt 	<ul style="list-style-type: none"> Board Member of Bahrain Institute of Banking and Finance (BIBF), Bahrain
Ms. Fatema Taqi AlSaffar Board Member	<ul style="list-style-type: none"> B.Sc. in Accounting with Honors from University of Bahrain Fellow of Chartered Certified Accountants (FCCA), UK CMI Certificate in Management and Leadership (fCMgr), UK INSEAD Certificate in Corporate Governance, France 	<ul style="list-style-type: none"> Chief Financial Officer of Bahrain Kuwait Insurance Company BSC, Bahrain

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

3. Board of Directors and Executive Management (continued)

Board Meetings and Attendance

During the financial year ended 31 December 2025, the Board of Directors met four times. All meetings were convened in the Kingdom of Bahrain. A record of members' attendance is set below:

Board Members	13-Feb-25	12-May-25	10-Aug-25	9-Nov-25	No. of Meetings Attended
Mr. Ebrahim Mohamed Sharif Alrayis Chairman	🗳️	🗳️	🗳️	🗳️	4
Mr. AbdulRahman Abdulla Mohamed Vice Chairman	🗳️	🗳️	🗳️	🗳️	4
Mr. Khaled Saud Al Hasan Board Member	🗳️	-	-	-	1
Mr. Ahmed AbdulRahman Bucheeri Board Member	🗳️	🗳️	🗳️	🗳️	4
Mr. Osama Kamel Kishk Board Member	🗳️	🗳️	🗳️	🗳️	4
Dr. Osama Taqi Albaharna Board Member	🗳️	🗳️	🗳️	🗳️	4
Mr. Rashed Ali Abdulrahim Board Member	🗳️	🗳️	🗳️	🗳️	4
Dr. Abdulla Salah Sultan Board Member	🗳️	🗳️	🗳️	🗳️	4
Mr. Yahya Ebrahim Nooruddin Board Member	🗳️	🗳️	🗳️	🗳️	4
Ms. Fatema Taqi ALSaffar Board Member	🗳️	🗳️	🗳️	🗳️	4

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for the year ended 31 December 2025

3. Board of Directors and Executive Management (continued)

Key matters discussed and final decisions taken

Meeting Date	Key Matters Discussed	Final Decision
13 February 2025	<ul style="list-style-type: none">The financial statements as of 31st December 2024Recommendation to the AGM to distribute cash dividend of 12.5% of the paid-up capital and transfer of 133,443 to statutory reserveRecommendation to the AGM to approve the director's remuneration for 2024Recommendation to the AGM to appoint external auditors for the year 2025Staff bonus for 2024Re-appointment of the Company's actuaryDistribution of surplus to policyholders	Approved Approved Approved Approved Approved Approved Approved
12 May 2025	<ul style="list-style-type: none">The interim financial statements as of 31st March 2025	Approved
10 August 2025	<ul style="list-style-type: none">The interim financial statements as of 30th June 2025New and Updated Policies & Procedures Manuals	Approved
9 November 2025	<ul style="list-style-type: none">The interim financial statements as of 30th September 2025Appointment of Internal Auditor	Approved

Key Persons Trading Policy

The Company has established a "Key Persons Trading Policy" to ensure that insiders are aware of the legal and administrative requirements regarding holding and trading of Takaful shares, with the primary objective of preventing abuse of inside information. "Key Persons" are defined to include the members of the Board of Directors, members of Shari'a Supervisory Board, Senior Management, designated employees and any person or firm connected to the identified key persons. Responsibility for ensuring compliance with the Key Persons Trading Policy is entrusted to the Secretary to the Board. The policy covers the regulation of Bahrain Bourse relating to key persons.

Key Persons and Related Parties' Interests

The number of shares held by key persons and related parties as of 31 December 2025 was as follows:

Name	Position	No of shares
Dr. Shaikh Abdullatif M. Al-Mahmood	Shari'a Supervisory Board Chairman	98,867

The key persons did not trade in the shares of the company during the financial year ended 31 December 2025.

The Chief Executive Officer, Deputy Chief Executive Officer and other members holding positions of approved status within the Company do not hold any shares of the Company in their names or in the names of their families.

Environmental, Social & Governance (ESG) Report

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3. Board of Directors and Executive Management (continued)

Executive Management's Profile

Mr. Essam Al Ansari - Chief Executive Officer

Essam Al Ansari is the Chief Executive Officer of Takaful International Co. B.S.C. His professional career covers more than 30 years of extensive experience in the insurance and reinsurance industry; having held positions in Executive Management Cadre, his responsibilities included steering the company to a path of profitability, implementing its vision, mission and fulfilling short-term and long-term objectives, changing demands of the market while maintaining Company's leadership role in the Industry, overseeing the company's financial performance, investments and other business ventures.

He is currently the Board Director of Bahrain Insurance Association and Board Director in Gulf Takaful Insurance Company K.S.C.C. (GIG-Kuwait -Takaful).

He is a Fellow of the Chartered Insurance Institute (FCII) - United Kingdom and Fellow CIP from Australian and New Zealand Institute of Insurance and Finance.

Mr. Abdulaziz Al Othman - Deputy Chief Executive Officer

Mr. Al Othman holds a Master's degree in Business Administration from the University of Hull, UK, and has been a Certified Accountant since 2002. He also holds a Diploma CII from the Chartered Insurance Institute, London.

With over 30 years of experience in the insurance industry, he is recognized as a key professional in the field of Islamic Insurance in Bahrain. His deep expertise in Takaful markets stems from his long-standing association with the industry, beginning his distinguished career at Takaful International Company in 1989.

Mr. Al Othman has extensive experience in developing, evaluating, and analyzing business strategies, financial planning, insurance statistics, and financial statements. He currently serves as the Vice Chairman of Health 360 Ancillary Services W.L.L., Bahrain.

Board of Directors and Executive Management Remuneration

Board members are paid sitting fees for Board committees' meetings.

The Company follows the provisions of Article 188 of Bahrain Commercial Companies Law in determining the remuneration of the Directors. Remuneration paid to the Directors for the financial year ended 31 December 2024 was BD 110,000 as approved by the relevant authorities and the shareholders in the Annual General Meeting.

The proposed total remuneration to be paid to the Directors for the financial year ended 31 December 2025 is BD 110,000, which is subject to the relevant authorities' approval, and will be presented for the shareholders' approval in the upcoming Annual General Meeting.

Sitting fees paid to the Directors for attendance of Board committees' meetings and other expenses during the financial year ended 31 December 2025 were BD 17,700.

The remuneration of Executive Management personnel consists of fixed monthly salaries and allowances, and other benefits like bonus, medical, life insurance cover and retirement benefits.

The remuneration of Executive Management personnel, which includes the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Director - Specialty Lines and Major Accounts, Director - Family & Health Takaful, and the Group Head of Internal Audit paid for the financial year ended 31 December 2025 was as follows:

Executive Management salaries, benefits and end of service benefits	BD 612,394
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Code of Conduct

The Company's Code of Conduct covers the conduct of the Company's directors and executive management. The Code binds the signatories to the highest standards of professionalism and due diligence in performance of their duties. It also covers conflicts of interest, disclosure, and the confidentiality of insider information.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

4. Board Committees' Responsibilities, Meetings and Record of Attendance

Board Committees

Board committees are formed, and their members are appointed by the Board of Directors at the beginning of each Board term. They are considered the high-level link between the Board and the Executive Management. The objective of these committees is to assist the Board in monitoring the actual operations of the Company, by reviewing issues that are submitted by management to the Board and making recommendations to the Board for their final review.

The Board reserves the right to form temporary committees and discontinue them from time to time and as it deems necessary. Further, the members of the Board are provided with copies of meeting minutes of the said committees, as required by the regulators.

The Board has formed four committees as follows:

- Executive Committee ("EXCOM")
- Audit Committee ("AC")
- Nomination, Remuneration and Environmental, Social & Governance Committee ("NRESGC")
- Risk Committee ("RC")

Executive Committee














Duties:

The Board has delegated the following responsibilities to the Executive Committee:

- The development and recommendation of strategic plans for consideration by the Board that reflect the long-term objectives and priorities established by the Board.
- Implementation of the strategies and policies of the Company as determined by the Board.
- Monitoring of the operational and financial results against plans and budgets.
- Monitoring the quality and effectiveness of the investment process against objectives and guidelines.
- Prioritizing allocation of capital, technical and human resources.

Meetings and Attendance:

The executive committee shall meet at least four times in the financial year. During the year ended 31 December 2025, the executive committee met four times.

		13-Feb-25	8-May-25	6-Aug-25	5-Nov-25	No. of Meetings Attended
Mr. Khaled Saud Al Hasan Executive	Chairman		-	-	-	1
Mr. AbdulRahman Abdulla Mohamed Non-Executive	Vice Chairman					4
Mr. Ahmed AbdulRahman Bucheeri Executive	Member					4
Dr. Abdulla Salah Sultan Executive	Member					4

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

4. Board Committees' Responsibilities, Meetings and Record of Attendance (continued)

Audit Committee

Duties:

The Board has delegated the following responsibilities to the Audit Committee:

- Reviewing the Company's draft financial statements and interim results statement prior to the Board approval and reviewing the external auditors' details reports thereon.
- Reviewing the appropriateness of the Company's accounting policies and other operational procedures.
- Regularly reviewing the potential impact on the Company's financial statements of certain matters such as impairment of fixed assets, investments, receivables and other assets values and proposed changes in AAOIFI and International Financial Reporting Standards as applicable to the company in case not covered by AAOIFI.
- Reviewing and approving the terms of engagement for the audit
- Reviewing the annual report of the company and reporting to the Board on the results of the review and receiving regular updates on key risk areas of financial control; and
- Reviewing the internal audit function terms of reference, its work program, and quarterly reports on its work during the year.

The Committee meets with Directors and management, and as and when considered necessary with both the external and internal auditors. The Company has outsourced the internal audit function to Grant Thornton - Abdulaal, who conduct their procedures on all transactions of the company as per the International Audit Standards and provides periodic reports directly to the Audit Committee.

Meetings and Attendance:

The Audit Committee shall meet at least four times in the financial year. During the year ended 31 December 2025, the Audit Committee met four times.

		12-Feb-25	12-May-25	10-Aug -25	9-Nov-25	No. of Meetings Attended
Mr. Rashed Ali Abdulrahim Independent	Chairman	🗳️	🗳️	🗳️	🗳️	4
Dr. Osama Taqi Albaharna Independent	Vice Chairman	🗳️	🗳️	🗳️	🗳️	4
Mr. Osama Kamel Kishk Executive	Member	🗳️	🗳️	🗳️	🗳️	4
Mr. Yahya Ebrahim Nooruddin Independent	Member	🗳️	🗳️	🗳️	🗳️	4
Ms. Fatema Taqi ALSaffar Executive	Member	🗳️	🗳️	🗳️	🗳️	4

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

4. Board Committees' Responsibilities, Meetings and Record of Attendance (continued)

Nomination, Remuneration and Environmental, Social, and Governance Committee ("NRESGC")

Duties:

The Board has delegated the following responsibilities to the NRESGC:

Nomination:

- Assist the Board of Directors in identifying and nominating individuals qualified to serve as Board and committee members of the Board as well as key management.

Remuneration:

- Recommend the remuneration and rewards policy for the Company and in particular, for the directors and senior management team, and lead the performance review of the Board and committees.

Governance:

- Enhance the Company's governance and compliance levels according to international standards and best practice to be in line with policies of regulatory authorities and statutory.
- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management and Shari'a Supervisory Board.

Other ESG-related:

- Assist the Board of Directors in evaluating ESG strategies, and approving ESG initiatives, plans and budget.

Meetings and Attendance:

The NRESGC shall meet at least two times in the financial year. During the year ended 31 December 2025, the NRESGC met twice.

		13-Feb-25	22-Oct-25	No. of Meetings Attended
Mr. Yahya Ebrahim Nooruddin Independent	Chairman	🗓️	🗓️	2
Mr. Khaled Saud Al Hasan Executive	Vice Chairman	🗓️	-	1
Mr. Ebrahim Mohamed Sharif Alrayis Independent	Member	🗓️	🗓️	2
Mr. Rashed Ali Abdulrahim Independent	Member	🗓️	🗓️	2
Dr. Abdulla Salah Sultan Executive	Member	🗓️	🗓️	2

The Shari'a Supervisory Board's ("SSB") Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, acts as a representative of the SSB in the NRESGC, for governance related matters.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

4. Board Committees' Responsibilities, Meetings and Record of Attendance (continued)

Risk Committee

Duties:

The Board has delegated the following responsibilities to the Risk Committee:

- Assist the board in the preparation, review and approval of risk management policies and procedures and strategies in addition to setting acceptable limits and adequate internal controls and ensure the execution of these policies and strategies which commensurate with the size and nature of the business activity.
- Assist the board to identify and assess the acceptable level of risk in the company (Risk Appetite), and make sure that the company does not exceed the level of risk approved by the board.
- Evaluate the systems and techniques of risk management for identifying, measuring, and monitoring various risks that the company is exposed or may be exposed to, in order to determine its deficiencies.
- Supervise the implementation of the company's risk strategy, and Risk Management Framework, including coverage of all aspects of major and minor risks.
- Monitor the company's financial strength supported by strong capital adequacy, to ensure its ability to meet all its obligations towards all stakeholders.

Meetings and Attendance:

The Risk Committee shall meet at least two times in the financial year. During the year ended 31 December 2025, the risk committee met four times.

		12-Feb-25	7-May-25	6-Aug -25	5-Nov-25	No. of Meetings Attended
Dr. Osama Taqi Albaharna Independent	Chairman	🕒	🕒	🕒	🕒	4
Mr. Osama Kamel Kishk Executive	Vice Chairman	🕒	🕒	🕒	🕒	4
Mr. Ahmed AbdulRahman Bucheeri Executive	Member	🕒	🕒	🕒	🕒	4
Ms. Fatema Taqi ALSaffar Executive	Member	🕒	🕒	🕒	🕒	4

5. Shari'a Supervisory Board ("SSB")

SSB Composition and Meetings

The Shari'a Supervisory Board is an independent body of specialized jurists in Shari'a compliant transactions. The SSB may include a member other than those specialized in Fiqh Al-Mua'malat, but who should be an expert in the field of Islamic financial institutions and with knowledge of Fiqh Al- Mua'malat.

The SSB members are appointed by the shareholders in the Annual General Meeting ("AGM"), upon the recommendations of the Company's Board of Directors ("BoD"), taking the CBB regulations into consideration. Shareholders may authorize the Board of Directors to fix the remuneration of SSB.

The SSB should consist of at least three members. The SSB term is three years as per the CBB rules. The SSB consists of the following members:

Board Member	Position	Date of Joining
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Shari'a Supervisory Board Chairman	1989
Shaikh Esam Ishaq	Shari'a Supervisory Board Vice Chairman	24 March 2020
Shaikh Dr. Osama Bahar	Shari'a Supervisory Board Member	24 March 2020

The current SSB term started on 27th March 2024.

The SSB shall hold at least two regular meetings every financial year, and additional meetings, as may be required. The SSB extends continuous support to the Company's management and Board of Directors. The SSB has met only once during the financial year ended 31st December 2025. All SSB members attended the meeting held on 4th February 2025.

		4-Feb-25	No. of Meetings Attended
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Chairman	🕒	1
Shaikh Esam Mohamed Ishaq	Vice Chairman	🕒	1
Shaikh Dr. Osama Mohamed Bahar	Member	🕒	1

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

5. Shari'a Supervisory Board ("SSB") (continued)

SSB Roles and Responsibilities

The SSB is entrusted with the duty of directing, reviewing and supervising the activities of the Company in order to ensure its compliance with Shari'a rules and principles. The Fatwas and rulings of the SSB are binding on the Company. The SSB prepare and present an annual report to the General Assembly in the AGM, which states the SSB's opinion on the Company's overall compliance with Shari'a principles. The report should also include opinions on administration of Zakah and other charity funds established by the Company.

The SSB appoints an Internal Shari'a Reviewer to help it in performing its duties, which include (but not limited to):

- Examining the extent of the Company's compliance, in all its activities, with Shari'a rules and principles.
- Assisting Company's management by providing guidance, advise and training relating to compliance with the Shari'a.
- Planning, executing and documenting Shari'a review procedures.

The SSB shall elect one of its members as a representative in the Nomination, Remuneration, Environmental, Social and Governance Committee ("NRESGC"), to guide in the Shari'a-related governance matters (if any) and act as a link between the SSB and the BoD. The SSB has elected the Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, as a representative in the NRESGC.

SSB Members Profiles

SSB Member's Name	Academic & Professional Qualification	Professional Experience
Shaikh Dr. Abdullatif Mahmood Al Mahmood Chairman of Shari'a Supervisory Board	<ul style="list-style-type: none"> • PhD degree from the Zitouna University of Sharia and Fundamentals of Religion in fiqh and Sharia Policy for his thesis (Social Insurance in the Light of Islamic Sharia). • Master's degree in Comparative fiqh from the College of Sharia and Law - Al-Azhar University. • Bachelor's degree in Islamic law from the College of Sharia and Law - Al-Azhar University. • General Diploma in education from the University of Education - Ain Shams University. 	<ul style="list-style-type: none"> • Associate Professor and Head of the Department of Arabic Language and Islamic Studies until 2005 in the University of Bahrain. • Participated in the membership of Sharia supervisory boards in several Islamic banks and insurance and reinsurance companies, as well as chairing several Sharia supervisory boards. • A member of several Islamic fiqh academies and an expert in the International Islamic Fiqh Academy of the Organization of the Islamic Conference. • Chairman of the Islamic Association of Bahrain. • Published several books on insurance, education, and Islamic studies and research. He co-authored several Islamic education books for the Ministry of Education in Bahrain and the University of Bahrain. He has refereed and non-refereed research papers and working papers for seminars and workshops, and participated in many fiqh, educational, economic, intellectual, social and cultural conferences and seminars.
Shaikh Esam Mohamed Ishaq Vice Chairman of Shari'a Supervisory Board	<ul style="list-style-type: none"> • Bachelor's degree from McGill University, Montreal, Canada • Studies in Shari'a under the supervision of specialized Shari'a jurists • Aural permission for attribution to the prophet Mohammed (pbuh), in the Quran, Hadeeth books and others by a number of specialized Shari'a jurists 	<ul style="list-style-type: none"> • Chairman and member of several Shari'a Supervisory Boards of Islamic Banks and financial institutions in Bahrain and abroad. • Member of the Sharia Board of the Maldives Monetary Authority in the State of the Maldives. • Member of the Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain. • Member of the Sharia Board of the International Islamic Financial Market, Bahrain. • Member of the Supreme Council for Islamic Affairs, Bahrain. • The Sharia advisor and Vice president of Discover Islam Society, Bahrain. • Participated in many specialized banking conferences and seminars. • Presented several Arabic and English training courses in Islamic finance, fiqh, theology and Quran exegesis.
Shaikh Dr. Osama Mohamed Bahar Member of Shari'a Supervisory Board	<ul style="list-style-type: none"> • PhD. at Lahaye University - Holland • Master's degree at Al Emam Al Awzai University, Beirut • Bachelor's degree in Islamic Sharia from Prince Abdul Qader University of Islamic Studies, Algeria 	<ul style="list-style-type: none"> • More than 31 years of experience in Islamic Banking. • Appointed as a member of Shari'a Supervisory Board in many Islamic financial institutions the Kingdom of Bahrain. • Published several Papers and articles related to Islamic Economic studies.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

6. Auditors

The Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Company on an annual basis. This includes monitoring the use of the auditors for audit and non-audit services, and also the budget of the total fees paid to the auditors.

The audit and non-audit fees for the year ended 31 December 2025, paid by the Company are as follows:

Audit fees	BD 37,075
Non-Audit fees	BD 3,009

7. Other Matters

Capital Adequacy and Solvency Margin

Capital adequacy and solvency margin requirements are determined in accordance with the regulatory requirements established by the CBB and are calculated with reference to a prescribed contributions and claims basis. According to the CBB's rules, solvency margin is required on a combined basis for both participants' and shareholder's funds together. The capital available to cover the solvency margin required is as follows:

	2025	2024
Total available capital to cover required solvency margin	9,691,000	9,047,000
Total Margin required for General & Family Takaful funds	6,105,000	5,049,000
Excess Capital	3,586,000	3,998,000

Compliance, Anti-Money Laundering, Fraud and Ethics

Responsibility for ensuring the Company's compliance with the rules of the CBB and all other applicable laws and regulations resides with the Governance, Risk Management, Compliance & Shari'a Control Manager.

The Company has in place policies and procedures to handle all aspects of anti-money laundering and fraud activities in line with regulations of the CBB. The Company conducts, on an annual basis, a thorough review of its policies, procedures, and internal directives in addition to arranging specialized courses to ensure ongoing compliance, ethical conduct and adherence to regulatory requirements.

Related Party Transactions

Related parties represent major shareholders, directors and key management personnel of the Company, entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions.

There were no major related party transactions during the year ended 31 December 2025.

Communication with Shareholders and Investors

The Company remains committed to communicating effectively with all its stakeholders, both internally and externally in a timely, transparent, and professional manners. The Company's main communications channels include the Annual General Meeting, financial statements and annual reports, the Company's website, press releases and announcements in the local media and social media channels.

Internal Control

The Directors have continued to review the effectiveness of the Company's system of financial and non-financial controls, including operational and compliance controls, risk management and the Company's high level internal control arrangements. These reviews have included an assessment of internal controls, and in particular internal financial controls, by the internal audit function, management assurance of the maintenance of control and reports from the external auditor on matters identified in the course of its audit work.

Conflict of Interest

The Board has approved the policy for dealing with situations involving 'Conflict of Interest' of Directors. In the event of the Board or its Committees considering any issues involving Conflict of Interest of Directors, the decisions are taken by the full Board / Committees. The concerned Director abstains from the discussion / voting process. These events are recorded in the Board / Committees proceedings. The Directors are required to inform the entire Board of Conflicts of Interest (potential or otherwise) in their activities with, and commitments to, other organizations as they arise and abstain from voting on the matter. This disclosure includes all material facts in the case of a contract or transaction involving the Director.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

7. Other Matters (continued)

Whistle Blowing Policy

The Board has approved the whistle blowing policy with designated officials to whom the employee can approach. The policy provides adequate protection to the employees for any reports in good faith. The Board's Audit Committee oversees this policy.

Data Privacy & Personal Data Protection Policy

The Company is dedicated to safeguarding its stakeholders' privacy and personal information. The Company's Data Protection Policy was developed in line with the requirements of the Personal Data Protection Law in the Kingdom of Bahrain and aims at ensuring the lawful and responsible handling, collection, and storage of personal data while protecting the rights of the Company's stakeholders. The policy ensures compliance with relevant laws, encourages best practices. It also provides transparency on how personal data is processed and is integrated into the company's daily operations and covers areas like fair and lawful processing including processing conditions, limiting data to its intended purpose, minimizing data collection, ensuring accuracy, restricting data storage, consent management, security, retention, transfer, sharing, and breach reporting.

Policy on Employment of Relatives

The Board has approved the policy on employment of relatives which illustrates that the Company does not generally encourage the employment of "closely related" persons in order to maintain the integrity of the Audit, Control and Management Systems. "Closely related" persons in this context include spouses, parents, children, siblings, in-laws, and members of the same household.

Incentivized Pay

Executive pay is determined in accordance with the Company's corporate governance policies and relevant regulatory requirements. Executive remuneration and incentive compensation are not linked to the achievement of sustainability objectives or environmental, social, and governance (ESG) performance indicators. Any future adoption of sustainability-linked incentives will require Board approval and will be aligned with evolving best practices and stakeholder expectations.

Supplier Code of Conduct

The Company integrates sustainability considerations into its procurement processes in alignment with its ESG framework. Suppliers are encouraged to adopt responsible social and environmental practices throughout their operations and supply chains, including subcontractors, ensuring alignment with the Company's commitment to ethical and sustainable business conduct.

Collective Bargaining

The Company does not operate under any collective employment arrangements, and neither its Board members, Senior Management, nor employees are subject to such arrangements. All employment arrangements are governed by individually negotiated contracts, agreed upon independently with each employee upon joining the Company, in relation to the terms and benefits of their contract. These arrangements are in accordance with the labour laws of the Kingdom of Bahrain and aligned with Corporate Governance guidelines, the CBB Rulebook (Volume 3), internal policies, the Code of Conduct.

Disclosure Practice

The Company demonstrates its commitment to sustainability and responsible business practices through its ESG Report. The report outlines the Company's approach to integrating Environmental, Social, and Governance (ESG) principles into its operations, with alignment to relevant United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI), the Central Bank of Bahrain's ESG Rulebook, Bahrain Bourse reporting guidelines. The Corporate Governance Report further details the governance structures, Board oversight, and internal processes established to monitor and report on ESG performance. Together, these reports illustrate how the Company incorporates sustainability data into its disclosures, ensuring transparency, accountability, and adherence to both regulatory requirements and best global practices.

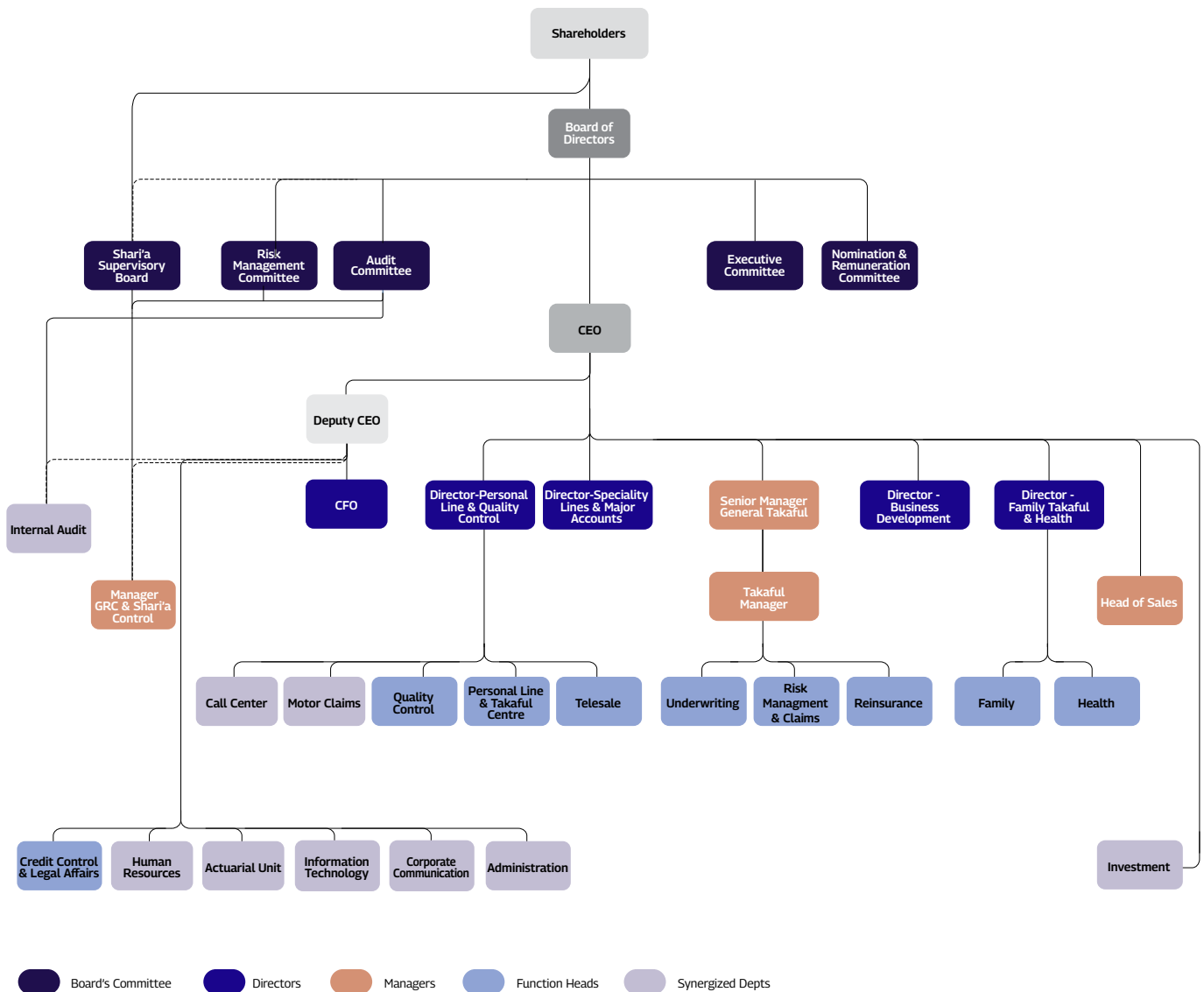
Disclosure Assurance

Internal verification and assessment of the Company's ESG disclosures are conducted as part of the periodic reporting process, including updates on the progress of reporting and initiative plans. The ESG Steering Committee oversees this process, with each member responsible for reporting on initiatives within their respective areas. Committee members collect and consolidate relevant information on a quarterly basis to provide accurate and comprehensive updates at the end of each year, ensuring alignment with applicable requirements. These ESG disclosures are not independently assured or validated by any external party.

Environmental, Social & Governance (ESG) Report

for the year ended 31 December 2025

8. Organizational Chart



Shari'a Supervisory Board's Report

For the Financial Year Ended on 31.12.2025

In the name of Allah, The Merciful, The Compassionate

Thanks to Allah, the Almighty, Prayers and Peace be Upon the True Messenger, His Relatives and All His Companions.

To the Shareholders and Participants of Takaful International.

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh.

In compliance with our appointment to undertake the duties of Shari'a supervision, we hereby submit the following report.

The Shari'a Supervisory Board reviewed the procedures relating to the Takaful transactions and the applications introduced by the Company for the year ended on 31.12.2025. The Board has reviewed and confirmed the implementation of the principles and guidelines governing the relationship between the participants and shareholders in order to identify the rights of each side. Discussions took place with the Company's officers with regard to its items and the attached Notes. The Board gave its Shari'a directives for Takaful transactions and answered the queries made by the management.

It is exclusively the management's responsibility to ensure that the Company conducts its business in accordance with the Islamic Sharia'a. Our responsibility is to express an opinion on the Company's operations and that the financial statements are prepared on the basis of and in compliance with the Islamic Sharia'a.

In our opinion:

1. The computation of surplus deficit, charging of losses and expenses to the participants and shareholders fully confirm with the principles established by ourselves in compliance with Sharia'a rules and principles.
2. The Company has taken all the required measures to exclude any prohibited gains and divert them to authorized charities.
3. The calculations of Zakah is in compliance with Islamic Sharia'a rules and principles and as directed by the Sharia'a supervisory Board. It should be noted that responsibility for discharging of Zakah lies with the shareholders not the Company.

We pray to Allah the Almighty to grant the Company continuous success for purifying business transactions from suspicions and prohibitions.

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh

Sha'ban 15, 1447 corresponding to 3rd February 2026.

Member of the Shari'a Supervisory Board:

Dr. Shaikh Abdul Latif Mahmood Al Mahmood

Chairman

Shaikh Esam Mohamed Ishaq

Deputy Chairman

Dr. Shaikh Osama Mohamed Bahar

Member

Advancing Growth Through Shared Value

Sustainable growth is achieved through meaningful partnerships and a commitment to shared value. By aligning the interests of participants, shareholders, and partners, we continue to build a resilient business model that supports long-term progress.

Through collaboration, innovation, and disciplined strategy, the Company continues to strengthen its capabilities while delivering solutions that benefit all stakeholders and contribute to sustainable development.

Financial Information for the year

2025

Financial Statements

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Independent auditor's report to the shareholders of Takaful International Company B.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Takaful International Company B.S.C. (the "Company") as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of income for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of changes in participants' fund for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("AAOIFI Code") as applicable to audits of financial statements of public interest entities and the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI Code.

Our audit approach

Overview

Key audit matter

Valuation of liability for claims incurred but not reported

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

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

Independent auditor's report to the shareholders of Takaful International Company B.S.C.

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
<p>Valuation of liability for claims incurred but not reported</p> <p>As at 31 December 2025, as disclosed in notes 10 and 11, the liability for incurred claims included the estimates of present value of future cash flows of BD 13,852 thousand (2024: BD 14,259 thousand).</p> <p>The estimates of the present value of future cash flows include the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. The estimate for the claims incurred but not reported (IBNR) is a key judgment area as it requires the use of complex actuarial methods to estimate uncertain and future contractual cashflows. It requires management to apply significant judgment in selecting actuarial methods and assumptions. These estimates are sensitive to changes in assumptions and rely in part on historical experience that may not be fully representative of future claim development.</p> <p>Given the high degree of estimation uncertainty, the use of complex actuarial models, and the level of judgment involved, we have considered the IBNR component of the estimates of the present value of future cash flows to be a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> - Understood and evaluated management's claims handling process and tested key controls. - Obtained the IBNR valuation prepared by management's external actuarial experts together with the underlying key judgments and assumptions. - Evaluated the competence, capabilities and objectivity of management's external actuarial experts based on their qualifications and experience and assessed their independence. - Performed substantive tests, on a sample basis, on the amounts recorded for claims notified and paid; including comparing the claims' amounts to appropriate source documentation. - Tested the completeness and accuracy of the underlying claims data used as inputs into the actuarial models by reconciling to the accounting records. - Involved our actuarial specialists to: <ul style="list-style-type: none"> • evaluate the methodology used by management's external actuarial experts in the valuation of the IBNR against the requirements of FAS 43 as well as alignment with industry practice; • assess the appropriateness of key actuarial assumptions used including expected ultimate losses, year-on-year movements, claims development patterns, claims ratios, and discount rates; • independently calculate the IBNR, on a sample basis, using sensitivity testing on the key areas of judgement to develop a reasonable range, taking into account the time value of money, and compare the results with the amounts recorded by management; and • assess the adequacy and appropriateness of the related - Performed overall conclusion analytics on the liabilities for incurred claims. We assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Independent auditor's report to the shareholders of Takaful International Company B.S.C.

Report on the Audit of the Financial Statements (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Shari'a Supervisory Board Report and the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Annual Report which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of those charged with governance for the financial statements

These financial statements and the Company's undertaking to operate in accordance with Islamic Sharia' Rules and Principles are the responsibility of the Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the FAS and the Bahrain Commercial Companies Law number (21) of 2001, as amended (the "Commercial Companies Law"), the Central Bank of Bahrain ("CBB") Rulebook (Volume 3) and for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent auditor's report to the shareholders of Takaful International Company B.S.C.

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

Report on other legal and regulatory and Sharia' requirements

As required by the Commercial Companies Law and the CBB Rulebook (Volume 3), we report the following:

- I. The Company has maintained proper accounting records and the financial statements are in agreement therewith;
- II. The financial information contained in the Shari'a Supervisory Board Report and the Board of Directors Report is consistent with the financial statements;
- III. Nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law, the CBB Rulebook (Volume 3 and applicable provisions of Volume 6), the Central Bank of Bahrain and Financial Institutions Law, and CBB directives or the items of its Memorandum and Articles of Association that would have a material adverse effect on its activities for the year ended 31 December 2025 or its financial position as at that date; and
- IV. Satisfactory explanations and information have been provided to us by the Board of Directors in response to all our requests.

Further, we report that the Company has complied with the Islamic Sharia' Principles and Rules as determined by the Sharia' Supervisory Board of the Company during the year under audit.

The engagement partner on the audit resulting in this independent auditor's report is John Molloy.



Partner's registration number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
16 February 2026

Statement of Financial Position

as at 31 December 2025 (Audited)

	Notes	31 December 2025 BD	31 December 2024 BD
ASSETS			
Cash and cash equivalents	6	2,315,865	1,886,524
Term deposits	7	3,199,689	4,699,880
Financial assets at fair value	8	31,053,926	28,713,416
Retakaful arrangement assets	10&11	1,557,280	1,959,339
Other receivables, accrued income and prepayments	12	7,034,361	5,028,946
Property and equipment	13	144,831	158,153
Intangible assets	14	605,250	625,601
Right of use asset	15.1	305,783	388,484
Investment in an associate	9	249,953	247,262
Statutory deposit	5	125,000	125,000
TOTAL ASSETS		46,591,938	43,832,605
LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY			
Liabilities			
Takaful arrangement liabilities	10&11	26,118,305	24,677,747
Retakaful arrangement liabilities	10&11	471,341	799,803
Payables and accrued liabilities	16	5,237,370	4,183,875
Ijara liabilities	15.2	366,911	427,002
Tax liabilities	44	43,988	-
TOTAL LIABILITIES		32,237,915	30,088,427
Participants' fund			
Surplus in participants' funds		1,022,417	1,172,197
Investments fair value reserve		231,235	(107,580)
		1,253,652	1,064,617
TOTAL PARTICIPANTS' FUNDS			
Shareholders' Equity			
Share capital	17	8,500,000	8,500,000
Treasury shares	17	(20,661)	(2,087)
Statutory reserve	17	1,332,863	1,191,041
General reserve	17	200,000	200,000
Retained earnings		3,110,418	2,896,315
Investments fair value reserve		(22,249)	(105,708)
TOTAL SHAREHOLDERS' EQUITY		13,100,371	12,679,561
TOTAL LIABILITIES, PARTICIPANTS' FUNDS AND SHAREHOLDERS' EQUITY		46,591,938	43,832,605

These financial statements were approved by the Board of Directors of the Company on 16 February 2026 and signed on their behalf by :

Mr. Ebrahim Mohamed Sharif Alrayes
Chairman

Mr. AbdulRahman Abdulla Mohammed
Vice Chairman

Mr. Essam Mohamed Al Ansari
Chief Executive Officer

The notes 1 to 45 form an integral part of these financial statements.

Statement of Income

for the year ended 31 December 2025 (Audited)

	Notes	Shareholders' Year ended 31 December		Participants' Year ended 31 December		Total Year ended 31 December	
		2025	2024	2025	2024	2025	2024
Recognised takaful contributions	18	-	-	29,722,544	25,980,728	29,722,544	25,980,728
Recognised takaful costs	19	-	-	(24,730,065)	(22,623,503)	(24,730,065)	(22,623,503)
Retakaful net results		-	-	(5,087,136)	(3,333,586)	(5,087,136)	(3,333,586)
Takaful participants' gross margin		-	-	(94,657)	23,639	(94,657)	23,639
Participants' profit income on investment	20	-	-	1,156,734	1,057,805	1,156,734	1,057,805
Participants' other investment loss	20	-	-	(10,721)	(8,165)	(10,721)	(8,165)
ECL loss on financial assets	20	-	-	(4,409)	(520)	(4,409)	(520)
Mudarib share expense	20	-	-	(285,401)	(262,280)	(285,401)	(262,280)
Amortization of deferred cost (related to provision of retakaful arrangements)	10&11	-	-	(525,088)	(619,286)	(525,088)	(619,286)
Amortization of deferred profit (related to provision of retakaful arrangements)	10&11	-	-	14,751	95,196	14,751	95,196
Other participants' expenses		-	-	(50,085)	28,944	(50,085)	28,944
Net participant's surplus		-	-	201,124	315,333	201,124	315,333
Wakala fee income	22	6,133,057	5,232,820	-	-	6,133,057	5,232,820
Shareholders profit income on investment	20	426,906	537,588	-	-	426,906	537,588
Shareholders other investment income / (expense)	20	165,935	(148,128)	-	-	165,935	(148,128)
ECL loss on financial assets	20	(55)	(8,953)	-	-	(55)	(8,953)
Mudarib share income	20	285,401	262,280	-	-	285,401	262,280
Share of result of an associate	9	36,016	38,253	-	-	36,016	38,253
Other income	23	34,085	11,114	-	-	34,085	11,114
Total shareholders' income		7,081,346	5,924,974	-	-	7,081,346	5,924,974
General and administrative expenses	24	(2,866,849)	(2,565,928)	-	-	(2,866,849)	(2,565,928)
Commission expenses	25	(1,746,130)	(1,644,105)	-	-	(1,746,130)	(1,644,105)
Other expenses	26	(338,675)	(380,510)	-	-	(338,675)	(380,510)
Third party administration expenses	22	(511,647)	-	-	-	(511,647)	-
Total shareholders' expense		(5,463,301)	(4,590,543)	-	-	(5,463,301)	(4,590,543)
Profit before tax for the year		1,618,045	1,334,431	201,124	315,333	1,819,169	1,649,764
Tax expense	44	(199,823)	-	-	-	(199,823)	-
Net profit after tax for the year		1,418,222	1,334,431	201,124	315,333	1,619,346	1,649,764
Earnings per share (fils)	28	16.71	15.70				

These financial statements were approved by the Board of Directors of the Company on 16 February 2026 and signed on their behalf by :

Mr. Ebrahim Mohamed Sharif Alrayes
Chairman

Mr. AbdulRahman Abdulla Mohammed
Vice Chairman

Mr. Essam Mohamed Al Ansari
Chief Executive Officer

The notes 1 to 45 form an integral part of these financial statements.

Statement of Other Comprehensive Income

for the year ended 31 December 2025 (Audited)

	Year ended 31 December 2025			Year ended 31 December 2024		
	Shareholders	Participants	Total	Shareholders	Participants	Total
	BD	BD	BD	BD	BD	BD
Net profit and surplus for the year	1,418,222	201,124	1,619,346	1,334,431	315,333	1,649,764
A. Items that will not be reclassified to statement of income in subsequent years						
Net changes in fair value of investments measured at FVOCI - equity instruments	(29,105)	-	(29,105)	(65,015)	-	(65,015)
B. Items that may be reclassified to statement of income in subsequent years						
Net changes in fair value of investments measured at FVOCI - debt instruments	112,579	334,626	447,205	(29,897)	(51,543)	(81,440)
Net changes in allowance for expected credit losses of investments measured at FVOCI - debt instruments	(15)	4,189	4,174	(8,953)	(520)	(9,473)
Total other comprehensive income / (loss)	83,459	338,815	422,274	(103,865)	(52,063)	(155,928)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,501,681	539,939	2,041,620	1,230,566	263,270	1,493,836

The notes 1 to 45 form an integral part of these financial statements.

Statement of Changes In Shareholders' Equity

for the year ended 31 December 2025 (Audited)

	Share capital	Treasury shares	Statutory reserve	General reserve	Retained earnings	Investments fair value reserve	Total equity
	BD		BD	BD	BD	BD	
Balance at 1 January 2025	8,500,000	(2,087)	1,191,041	200,000	2,896,315	(105,708)	12,679,561
Profit for the year	-	-	-	-	1,418,222	-	1,418,222
Other comprehensive income	-	-	-	-	-	83,459	83,459
Dividend for the year 2024 (Note 31)	-	-	-	-	(1,062,297)	-	(1,062,297)
Purchase of treasury shares (Note 17)	-	(18,574)	-	-	-	-	(18,574)
Transfer to statutory reserve (Note 17)	-	-	141,822	-	(141,822)	-	-
Balance as at 31 December 2025	8,500,000	(20,661)	1,332,863	200,000	3,110,418	(22,249)	13,100,371
Balance at 1 January 2024	8,500,000	(2,087)	1,057,598	200,000	2,332,705	(1,843)	12,086,373
Profit for the year	-	-	-	-	1,334,431	-	1,334,431
Other comprehensive loss	-	-	-	-	-	(103,865)	(103,865)
Dividend for the year 2023 (Note 31)	-	-	-	-	(637,378)	-	(637,378)
Transfer to statutory reserve	-	-	133,443	-	(133,443)	-	-
Balance as at 31 December 2024	8,500,000	(2,087)	1,191,041	200,000	2,896,315	(105,708)	12,679,561

The notes 1 to 45 form an integral part of these financial statements.

Statement of Changes in Participants' Fund

for the year ended 31 December 2025 (Audited)

	<i>Surplus in participants' fund</i>		<i>Investments fair value reserve</i>		Total
	General takaful	Family takaful	General takaful	Family takaful	
	BD	BD	BD	BD	
Balance as at 1 January 2025	935,288	236,909	(84,214)	(23,366)	1,064,617
Other comprehensive income	-	-	307,816	30,999	338,815
Surplus / (deficit) for the year	283,314	(82,190)	-	-	201,124
Surplus distribution to policyholder (Note 43)	(350,904)	-	-	-	(350,904)
Balance as at 31 December 2025	867,698	154,719	223,602	7,633	1,253,652
Balance at 1 January 2024	676,063	180,801	(46,287)	(9,230)	801,347
Other comprehensive loss	-	-	(37,927)	(14,136)	(52,063)
Surplus for the year	259,225	56,108	-	-	315,333
Balance as at 31 December 2024	935,288	236,909	(84,214)	(23,366)	1,064,617

The notes 1 to 45 form an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2025 (Audited)

	For the year ended 31 December	
	2025 BD	2024 BD
OPERATING ACTIVITIES		
Net shareholders' profit for the year	1,418,222	1,334,431
Surplus from participants' operations	201,124	315,333
Adjustments for:		
Tax expense	199,823	-
Depreciation & amortisation	148,527	138,625
Depreciation of right-of-use assets	109,039	77,251
Investment income on financial assets at amortised cost	-	(17,064)
Investment income on financial assets at fair value	(2,221,861)	(1,756,311)
ECL movement on financial assets	4,464	9,473
Share of result of an associate	(36,016)	(38,253)
Net takaful & retakaful finance costs	510,337	524,090
Ijara cost	33,898	37,941
Operating profit before changes in operating assets and liabilities	367,556	625,516
Changes in operating assets and liabilities:		
Retakaful arrangement assets	416,810	1,082,883
Other receivables, accrued income and prepayments	(2,039,313)	(153,557)
Takaful arrangement liabilities	915,470	(375,958)
Retakaful arrangement liabilities	(328,462)	537,487
Payables and accrued liabilities	993,179	681,550
Tax paid	(155,835)	-
Surplus distribution paid	(90,764)	-
Net cash generated from operating activities	78,642	2,397,921
INVESTING ACTIVITIES		
Dividends received	275,166	160,556
Profit income received	1,438,984	1,430,395
Other Investment income & expenses received/paid	(152,447)	(129,103)
Purchase of property and equipment	(64,030)	(112,679)
Purchase of Intangible assets	(50,824)	(124,718)
Placement in term deposits	(3,699,710)	(7,025,002)
Redemption of term deposits	5,199,901	8,230,083
Additions to investments carried at fair value	(2,088,034)	(8,675,771)
Dividend from associate	33,325	26,660
Disposals of financial assets at fair value	659,567	2,993,653
Net cash generated from / (used in) investing activities	1,551,898	(3,225,926)
FINANCING ACTIVITIES		
Dividends paid	(1,062,297)	(637,378)
Ijara liabilities paid	(120,328)	(75,624)
Purchase of Treasury shares	(18,574)	-
Net cash used in financing activities	(1,201,199)	(713,002)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	429,342	(1,541,007)
Cash and cash equivalents at the beginning of the year	1,886,524	3,427,531
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,315,865	1,886,524
Non-cash transactions		
Additions to right of use asset	(26,338)	-
Additions to ijara liabilities	26,338	-

The notes 1 to 45 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2025

1 BUSINESS OPERATIONS

Takaful International Company B.S.C. ("the Company"), is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 21100 obtained on 11 April 1989.

The activities of the Company are organised on the principles of Shari'a. The principal activity of the Company is to manage the General and Family takaful activities and investments by adopting wakala and mudarabha models respectively, on behalf of the participants in accordance with the Islamic Shari'a principles. The retakaful activities are organised on an underwriting year basis with the participants pooling their contributions to compensate for losses suffered in the pool on occurrence of a defined event.

The majority shareholder of the Company is Bahrain Kuwait Insurance Company B.S.C., a listed entity registered and incorporated in the Kingdom of Bahrain. The ultimate holding company is Fairfax Financial Holding Limited, a listed entity registered and incorporated in Canada.

The Company is licensed by the Central Bank of Bahrain (the "CBB") to carry out the following principal activities:

- Developing and providing protection covers for property, engineering, general accident, liability, marine cargo, marine hull, aviation, medical, group life, motor, level term assurance and decreasing term assurance; and
- Management of general takaful and family takaful funds in accordance with the Islamic Shari'a principles on behalf of the participants of the fund.

The Company's general takaful fund comprise of all protection covers except decreasing term assurance, level term assurance and savings takaful which are part of the family takaful fund.

The registered office of the Company is in the Kingdom of Bahrain. The full address is stated on page 2.

The financial statements of the Company were authorised for issue in accordance with a resolution of the Board of Directors dated 16 February 2026.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), the Central Bank of Bahrain and Financial Institutions Law 2006, the applicable regulations set out in Volume 3 - Insurance, Volume 6 - capital markets of the Central Bank of Bahrain's rule book and the relevant provisions of the Bahrain Commercial Companies Law and its subsequent amendments. For the matters which are not covered by AAOIFI standards, IFRS accounting Standards ("IFRS") have been applied.

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the measurement at equity and debt-type instruments at fair value through income and equity.

The preparation of financial statements in conformity with FAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Functional currency

The financial statements have been presented in Bahraini Dinars (BD) which is the functional currency of the Company.

New standards, interpretations and amendments adopted by the Company New standards, amendments and interpretations effective from 1 January 2025

During the year, the Company applied the following standards and amendments to standards in the preparation of the financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net income or equity of the Company.

FAS 42 - Presentation and disclosures in the Financial Statements of Takaful Institutions

AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier FAS 12 - General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies". The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari'a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 43 - Accounting for Takaful: Recognition and Measurement, provided that FAS 1 (Revised 2021) has already been adopted or is simultaneously adopted. The adoption of this standard did not have significant impact on the Company's presentation and disclosures in financial statements.

Notes to the Financial Statements

for the year ended 31 December 2025

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations effective from 1 January 2025 (continued)

FAS 43 - Accounting for Takaful: Recognition and Measurement

AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with FAS 42 - Presentation and disclosures in the Financial Statements of Takaful Institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 42 - Presentation and disclosures in the Financial Statements of Takaful Institutions.

The above standards were applied by the Company since 1 January 2023 (with retroactive application), hence, these standards did not have any additional impact on the Company at 1 January 2025.

New standards, amendments and interpretations issued but not effective

The Company has not yet applied the following new and revised FASs that have been issued but are not yet effective. These standards are currently in process of being assessed by the Company's management to consider any implications in the current or future reporting periods and on foreseeable future transactions

FAS 45 - Quasi-Equity (Including Investment Accounts)

AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. This standard shall be effective for the financial reporting years beginning on or after 1 January 2026.

The concept of quasi-equity has been introduced in FAS 1 "General Presentation and Disclosures in the Financial Statements (Revised 2021)". The Company shall address the requirements of FAS 45 "Quasi-Equity (Including Investment Accounts)" on the effective date of the standard.

FAS 46 - Off-Balance sheet Assets Under Management

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterisation of off-balance sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS 1 "General Presentation and Disclosures in the Financial Statements" in respect of the statement of changes in off-balance sheet assets under management. This standard, along with, FAS 45 "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard shall be effective for the financial years beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 - Quasi-Equity (Including Investment Accounts).

FAS 47 - Transfer of Assets Between Investment Pools

AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari'ah principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial years beginning or after 1 January 2026 and supersedes the earlier FAS 21 "Disclosure on Transfer of Assets".

FAS 48 - Promotional Gifts and Prizes

AAOIFI has issued FAS 48 on 9 December 2024. This standard prescribes the accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment account holders. This standard shall be effective for the financial periods beginning or after 1 January 2026.

FAS 49 - Financial Reporting for Institutions Operating in Hyperinflationary Economies

AAOIFI has issued FAS 49 on 19 December 2024. This standard outlines the principles governing financial reporting for the institutions applying AAOIFI FASs operating in hyperinflationary economies, duly considering the relevant Shari'ah principles and rules and their unique business models. This standard shall be effective for the financial periods beginning or after 1 January 2026 with early adoption encouraged.

Notes to the Financial Statements

for the year ended 31 December 2025

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations effective from 1 January 2025 (continued)

FAS 50 – Financial Reporting for Islamic Investment Institutions (Including Investment Funds)

AAOIFI has issued FAS 50 on 24 December 2024. This standard supersedes the earlier FAS 14 "Investment Funds." This standard sets out the principles of financial reporting for Islamic Investment Institutions ("IIs") particularly prescribing overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari'a principles and rules. This standard shall be effective on the annual financial statements of an II or after 1 January 2027.

The Group is currently performing an assessment to identify the impact in accordance with the standards.

FAS 51 – Participatory Ventures

AAOIFI has issued FAS 51 on 10 November 2025. This standard prescribes accounting and financial reporting principles for recognition, measurement, presentation and disclosures to apply in relation to participatory ventures (including most of the common structures / products based on Mudaraba and Musharaka). This standard shall be applied in respect of accounting and financial reporting by the investors, the working partners, as well as, the participatory ventures with regard to all such participatory ventures that fall within the scope of this standard, including those with fixed and variable equity / quasi-equity shares. This standard shall be effective for the financial periods beginning or after 1 January 2027.

FAS 52 – Deferred Delivery Sales: Salam and Istisna

AAOIFI has issued FAS 52 on 31 December 2025. This standard prescribes the accounting and financial reporting principles for recognition, measurement, presentation and disclosures related to deferred delivery sales transactions, applicable to the respective buyers and sellers. Such transactions include both, Salam- and Istisna-based deferred delivery sales transactions, but do not include Istisna-based development contracts which are subject of another standard being simultaneously issued. This standard shall be effective for the financial periods beginning or after 1 January 2027.

3 SIGNIFICANT ACCOUNTING POLICIES

Accounting for Takaful: Recognition and Measurement

This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules. The requirements of this standard are duly aligned with the international best practices of financial reporting for the takaful business.

The Company has early adopted FAS 43 "Accounting for Takaful: Recognition and Measurement" with a date of initial application of 1 January 2023. The new standard brings fundamental changes to the accounting for takaful assets and takaful liabilities. The effective date of the standard from AAOIFI is financial reporting year, beginning on or after 1 January 2025. This standard applies to the Takaful Institution (including, in their capacity of being Takaful operator) and their managed participants' Takaful fund (PTF) in respect of:

- Takaful arrangements, including re-Takaful arrangements issued;
- Re-Takaful arrangements held;
- Investment contracts, with or without discretionary features that are issued along with, and being part of, the Takaful arrangements; and
- Ancillary transactions related to Takaful operations.

Accounting for Takaful arrangements - under general / variable fee approach

Combining and separating components of Takaful arrangements

Unbundling of non-Takaful components

A Takaful arrangement may contain one or more non-Takaful components, such as an investment or service component (generally in the form of a separate contract) or a promise to provide a good or service. The Company separates (unbundles) the components when they are distinct and measurable.

Where different components are unbundled, the Takaful institution ensures appropriate attribution to the Participants Takaful Fund, the Participant Investment Fund and the front-end fee, if any, charged to the participant. Such unbundling of non-Takaful components are performed before the Takaful component is recognised in the books of PTF.

The accounting treatment of non-Takaful components is made inline with the relevant AAOIFI FASs, as applicable.

Accounting for related Takaful arrangements

The Takaful institution may elect to present a set or series of Takaful arrangements, especially with the same or related participant(s), as one whole arrangement after determining that the rights, obligations, risks and rewards, as well as eligibility for surplus distribution are similar in nature. This election is made immediately after the Takaful institution has made an assessment that combining the Takaful arrangements will faithfully represent the accounting treatments and the overall commercial effect after ensuring that the combination is not in conflict with Shari'ah principles and rules.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)
Accounting for related Takaful arrangements (continued)

Level of aggregation of Takaful arrangements

The Takaful institution aggregates the Takaful arrangements into distinct portfolios that are subject to similar risks and are managed together. Arrangements within a product line are expected to be in the same portfolio if they are managed together, whereas arrangements in different product lines are expected not to have similar risks even when managed together.

The Takaful institution divides a portfolio of issued Takaful arrangements into groups (at the minimum) of:

- arrangements that are onerous at initial recognition; and
- arrangements that have no significant possibility of subsequently turning into becoming onerous from inception; and
- the remaining arrangements in the portfolio.

A set of arrangements is determined to be onerous or have no significant possibility of subsequently turning into / becoming onerous when the Takaful institution makes an assessment of the set of arrangements based on reasonable and supportable information. If reasonable and supportable information is not available for a set of arrangements (elected to be assessed together) for the determination of the group to which such Takaful arrangements belong, then the same is based on the assessment of the individual arrangements.

Where the general approach is applied, the Takaful Institution makes an assessment as to whether arrangements are not onerous at initial recognition or have no significant possibility of subsequently turning into / becoming onerous. The assessment is based on the following:

- the likelihood that any change in assumptions, which, if occurred, would result in the Takaful arrangement turning into / becoming onerous; and
- the estimates provided by the Takaful institution's internal reporting system.

When the Takaful institution is making an assessment as to whether the Takaful arrangements are not onerous at initial recognition but have a significant possibility of subsequently turning onerous, the information collected by the Takaful institution's internal reporting system is considered, and the Takaful institution is not required to gather any additional information.

Subdivision of groups

The Takaful institution may subdivide the groups based on different levels of profitability or the different possibilities of arrangements turning onerous after initial recognition.

Takaful arrangements are included in a different group if issued more than one year apart.

Initial recognition

Timing of initial recognition

The Takaful institution recognises a Takaful arrangement it issues, in the books of PTF, at the earlier of:

- The date when a participant becomes a member of the PTF (and accordingly becomes entitled to the Takaful benefits in the form of sharing of risks), which may be evidenced through either the payment of contribution or issuance of Takaful arrangement documents or
- The date when the Takaful arrangement, being part of a group or an unavoidable commitment to the Takaful arrangement, becomes onerous (even if it happens before the date applicable).

Measurement of the provision for a Takaful arrangement at initial recognition

At initial recognition, the provision for a Takaful arrangement is measured at the total of the following estimates:

- Takaful fulfilment cashflows, pertaining to PTF, comprising of:
 - an estimate of gross future cashflows (including, and distinguishing, the cashflows related to Wakala fee;
 - deferred cost being the difference between gross future cashflows and their respective fair value of future cashflows;
 - risk adjustment for the non-financial risks; and
- the Takaful residual margin

The Takaful institution includes all future cashflows within the boundary of a Takaful arrangement. Such a measurement:

- objectively incorporates all reasonable and supportable information available, without undue cost or effort, about the amount and timing by using a probability-weighted means of the full range of expected outcomes;
- is reflective of the institution's assessments of the market variables and is consistent with the observable market prices for those variables;
- reflects the current conditions at the measurement date; and
- distinguishes the adjustments to non-financial risk from other estimates and estimate cash flows disregarding adjustments for financial risks unless the most appropriate measurement technique implicitly includes financial risks and the effect is inseparable.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued) Initial recognition (continued)

The cashflows arising from substantive rights and obligations existing at the reporting date are considered within the boundary year. This boundary year is the year in which the Takaful institution can compel the participant to pay the contribution or in which the PTF has a substantive obligation to provide benefits to the participants.

A substantive right to provide benefits ends when the Takaful institution is able to reassess the risks of the particular participants, or for a Takaful arrangement as a whole, and can set or reset the price or the level of benefits according to the reassessment if so allowed under Shari'ah principles and rules.

A liability or an asset is not be recognised relating to an expected contribution or expected claim for benefits that is outside the boundary of the Takaful arrangement. Such amounts relate to future Takaful arrangements.

The Takaful institution adjusts the estimate of the future cashflows and their fair values to reflect the effect of risk adjustment for non-financial risk for the PTF for bearing the uncertainty about the amount and timing of the cashflows.

Mudarib's share or Wakala fee (including incentives, if any) for investment management for PTF's investments (excluding Participant Investment Fund's investments) are considered part of Takaful fulfilment cashflows and are adequately disclosed.

Surplus distribution, if any, and waiver of Qard Hasan, if any, are not part of the fulfilment cashflows.

Initial recognition of Takaful residual margin

The Takaful residual margin is measured as the difference of:

- the amount of Takaful fulfilment cashflows (including all its components) that was initially recognised;
- any cashflows arising from the Takaful arrangement at that date; and
- the derecognition of any asset for Takaful acquisition cashflows and any other asset or liability previously recognised relating to the cashflows of the arrangement at the date of initial recognition.

Initial recognition of onerous arrangements

A Takaful arrangement is onerous at the date of initial recognition, if the Takaful fulfilment cash flows, any previously recognised Takaful acquisition cashflows and any cash flows arising from the Takaful arrangement at the date of initial recognition, in total are a net outflow. Such a Takaful arrangement is separately classified from the Takaful arrangements that are not onerous.

A loss in the statement of income as activities of the managed PTF for the net outflow for onerous arrangements is recognised, resulting in the carrying amount of the provision for Takaful arrangement being equal to the Takaful fulfilment cashflows and the Takaful residual margin being zero.

A significant number of onerous arrangements, depending on the business realities, may imply an act of potential negligence by the Takaful institution in its capacity as an agent of the PTF. This may particularly be more relevant where the Wakala fee is excessive. In rare circumstances, in line with the relevant Shari'ah principles and rules or regulatory requirements, such negligence situations may require the recognition of a receivable from the agent. Such receivables form part of the Takaful fulfilment cashflows.

The Takaful institution identifies a group of onerous arrangements as a set instead of individual arrangements.

Subsequent measurement

Subsequent measurement of the provision for a Takaful arrangement

The carrying amount of the provision for a Takaful arrangement at the end of each reporting year is the sum of:

- the provision for the remaining entitlement year comprising of:
 - the Takaful fulfilment cash flows related to future benefits allocated to the Takaful arrangement at that date;
 - the Takaful residual margin of the Takaful arrangement at that date; and
- the liability for incurred claims, comprising of Takaful fulfilment cash flows related to the past benefits allocated to the Takaful arrangement at that date.

The income and expenses are recognised in the statement of income as activities of the managed PTF for the following changes in the carrying amount of the provision for remaining entitlement period:

- recognise contribution (as an income) representing the reduction in the provision for the remaining entitlement year because of benefits provided during the year;
- expenses representing losses (and any reversal of losses) on onerous arrangements; and
- amortisation (or adjustment) of deferred cost (including any experience adjustment and financial risk elements).

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)

Subsequent measurement (continued)

Subsequent measurement of the provision for a Takaful arrangement (continued)

Recognised contribution (as an income) are recognised when benefits are provided for a period, with a simultaneous reduction in the provision for the remaining entitlement year. Such a reduction (or change) in provision for the remaining entitlement year (that does not relate to the benefits attributable to the current year) does not include the following:

- cash inflows from contribution received;
- transaction-based taxes collected on behalf of third parties;
- takaful acquisition cash flows;
- derecognition of liabilities transferred to third parties; and
- changes that relate to benefits attributable but for which compensation is not expected, i.e., increases and decreases in the loss component of the provision for the remaining entitlement year.

The income and expenses are recognised in the statement of income as activities of the managed PTF for the following changes in the carrying amount of the liability for incurred claims for benefits:

- expenses representing the increase in liability because of claims for benefit and expenses incurred in the period;
- expenses representing subsequent changes in Takaful fulfilment cash flows relating to incurred claims and expenses; and
- amortisation (or adjustment) of deferred cost (including any experience adjustment and financial risk elements) as applicable on amounts excluding established payables (debts). Established payables are not be subject to fair value measurement, in accordance with Shari'ah principles and rules.

Subsequent measurement does not take into account any experience adjustments, if any, that may arise:

- in respect of the receipts of contribution (and any related cash flows such as Takaful acquisition cash flows and directly related taxes) – being the difference between the estimate at the beginning of the year of the amounts expected for the year and the actual cash flows during the period; or
- in respect of the Takaful acquisition cash flows - being the difference between the estimate at the beginning of the year of the amounts expected for the year and the actual costs incurred during the period.

Subsequent measurement of Takaful residual margin

The Takaful residual margin at the end of the reporting year represents the surplus in the Takaful arrangements that have not yet been recognised in the statement of income as activities of the managed PTF because it relates to the future benefits to be provided under the Takaful arrangement.

The carrying amount of the Takaful residual margin of a Takaful arrangement at the end of the reporting year equals the carrying amount at the start of the reporting year adjusted for:

- the effect of any new arrangements added, in case of accounting being performed collectively for a group;
- the amortisation of deferred Takaful residual margin over the entitlement year - through a systematic method reflecting the pattern of utilisation of entitlement for benefits;
- the changes in Takaful fulfilment cash flows relating to future benefits, except:
 - the increases in the Takaful fulfilment cash flows that exceed the carrying amount of the Takaful residual margin, giving rise to a loss; or
 - the decreases in the Takaful fulfilment cash flows that are allocated to the loss component of the provision for the remaining entitlement period.
- the effect of any currency exchange differences on the Takaful residual margin; and
- the contribution recognised as income in the statement of income as activities of the managed PTF because of the provision of benefits in the period, determined by the allocation of the Takaful residual margin remaining at the end of the reporting period (before any allocation) over the current and remaining entitlement period.

Certain changes in the Takaful residual margin offset changes in the Takaful fulfilment cash flows for the provision for the remaining entitlement year, resulting in no change in the total carrying amount of the provision for the remaining entitlement year. To the extent that changes in the Takaful residual margin do not offset changes in the Takaful fulfilment cash flows for the provision for the remaining entitlement year, the income and expenses for the changes are recognised in the statement of income as activities of the managed PTF.

The Takaful residual margin recognised during the year is taken to the statement of income as activities of the managed PTF.

The Takaful institution may decides to follow the variable fee approach (VFA) instead of the general approach, in the case of Takaful arrangements having a direct investment component in form of a PIF. In such case, the institution has an accounting policy in respect of the subsequent changes in the Takaful residual margin, to the extent that these relate to the financial risks (including the changes in the investment returns in PIF), in a manner that such proportion of provision for Takaful residual margin that relates to the future entitlement years may not be immediately recognised and apportioned over the remaining entitlement period.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued) Subsequent measurement (continued)

Subsequent changes in onerous arrangements

A Takaful arrangement becomes onerous (or more onerous) on subsequent measurement, if the carrying amount (unamortised) of the Takaful residual margin is less than the unfavorable changes in the Takaful fulfilment cash flows allocated to the Takaful arrangement relating to future benefits.

After the recognition of a loss on an onerous arrangement, the subsequent changes in the estimates of Takaful fulfilment cash flows for the remaining entitlement year are allocated on a systematic basis between:

- the loss component of the provision for remaining entitlement year; and
- the provision for the remaining entitlement year, excluding the loss component.

Any subsequent decrease in Takaful fulfilment cash flows arising from changes in estimates of future cash flows relating to future benefits and any subsequent increases in the PTF's share in the fair value of the underlying assets is allocated solely to the loss component until that component is reduced to zero. The Takaful institution adjusted the Takaful residual margin only once the loss component has been reduced to zero.

The loss component is the amount equivalent to the total amount recognised in the statement of income as activities of the managed PTF to date, on initial recognition or subsequent measurement of the Takaful arrangement as onerous (net of any already recognised reversals).

The subsequent changes in the Takaful fulfilment cash flows for the remaining entitlement year to be allocated includes:

- estimates of the fair value of the future cash flows for claims and expenses released (i.e., the difference between the opening estimate against the closing estimate) from the provision for the remaining entitlement year because of incurred Takaful benefit costs;
- changes in the risk adjustment for non-financial risk recognised in the statement of income as activities of the managed PTF because of the release of risk; and
- amortisation of deferred cost - through a systemic method reflecting the pattern of utilisation of entitlement for benefits, as applicable.

Derecognition

The Takaful institution derecognises a Takaful arrangement when, and only when:

- it is extinguished, i.e., when the obligations specified in the arrangement are expired, discharged or cancelled; or
- the terms of the arrangement are modified by mutual agreement or by a change in regulations, and the Takaful institution recognises the modified arrangement as a new arrangement.

Recognition and presentation in the statement of income as activities of the managed PTF

- The carrying amount of the following is presented separately in the statement of income as position of the managed PTF:
- Takaful arrangements issued that are assets;
- Takaful arrangements issued that are liabilities;
- re-Takaful arrangements issued that are assets; and
- re-Takaful arrangements issued that are liabilities.

The PTF presents income or expenses from re-Takaful arrangements held separately from the expenses or income from the Takaful arrangements.

The Takaful expenses include incurred benefits, other expenses, changes related to past benefits and changes to future benefits (including losses on onerous arrangements and reversal thereof).

The income or expenses from a group of re-Takaful arrangements held may either be presented as a single amount or presented separately as the amounts recovered from the re-Takaful and an allocation of the contribution paid that together result in a net amount equal to that single amount.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)
Subsequent measurement (continued)

Accounting for Takaful arrangements - under contribution allocation approach

Application criteria for the contribution allocation approach

A simplified approach, namely the contribution allocation approach, is used to recognise, measure and report a Takaful arrangement if at the inception of the Takaful arrangement, either of the following condition is met:

- it is a reasonable expectation that such simplification would produce a measurement of the provision of the remaining entitlement year for the Takaful arrangement would not differ materially from the one produced by applying the requirements of "Accounting for Takaful arrangements - under the general approach / variable fee approach"; or
- the entitlement year of each Takaful arrangement (including the entitlement for benefits arising in respect of all contributions) is one year or less.

If at the inception of the Takaful arrangement, the Takaful institution expects significant variability in the Takaful fulfilment cash flows that would affect the measurement of the provision for the remaining entitlement year. Variability in the Takaful fulfilment cash flows increases with the following:

- the extent of future cash flows relating to the Takaful arrangement; and
- the length of the entitlement year of the Takaful arrangements.

Any general requirements contained in "Accounting for Takaful arrangements - under general approach / variable fee approach", may also apply to the contribution allocation approach unless contradicting with any specific requirements of "Accounting for Takaful arrangements - under contribution allocation approach".

Initial recognition

Assessment for onerous or potentially (in future) onerous arrangements

Where the contribution allocation approach is applied, the Takaful institution generally considers the whole portfolio at the time of initial recognition as not being onerous. However, if it is apparent (or there exists a significant risk) based on the facts and circumstances, then the Takaful institution shall perform an assessment in respect of:

- such arrangement(s) in the portfolio that are onerous in nature; and / or
- such arrangement(s) in the portfolio has a significant possibility of subsequently turning onerous.

On initial recognition, the provision for the remaining entitlement year is measured under the contribution allocation approach as follows:

- the contribution, if any, received (or receivable) at initial recognition;
- less: Wakala fee;
- less: any Takaful acquisition cash flows at that date unless these are recognised as expenses; and
- add or less: the amount arising from the derecognition at the date of the asset or liability recognised for Takaful acquisition cash flows.

In applying the contribution allocation approach, the Takaful institution:

- may choose to recognise any Takaful acquisition cash flows as expenses when it incurs those costs, provided that the entitlement year of each Takaful arrangement at initial recognition is not more than one year; and
- measures the liability for incurred claims for the Takaful arrangements and the Takaful fulfilment cash flows relating to incurred claims. However, the Takaful institution is not required to adjust future cash flows for the difference between the total cash flows and the fair value of those cash flows if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)

In case the cash outflows are spread over a year of more than one year, and the difference between the total expected cash outflows and their fair value is material, the Takaful institution adjusts the carrying amount of the provision for remaining entitlement year to its fair value and records such difference initially as deferred cost.

Subsequent measurement

At the end of each subsequent reporting year, the carrying amount of the provision for the remaining entitlement year is:

- the carrying amount at the beginning of the reporting year;
- add : the contributions received during the year;
- less: Takaful acquisition cash flows, unless they are recognised as an expense;
- add: amortisation of Takaful acquisition cash flows recognised as expense (if applicable);
- less: amortisation of any deferred Takaful acquisition cash flows, if such deferred Takaful acquisition cash flows are recognised in line with the requirements of the standard;
- add: the amount recognised as earned Takaful contributions against the entitlement for benefits attributable to that year; and
- less: any investment component (from PIF) paid or transferred to the liability for incurred claims.

When the contribution allocation approach is applied, the amount of recognised contribution for the year is the amount of expected contributions allocated to the year. The expected contributions are allocated to each year:

- on the basis of the passage of time; but
- if the expected pattern of release of risk during the entitlement year differs significantly from the passage of time basis, then on the basis of the expected timing of incurred Takaful benefits.

Onerous arrangements

If at any time during the entitlement period, facts and circumstances indicate that a Takaful arrangement is onerous, the Takaful institution performs a computation of excess / shortfall of the following:

- the carrying amount of the provision for remaining entitlement period; and
- the Takaful fulfilment cash flows that relate to the remaining entitlement period of the Takaful arrangement.

In case of a shortfall of the carrying amount of the provision for the remaining entitlement year against Takaful fulfilment cash flows relating to the remaining entitlement year of the Takaful arrangement, the Takaful institution recognises a loss in the statement of income as activities of the managed PTF and increase the provision for remaining entitlement year by such amount of shortfall.

Accounting for re-Takaful arrangements held by the PTF

General approach for re-Takaful arrangements held

The Takaful institution divides portfolios of re-Takaful arrangements held by applying the requirements of "Accounting for Takaful arrangements - under general approach / variable fee approach" except that the references to onerous arrangements therein are replaced by a reference to arrangements on which there is a net gain on initial recognition. Such gain compensates for losses arising in PTF on account of the onerous arrangements.

Any general requirements contained in "Accounting for Takaful arrangements - under general approach / variable fee approach", also applies to the accounting for re-Takaful arrangements held unless contradicting with any specific requirements of "Accounting for re-Takaful arrangements held by the PTF".

Initial recognition

The PTF recognises an asset (or provision, as the case may be) for re-Takaful arrangements held:

- if the re-Takaful arrangements held provide a proportionate entitlement year - at the beginning of the entitlement year of the re-Takaful arrangement held or at the initial recognition of any underlying Takaful arrangement (whereby in case of underlying onerous arrangement, the corresponding effect is immediately recognised), whichever is the later; and
- in all other cases — from the beginning of the entitlement year of the re-Takaful arrangement held.

A re-Takaful arrangement held that provides proportionate benefits against underlying Takaful arrangements are not be initially recognised until the date that any underlying Takaful arrangement(s) is initially recognised if that date is later than the beginning of the entitlement year of such re-Takaful arrangement.

If the net cost of acquisition of re-Takaful arrangements has entitlement for benefits relating to events that have already occurred, such cost is immediately recognised in the statement of income as activities of the managed PTF.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Takaful: Recognition and Measurement (continued)

In case a loss is recognised on initial recognition of an onerous underlying Takaful arrangement (or on the addition of an onerous underlying Takaful arrangement to a group), the Takaful residual margin of a related re-Takaful arrangement held (to such extent) is immediately recognised in the statement of managed financial activities of the managed PTF.

When such losses are recovered in a subsequent year, a loss-recovery component of an asset for the remaining entitlement year is correspondingly reversed.

Subsequent measurement

In applying the measurement requirements to re-Takaful arrangements held, the PTF applies consistent assumptions to measure the estimates of the fair value of the future cash flows for such re-Takaful arrangements held and the estimates of the fair value of the future cash flows for the underlying Takaful arrangements.

In respect of the re-Takaful arrangements held, the PTF also includes the risk of non-performance by the re-Takaful provider (including effects of collateral and losses from disputes) in the estimate of the future cash flows, as well as, their fair value.

The PTF determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the re-Takaful arrangements to the issuer of those re-Takaful arrangements.

Takaful residual margin on initial recognition, in respect of re-Takaful arrangements held, is subject to the following modifications:

- the PTF recognises any net cost or net gain (instead of unearned margin) on the acquisition of the re-Takaful arrangements held as a Takaful residual margin measured at an amount equal to the sum of the Takaful fulfilment cash flows, the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the re-Takaful arrangements held and any cash flows arising at that date; unless
- the net cost of acquiring re-Takaful entitlement relates to events that occurred before the acquisition of the re-Takaful arrangements, in which case, such a cost is immediately be recognised in the statement of income as activities of the managed PTF as an expense.

The Takaful residual margin at the end of the reporting year in respect of re-Takaful arrangements held is computed as the carrying amount determined at the start of the reporting year, adjusted for:

- the effect of any new arrangements;
- amortisation of deferred cost added back to the carrying amount of the Takaful residual margin;
- changes in the Takaful fulfilment cash flows to the extent that the change:
 - relates to the future benefits entitlement; unless
 - it results from a change in the Takaful fulfilment cash flows allocated to the underlying Takaful arrangement that does not adjust the Takaful residual margin for the underlying Takaful arrangement;
- the effect of any currency exchange differences arising on the Takaful residual margin; and
- the amount recognised in the statement of income as activities of the managed PTF because of benefits received in the year, determined by the allocation of the Takaful residual margin remaining at the end of the reporting year of the re-Takaful arrangements held.

Changes in the Takaful fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a re-Takaful contract held do not relate to future benefits and is not adjust the Takaful residual margin.

A re-Takaful arrangement held cannot be onerous under the requirements of this standard.

Contribution allocation approach for re-Takaful arrangements held

The Takaful institution may use the contribution allocation approach (adapted to reflect the features of re-Takaful arrangements held that differ from Takaful arrangements issued, for example, the generation of expenses or reduction in expenses rather than revenue) to simplify the measurement of re-Takaful contracts held, if at the inception of the Takaful arrangement:

- the Takaful institution reasonably expects the resulting measurement would not differ materially from the result of applying the requirements of other available approaches; or
- the entitlement year of each of the re-Takaful arrangements held (including an entitlement for benefits from all contributions within the Takaful arrangement boundary is one year or less.

If at the inception of the Takaful arrangement, the Company expects significant variability in the Takaful fulfilment cash flows that would affect the measurement of the asset for remaining entitlement for benefits during the year before a claim is incurred. Variability in the Takaful fulfilment cash flows increases with, for example:

- the extent of future cash flows relating to the Takaful arrangement; and
- the length of the entitlement year of the re-Takaful arrangements held.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

The Company has not disclosed the transition impact upon adoption of FAS 43 because the cost of providing this disclosure, which would include the running of parallel systems, would exceed the benefits, particularly because previous standards permitted an entity to use a wide range of practices.

Separation of accounting records

The assets, liabilities and owners' equity, as well as, income and expenditure, gains and losses of the Takaful operator shall be recorded and reported separately and distinctly from the assets, liabilities and surplus / deficit and related income and expenditure, gains and losses of the managed PTF or the managed PIF.

In the books of the Takaful operator

The Takaful operator shall recognise in its books the initial seed money as an expense at the earlier of:

- payment of seed money to the PTF; or
- making an irrevocable commitment for such payment.

In the books of the PTF

The PTF shall recognise the initial seed money received / receivable from the Takaful operator as PTF equity at the earlier of:

- payment of seed money to the PTF; or
- making an irrevocable commitment for such payment.

Transfer of assets between various funds

At times, there is a need to transfer assets (including cash, investments or other assets) between the Takaful operator and the PTF or PIF managed by the Takaful operator for routine business operations.

There is a rebuttable presumption that such assets, in line with the Shari'ah principles and rules, are transferred between the Takaful operator and any of the managed funds or between two of the managed funds at fair value (considering these are arms' length transactions).

A Takaful institution shall apply, in respect of all such transfers of assets, the disclosure requirements with the respective AAOIFI FAS 7. In addition, if the basis of valuation applied for the transfer of such assets is other than the fair value of such assets as of the date of transfer, the Takaful institution shall disclose the difference in the value applied with the fair value, as well as, the reasons for applying the value other than the fair value.

Surplus / deficit determination and surplus distribution

Surplus / deficit determination

Takaful surplus or Takaful deficit shall be determined as the net surplus or deficit for the reporting year appearing in the statement of income as activities of the managed PTF, in line with the requirements of this standard read with the requirements of FAS 42 "Presentation and Disclosures in the Financial Statements of Takaful Institutions", after due transfers from / to the technical reserves.

In case a Takaful institution determines surplus / deficit in respect of a PTF in a manner different from the requirements of the standard, the basis of determination of the same, along with the rationale for the same, shall be disclosed.

In case of deficit, the Takaful operator generally provides a Qard Hasan to the PTF.

A Takaful institution shall disclose the accumulated amounts of deficit in the PTF and its projections (at least for five years) with regard to the probable surplus in future years to compensate for such deficits.

Qard Hasan-recognition and measurement in the books of the PTF

In case of a deficit (or liquidity shortfall), the Takaful operator may decide (or may be required by virtue of the relevant regulations) to give a Qard Hasan to the PTF. This Qard Hasan has the nature of a temporary, profit-free loan that shall be payable when the PTF accrues a surplus (and / or generates sufficient liquidity).

Initial Recognition

The PTF shall recognise the Qard Hasan received from the Takaful operator as a liability at the par value of the amount received.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

Subsequent Measurement

The PTF shall subsequently measure the liability for Qard Hasan at par value, accounting for any payments / repayments / adjustments during the period.

Waiver of Qard Hasan

Where the Takaful operator waives off its right to receive the Qard Hasan from the PTF, according to regulatory requirements or otherwise, the PTF shall immediately derecognise the liability and record the amount as its income for the year.

Qard Hasan-recognition and measurement in the books of the Takaful operator

In case of a deficit (or liquidity shortfall), the Takaful operator may decide (or may be required by virtue of the relevant regulations) to give a Qard Hasan to the PTF. This Qard Hasan has the nature of a temporary, profit-free loan that shall be payable when the PTF accrues a surplus (and / or generates sufficient liquidity).

Initial Recognition

The Takaful operator shall recognise the Qard Hasan extended to the PTF as a receivable at the par value of the amount paid since it is receivable on demand.

Subsequent Measurement and expected credit losses

The Takaful operator shall subsequently measure the receivable against Qard Hasan at par value, accounting for any payments / repayments / adjustments during the year.

Qard Hasan receivable from the PTF shall be subject to yearly testing for expected credit losses in line with the requirements of the relevant AAOIFI FAS 11, whereby an allowance for expected credit losses if any, shall be maintained against such receivable. The Takaful operator shall consider, in particular, the deficit in the PTF and the PTF's projections (at least for five years) with regard to the probable surplus in future years to compensate for such deficits (or liquidity shortfalls) in line with the requirements of the standard.

Waiver of Qard Hasan

When the Takaful operator waives the Qard Hasan, the receivable shall be derecognised, and a corresponding expense shall be recorded in the books of the Takaful operator.

Recognition of Wakala fee earned from PTF in the books of the Takaful operator

The Takaful operator earns revenue in the form of Wakala (management) fee in different forms and under various contracts. This fee may be fixed or variable in nature.

The Wakala fee charged by the Takaful operator to the PTF is generally against performance obligations for various services / costs(excluding the investment management function) to be classified, and the relevant revenue recognition shall be commensurate with the relevant services as follows:

- a. services initially or already delivered - hence, the related proportion of Wakala fee to be recognised immediately - including marketing services for Takaful products, initial administrative services (both before and at the time of issuance of a Takaful arrangement) and Takaful acquisition service costs including commissions and incentives etc.;
- b. services delivered over time-hence, the related proportion of Wakala fee to be recognised over such time in a systematic manner-including support services during the Takaful entitlement year such as accounting and book-keeping services, administrative services related to benefits ascertainment and payment and administrative services related to re-Takaful acquisition and benefits management etc.; and
- c. probable refund of Wakala fee against cancelled or discontinued Takaful arrangements (if so provided for in the Wakala contract between the Takaful institution and the PTF) - hence, the estimated effect to be recorded as a provision for Wakala fee refund and shown as a deduction from the total Wakala fee.

The Takaful institution shall adopt accounting policies for the Takaful operator in line with relevant AAOIFI FASs to separate the different components of the Wakala fee in line with the approach provided in standard, applying an appropriate methodology for ascertaining and assessing the same. The accounting policies shall also include the bases for recognition of each component of the Wakala fee and the corresponding costs.

Takaful acquisition service cost - In the books of the Takaful operator

The Takaful acquisition service costs (or gain), including the allocation charges related to a Takaful arrangement that is received (or receivable) and paid (or payable) before the Takaful arrangement is recognised, shall be recorded as either:

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for re-Takaful arrangements held by the PTF (continued)

- a. an asset or liability in the books of the Takaful operator to be amortised over a year commensurate with the corresponding flow of economic benefits—provided that:
 - i. any such asset shall be subject to testing for impairment on a yearic basis; and
 - ii. in case of cancellation of the respective Takaful arrangement, the liability may be extinguished, and asset may be fully impaired immediately; or
- b. as an expense or income in the books of the Takaful institution immediately.

Takaful operator's investment management fee / share of investment income from PIF and PDF

Mudarib's share

The Takaful operator shall recognise the Mudarib's share arising out of investment profits from the PTF and PIF after adjusting for any risk reserves, as per contractual arrangements in line with the Shari'ah principles and rules, as its revenue, at the end of each reporting year.

Wakala fee: fixed, variable and performance incentive

The Takaful operator shall recognise the fixed Wakala fee, as well as, any variable Wakala fee which is not in form of a performance incentive, as its revenue in line with the contractual arrangements as it establishes right on such revenue and the same may be measurable with reasonable certainty.

The Takaful operator shall recognise the variable element of the Wakala fee, which is in form of a performance incentive, at the end of each reporting year. However, if such an incentive is contractually determined at a later stage, the same shall be recognised once it is determined.

Corresponding recognition by the PTF and PIF

The PTF and PIF shall recognise corresponding costs for the items provided in the standard at the same time as the Takaful operator recognises its revenue.

Allocation charges

The Takaful operator shall recognise the allocation charges (including, Wakala fee / front-end fee etc., by whatever name called) recovered / recoverable from the participants in respect of the investment made in PIF as a part of net Takaful acquisition service cost (or gain) in line with the requirements of the standard.

The Takaful operator shall recognise the allocation charges (including, Wakala fee charges / front-end fee etc., by whatever name called) charged to the participants in respect of the investment made in PIF as a part of net Takaful acquisition service cost (or gain) in line with the requirements of the standard.

The allocation charges shall be disclosed by the Takaful operator separately from other Wakala fees.

Transitional provisions

A Takaful institution, at the time of the first time adoption of this standard, shall follow one of the following approaches:

- a. a full retrospective approach – whereby the effects of transition shall be incorporated from the beginning of the earliest year presented in the financial statements; however, the disclosure of the effect of such adoption in respect of each line item and to the basic and diluted earnings per share shall not be mandatory; or
- b. a modified retrospective approach – whereby the effects of transition shall be taken to the retained earnings of the Takaful institution, as well as, accumulated surplus / deficit in the respective Takaful funds at the beginning of the current financial year; or
- c. a fair value approach – whereby the Takaful residual margin or loss component of the provision for the remaining entitlement year, at the transition date (beginning of the current year) shall be determined as the difference between the fair value of the Takaful arrangements at that date and the fair value of the fulfilment cash flows measured at that date, and the corresponding effects shall be adjusted in the retained earnings of the Takaful institution, as well as, accumulated surplus / deficit in the respective Takaful funds.

Impairment, credit losses and onerous commitments

FAS 30 was issued in November 2017. The requirements relating to impairment and credit losses of FAS 30 represent a significant change from FAS 11 "Provisions and Reserves". As permitted by FAS 30, the standard will be modified retrospective approach and accordingly the comparative amounts will not be restated. FAS 30 replaces the 'incurred loss' model in FAS 11 with Expected Credit Loss (ECL) model. The new impairment model also applies to certain financing commitments and financial guarantee contracts but not to equity investments.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment, credit losses and onerous commitments (continued)

FAS 30 was introduced in order to overcome the delay in recognition of impairment and thus moves from an incurred loss model to an expected loss model. This model accounts for increasing credit risk to assess and compute loss allowances. The amount of expected credit loss (ECL) recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all exposures (from initial recognition) as long as there is no significant deterioration in credit quality, and
- Lifetime ECLs (Stage 2 and Stage 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

12-month ECLs will be calculated for all Stage 1 exposures and lifetime ECLs will be calculated for all Stage 2 and Stage 3 exposures.

An alternative to this approach is the simplified approach, which is required for receivables that do not contain a significant financing component. For trade and other receivables, it is an accounting policy choice to follow the simplified approach. Under the simplified approach, loss is calculated on lifetime ECLs rather than the two-stage process under the general approach. Tracking of credit risk is not required; instead the approach requires a loss allowance based on lifetime ECL at each reporting date, right from origination.

The Company's portfolio is made up of the following asset classes:

- Cash and cash equivalents
- Term deposits
- Financial assets at amortised cost
- Financial assets at fair value
- Other receivables

The general approach to ECL calculation applies to the Cash and cash equivalents, term deposits, financial assets at amortised cost and financial assets at fair value. The simplified approach to ECL calculation applies to other receivables.

Risk reserves

FAS 35 intends to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions.

Investment in sukuk, shares and similar instruments

FAS 33 aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investment in sukuk, shares and other similar instruments of investments made by Islamic financial institution. The standard defines the key types of instruments of Sharia's compliant investments and the primary accounting treatments commensurate to the characteristic and business model of institution under which the investments are made, managed and held.

This standard supersedes FAS 25 "Investment in Sukuk". For the purpose of this standard, each investment is to be categorized as one of the below investment categories depending on its nature:

- Monetary Debt-type instrument;
- Non-monetary Debt-type instrument;
- Equity-type instrument; and
- Other investment instruments.

Classification

Unless the irrevocable initial recognition choices provided below are exercised, the Company classifies investments subject to this standard as subsequently measured at either (i) amortised cost, (ii) fair value through equity or (iii) fair value through statement of income, on the basis of both the Company's business model for managing investments and the expected cash flow characteristics of the investment.

Investment in a monetary debt-type instrument, as it reflects a debt at the back-end, shall be classified and measured at cost, till the time the transaction at the back-end is executed, and at amortised cost thereafter.

Investment in a non-monetary debt-type instrument or other investment instrument, may be classified under any of the three categories depending on the Company's business model.

Investment in equity-type instrument is classified as investment at fair value through statement of income unless the Company makes an irrevocable classification choice at initial recognition to classify this as investment at fair value through equity.

An investment held for trading purposes shall always fall in fair value through statement of income classification.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in sukuk, shares and similar instruments (continued)

Recognition and Initial measurement

All investment shall be initially recognised at their value plus transaction costs except for investments at fair value through statement of income. Transaction costs relating to investments at fair value through statement of income are charged to the statement of income when incurred. A regular way purchase of investments shall be recognised upon the transfer of control to investor.

Subsequent measurement

Investments at amortised cost

Investments carried at amortised cost shall be re-measured as such using the effective profit rate method. All gains or losses arising from the amortisation process and those arising from de-recognition or impairment of the investment, are recognised in the statement of income. Investment carried at amortised cost shall be tested for impairment at each reporting year in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

Investments at fair value through statement of income

Investment carried at fair value through statement of income shall be re-measured at fair value at end of each reporting year. The resultant remeasurement gain or loss, if any being the difference between the carrying amount and the fair value shall be recognised in the statement of income.

Investments at fair value through equity

Investment carried at fair value through equity shall be re-measured at fair value at the end of each reporting year. The resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value shall be directly recognised in equity under "investments fair value reserve". Investment carried at fair value through equity shall be tested for impairment at each reporting year in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

Reclassification

When, and only when, the Company changes its business model for managing investments, it shall reclassify all affected financial assets prospectively from the reclassification date. In case of reclassification, the Company shall not restate any previously recognised gains, losses (including impairment gains or losses) or returns/ profits.

Share-based payments plan

Employees (including senior executives) of the Company 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 Company awards shares of the ultimate parent and the Company has the obligation to settle the share-based payments, the same is accounted for as cash-settled share-based payment transactions. Liabilities are recognised as employee benefit expenses over the relevant service period based on the estimated number of rights that are expected to vest. The liabilities are presented as employee benefit obligations and remeasured to fair value at each reporting date, with any measurement changes recognised in profit or loss as employee benefit expense. Where share appreciation rights are forfeited due to a failure by the employee to satisfy the service conditions, the liability is derecognised, and expenses previously recognised are reversed.

Financial reporting for Zakah

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021.

This standard shall apply to an institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be generally applicable individually to each institution within a group, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe any specific method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to applicable relevant authoritative guidance, regulatory requirements, or guidance from the institution's Shari'a Supervisory Board to determine the Zakah base and measure Zakah due for a period.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits with original maturities of three months or less.

Term deposits

Term deposits comprise long-term deposits with original maturities of more than three months.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Statutory deposits

Statutory deposit is a financial deposit maintained as regulated by the Central Bank of Bahrain (CBB) and Financial Institutions Law, 2006. Statutory deposits are classified as "Restricted Cash" as it cannot be accessed or utilised for general business operations. Such deposits cannot be withdrawn without the permission of the Central Bank of Bahrain.

Property and equipment

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the statement of income as an expense.

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

Following are the useful lives of classes of property and equipment:

Buildings on freehold lands	25 years
Furniture, fixtures and equipment's	3-10 years
Vehicles	4 years

Intangible assets

The software is recognized as an intangible asset at cost. The cost includes purchase price, any directly attributable costs of preparing the asset for its intended use, and any subsequent expenditure that enhances or extends the software's functionality. All other expenditure is expensed as incurred. Software is amortised on a straight-line basis over its estimated useful life of 12 years. Amortisation expense is recognized in the income statement. The carrying amount of software, depreciation methods, useful lives and residual values is reviewed annually/periodically for impairment. If an indication of impairment exists, the asset's recoverable amount is estimated, and any impairment loss is recognized in the income statement.

Following is the useful lives of classes of Intangible assets:

Intangible assets	12 years
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Foreign currency transactions

The financial statements are presented in Bahraini Dinars which is the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of income as position date. All differences are taken to the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the statement of income, except for differences relating to items where gains or losses are recognised directly in equity, in which case the gain or loss is recognised in equity.

Dividends on share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the statement of income as position date are dealt with as an event after the reporting year.

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Revenue recognition

Investment income

Income from investment in Murabaha deposits is recognised on a time proportion basis using the effective profit rate method.

Rental income

Rental income is recognised on an accruals basis.

Government grants

Amount received from government grants are generally taken as other income. International Accounting Standard 20 (IAS 20) provides guidelines for accounting for government grants and disclosure of government assistance. Grants related to income which provide financial support for specific expenses, e.g., Tamkeen benefit by offering grants, training, and various development programs. Government grants are recognized on cash basis .ie when the grants are received. Grants related to assets which provide financial support for purchasing new assets, e.g., contribution for a particular project. The grant is subtracted from the cost of the asset, reducing the asset's depreciation expense.

Dividends

Dividends are recognised as income when the Company's right to receive the payment is established.

Wakala fee

The Company manages the general and family takaful operations on behalf of the participants for a wakala fee which is recognised on an accruals basis. Wakala fee is recognised as an expense in the participants' statement of income (charged on the General and Family Takaful funds) and as an income in the shareholders' statement of income. During 2025, based on decision of Sharia Supervisory Board, the Third Party Administrator ("TPA") fees are classified as shareholders' expenses and presented separately in the shareholders' income statement. These expenses are recovered through the Wakala fee income which is charged to the participants under 'Recognised takaful costs (2024 - these expenses were accounted for as direct attributable expenses within 'Recognised tafakul costs').

Mudarib share

The investments of the participants are also managed by the Company for a mudarib share in the investment income on the basis of Mudarabah model. Mudarib share is recognised as expense in the participants' statement of income and as income in the shareholders' statement of income.

Surplus / Deficit in Participants' Funds

Surplus in Participants' Funds arises when the Takaful contributions collected from participants exceed the claims paid, expenses, and reserves required for future claims. In Takaful, the policy for handling surplus or deficit in participants' funds is guided by Shari'a principles and the surplus distribution is recommended by the actuary, endorsed by the Shari'a Supervisory Board and the board of directors of the Company. The distribution of surplus from the participants' fund(s) is subject to the Central Bank of Bahrain's prior written approval.

If there's a deficit in the participants' fund at the end of the financial year, it is covered by an interest-free loan (Qard Hasan) from the shareholders' fund. The shareholders' fund is then reimbursed from any future surpluses of the participants' fund.

Offsetting

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.

Employees' end of service benefits

The Company provides end of service benefits to its all employees (expatriates and locals) in accordance with the relevant regulations. The entitlement to these benefits is based upon the employees' final salaries and length of service, subject to the completion of a minimum service year. The expected costs of these benefits are accrued over the year of employment based on the notional amount payable if all employees had left at the statement of income as position date.

With respect to its national employees, the Company makes contributions to the Social Insurance Organization calculated as a percentage of the employees' salaries in accordance with the relevant regulations. The Company's obligations are limited to these contributions, which are expensed when due.

Provisions

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

Notes to the Financial Statements

for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Payables and accruals

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

Earnings prohibited by Shari'a

The Company is committed to avoid recognizing any income generated from non-shari'a compliant sources. Accordingly, all non-sharia'a compliant income is credited to a charity account where the Company uses these funds for charitable purposes.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The most significant uses of judgements and estimates are as follows:

Estimates and assumptions

Takaful and retakaful arrangements

Methods used to measure takaful arrangements (GMM / VFA)

The Company applies GMM / VFA measurement to long-term life contracts underwritten by the Company such as term assurance and unit linked savings products. The company 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 (Family takaful and retakaful business)**

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the covered person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by participant 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 company.

- **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses (which will include Wakalah fees expected to be incurred). 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 company.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling takaful arrangements. 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 contributions. Surrenders relate to the voluntary termination of policies by participants. Policy termination assumptions are determined with consideration to the historical and future expected Company's experience and are considered separately for term assurance and unit linked business.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the company, but later increases are broadly neutral in effect. Limited lapses are expected on the term assurance and unit linked business underwritten by the Company given historical experience and the maturity and size of the book.

Methods used to measure takaful arrangements (PAA)

The Company applies the PAA to simplify the measurement of insurance contracts. This applies to policies with a coverage period of less than one year and where the coverage period is greater than one year and the policies were deemed to be PAA eligible. For general insurance business, PAA eligibility was considered for groups underwritten in the engineering, liability and general accident lines of business as well as proportional reinsurance contracts held. When measuring liabilities for incurred claims, the Company 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.

Notes to the Financial Statements

for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Takaful and retakaful arrangements (continued)

Methods used to measure takaful arrangements (PAA) (continued)

Liability for remaining coverage

Takaful acquisition cash flows

Insurance acquisition costs are defined as those costs related to the selling, underwriting and starting a group of insurance contracts. The Company's policy is to defer acquisition costs. Acquisition costs are amortised on a straight-line basis over the coverage period of the group of contracts and therefore an asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

Onerous groups

If there are facts and circumstances that indicate that a group of contracts is onerous, a loss will be recognised in profit or loss equal to the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The loss recognised for an onerous group of contracts will be rebalanced at each reporting date, with any change in the loss component recognised as an increase or reversal of losses in profit or loss.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses."

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying groups are not covered by the group of reinsurance contracts held.

The loss component and loss-recovery component adjusts the carrying amount of the liability and asset for remaining coverage respectively.

Liability for incurred claims

The best estimate provision (probability weighted cash flows) for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (OCR) or not (IBNR). The cash flow projections comprise all future claim payments, receivables from salvage as well as the claims administration expenses arising from these events.

The reinsurance cash flow projections will make allowance for the best estimate credit risk arising from the potential default of reinsurance counterparties.

The ultimate cost of outstanding and unreported claims (on coverage provided) is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical 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.

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

Notes to the Financial Statements

for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Onerous groups (continued)

Discount rates

The takaful liability / asset for incurred claims allows for the discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to USD curve and Country Risk Premium. The illiquidity premium is determined by reference to observable market rates.

Yield Curve	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	6 Yr	7 Yr	8 Yr	9 Yr	10 Yr	15 Yr	20 Yr
2025	4.93%	5.38%	5.77%	6.28%	6.74%	7.16%	7.49%	7.78%	8.02%	8.17%	9.19%	9.68%
2024	5.35%	5.96%	6.43%	6.84%	7.26%	7.63%	7.90%	8.11%	8.27%	8.37%	8.80%	8.95%

The table below demonstrate the duration of the liability for incurred claims split by expected time to settlement.

	Portfolio Duration									
	1 year		3 years		5 years		10 years		20 years	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Takaful arrangements issued										
BHD	92%	93%	7%	7%	1%	0%	0%	0%	0%	0%
Retakaful arrangements issued										
BHD	94%	97%	5%	3%	1%	0%	0%	0%	0%	0%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful arrangements and covers takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The risk adjustment held in relation to the Liability for Incurred Claims is determined such that the technical reserve held is between the 65th and 75th percentile of the ultimate reserve distribution with the final amount held selected to align with management's risk appetite

Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of takaful arrangements that represents the unearned profit the company will recognise as it provides services in the future. An amount of the CSM for a group of takaful arrangements is recognised in profit or loss as takaful revenue in each period to reflect the takaful arrangement services provided under the group of takaful arrangements in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the takaful arrangement services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of takaful arrangements services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of family takaful arrangements, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of takaful arrangements are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For retakaful arrangements issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Notes to the Financial Statements

for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Takaful and retakaful arrangements (continued)

For retakaful arrangements held, the CSM amortisation is similar to the retakaful arrangements issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

Assets for takaful acquisition cash flows

The company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate takaful acquisition cash flows to groups of takaful arrangements. This includes judgements about whether takaful arrangements are expected to arise from renewals of existing takaful arrangements and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the company did not allocate any takaful acquisition cash flows to future groups of takaful arrangements, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, the company did not identify any facts and circumstances indicating that the assets may be impaired.

Impairment losses on financial assets

The measurement of impairment losses under FAS 30 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Company is also complied with Capital Adequacy & Solvency margin requirements established by the Central Bank of Bahrain, refer note 34. Therefore, the financial statements continue to be prepared on the going concern basis.

Family takaful reserves

Family takaful reserves represent the present value of future obligations in respect of contracts in force at the reporting date, computed based on internal calculation which is reviewed and assessed by an external actuary.

5 STATUTORY DEPOSITS

Statutory deposits are maintained under the regulations of the Central Bank of Bahrain and Financial Institutions Law, 2006. Such deposits, which depend on the nature of the takaful business and the number of branches, cannot be withdrawn except with the approval of the Central Bank of Bahrain. A sum of BD 125,000 (2024: BD 125,000) has been deposited with Bahrain Islamic Bank B.S.C. in the name of the Company and for the order of Central Bank of Bahrain.

Notes to the Financial Statements

for the year ended 31 December 2025

6 CASH AND CASH EQUIVALENTS

	31 December 2025			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Balances with banks	439,166	959,885	916,967	2,316,018
Expected credit loss	(37)	(65)	(52)	(154)
	439,130	959,820	916,915	2,315,865

	31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Balances with banks	1,102,233	645,793	138,554	1,886,580
Expected credit loss	(27)	(27)	(2)	(56)
	1,102,206	645,766	138,552	1,886,524

All balances were classified under stage 1 as of 31 December 2025 and 31 December 2024 and carry an ECL provision of BD 154 (2024: BD 56).

Call account balance earn effective profit rates averaging 2.5% per annum (2024: 2.81% per annum).

The savings account balances with banks earn effective profit rates ranging between 0.13% and 0.23% per annum (2024: between 0.36% and 0.41% per annum).

The current account balances with banks are non-profit bearing.

7 TERM DEPOSITS

	31 December 2025			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Bank deposits with maturities more than three months	1,250,000	-	1,950,000	3,200,000
Expected credit loss	(131)	-	(180)	(311)
	1,249,869	-	1,949,820	3,199,689

	31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Bank deposits with maturities more than three months	800,000	2,200,000	1,700,000	4,700,000
Expected credit loss	(42)	(77)	(1)	(120)
	799,958	2,199,923	1,699,999	4,699,880

All balances were classified under stage 1 and 2 as of 31 December 2025 and 31 December 2024 and carry an ECL provision of BD 311 (2024: BD 120).

Notes to the Financial Statements

for the year ended 31 December 2025

8 FINANCIAL ASSETS AT FAIR VALUE

	31 December 2025				31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Financial asset at fair value	11,829,220	17,144,684	2,080,022	31,053,926	10,514,643	15,938,873	2,259,900	28,713,416
	11,829,220	17,144,684	2,080,022	31,053,926	10,514,643	15,938,873	2,259,900	28,713,416

Details of Investments classified as financial assets at fair value are as follows:

	31 December 2024				31 December 2023			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Investments at FVTPL (i)	3,764,153	238,869	398,311	4,401,333	2,672,269	258,110	408,991	3,339,370
Investments at FVOCI - Debt (ii)	6,979,704	16,905,815	1,681,710	25,567,230	6,827,660	15,680,763	1,850,909	24,359,332
Investments at FVOCI - Equity (iii)	1,085,363	-	-	1,085,363	1,014,714	-	-	1,014,714
	11,829,220	17,144,684	2,080,021	31,053,926	10,514,643	15,938,873	2,259,900	28,713,416

(i) Investments measured at FVTPL comprise of the following:

	31 December 2025				31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Sukuk	-	-	273,551	273,551	-	-	284,231	284,231
Funds	62,529	32,909	-	95,438	116,436	43,557	-	159,993
Equity	3,701,623	205,960	124,760	4,032,343	2,555,833	214,553	124,760	2,895,146
	3,764,152	238,869	398,311	4,401,332	2,672,269	258,110	408,991	3,339,370

(ii) Investments at FVOCI - Debt comprise of the following

	31 December 2025				31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Sukuk	6,979,704	16,905,815	1,681,710	25,567,229	6,827,660	15,680,763	1,850,909	24,359,332
	6,979,704	16,905,815	1,681,710	25,567,229	6,827,660	15,680,763	1,850,909	24,359,332

Notes to the Financial Statements

for the year ended 31 December 2025

8 FINANCIAL ASSETS AT FAIR VALUE (continued)

(iii) Investments at FVOCI - Equity comprise of the following

	31 December 2025				31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
Equity	1,085,363	-	-	1,085,363	1,014,714	-	-	1,014,714
	1,085,363	-	-	1,085,363	1,014,714	-	-	1,014,714

Investment movement

	2025 31 December BD	2024 31 December BD
At the beginning of the year	28,713,415	22,890,394
Additions during the year	2,088,034	8,675,771
Maturities during the year	(200,000)	(1,371,440)
Disposals during the year	(459,567)	(1,462,769)
Amortisation during the year - net	138,596	120,702
Changes in fair value net	773,448	(139,243)
At the end of the year	31,053,926	28,713,415

9 INVESTMENT IN AN ASSOCIATE

The Company has a 22.22% (2024: 22.22%) interest in Health 360 Ancillary Services W.L.L which is engaged in the services of processing claims in connection with health insurance coverage offered or provided by insurance firms.

The movements in the carrying amount of the associate is as follows:

	2025 31 December BD	2024 31 December BD
At 1 January	247,262	235,668
Dividend received for the financial year	(33,325)	(26,659)
Share of results in an associate	36,016	38,253
At 31 December	249,953	247,262

The associate is a limited liability Company and is not listed on any public exchange. Summarised financial statement of the associate, based on its un-audited financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below:

	2025 31 December BD	2024 31 December BD
<i>Summarised financial position of the associate:</i>		
Current assets	3,598,561	3,367,727
Non-current assets	675,651	838,738
Current liabilities	(3,086,557)	(2,958,266)
Non-current liabilities	(62,604)	(135,257)
Equity (100%)	1,125,051	1,112,941
Proportion of the Company's ownership %	22.217%	22.217%
Carrying amount of investments in an associate	249,953	247,262
Company's share of an associate's results	36,016	38,253

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA

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

		31 December 2025			31 December 2024		
		Assets BD	Liabilities BD	Net BD	Assets BD	Liabilities BD	Net BD
Takaful arrangements assets and liabilities							
Marine and General	10.1(a)	-	8,166,666	8,166,666	-	6,344,415	6,344,415
Motor	10.1(b)	-	8,957,509	8,957,509	-	8,685,152	8,685,152
Medical	10.1(c)	-	5,039,363	5,039,363	-	6,349,567	6,349,567
Total takaful arrangements assets and liabilities		-	22,163,538	22,163,538	-	21,379,134	21,379,134
Re-takaful arrangements assets and liabilities							
Marine and General	10.2(a)	1,462,067	(320,540)	1,141,528	1,944,584	(577,622)	1,366,962
Motor	10.2(b)	-	(60,732)	(60,732)	-	(61,825)	(61,825)
Medical	10.2(c)	83,261	(80,152)	3,109	-	(76,833)	(76,833)
Total re-takaful arrangements assets and liabilities		1,545,328	(461,424)	1,083,904	1,944,584	(716,280)	1,228,304

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1 Analysis of takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities 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
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Takaful arrangements liabilities as at 1 January	6,554,225	-	14,202,509	622,400	21,379,135	5,880,204	-	14,621,059	741,264	21,242,527
Recognised takaful contributions	(29,223,186)	-	-	-	(29,223,186)	(25,598,605)	-	-	-	(25,598,605)
Incurring claims & other directly attributable expenses	-	-	23,694,338	478,006	24,172,345	-	-	22,923,622	518,040	23,441,662
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(1,829,605)	(473,337)	(2,302,942)	-	-	(2,346,889)	(636,904)	(2,983,793)
Losses on onerous arrangements and reversal of those losses	-	112,615	-	-	112,615	-	-	-	-	-
Takaful acquisition cash flows amortisations	2,442,256	-	-	-	2,442,256	2,010,512	-	-	-	2,010,512
Recognised takaful costs	2,442,256	112,615	21,864,733	4,669	24,424,274	2,010,512	-	20,576,733	(118,864)	22,468,381
Net finance income from takaful contracts	-	-	195,929	-	195,929	-	-	371,559	-	371,559
Cash flows										
Contributions received	30,731,857	-	-	-	30,731,857	26,194,030	-	-	-	26,194,030
Claims and other directly attributable expenses paid	-	-	(22,598,947)	-	(22,598,947)	-	-	(21,366,842)	-	(21,366,842)
Takaful acquisition cash flows	(2,745,524)	-	-	-	(2,745,524)	(1,931,916)	-	-	-	(1,931,916)
Total cash flows	27,986,334	-	(22,598,947)	-	5,387,387	24,262,114	-	(21,366,842)	-	2,895,272
Takaful arrangements liabilities as at 31 December	7,759,629	112,615	13,664,225	627,069	22,163,538	6,554,225	-	14,202,509	622,400	21,379,134

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2 Analysis of retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding Loss Recovery component	Loss Recovery Component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	(1,432,385)	-	678,999	37,106	(716,280)	(538,231)	-	446,348	23,358	(68,525)
Retakaful arrangements assets as at 1 January	(1,655,885)	-	3,432,569	167,900	1,944,584	(1,681,775)	-	4,382,784	239,028	2,940,037
Retakaful arrangements (liabilities) / assets as at 1 January	(3,088,270)	-	4,111,568	205,006	1,228,305	(2,220,006)	-	4,829,132	262,386	2,871,512
Allocation of retakaful contribution expenses	(6,646,704)	-	-	-	(6,646,704)	(5,440,781)	-	-	-	(5,440,781)
Incurred claims recovery	-	-	2,571,951	118,129	2,690,080	-	-	2,720,035	125,172	2,845,207
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(910,291)	(118,257)	(1,028,548)	-	-	(438,412)	(182,552)	(620,964)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	6,508	-	6,508	-	-	(69,285)	-	(69,285)
Net income from retakaful contracts held	-	-	1,668,168	(129)	1,668,039	-	-	2,212,338	(57,380)	2,154,958
Net finance income from retakaful arrangements	-	-	36,430	-	36,430	-	-	109,733	-	109,733
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	6,543,288	-	-	-	6,543,288	4,572,517	-	-	-	4,572,517
Recoveries from retakaful providers	-	-	(1,745,455)	-	(1,745,455)	-	-	(3,039,635)	-	(3,039,635)
Total cash flows	6,543,288	-	(1,745,455)	-	4,797,834	4,572,517	-	(3,039,635)	-	1,532,882
Retakaful arrangements held (liability) / asset as at 31 December	(3,191,685)	-	4,070,711	204,878	1,083,904	(3,088,270)	-	4,111,568	205,006	1,228,305
Closing retakaful arrangements liabilities	(919,928)	-	437,753	20,750	(461,425)	(1,432,385)	-	678,999	37,106	(716,280)
Closing retakaful arrangements assets	(2,271,757)	-	3,632,958	184,127	1,545,328	(1,655,885)	-	3,432,569	167,900	1,944,584
Retakaful arrangements held (liability) / asset as at 31 December	(3,191,685)	-	4,070,711	204,877	1,083,903	(3,088,270)	-	4,111,568	205,006	1,228,304

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1(a) Analysis of Marine and General takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024					Total BD	
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities 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
			BD	BD					BD	BD		
Takaful arrangements liabilities as at 1 January	1,532,999	-	4,588,896	222,520	6,344,415	1,741,303	-	5,258,981	270,696	7,270,980		
Takaful arrangements assets as at 1 January	-	-	-	-	-	-	-	-	-	-	-	
Net takaful arrangements liabilities / (assets) as at 1 January	1,532,999	-	4,588,896	222,520	6,344,415	1,741,303	-	5,258,981	270,696	7,270,980		
Recognised takaful contributions	(8,752,203)	-	-	-	(8,752,203)	(7,273,409)	-	-	-	(7,273,409)		
Incurred claims & other directly attributable expenses	-	-	3,974,120	127,367	4,101,487	-	-	4,483,399	141,084	4,624,483		
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(1,160,691)	(126,235)	(1,286,927)	-	-	(926,837)	(189,260)	(1,116,097)		
Losses on onerous arrangements and reversal of those losses	-	-	-	-	-	-	-	-	-	-		
Takaful acquisition cash flows amortisations	694,658	-	-	-	694,658	652,283	-	-	-	652,283		
Recognised takaful costs	694,658	-	2,813,429	1,132	3,509,219	652,283	-	3,556,562	(48,176)	4,160,669		
Net finance income from takaful contracts	-	-	49,851	-	49,851	-	-	158,781	-	158,781		
Cash flows												
Contributions received	10,572,377	-	-	-	10,572,377	7,059,409	-	-	-	7,059,409		
Claims and other directly attributable expenses paid	-	-	(2,928,429)	-	(2,928,429)	-	-	(4,385,428)	-	(4,385,428)		
Takaful acquisition cash flows	(628,563)	-	-	-	(628,563)	(646,587)	-	-	-	(646,587)		
Total cash flows	9,943,814	-	(2,928,429)	-	7,015,385	6,412,822	-	(4,385,428)	-	2,027,394		
Takaful arrangements liabilities as at 31 December	3,419,268	-	4,523,746	223,652	8,166,666	1,532,999	-	4,588,896	222,520	6,344,415		

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2 Analysis of Marine and General retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Takaful arrangements liabilities as at 1 January	(1,280,531)	-	665,797	37,112	(577,622)	(538,231)	-	446,348	23,357	(68,526)
Takaful arrangements assets as at 1 January	(1,655,885)	-	3,432,569	167,900	1,944,584	(1,706,069)	-	4,357,116	237,713	2,888,760
Retakaful arrangements (liabilities) / assets as at 1 January	(2,936,417)	-	4,098,366	205,013	1,366,962	(2,244,300)	-	4,803,464	261,069	2,820,233
Allocation of retakaful contribution expenses	(6,318,815)	-	-	-	(6,318,815)	(5,285,665)	-	-	-	(5,285,665)
Incurred claims recovery	-	-	2,350,528	114,146	2,464,674	-	-	2,720,120	125,172	2,845,292
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(925,900)	(118,290)	(1,044,190)	-	-	(432,413)	(181,229)	(613,642)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	5,951	-	5,951	-	-	(69,159)	-	(69,159)
Net expense from retakaful contracts held	-	-	1,430,580	(4,144)	1,426,436	-	-	2,218,548	(56,057)	2,162,491
Net finance income from retakaful arrangements	-	-	36,352	-	36,352	-	-	109,381	-	109,381
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	6,205,219	-	-	-	6,205,219	4,593,549	-	-	-	4,593,549
Recoveries from retakaful providers	-	-	(1,574,625)	-	(1,574,625)	-	-	(3,033,028)	-	(3,033,028)
Total cash flows	6,205,219	-	(1,574,625)	-	4,630,594	4,593,549	-	(3,033,028)	-	1,560,521
Retakaful arrangements held (liability) / asset as at 31 December	(3,050,013)	-	3,990,672	200,869	1,141,528	(2,936,416)	-	4,098,365	205,012	1,366,962
Closing retakaful arrangements liabilities	(778,254)	-	437,010	20,703	(320,540)	(1,280,531)	-	665,797	37,112	(577,622)
Closing retakaful arrangements assets	(2,271,759)	-	3,553,662	180,165	1,462,068	(1,655,885)	-	3,432,569	167,900	1,944,584
Retakaful arrangements held (liability) / asset as at 31 December	(3,050,013)	-	3,990,672	200,869	1,141,528	(2,936,416)	-	4,098,365	205,012	1,366,962

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for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1(b) Analysis of Motor takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD
Takaful arrangements liabilities as at 1 January	2,935,746	-	5,499,076	250,330	8,685,152	2,776,425	-	6,721,392	338,531	9,836,349
Takaful arrangements assets as at 1 January	-	-	-	-	-	-	-	-	-	-
Net takaful arrangements liabilities / (assets) as at 1 January	2,935,746	-	5,499,076	250,330	8,685,152	2,776,425	-	6,721,392	338,531	9,836,349
Recognised takaful contributions	(8,793,152)	-	-	-	(8,793,152)	(8,606,735)	-	-	-	(8,606,735)
Incurring claims & other directly attributable expenses	-	-	7,985,416	211,814	8,197,230	-	-	9,251,245	227,634	9,478,879
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(414,187)	(198,419)	(612,606)	-	-	(1,901,747)	(315,836)	(2,217,583)
Losses on onerous arrangements and reversal of those losses	-	17,104	-	-	17,104	-	-	-	-	-
Takaful acquisition cash flows amortisations	714,224	-	-	-	714,224	860,135	-	-	-	860,135
Recognised takaful costs	714,224	17,104	7,571,230	13,395	8,315,954	860,135	-	7,349,498	(88,201)	8,121,432
Net finance income from takaful contracts	-	-	107,550	-	107,550	-	-	160,546	-	160,546
Cash flows										
Contributions received	9,016,621	-	-	-	9,016,621	8,685,847	-	-	-	8,685,847
Claims and other directly attributable expenses paid	-	-	(7,343,803)	-	(7,343,803)	-	-	(8,732,361)	-	(8,732,361)
Takaful acquisition cash flows	(1,030,812)	-	-	-	(1,030,812)	(779,926)	-	-	-	(779,926)
Total cash flows	7,985,809	-	(7,343,803)	-	642,005	7,905,921	-	(8,732,361)	-	(826,440)
Takaful arrangements liabilities as at 31 December	2,842,627	17,104	5,834,053	263,725	8,957,509	2,935,746	-	5,499,076	250,330	8,685,152

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for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2(b) Analysis of Motor retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024					Total
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims			
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment		
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	
Retakaful arrangements liabilities as at 1 January	(61,713)	-	(107)	(5)	(61,825)	-	-	-	-	-	-
Retakaful arrangements assets as at 1 January	-	-	-	-	-	15,391	-	5,852	293	-	21,536
Retakaful arrangements (liabilities) / assets as at 1 January	(61,713)	-	(107)	(5)	(61,825)	15,391	-	5,852	293	-	21,536
Allocation of retakaful contribution expenses	(129,554)	-	-	-	(129,554)	(79,932)	-	-	-	-	(79,932)
Incurred claims recovery	-	-	352	18	370	-	-	-	-	-	-
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	696	35	731	-	-	(6,001)	(298)	-	(6,299)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	(45)	-	(45)	-	-	-	-	-	-
Net expense from retakaful contracts held	-	-	1,004	52	1,056	-	-	(6,001)	(298)	-	(6,299)
Net finance income from retakaful arrangements	-	-	-	-	-	-	-	42	-	-	42
Cash flows											
Contributions paid net of ceding commissions and other directly attributable expenses	129,591	-	-	-	129,591	2,828	-	-	-	-	2,828
Recoveries from retakaful providers	-	-	-	-	-	-	-	-	-	-	-
Total cash flows	129,591	-	-	-	129,591	2,828	-	-	-	-	2,828
Retakaful arrangements held (liability) / asset as at 31 December	(61,676)	-	897	47	(60,732)	(61,713)	-	(107)	(5)	-	(61,825)
Closing retakaful arrangements liabilities	(61,676)	-	897	47	(60,732)	(61,713)	-	(107)	(5)	-	(61,825)
Closing retakaful arrangements assets	-	-	-	-	-	-	-	-	-	-	-
Retakaful arrangements held (liability) / asset as at 31 December	(61,676)	-	897	47	(60,732)	(61,713)	-	(107)	(5)	-	(61,825)

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.1 (c) Analysis of Medical takaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities 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
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Takaful arrangements liabilities as at 1 January	2,085,481	-	4,114,539	149,548	6,349,568	1,362,478	-	2,640,686	132,034	4,135,197
Takaful arrangements assets as at 1 January	-	-	-	-	-	-	-	-	-	-
Net takaful arrangements liabilities / (assets) as at 1 January	2,085,481	-	4,114,539	149,548	6,349,568	1,362,478	-	2,640,686	132,034	4,135,199
Recognised takaful contributions	(11,677,830)	-	-	-	(11,677,830)	(9,718,461)	-	-	-	(9,718,461)
Incurred claims & other directly attributable expenses	-	-	11,734,799	138,826	11,873,624	-	-	9,188,977	149,322	9,338,299
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(254,727)	(148,681)	(403,408)	-	-	481,697	(131,807)	349,890
Losses on onerous arrangements and reversal of those losses	-	95,510	-	-	95,510	-	-	-	-	-
Takaful acquisition cash flows amortisations	1,033,374	-	-	-	1,033,374	498,093	-	-	-	498,093
Recognised takaful costs	1,033,374	95,510	11,480,072	(9,855)	12,599,101	498,093	-	9,670,675	17,514	10,186,282
Net finance income from takaful contracts	-	-	38,529	-	38,529	-	-	52,233	-	52,233
Cash flows										
Contributions received	11,142,859	-	-	-	11,142,859	10,448,774	-	-	-	10,448,774
Claims and other directly attributable expenses paid	-	-	(12,326,715)	-	(12,326,715)	-	-	(8,249,055)	-	(8,249,055)
Takaful acquisition cash flows	(1,086,149)	-	-	-	(1,086,149)	(505,403)	-	-	-	(505,403)
Total cash flows	10,056,710	-	(12,326,715)	-	(2,270,004)	9,943,371	-	(8,249,055)	-	1,694,316
Takaful arrangements liabilities as at 31 December	1,497,735	95,510	3,306,424	139,691	5,039,363	2,085,481	-	4,114,539	149,548	6,349,567

Notes to the Financial Statements

for the year ended 31 December 2025

10 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER PAA (continued)

10.2 (c) Analysis of Medical retakaful arrangement assets and liabilities for contracts measured under PAA

	31 December 2025					31 December 2024				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery Component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	(90,140)	-	13,307	-	(76,833)	-	-	-	-	-
Retakaful arrangements assets as at 1 January	-	-	-	-	-	8,903	-	19,816	1,022	29,741
Retakaful arrangements (liabilities) / assets as at 1 January	(90,140)	-	13,307	-	(76,833)	8,903	-	19,816	1,022	29,741
Allocation of retakaful contribution expenses	(198,334)	-	-	-	(198,334)	(75,183)	-	-	-	(75,183)
Incurred claims recovery	-	-	221,071	3,965	225,035	-	-	(85)	-	(85)
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	14,911	-	14,911	-	-	-	(1,022)	(1,022)
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	601	-	601	-	-	(125)	-	(125)
Net expense from retakaful contracts held	-	-	236,582	3,965	240,547	-	-	(210)	(1,022)	(1,232)
Net finance income from retakaful arrangements	-	-	81	-	81	-	-	310	-	310
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	208,477	-	-	-	208,477	(23,860)	-	-	-	(23,860)
Recoveries from retakaful providers	-	-	(170,829)	-	(170,829)	-	-	(6,609)	-	(6,609)
Total cash flows	208,477	-	(170,829)	-	37,648	(23,860)	-	(6,609)	-	(30,469)
Retakaful arrangements held (liability) / asset as at 31 December	(79,997)	-	79,141	3,965	3,108	(90,140)	-	13,307	-	(76,833)
Closing retakaful arrangements liabilities	(79,997)	-	(155)	-	(80,152)	(90,140)	-	13,307	-	(76,833)
Closing retakaful arrangements assets	-	-	79,296	3,965	83,261	-	-	-	-	-
Retakaful arrangements held (liability) / asset as at 31 December	(79,997)	-	79,141	3,965	3,109	(90,140)	-	13,307	-	(76,833)

Notes to the Financial Statements

for the year ended 31 December 2025

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA

The breakdown of groups of family takaful and retakaful arrangements issued, and retakaful arrangements held, that are in an asset position and those in a liability position is set out in the table below:

	31 December 2025			31 December 2024		
	Assets BD	Liabilities BD	Net BD	Assets BD	Liabilities BD	Net BD
Takaful arrangements assets and liabilities (Note 11.1)	-	3,954,767	3,954,767	-	3,298,612	3,298,612
Re-takaful arrangements assets and liabilities (Note 11.3)	11,952	(9,917)	2,035	14,754	(83,522)	(68,768)

11.1 Analysis of takaful arrangement liabilities for contracts not measured under PAA

	31 December 2025					31 December 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD	Excluding loss component BD	Loss Component BD	Estimates of the present value of future cash flows BD	Risk adjustment BD	Total BD
Takaful arrangements liabilities as at 1 January	3,131,642	110,660	56,311	-	3,298,612	2,928,895	123,307	139,690	-	3,191,892
Recognised takaful contributions	(499,358)	-	-	-	(499,358)	(382,123)	-	-	-	(382,123)
Incurred claims & other directly attributable expenses	-	(11,911)	181,602	-	169,691	-	(12,185)	305,657	-	293,473
Changes that relate to past service-Changes in FCF relating to LIC	-	-	159,362	-	159,362	-	-	(130,992)	-	(130,992)
Losses on onerous arrangements and reversal of those losses	-	(23,263)	-	-	(23,263)	-	(7,358)	-	-	(7,358)
Recognised takaful (costs) / income	-	(35,174)	340,964	-	305,790	-	(19,543)	174,665	-	155,123
Investment component	(34,086)	-	34,086	-	-	(155,786)	-	155,786	-	-
Net finance (expense) / income from takaful contracts	323,551	5,349	257	-	329,157	240,484	6,896	347	-	247,727
Cash flows										
Contributions received	854,927	-	-	-	854,927	500,171	-	-	-	500,171
Claims and other directly attributable expenses paid	-	-	(243,709)	-	(243,709)	-	-	(414,178)	-	(414,178)
Takaful acquisition cash flows	(90,652)	-	-	-	(90,652)	-	-	-	-	-
Total cash flows	764,274	-	(243,709)	-	520,565	500,171	-	(414,178)	-	85,994
Takaful arrangements liabilities as at 31 December	3,686,023	80,835	187,909	-	3,954,767	3,131,642	110,660	56,311	-	3,298,612

Notes to the Financial Statements

for the year ended 31 December 2025

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.2 Reconciliation of family takaful arrangement liabilities for contracts not measured under PAA

	31 December 2025				31 December 2024			
	Present Value of Future Cash Flows	Risk adjustment for non- financial risk	CSM	Total	Present Value of Future Cash Flows	Risk adjustment for non- financial risk	CSM	Total
Takaful contracts liabilities at beginning of year	2,473,400	154,748	670,465	3,298,612	2,420,535	87,750	683,607	3,191,892
Changes that relate to current service								
CSM recognised for the services provided	-	-	(94,290)	(94,290)	-	-	(83,996)	(83,996)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(20,726)	-	(20,726)	-	(7,421)	-	(7,421)
Experience adjustments-relating to takaful service expenses	(186,633)	-	-	(186,633)	(44,499)	-	-	(44,499)
	(186,633)	(20,726)	(94,290)	(301,649)	(44,499)	(7,421)	(83,996)	(135,916)
Changes that relate to future service								
Changes in estimates that adjust the CSM	16,529	(6,216)	(20,642)	(10,329)	(90,677)	38,349	15,405	(36,924)
Changes in estimate that results in onerous contract losses or reversal of such losses	3,617	1,857	-	5,474	3,584	24,842	-	28,427
Contracts initially recognised in the year	(370,320)	42,534	327,784	(2)	(138,292)	11,228	128,203	1,139
Experience adjustments-arising from contributions received in the year that relate to future service	107,837	507	(126,753)	(18,409)	113,552	-	(113,552)	-
	(242,337)	38,682	180,389	(23,266)	(111,833)	74,419	30,055	(7,358)
Changes that relate to past service								
Changes that relate to past service- changes in the FCF relating to the LIC	131,344	-	-	131,344	(83,726)	-	-	(83,726)
Finance expenses from takaful arrangements issued	277,254	-	51,903	329,157	206,930	-	40,798	247,727
Cash flows								
Contributions received	854,927	-	-	854,927	500,171	-	-	500,171
Claims and other directly attributable expenses paid	(243,707)	-	-	(243,707)	(414,178)	-	-	(414,178)
Acquisition Cash Flows Paid	(90,652)	-	-	(90,652)	-	-	-	-
Total cash flows	520,568	-	-	520,568	85,993	-	-	85,993
Takaful contracts liabilities at end of year	2,973,596	172,704	808,467	3,954,766	2,473,400	154,748	670,465	3,298,612

Notes to the Financial Statements

for the year ended 31 December 2025

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.3 Analysis of family retakaful arrangement assets and liabilities for contracts not measured under PAA

	31 December 2025					31 December 2024				
	Assets for remaining coverage		Assets for amounts recoverable on incurred claims			Assets for remaining coverage		Assets for amounts recoverable on incurred claims		
	Excluding loss-recovery component	Loss-recovery 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
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements liabilities as at 1 January	(194,528)	60,264	50,742	-	(83,522)	(432,694)	154,152	84,751	-	(193,791)
Retakaful arrangements assets as at 1 January	14,754	-	-	-	14,754	6,989	-	-	-	6,989
Net retakaful arrangements (liabilities) / assets as at 1 January	(179,774)	60,264	50,742	-	(68,768)	(425,705)	154,152	84,751	-	(186,802)
Allocation of retakaful contribution expenses	(175,877)	-	-	-	(175,877)	(167,276)	-	-	-	(167,276)
Incurred claims recovery	-	(5,225)	10,627	-	5,402	-	(5,087)	92,059	-	86,972
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	77,035	-	77,035	-	-	36,682	-	36,682
Income on initial recognition of onerous underlying contracts	-	-	(2,953)	-	(2,953)	-	-	-	-	-
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	(12,076)	-	-	(12,076)	86,867	(91,010)	-	-	(4,143)
Changes in the FCF of retakaful contracts held from onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Effect of changes in risk of non-performance by issuer of retakaful contracts held	-	-	-	-	-	-	-	-	-	-
Net expense from retakaful contracts held	-	(17,301)	84,709	-	67,408	86,867	(96,097)	128,741	-	119,511
Net finance income / (expense) from retakaful arrangements	(23,881)	1,997	202	-	(21,682)	(16,841)	2,209	95	-	(14,537)
Cash flows										
Contributions paid net of ceding commissions and other directly attributable expenses	268,397	-	-	-	268,397	343,181	-	-	-	343,181
Recoveries from retakaful providers	-	-	(67,444)	-	(67,444)	-	-	(162,845)	-	(162,845)
Total cash flows	268,397	-	(67,444)	-	200,953	343,181	-	(162,845)	-	180,336
Retakaful arrangements held (liability) / asset as at 31 December	(111,135)	44,960	68,210	-	2,035	(179,774)	60,264	50,742	-	(68,768)
Closing retakaful arrangements liabilities	(123,086)	44,960	68,209	-	(9,917)	(194,528)	60,264	50,742	-	(83,522)
Closing retakaful arrangements assets	11,952	-	-	-	11,952	14,754	-	-	-	14,754
Retakaful arrangements held (liabilities) / asset as at 31 December	(111,135)	44,960	68,209	-	2,035	(179,774)	60,264	50,742	-	(68,768)

Notes to the Financial Statements

for the year ended 31 December 2025

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.4 Reconciliation of family retakaful arrangement assets and liabilities for contracts not measured under PAA

	31 December 2025				31 December 2024			
	Present Value of Future Cash Flows	Risk adjustment for non-financial risk	CSM	Total	Present Value of Future Cash Flows	Risk adjustment for non-financial risk	CSM	Total
	BD	BD	BD	BD	BD	BD	BD	BD
Retakaful arrangements held that are liabilities as at 1 January	(378,626)	85,300	209,804	(83,522)	(493,265)	54,239	245,235	(193,791)
Retakaful arrangements held that are assets as at 1 January	996	417	13,342	14,754	1,055	291	5,643	6,989
Retakaful arrangements held (liabilities) / asset as at 1 January	(377,630)	85,716	223,146	(68,768)	(492,209)	54,530	250,878	(186,801)
Changes that relate to current service								
CSM recognised for the services received	-	-	(21,151)	(21,151)	-	-	(22,718)	(22,718)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(7,433)	-	(7,433)	-	(4,040)	-	(4,040)
Experience adjustments-relating to incurred claims and other directly attributable expenses recovery	(85,075)	-	-	(85,075)	17,241	-	-	17,241
	(85,075)	(7,433)	(21,151)	(113,659)	17,241	(4,040)	(22,718)	(9,517)
Changes that relate to future service								
Changes in estimates that adjust CSM	25,577	(1,978)	(23,599)	-	38,271	32,344	(34,315)	36,300
Contracts initially recognised in year	(68,170)	17,103	53,394	2,327	(31,539)	5,080	26,459	(1)
CSM adjustment for income on initial recognition of onerous underlying arrangement	-	-	-	-	-	-	586	586
Changes in the FCF of retakaful contracts held from onerous underlying arrangements	(9,608)	237	-	(9,371)	(4,011)	(2,197)	-	(6,208)
Experience adjustments - arising from ceded contributions paid in the year that relate to future service	5,538	309	(10,878)	(5,031)	(21,785)	-	(13,036)	(34,820)
	(46,663)	15,671	18,917	(12,075)	(19,064)	35,227	(20,306)	(4,144)
Changes that relate to past service								
Changes that relate to past service -changes in the FCF relating to incurred claims recovery	17,265	-	-	17,265	(34,105)	-	-	(34,105)
Net finance income / (expenses) from retakaful arrangements held	(37,148)	-	15,466	(21,682)	(29,828)	-	15,292	(14,537)
Cash flows								
Contributions paid net of ceding commissions and other directly attributable expenses paid	268,397	-	-	268,397	343,181	-	-	343,181
Incurred claims recovered and other takaful service expenses recovered	(67,444)	-	-	(67,444)	(162,846)	-	-	(162,846)
Total cash flows	200,953	-	-	200,953	180,335	-	-	180,335
Retakaful contracts held (liabilities) / assets as at 31 December	(328,298)	93,954	236,379	2,035	(377,630)	85,716	223,146	(68,768)
Retakaful arrangements liabilities as at 31 December	(329,391)	93,569	225,905	(9,917)	(378,626)	85,300	209,804	(83,522)
Retakaful arrangements assets as at 31 December	1,093	385	10,474	11,952	996	417	13,342	14,754
Retakaful contracts held (liabilities) / assets as at 31 December	(328,298)	93,954	236,379	2,035	(377,630)	85,716	223,146	(68,768)

Notes to the Financial Statements

for the year ended 31 December 2025

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.5 IFRS 17 Disclosures - Expected recognition of remaining CSM as revenue

GROSS	M0	M12	M24	M36	M48	M60	M72	M84	M96	M108
CSM Recognition Analysis	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
CSM_REMAINING	808,467	721,684	643,187	571,250	504,989	444,317	389,454	339,772	294,281	252,963
CSM_RECOGNISED	-	86,783	78,497	71,937	66,261	60,672	54,864	49,682	45,491	41,318

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CSM Recognition Analysis

CSM_REMAINING	(236,379)	(213,817)	(193,192)	(174,363)	(157,234)	(141,246)	(126,279)	(112,402)	(99,370)	(86,775)
CSM_RECOGNISED	-	(22,562)	(20,625)	(18,828)	(17,129)	(15,989)	(14,967)	(13,877)	(13,032)	(12,595)

NET

CSM Recognition Analysis

CSM_REMAINING	572,088	507,867	449,996	396,886	347,755	303,071	263,175	227,370	194,911	166,188
CSM_RECOGNISED	-	64,221	57,871	53,109	49,132	44,683	39,897	35,805	32,459	28,723

Notes to the Financial Statements

for the year ended 31 December 2025

11 TAKAFUL AND RETAKAFUL ARRANGEMENTS FOR CONTRACTS MEASURED UNDER NON-PAA (continued)

11.6 IFRS 17 ANALYSIS OF CONTRACTS INITIALLY RECOGNISED IN THE PERIOD

	31 December 2025
Insurance Contracts Recognised in 2025	
PV of future income for profitable new business point of sale	918,458
PV of future outgo (excl acq exp) for profitable NB at point of sale	(548,138)
Risk adjustment for profitable NB at point of sale	(42,535)
CSM for profitable new business at point of sale	(327,785)
Total profitable initial contract recognition	-
PV of future income for onerous new business point of sale	20,320
PV of future outgo (excl acq exp) for onerous NB at point of sale	(23,937)
Risk adjustment for onerous NB at point of sale	(1,858)
Total loss making initial contract recognition	(5,475)
PV of future income for new business point of sale	938,778
PV of future outgo (excl acq exp) for NB at point of sale	(572,075)
Risk adjustment for NB at point of sale	(44,393)
Diff in risk adj on curr and locked in rate	-
CSM new business at point of sale	(327,785)
Total initial contract recognition	(5,475)
PV of future income for profitable new business point of sale reinsurance	280,106
PV of future outgo (excl acq exp) for NB at point of sale reinsurance	(211,936)
Risk adjustment for onerous NB at point of sale reinsurance	(17,103)
CSM new business reinsurance at point of sale	(51,067)
	-

Notes to the Financial Statements

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12 OTHER RECEIVABLES, ACCRUED INCOME AND PREPAYMENTS

	31 December 2025			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Staff related receivables	4,117	-	-	4,117
Accrued incomes	108,005	237,832	58,856	404,694
Prepaid expenses	74,435	-	-	74,435
Tender deposit	-	193,171	-	193,171
Other receivables*	83,320	5,795,269	12,585	5,891,173
Receivables from Participants Fund	1,476,465	-	-	1,476,465
	1,746,342	6,226,272	71,441	8,044,054
Expected credit loss (Note 21)	-	(1,004,609)	(5,084)	(1,009,693)
	1,746,342	5,221,663	66,357	7,034,361
	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Staff related receivables	4,855	-	-	4,855
Accrued income	184,633	161,064	53,158	398,855
Prepaid expenses	130,873	-	-	130,873
Tender deposit	-	-	-	-
Other receivables *	298,283	3,940,224	47,980	4,286,488
Receivables from Participants Fund	1,167,483	-	-	1,167,483
At 31 December	1,786,127	4,101,288	101,138	5,988,554
Expected credit loss (Note 21)	-	(926,840)	(32,768)	(959,608)
	1,786,127	3,174,448	68,370	5,028,946

* Other receivables include the balances due from insurance intermediaries for general and family takaful of BD 4.1 M (2024: BD 3.1M) and other receivables of BD 1.8M (2024: BD 1.2M) mainly pertaining to VAT receivable.

Notes to the Financial Statements

for the year ended 31 December 2025

13 PROPERTY AND EQUIPMENT

	Furniture and fixtures BD	Office equipment BD	Motor vehicles BD	Total BD
Cost				
At 1 January 2025	579,499	343,866	54,055	977,420
Additions	46,800	17,230	-	64,030
Disposals	-	(11,934)	-	(11,934)
At 31 December 2025	626,299	349,162	54,055	1,029,516
Accumulated depreciation				
At 1 January 2025	539,465	242,772	37,030	819,267
Charge for the year	9,513	62,599	5,240	77,352
Disposals	-	(11,934)	-	(11,934)
At 31 December 2025	548,978	293,437	42,270	884,685
Carrying amount:				
At 31 December 2025	77,321	55,725	11,785	144,831

	Furniture and fixtures BD	Office equipment BD	Motor vehicles BD	Total BD
Cost				
At 1 January 2024	553,341	278,303	33,097	864,741
Additions	26,158	65,563	20,958	112,679
At 31 December 2024	579,499	343,866	54,055	977,420
Accumulated depreciation				
At 1 January 2024	533,809	182,805	33,097	749,711
Charge for the year	5,656	59,967	3,933	69,556
At 31 December 2024	539,465	242,772	37,030	819,267
Carrying amount:				
At 31 December 2024	40,034	101,094	17,025	158,153

Notes to the Financial Statements

for the year ended 31 December 2025

14 INTANGIBLE ASSETS

	31 December 2025 BD	31 December 2024 BD
<i>Cost:</i>		
At 1 January	732,853	608,135
Additions during the year	50,824	124,718
	783,677	732,853
<i>Accumulated amortisation</i>		
At 1 January	107,252	38,183
Amortisation charge during the year	71,175	69,069
	178,427	107,252
<i>Carrying amount:</i>	605,250	625,601
Estimated useful live	12 years	12 years

The software is recognized as an intangible asset at cost. Software is amortised on a straight-line basis over its estimated useful life of 12 years. Amortization expense is recognized in the income statement under operating expenses.

The addition to software includes costs that enhance or extend the functionality of the software.

15 IJARAH

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

15.1 Right of use asset

	2025 31 December BD	2024 31 December BD
At 1 January	388,484	465,735
Addition of lease	26,338	-
Depreciation for the year	(109,039)	(77,251)
At 31 December	305,783	388,484

15.2 Ijarah liabilities

	2025 31 December BD	2024 31 December BD
At 1 January	427,002	502,626
Addition of lease	26,338	-
Accretion of profit expense	33,898	37,942
Lease payments	(120,328)	(113,566)
	366,911	427,002

Notes to the Financial Statements

for the year ended 31 December 2025

16 PAYABLES AND ACCRUED LIABILITIES

	31 December 2025			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Provision for employees' leaving indemnity (Note 29)	541,067	-	-	541,067
Accrued expenses	427,524	-	-	427,524
Provision for leave pay	25,658	-	-	25,658
Surplus distribution payable (Note 43)	-	260,140	-	260,140
Other liabilities and provisions*	2,189,858	306,358	10,299	2,506,515
Payable to shareholders fund	-	588,739	887,726	1,476,465
	3,184,108	1,155,237	898,025	5,237,370

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Provision for employees' leaving indemnity (Note 29)	472,612	-	-	472,612
Accrued expenses	149,219	-	-	149,219
Provision for leave pay	30,085	-	-	30,085
Other liabilities and provisions*	1,988,957	356,606	18,914	2,364,477
Payable to shareholders fund	-	600,500	566,983	1,167,483
	2,640,873	957,106	585,897	4,183,875

* Other liabilities and provisions included amounts due to insurance intermediaries of BD 797k (2024: BD 658k).

Payables and accrued liabilities include amounts due to related parties of BD 136k (2024: BD 44k)."

17 EQUITY AND RESERVES

	31 December 2025 BD	31 December 2024 BD
Authorised share capital:		
Ordinary shares		
200,000,000 ordinary shares of 100 fils each (2024: 200,000,000 ordinary shares of 100 fils each)	20,000,000	20,000,000
Issued and fully paid-up capital:		
Ordinary shares		
85,000,000 ordinary shares of 100 fils each (2024: 85,000,000 ordinary shares of 100 fils each)	8,500,000	8,500,000

Treasury shares amounting to BD 18,574 representing 143,181 shares were purchased by the Company during 2025 (2024: 16,252 shares).

Notes to the Financial Statements

for the year ended 31 December 2025

17 EQUITY AND RESERVES (continued)

Additional information on shareholding pattern

i) The names and nationalities and number of shares held by the major shareholders individually holding 5% and more of the issued and fully paid-up share capital as at 31 December 2025 and 31 December 2024 respectively is as follows:

Name of the shareholders	Nationality	31 December 2025	
		Number of shares	Percentage of shareholding interest
Bahrain Kuwait Insurance Company BSC	Bahraini	74,901,974	88.12%

Name of the shareholders	Nationality	31 December 2024	
		Number of shares	Percentage of shareholding interest
Bahrain Kuwait Insurance Company BSC	Bahraini	69,651,974	81.94%
Al Amana Alama State of Kuwait	Kuwaiti	5,250,000	6.18%

ii) The Company has only one class of equity shares and the holders of the shares have equal voting rights.

	31 December 2025		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	193	6,195,820	7.29%
1% up to less than 5%	2	3,902,206	4.59%
10% up to less than 88%	1	74,901,974	88.12%
	196	85,000,000	100.00%

iii) The distribution pattern of equity shares, setting out the number of shareholders and percentages in the following categories is as follows:

	31 December 2024		
	Number of shareholders	Number of shares	Percentage of total outstanding shares
Less than 1%	188	6,195,820	7.29%
1% up to less than 5%	2	3,902,206	4.59%
5% up to less than 10%	1	5,250,000	6.18%
10% up to less than 82%	1	69,651,974	81.94%
	192	85,000,000	100.00%

Notes to the Financial Statements

for the year ended 31 December 2025

17 EQUITY AND RESERVES (continued)

Statutory reserve

As required by the Bahrain Commercial Companies Law and the Insurance Regulations contained in Volume 3 of the Central Bank of Bahrain Rulebook, 10% of the profit for the year is to be transferred to a statutory reserve until such time as the reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law and following approval of the Central Bank of Bahrain. The company transferred an amount of BD 141,822 (2024: BD 133,443) to the statutory reserve for the year ended 31 December 2025.

General reserve

Appropriations to the general reserve are made as proposed by the Board of Directors and approved by the shareholders. The reserve represents retained earnings and is available for distribution subject to approval of the Central Bank of Bahrain. No amount was transferred to the General reserve for the year ended 31 December 2025 (2024: Nil). At 31 December 2025 and 31 December 2024, this reserve amounted to BD 200,000 (2024: BD 200,000).

18 RECOGNISED TAKAFUL CONTRIBUTIONS

	31 December 2025				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Arrangements not measured under the PAA					
Amounts relating to the changes in the LRC					
Expected incurred claims and other expenses after loss component allocation	-	-	-	384,813	384,813
Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	-	-	-	20,255	20,255
CSM recognised in profit or loss for the services provided	-	-	-	94,290	94,290
Recognised takaful contributions from contracts not measured under the PAA	-	-	-	499,358	499,358
Recognised takaful contributions from contracts measured under the PAA	8,752,203	8,793,152	11,677,830	-	29,223,186
Total recognised takaful contributions	8,752,203	8,793,152	11,677,830	499,358	29,722,544
	31 December 2024				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Arrangements not measured under the PAA					
Amounts relating to the changes in the LRC					
Expected incurred claims and other expenses after loss component allocation	-	-	-	290,930	290,930
Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	-	-	-	7,197	7,197
CSM recognised in profit or loss for the services provided	-	-	-	83,996	83,996
Recognised takaful contributions from contracts not measured under the PAA	-	-	-	382,123	382,123
Recognised takaful contributions from contracts measured under the PAA	7,273,409	8,606,735	9,718,461	-	25,598,605
Total recognised takaful contributions	7,273,409	8,606,735	9,718,461	382,123	25,980,728

Notes to the Financial Statements

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19 RECOGNISED TAKAFUL COSTS

	2025				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Incurred claims and other expenses	(4,101,487)	(8,197,231)	(11,873,626)	(169,691)	(24,342,035)
Amortisation of takaful acquisition cash flows	(694,658)	(714,224)	(1,033,374)	-	(2,442,256)
Losses on onerous arrangements and reversal of those losses	-	(17,104)	(95,510)	23,264	(89,350)
Changes to liabilities for incurred claims	1,286,925	612,606	403,409	(159,363)	2,143,577
Total	(3,509,220)	(8,315,953)	(12,599,101)	(305,790)	(24,730,064)

	2024				
	Marine and General BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Incurred claims and other expenses	(4,624,483)	(9,478,878)	(9,338,298)	(293,473)	(25,805,359)
Amortisation of takaful acquisition cash flows	(652,283)	(860,135)	(498,093)	-	(2,010,512)
Losses on onerous arrangements and reversal of those losses	-	-	-	7,358	7,358
Changes to liabilities for incurred claims	1,116,097	2,217,583	(349,890)	130,992	5,185,010
Total	(4,160,669)	(8,121,430)	(10,186,281)	(155,123)	(22,623,503)

20 NET PARTICIPANTS' AND SHAREHOLDERS INVESTMENT INCOME

	31 December 2025			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Deposit income	65,663	69,852	91,523	227,038
Coupon / Profit on investment securities	361,243	874,901	120,458	1,356,602
Profit income on investment	426,906	944,754	211,980	1,583,641
Unrealized gain on fair value changes	251,713	(19,240)	(10,680)	221,793
Dividend income	255,967	12,961	6,238	275,165
Gain /loss on sale of investment securities	141,261	-	-	141,261
Investment expenses	(483,005)	-	-	(483,005)
Other investment income/ (loss)	165,935	(6,280)	(4,442)	155,214
ECL on investments	(55)	(4,694)	285	(4,464)
Mudarib share income / (expense)	285,401	(233,445)	(51,956)	-
	878,188	700,335	155,868	1,734,391

Notes to the Financial Statements

for the year ended 31 December 2025

20 NET PARTICIPANTS' AND SHAREHOLDERS INVESTMENT INCOME (continued)

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
Deposit income	118,334	161,891	85,124	365,349
Coupon / Profit on investment securities	470,595	701,232	94,510	1,266,337
profit income on investment	588,929	863,123	179,634	1,631,686
Dividend income	141,084	11,552	7,920	160,556
Gain on sale of investment securities	(6,277)	(13,395)	806	(18,866)
Investment expenses	(334,276)	-	-	(334,276)
Other investment loss	(199,469)	(1,843)	8,726	(192,586)
ECL on investments	(8,953)	2,324	(2,844)	(9,473)
Mudarib share income / (expense)	262,280	(215,901)	(46,379)	-
	642,787	647,704	139,136	1,429,627

21 ECL ON RECEIVABLES FROM INTERMEDIARIES

	31 December 2025			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
ECL on receivables from intermediaries (note 12)	-	1,004,609	5,084	1,009,693
	-	1,004,609	5,084	1,009,693

	31 December 2024			
	Shareholders BD	General takaful BD	Family takaful BD	Total BD
ECL on receivables from intermediaries (note 12)	-	926,840	32,768	959,608
	-	926,840	32,768	959,608

22 WAKALA FEE AND MUDARIB SHARE

The shareholders manage the general and family takaful operations for the participants' and charge 19.2% (2024: 18.8%) and 20.25% (2024: 20.5%) respectively of gross contributions as a wakala fee. The shareholders also manage the participants' investment funds as a mudarib and charge 25% (2024: 25%) of the general takaful and family takaful investment income earned by the participants' investment funds, respectively. The maximum chargeable wakala fee and mudarib share, as approved by the Shari'a Supervisory Board, are 30% (2024: 30%) and 25% (2024: 25%) respectively.

During 2025, based on decision of Sharia Supervisory Board, the Third Party Administrator ("TPA") fees are classified as shareholders' expenses and presented separately in the shareholders' income statement. These expenses are recovered through the Wakala fee income which is charged to the participants under 'Recognised takaful costs' (2024 - these expenses were accounted for as direct attributable expenses within 'Recognised tafakul costs').

23 OTHER INCOME

	31 December 2025 BD	31 December 2024 BD
Tamkeen - Government subsidy	34,085	11,114
	34,085	11,114

Notes to the Financial Statements

for the year ended 31 December 2025

24 GENERAL ADMINISTRATIVE EXPENSES

	31 December 2025 BD	31 December 2024 BD
Employee related costs	1,753,104	1,629,045
Administrative expenses	856,179	721,007
Depreciation and amortization	257,566	215,876
	2,866,849	2,565,928

24 (a) AUDIT FEES

	31 December 2025 BD	31 December 2024 BD
Audit fee	37,075	37,075
Non-Audit fee	3,009	3,009
	40,084	40,084

25 COMMISSION EXPENSES

	31 December 2025 BD	31 December 2024 BD
Commission expenses	1,746,130	1,644,105
	1,746,130	1,644,105

26 OTHER EXPENSES

	31 December 2025 BD	31 December 2024 BD
Corporate expenses	338,675	380,510
	338,675	380,510

27 EXPECTED CREDIT LOSS (CHARGE) / REVERSAL ON FINANCIAL ASSETS

	2025		
	ECL charged		
	At 1 January BD	during the year BD	At 31 December BD
Balances with banks and term deposits (Note 7 & 6)	176	289	465
Debt securities at FVOCI	44,480	4,174	48,654
Other receivables, accrued income and prepayments (Note 12)	959,608	50,085	1,009,693
	1,004,264	54,549	1,058,813

Notes to the Financial Statements

for the year ended 31 December 2025

27 EXPECTED CREDIT LOSS (CHARGE) / REVERSAL ON FINANCIAL ASSETS (continued)

	2024		
	ECL charged		
	At 1 January BD	during the year BD	At 31 December BD
Balances with banks and term deposits (Note 7 & 6)	407	(232)	175
Debt securities at FVOCI	34,764	9,716	44,480
Debt securities at amortised cost	11	(11)	-
Other receivables, accrued income and prepayments (Note 12)	988,552	(28,944)	959,608
	1,023,734	(19,471)	1,004,263

28 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of outstanding shares issued by the Company. Treasury shares represent 143,181 (2024: 16,252) shares which were purchased by the Company during the year ended 31 December 2025.

	31 December 2025	31 December 2024
Net profit	1,418,222	1,334,431
Weighted average number of outstanding shares issued	84,887,354	84,983,748
Earnings per share	16.71 Fils	15.70 Fils
Other information		
Net asset value per share	154 Fils	149 Fils
Share price per Bahrain Bourse at 31 December	134 Fils	120 Fils
Price to earning ratio at 31 December	8 Times	8 Times
Total market capitalisation at 31 December (BD - thousand)	11,390	10,200

29 EMPLOYEES' END OF SERVICE BENEFITS

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organization in the Kingdom of Bahrain for the year ended 31 December 2025 amounted to BD 178,157 (2024: BD 182,433).

The movement in leaving indemnity liability applicable to employees is as follows:

	31 December 2025 BD	31 December 2024 BD
Opening balance	472,611	393,281
Accruals for the year	93,792	99,213
Payments during the year	(25,336)	(19,883)
Closing balance	541,067	472,611
Total number of staff employed by the Company	133	117

Notes to the Financial Statements

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30 RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on mutual agreed terms.

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

	Associate	Parent Company	Entities under common control*	Total
31 December 2025				
Recognised takaful contributions	42,170	159,082	11,735	212,987
Recognised takaful costs	-	(356,349)	(306,526)	(662,875)
Retakaful income / (expense)	32,119	(625,224)	(149,851)	(742,957)
Share of result of an associate	36,016	-	-	36,016
31 December 2024				
Recognised takaful contributions	38,184	479,024	25,916	543,124
Recognised takaful costs	-	(704,113)	(358,607)	(1,062,720)
Retakaful income / (expense)	33,670	(276,123)	20,544	(221,909)
Share of result of an associate	38,253	-	-	38,253

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

	Associate	Parent Company	Entities under common control*	Total
31 December 2025				
Takaful arrangement liabilities	-	730,878	76,006	806,884
Retakaful arrangement liabilities	-	1,046,764	173,573	1,220,337
Payables and accrued liabilities	31,924	71,983	32,549	136,456
Investment in an associate	249,953	-	-	249,953
31 December 2024				
Takaful arrangement liabilities	3,378	597,149	87,425	687,952
Retakaful arrangement liabilities	-	451,783	96,705	548,488
Payables and accrued liabilities	3,738	20,562	19,932	44,232
Investment in an associate	247,262	-	-	247,262

* Entities under common control include Gulf Insurance Group (GULF) B.S.C. Closed & Gulf Insurance Group K.S.C.P.

Notes to the Financial Statements

for the year ended 31 December 2025

30 RELATED PARTIES (continued)

Compensation of directors and key management personnel

The remuneration of Board of Directors and the sitting fees paid to the Directors for attendance of Board Committees' meetings during the year and other expenses were as follows:

	31 December	
	2025 BD	2024 BD
Directors		
Directors' remuneration	110,000	100,000
Directors' attendance fees	17,700	21,984
	127,700	121,984

	31 December	
	2025 BD	2024 BD
Key Management personnel		
Salaries and other benefits	577,564	596,155
End of service benefits	34,830	33,290
	612,394	629,445

The Key Management personnel includes the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Underwriting Officer – Motor Takaful, Director - Specialty Lines and Major Accounts and Director - Personal Lines & Quality Control.

At 31 December 2025, the Employees' end of service benefits of BD 541,066 (2024: 472,611) included the amount of BD 311,715 for the Key Management Personnel (2024: BD 279,352).

31 DIVIDEND

The Board of Directors, at a meeting held on 16 February 2026, recommended cash dividend of 15 fils per share amounting to BD 1,272,609 (2024: BD 1,062,297), which are subject to approval of the shareholders at the Annual General Meeting to be held on 29 March 2026. Dividend of BD 1,062,297 for the financial year 2024 was paid during the year 2025 (For the financial year 2023: BD 637,378 dividend was paid during the year 2024).

32 SEGMENTAL INFORMATION

For management purposes, the Company is organised into departments based on the classes of covered risks. The reportable operating segments of the Company are as follows:

- **Marine and general** offers takaful policies to cover various risks of marine & aviation, property, engineering, group life takaful and general accident;
- **Motor** offers takaful policies to cover risks of motor third party and motor comprehensive;
- **Medical** offers takaful policies to cover risks of group and health takaful; and
- **Family** offers takaful policies to cover risks of individual life and unit linked savings.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the year and their reconciliation to the Company's income and profit for the year.

Notes to the Financial Statements

for the year ended 31 December 2025

32 SEGMENTAL INFORMATION (continued)

	31 December 2025				
	Marine and general BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Recognised takaful contributions	8,752,203	8,793,152	11,677,830	499,358	29,722,544
Recognised takaful costs	(3,509,219)	(8,315,954)	(12,599,102)	(305,790)	(24,730,065)
Takaful service result before retakaful contracts held	5,242,985	477,198	(921,272)	193,568	4,992,479
Retakaful net results	(4,892,381)	(128,498)	42,213	(108,470)	(5,087,136)
Takaful participants' gross margin	350,603	348,702	(879,060)	85,098	(94,657)
Participants' profit income on investment	282,949	284,273	377,532	211,980	1,156,734
Participants' other investment (expense) / income net	(1,881)	(1,890)	(2,509)	(4,442)	(10,721)
ECL gain / (loss) on financial assets	(1,406)	(1,413)	(1,876)	285	(4,409)
Mudarib share expense	(69,916)	(70,243)	(93,287)	(51,956)	(285,401)
Amortization of deferred cost (related to provision of takaful arrangements)	(49,851)	(107,550)	(38,529)	(329,157)	(525,088)
Amortization of deferred profit (related to provision of retakaful arrangements)	36,352	-	81	(21,682)	14,751
Other participants' (expenses) / income	(38,926)	(28,629)	(10,214)	27,684	(50,085)
Profit / (loss) for the period	507,926	423,251	(647,863)	(82,190)	201,124

	31 December 2024				
	Marine and general BD	Motor BD	Medical BD	Family Takaful BD	Total BD
Recognised takaful contributions	7,273,409	8,606,735	9,718,461	382,123	25,980,728
Recognised takaful costs	(4,160,669)	(8,121,430)	(10,186,281)	(155,123)	(22,623,503)
Takaful service result before retakaful contracts held	3,112,740	485,305	(467,820)	227,001	3,357,225
Retakaful net results	(3,123,176)	(86,231)	(76,415)	(47,765)	(3,333,586)
Takaful participants' gross margin	(10,435)	399,074	(544,235)	179,236	23,639
Participants' profit income on investment	248,625	294,202	332,204	182,774	1,057,805
Participants' other investment income net	(3,450)	(5,690)	(4,610)	5,585	(8,165)
ECL loss on financial assets	747	952	625	(2,844)	(520)
Mudarib share expense	(61,480)	(72,366)	(82,055)	(46,379)	(262,280)
Amortization of deferred cost (related to provision of takaful arrangements)	(158,781)	(160,546)	(52,233)	(247,727)	(619,286)
Amortization of deferred profit (related to provision of retakaful arrangements)	109,381	42	310	(14,537)	95,196
Other participants' income	1,958	17,259	9,727	-	28,944
Profit / (loss) for the year	126,565	472,928	(340,267)	56,107	315,333

Notes to the Financial Statements

for the year ended 31 December 2025

32 SEGMENTAL INFORMATION (continued)

The following table presents the disclosure of segment assets and liabilities of the statement of financial position segregated between Shareholders and the Takaful Funds as at 31 December 2025 and 31 December 2024:

	31 December 2025				31 December 2024			
	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD	Shareholders BD	General Takaful BD	Family Takaful BD	Total BD
ASSETS								
Cash and cash equivalents	439,130	959,820	916,915	2,315,865	1,102,206	645,766	138,552	1,886,524
Term deposits	1,249,869	-	1,949,820	3,199,689	799,958	2,199,923	1,699,999	4,699,880
Financial assets at fair value	11,829,220	17,144,684	2,080,021	31,053,926	10,514,643	15,938,873	2,259,900	28,713,416
Retakaful arrangement assets	-	1,545,328	11,952	1,557,280	-	1,944,585	14,754	1,959,339
Other receivables, accrued income and prepayments	1,746,342	5,221,665	66,356	7,034,361	1,786,129	3,174,447	68,370	5,028,946
Property and equipment	144,831	-	-	144,831	158,153	-	-	158,153
Intangible Assets	605,250	-	-	605,250	625,601	-	-	625,601
Right of use asset	305,783	-	-	305,783	388,484	-	-	388,484
Investment in an associate	249,953	-	-	249,953	247,262	-	-	247,262
Statutory deposit	125,000	-	-	125,000	125,000	-	-	125,000
TOTAL ASSETS	16,695,377	24,871,497	5,025,064	46,591,938	15,747,436	23,903,594	4,181,575	43,832,605
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY								
Liabilities								
Takaful arrangement liabilities	-	22,163,536	3,954,769	26,118,305	-	21,379,135	3,298,612	24,677,747
Retakaful arrangement liabilities	-	461,424	9,917	471,341	-	716,281	83,522	799,803
Payables and accrued liabilities	3,184,108	1,155,237	898,025	5,237,370	2,640,873	957,104	585,898	4,183,875
Ijara liabilities	366,911	-	-	366,911	427,002	-	-	427,002
Tax Expense Payable	43,988	-	-	43,988	-	-	-	-
Total liabilities	3,595,007	23,780,197	4,862,711	32,237,915	3,067,875	23,052,520	3,968,032	30,088,427
Participants' fund								
Surplus in participants' fund	-	867,698	154,719	1,022,417	-	935,289	236,908	1,172,197
Investments fair value reserve	-	223,602	7,633	231,235	-	(84,215)	(23,365)	(107,580)
Total Participants' fund	-	1,091,300	162,352	1,253,652	-	851,074	213,543	1,064,617
Shareholders' Equity								
Share capital	8,500,000	-	-	8,500,000	8,500,000	-	-	8,500,000
Treasury shares	(20,661)	-	-	(20,661)	(2,087)	-	-	(2,087)
Statutory reserve	1,332,863	-	-	1,332,863	1,191,041	-	-	1,191,041
General reserve	200,000	-	-	200,000	200,000	-	-	200,000
Retained earnings	3,110,418	-	-	3,110,418	2,896,315	-	-	2,896,315
Investments fair value reserve	(22,249)	-	-	(22,249)	(105,708)	-	-	(105,708)
Total shareholders' equity	13,100,371	-	-	13,100,371	12,679,561	-	-	12,679,561
TOTAL LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY	16,695,378	24,871,497	5,025,064	46,591,938	15,747,436	23,903,594	4,181,575	43,832,605

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32 SEGMENTAL INFORMATION (continued)

The following table presents disclosure of segment assets and liabilities:

	Fire and general BD '000	Marine and aviation BD '000	Motor BD '000	Medical BD '000	Family Takaful BD '000	Total BD '000	Unallocat- ed assets / liabilities BD '000	Total BD '000
<i>Segment assets</i>								
31 December 2025	1,046,046	-	-	83,261	11,952	1,141,258	45,450,680	46,591,938
31 December 2024	1,944,584	-	-	-	14,754	1,959,338	41,873,266	43,832,605
<i>Segment liabilities</i>								
31 December 2025	8,317,386	169,822	9,018,240	5,119,513	3,964,686	26,589,647	5,648,268	32,237,915
31 December 2024	6,773,462	148,575	8,746,977	6,426,400	3,382,134	25,477,550	4,610,877	30,088,427

33 RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities. The Company has no derivative financial instruments.

Financial assets include cash and cash equivalents, deposits, takaful arrangements, retakaful arrangements and investments. Financial liabilities include payables (to takaful and retakaful companies, participants and other parties). Accounting policies for financial assets and financial liabilities are set out in note 3.

The risks involved with financial instruments and the Company's approach to managing such risks are discussed below:

a) Takaful risk

Takaful arrangements and Retakaful arrangements

The Company principally issues the following types of takaful arrangements: marine and general, motor, medical and family takaful, as well as retakaful arrangements.

The main risks that the Company is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of participant death being different than expected.
- Morbidity risk – risk of loss arising due to participant health experience being different than expected.
- Expense risk – risk of loss arising from expense experience being different than expected.
- Participant decision risk – risk of loss arising due to participant experiences (lapses and surrenders) being different than expected.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the takaful and retakaful contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of takaful contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards retakaful arrangements.

The Company purchases retakaful as part of its risk mitigation programme. Retakaful held (outward retakaful) is placed on a proportional basis. The majority of proportional retakaful is quota-share retakaful which is taken out to reduce the overall exposure of the Company to certain classes of business.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying takaful contract liabilities and in accordance with the retakaful arrangements. Although the Company has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any reinsurer is unable to meet its obligations assumed under such retakaful agreements. The Company's placement of retakaful is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single retakaful contract.

There is no single counterparty exposure that exceeds 5% of total retakaful assets at the reporting date.

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

The following tables show the concentration of net takaful & retakaful contract liabilities by type of arrangements:

	31 December 2025			31 December 2024		
	Takaful BD	Retakaful held BD	Net BD	Takaful	Retakaful held	Net
Marine and general	8,166,666	1,141,528	9,308,194	6,344,415	1,366,962	7,711,377
Motor	8,957,509	(60,732)	8,896,777	8,685,152	(61,825)	8,623,327
Medical	5,039,363	3,109	5,042,472	6,349,567	(76,833)	6,272,734
Family	3,954,767	2,035	3,956,801	3,298,612	(68,768)	3,229,845
Total net takaful arrangements	26,118,305	1,085,939	27,204,245	24,677,747	1,159,536	25,837,283

The geographical concentration of the Company's takaful and retakaful arrangements issued (both before and after retakaful held) is in Bahrain only and is based on the carrying amounts of takaful contract liabilities and retakaful arrangements held disaggregated to countries where the business is written.

Sensitivities

Sensitivity information will vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous year.

SENSITIVITY	CSM IN FORCE	IFRS 17 PROFIT	CHANGE CSM IN FORCE	CHANGE IFRS 17 PROFIT
BASE	572,088	(199,127)	-	-
Increase in mortality by 15%	475,761	(268,786)	(96,326)	(69,660)
Decrease in mortality by 20%	734,216	(139,267)	162,128	59,859
Increase in disability by 35% in year 1, 25% in year 2 and reduced by 20% year 3 onwards	572,107	(199,123)	19	4
Increase in expense by 10% and inflation + 1%	572,088	(199,127)	-	-
Increase in lapse by 50%	564,351	(199,334)	(7,737)	(208)
Decrease in lapse by 50%	579,666	(198,557)	7,579	570
Mass lapse of 40%	463,978	(200,917)	(108,110)	(1,790)
Mortality + 0.15% for 1 year	492,595	(339,253)	(79,493)	(140,127)
Yield curve + 1%	570,588	(42,027)	(1,500)	157,099
Yield curve - 1%	573,527	(373,533)	1,439	(174,406)
Increase in risk adjustment by 10%	567,449	(202,364)	(4,638)	(3,237)
Decrease in risk adjustment by 10%	576,831	(195,995)	4,744	3,132
	7,315,243	(2,757,409)	(121,895)	(168,764)

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

a) Takaful risk (continued)

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Gross claims development

	2020 BD	2021 BD	2022 BD	2023 BD	2024 BD	2025 BD	Total BD
Estimate of ultimate claim cost (net of retakaful, undiscounted)							
At end of accident year	10,182,371	11,817,056	14,940,254	16,009,562	18,727,137	21,205,187	21,205,187
One year later	9,579,111	10,728,359	14,188,456	15,290,842	17,135,917	-	17,135,917
Two years later	9,391,685	11,138,641	15,465,765	14,668,276	-	-	14,668,276
Three years later	9,243,421	10,562,007	15,290,845	-	-	-	15,290,845
Four years later	9,225,232	10,191,181	-	-	-	-	10,191,181
Five years later	9,092,901	-	-	-	-	-	9,092,901
undiscounted amounts of the claims	9,092,901	10,191,181	15,290,845	14,668,276	17,135,917	21,205,187	87,584,307
Cumulative gross claims payments to date	(9,021,327)	(10,142,728)	(14,837,904)	(14,266,773)	(15,228,480)	(10,862,666)	(74,359,876)
Cumulative gross undiscounted claim liabilities for accident years 2020 to 2025	71,574	48,454	452,941	401,504	1,907,437	10,342,521	13,224,431
Gross cumulative claims liabilities - prior accident years							559,479
Effect of discounting							(119,685)
Gross discounted liabilities for incurred claims							13,664,225
Effect of the risk adjustment margin for non-financial risk							627,069
Gross LIC for takaful arrangements originated							14,291,294

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

a) Takaful risk (continued)

Claims development table

Net undiscounted liabilities for incurred claims

Net claims development

	2020 BD	2021 BD	2022 BD	2023 BD	2024 BD	2025 BD	Total BD
Estimate of ultimate claim cost (net of retakaful, undiscounted)							
At the end of accident year	9,332,644	11,239,772	13,545,734	14,382,821	16,087,022	18,404,442	18,404,442
One year later	8,909,936	10,237,242	12,577,089	14,304,246	15,189,862	-	15,189,862
Two years later	8,727,882	10,162,986	12,758,654	13,900,404	-	-	13,900,404
Three years later	8,664,797	9,971,190	12,439,217	-	-	-	12,439,217
Four years later	8,670,171	9,798,319	-	-	-	-	9,798,319
Five years later	8,602,849	-	-	-	-	-	8,602,849
undiscounted amounts of the claims	8,602,849	9,798,319	12,439,217	13,900,404	15,189,862	18,404,442	78,335,093
Cumulative net claims payments to date	(8,575,016)	(9,786,530)	(12,402,905)	(13,582,578)	(13,924,364)	(10,401,192)	(68,672,585)
Cumulative net undiscounted claim liabilities for accident years 2020 to 2025	27,833	11,789	36,311	317,826	1,265,498	8,003,250	9,662,508
Net cumulative claims liabilities - prior accident years							42,824
Effect of discounting							(111,818)
net discounted liabilities for incurred claims							9,593,514
Effect of the risk adjustment margin for non-financial risk							422,192
Net LIC for takaful arrangements originated							10,015,706

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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 regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business. The Company's objectives, policies, and processes for managing the risk might involve strategies for ensuring sufficient cash flow or access to financial markets.

The table below summarises the maturity profile of the assets and liabilities of the Company based on remaining discounted contractual obligations. As the Company does not have any interest bearing liabilities, the totals in the table match the statement of financial position.

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

b) Liquidity risk (continued)

	31 December 2025						
	0 to 90 days BD	91 to 365 days BD	1 to 3 yrs BD	3 to 5 years BD	More than 5 years BD	No term BD	Total BD
ASSETS							
Cash and cash equivalents	2,315,865	-	-	-	-	-	2,315,865
Term deposits	-	3,199,689	-	-	-	-	3,199,689
Financial assets at fair value	-	5,594,490	11,676,892	9,544,191	4,238,353	-	31,053,926
Retakaful arrangement assets	-	1,545,328	11,952	-	-	-	1,557,280
Other receivables, accrued income and prepayments	5,317,466	1,481,306	235,589	-	-	-	7,034,361
Property and equipment	-	-	-	-	144,831	-	144,831
Intangible assets	-	-	-	-	605,250	-	605,250
Right of use asset	-	-	25,639	280,144	-	-	305,783
Investment in an associate	-	-	-	-	-	249,953	249,953
Statutory deposits	-	-	-	-	-	125,000	125,000
TOTAL ASSETS	7,633,331	11,820,813	11,950,072	9,824,335	4,988,434	374,953	46,591,938
LIABILITES							
Takaful arrangement liabilities	19,861,195	6,257,110	-	-	-	-	26,118,305
Retakaful arrangement liabilities	-	461,424	9,917	-	-	-	471,341
Payables and accrued liabilities	2,465,078	2,088,199	684,093	-	-	-	5,237,370
Ijara liabilities	-	-	35,637	331,274	-	-	366,911
Tax expense payable	43,988	-	-	-	-	-	43,988
TOTAL LIABILITES	22,370,261	8,806,733	729,647	331,274	-	-	32,237,915
	31 December 2024						
	0 to 90 days BD	91 to 365 days BD	1 to 3 yrs BD	3 to 5 years BD	More than 5 years BD	No term BD	Total BD
ASSETS							
Cash and cash equivalents	1,886,524	-	-	-	-	-	1,886,524
Term deposits	4,699,880	-	-	-	-	-	4,699,880
Financial assets at amortised cost	-	-	-	-	-	-	-
Financial assets at fair value	-	16,768,852	5,983,098	4,245,402	1,716,064	-	28,713,416
Retakaful arrangement assets	1,944,584	-	14,755	-	-	-	1,959,339
Other receivables, accrued income and prepayments	3,003,263	1,467,856	374,353	183,474	-	-	5,028,946
Property and equipment	-	-	-	-	158,153	-	158,153
Intangible assets	-	-	-	-	625,601	-	625,601
Right of use asset	-	-	51,361	337,123	-	-	388,484
Investment in an associate	-	-	-	-	-	247,262	247,262
Statutory deposits	-	-	-	-	-	125,000	125,000
TOTAL ASSETS	11,534,251	18,236,708	6,423,567	4,765,999	2,499,818	372,262	43,832,605
LIABILITES							
Takaful arrangement liabilities	8,650,537	16,027,210	-	-	-	-	24,677,747
Retakaful arrangement liabilities	521,804	277,999	-	-	-	-	799,803
Payables and accrued liabilities	1,674,343	1,820,102	601,622	87,807	-	-	4,183,875
Ijarah liabilities	-	-	43,552	383,450	-	-	427,002
TOTAL LIABILITES	10,846,684	18,125,311	645,174	471,257	-	-	30,088,427

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, takaful contract issued or retakaful contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, profit rate risk and price risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, takaful contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Bahraini Dinars and its exposure to foreign exchange risk arises primarily. The table below summarises the Company's exposure to foreign currency exchange rate risk at the statement of financial position date by categorising monetary assets and liabilities by major currencies.

	31 December 2025				
	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
ASSETS					
Cash and cash equivalents	2,148,040	13,657	154,013	155	2,315,865
Term deposits	3,199,689	-	-	-	3,199,689
Financial assets at fair value	1,028,036	4,089,671	25,936,219	-	31,053,926
Retakaful arrangement assets	853,159	-	704,121	-	1,557,280
Other receivables, accrued income and prepayments	7,034,361	-	-	-	7,034,361
Property and equipment	144,831	-	-	-	144,831
Intangible assets	605,250	-	-	-	605,250
Right of use asset	305,783	-	-	-	305,783
Investment in an associate	249,953	-	-	-	249,953
Statutory deposits	125,000	-	-	-	125,000
TOTAL ASSETS	15,694,102	4,103,328	26,794,353	155	46,591,938
LIABILITIES					
Takaful arrangement liabilities	26,118,305	-	-	-	26,118,305
Retakaful arrangement liabilities	471,341	-	-	-	471,341
Payables and accrued liabilities	5,237,370	-	-	-	5,237,370
Ijara liabilities	366,911	-	-	-	366,911
Tax expense payable	43,988	-	-	-	43,988
TOTAL LIABILITIES	32,237,915	-	-	-	32,237,915

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

(i) Currency risk (continued)

	31 December 2024				
ASSETS	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
Cash and cash equivalents	1,764,075	19,556	102,738	155	1,886,524
Term deposits	4,699,880	-	-	-	4,699,880
Financial assets at fair value	1,091,703	3,017,157	24,604,556	-	28,713,416
Financial assets at amortised cost	-	-	-	-	-
Retakaful arrangement assets	884,560	-	1,074,779	-	1,959,339
Other receivables, accrued income and prepayments	5,028,946	-	-	-	5,028,946
Property and equipment	158,153	-	-	-	158,153
Intangible assets	625,601	-	-	-	625,601
Right of use asset	388,484	-	-	-	388,484
Investment in an associate	247,262	-	-	-	247,262
Statutory deposit	125,000	-	-	-	125,000
TOTAL ASSETS	15,013,664	3,036,713	25,782,073	155	43,832,605
LIABILITIES	Bahraini Dinars	GCC Currencies	United States Dollars	Other Currencies	Total
Takaful arrangement liabilities	24,434,419	243,328	-	-	24,677,747
Retakaful arrangement liabilities	262,316	537,487	-	-	799,803
Payables and accrued liabilities	3,502,325	681,550	-	-	4,183,875
Ijara liabilities	427,002	-	-	-	427,002
TOTAL LIABILITIES	28,626,062	1,462,365	-	-	30,088,427

(ii) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments or takaful contract or retakaful contract. Investments in sukuk consist of both fixed rate instruments and have maturities ranging from 1 year to 10 years.

The Company's exposure to profit rate risk sensitive takaful and retakaful arrangements and debt instruments are, as follows:

	31 December 2025 BD	31 December 2024 BD
Retakaful arrangement assets	(1,557,280)	(1,959,339)
Takaful arrangement liabilities		
Marine and General	8,166,666	6,344,415
Motor	8,957,509	8,685,152
Medical	5,039,363	6,349,567
Family	3,954,767	3,298,612
Retakaful arrangement liabilities	471,341	799,803
Debt instruments at FVOCI	25,567,230	24,359,332
Debt instruments at FVTPL	4,401,333	3,339,370

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

(ii) Profit rate risk (continued)

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit.

	31 December 2025			31 December 2024		
	Change in profit rate	Impact on profit	Impact on equity	Change in profit rate	Impact on profit	Impact on equity
Takaful and Retakaful arrangements	+10%	25,007	25,007	+10%	23,495	23,495
Debt instruments	+10%	29,939	29,939	+10%	28,685	28,685
Takaful and Retakaful arrangements	-10%	(25,057)	(25,057)	-10%	(23,542)	(23,542)
Debt instruments	-10%	(29,999)	(29,999)	-10%	(28,742)	(28,742)

The Company does not use any derivative financial instruments to hedge its profit rate risk.

iii) Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or takaful contract assets and/or liabilities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company is exposed to price risk with respect to its investments (listed and unlisted shares, sukuk and managed funds). The geographical concentration of the Company's investments is set out below.

Geographical concentration of investments

	31 December 2025 BD	31 December 2024 BD
Kingdom of Bahrain	8,923,412	8,850,520
Other GCC countries	20,821,642	19,311,388
Asia	7,540	7,544
Other countries	1,301,332	543,963
	31,053,926	28,713,416

The Company limits market risk by maintaining a diversified portfolio, proactively monitoring the key factors that affect stock and sukuk market movements and yearly analysing the operating and financial performance of investees.

The Company's equity investments comprise securities quoted on the stock exchanges in Bahrain, Kuwait, Qatar, Saudi Arabia and UAE. A 5% change in the prices of the equities, with all other variables held constant, would impact the Company's statement of income by BD 54 thousand (2024: BD 51 thousand).

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

e) Credit risk

Credit risk is the risk that one party to a financial instrument, takaful contract issued in an asset position or retakaful contract held will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk with respect to receivables from participants by monitoring risks in accordance with defined policies and procedures.

Management seeks to minimise credit risk with respect to takaful and retakaful companies by only ceding business to companies with good credit ratings in London, as well as European and Middle East retakaful markets.

The Company manages credit risk on its cash deposits and investments by ensuring that the counterparties have an appropriate credit rating. The Company does not have an internal credit rating of counterparties and uses external credit rating agencies' websites to rate the companies. The following balances are with counterparties having a credit rating of B+ (2024: B+) or above:

Industry Analysis		31 December 2025					
		Ratings	Financial Services BD	Government BD	Communication and Consumer Services BD	Construction and Materials BD	Others BD
Cash and cash equivalents	A to BBB	2,315,865	-	-	-	-	2,315,865
Term deposits	BBB	3,199,689	-	-	-	-	3,199,689
Financial assets at fair value	A to C	5,902,000	14,687,345	1,196,924	278,148	8,989,508	31,053,926
Other receivables		5,890,953	-	-	-	-	5,890,953
Statutory deposit	B	125,000	-	-	-	-	125,000
Total credit exposure risk		17,433,507	14,687,345	1,196,924	278,148	8,989,508	42,585,433
Industry Analysis		31 December 2024					
		Ratings	Financial Services BD	Government BD	Communication and Consumer Services BD	Construction and Materials BD	Others BD
Cash and cash equivalents	A to BBB	1,886,524	-	-	-	-	1,886,524
Term deposits	BBB	4,699,880	-	-	-	-	4,699,880
Financial assets at fair value	A to C	5,292,321	13,713,630	1,248,405	278,148	8,180,910	28,713,416
Other receivables		4,286,488	-	-	-	-	4,286,488
Statutory deposit	B	125,000	-	-	-	-	125,000
Total credit exposure risk		16,290,213	13,713,630	1,248,405	278,148	8,180,910	39,711,308

The Company's maximum exposure to credit risk on its financial assets was BD 42,585,433 (2024: BD 39,711,308).

Notes to the Financial Statements

for the year ended 31 December 2025

33 RISK MANAGEMENT (continued)

e) Credit risk (continued)

Credit risk staging in financial reporting and risk management as mentioned under FAS 30 highlights the financial assets based on their credit risk over time. This classification helps determine how provisions for credit losses are recognized, which is crucial for assessing potential losses. The following different stages are involved in credit risk staging :

	31 December 2025			Total BD
	Stage 1 Performing (Low credit Risk) BD	Stage 2 Under performing (Significant increase in credit Risk) BD	Stage 3 Non-Performing (Credit Impaired) BD	
Cash and cash equivalents	2,315,865	-	-	2,315,865
Term deposits	-	3,199,689	-	3,199,689
Financial assets at fair value	31,053,926	-	-	31,053,926
Other receivables	5,890,953	-	-	5,890,953
Statutory deposit	125,000	-	-	125,000
Total credit exposure risk	39,385,744	3,199,689	-	42,585,433

	31 December 2024			Total BD
	Stage 1 Performing (Low credit Risk) BD	Stage 2 Under performing (Significant increase in credit Risk) BD	Stage 3 Non-Performing (Credit Impaired) BD	
Cash and cash equivalents	1,886,524	-	-	1,886,524
Term deposits	1,500,000	3,199,880	-	4,699,880
Financial assets at fair value	28,713,416	-	-	28,713,416
Other receivables	4,286,488	-	-	4,286,488
Statutory deposit	125,000	-	-	125,000
Total credit exposure risk	36,511,428	3,199,880	-	39,711,308

Notes to the Financial Statements

for the year ended 31 December 2025

34 CAPITAL ADEQUACY AND SOLVENCY MARGIN

Capital Adequacy & Solvency margin requirements are determined in accordance with the regulatory requirements established by the Central Bank of Bahrain and are calculated with reference to a prescribed contributions and claims basis. The Central Bank of Bahrain (CBB) rulebook stipulates that solvency margin requirements are on a combined basis of both participants' and shareholder's funds together. The capital available to cover solvency margin required is as follows:

	2025	2024
Shareholder - Available capital	12,062,000	12,081,000
Less: Net Admissible assets of General Participants' Fund	(1,851,000)	(1,698,000)
Less: Net Admissible assets of Family Participants' Fund	(1,015,000)	(1,336,000)
Total available shareholders' capital to cover required solvency margin	9,196,000	9,047,000
Less: Margin required for General Takaful funds	(4,192,000)	(3,817,000)
Less: Margin required for Family Takaful funds	(1,913,000)	(1,232,000)
Excess Capital	3,091,000	3,998,000

35 SHARI'A SUPERVISORY BOARD

The Company's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of three members appointed by the shareholders in the Annual General Meeting. The Shari'a Supervisory Board performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Islamic Shari'a rules and principles.

36 ZAKAH

Zakah of BD 319,373 at 3.76 fils per share (2024: BD 310,173 at 3.65 per share) is to be directly borne by the shareholders and, accordingly, the financial statements includes no provision for Zakah. Zakah base is calculated using the 'Net Invested Funds' method of calculating Zakah base. The components used in the computation of Zakah are share capital, statutory reserve, general reserve and retained earnings, participants' equity and property and equipment. The basis of computation is approved by the Shari'a Supervisory Board and the amounts payable are notified to the shareholders.

37 EARNINGS PROHIBITED UNDER SHARI'A

There were no earnings retained during the year (2024: nil) from transactions which are not permitted under Shari'a.

38 CONTINGENT LIABILITIES

The Company is a defendant in a number of cases brought by takaful arrangement holders in respect of claims which the Company disputes in its normal course of business. The Company based on the independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial position.

39 COMMITMENTS

During the year, the Company obtained a Letter of Guarantee amounting to BD 29,232 (2024: Nil) from its primary bankers in order to secure insurance business relating to Insurance for Bridge Facilities and Amenities of the King Fahd Causeway Authority. The Letter of Guarantee provides assurance to the project counterparties regarding the Company's contractual performance under the related insurance arrangements.

The Letter of Guarantee does not transfer insurance risk and does not form part of the insurance contracts issued by the Company.

40 QARD AL HASSAN

In accordance with the capital adequacy requirements of the Central Bank of Bahrain' Insurance Rulebook, there is no Qard apportionment made through the Insurance Firm Return for the year ended 31 December 2025 (2024: Nil).

Notes to the Financial Statements

for the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS

Set out below is an overview of the financial instruments held by the Company as at 31 December 2025 & 31 December 2024.

	31 December 2025			Total BD
	Financial assets at fair value through equity BD	Financial assets at fair value through income BD	Financial assets at amortised cost BD	
Cash and cash equivalents	-	-	2,315,865	2,315,865
Term deposits	-	-	3,199,689	3,199,689
Retakaful arrangement assets	-	-	1,557,280	1,557,280
Other receivables, accrued income and prepayments	-	-	7,034,361	7,034,361
Financial assets at fair value	26,652,593	4,401,333	-	31,053,926
Statutory deposit	-	-	125,000	125,000
	26,652,593	4,401,333	14,232,195	45,286,121

	31 December 2025	
	Financial liabilities at amortised cost Amount BD	
Payables and accrued liabilities	5,237,370	
	5,237,370	

	31 December 2024			Total BD
	Financial assets at fair value through equity BD	Financial assets at fair value through income BD	Financial assets at amortised cost BD	
Cash and cash equivalents	-	-	1,886,524	1,886,524
Term deposits	-	-	4,699,880	4,699,880
Retakaful arrangement assets	-	-	1,959,339	1,959,339
Other receivables, accrued income and prepayments	-	-	5,028,946	5,028,946
Financial assets at fair value	25,374,046	3,339,370	-	28,713,416
Statutory deposit	-	-	125,000	125,000
	25,374,046	3,339,370	13,699,689	42,413,105

	31 December 2024	
	Financial liabilities at amortised cost Amount BD	
Payables and accrued liabilities	4,183,875	
	4,183,875	

Notes to the Financial Statements

for the year ended 31 December 2025

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 December 2025				
	Level 1 BD	Level 2 BD	Level 3 BD	Total BD	Carrying Value BD
Financial assets measured at fair value:					
- Investments at FVTPL - Debt	273,551	-	-	273,551	273,551
- Investments at FVTPL - Equity	4,032,343	-	95,438	4,127,781	4,127,781
- Investments at FVOCI - Debt	25,567,230	-	-	25,567,230	25,567,230
- Investments at FVOCI - Equity	1,085,363	-	-	1,085,363	1,085,363
	30,958,487	-	95,438	31,053,926	31,053,926
Investment property					
Financial assets measured at fair value:					
- Investments at FVTPL - Debt	284,231	-	-	284,231	284,231
- Investments at FVTPL - Equity	2,895,146	-	159,993	3,055,139	3,055,139
- Investments at FVOCI - Debt	24,359,332	-	-	24,359,332	24,359,332
- Investments at FVOCI - Equity	1,014,714	-	-	1,014,714	1,014,714
	28,553,423	-	159,993	28,713,416	28,713,416

Notes to the Financial Statements

for the year ended 31 December 2025

42 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3 investment reconciliation

	31 December	
	2025	2024
Opening balance	159,993	237,574
Purchase during the year	-	-
Disposal during the year	(22,998)	(24,618)
Changes in fair value	(41,556)	(52,963)
Closing balance	95,439	159,993

Transfers between Level 1, Level 2 and Level 3

During the year ended 31 December 2025 there were no transfers between Level 1 and Level 2 fair value hierarchies, and no transfers into or out of Level 3 fair value hierarchy (2024: No transfers).

Carrying amount and fair values of financial instruments not carried at fair value

Management assessed that the fair values of cash and bank balances, other receivables, payables and accrued liabilities, statutory deposits and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

A majority of the Company's debt securities at amortised cost are in quasi-sovereign sukuk. Management has assessed that the fair values of debt securities at amortised cost approximate their carrying amounts as at the reporting date.

43 SURPLUS DISTRIBUTION TO POLICYHOLDERS

During 2025, the Company announced distribution of Surplus to eligible participants for motor and property line of business for the underwriting year 2024. The Shari'a Supervisory Board and the Board of Directors of the Company held meetings on 4 February 2025 and 13 February 2025 respectively, resolved the distribution of participants' surplus for the amount of BHD 350,904. The distribution was approved by the Central Bank of Bahrain on 12 May 2025.

The distribution process is carried out under the supervision of the company's Shari'a Supervisory Board, ensuring that all procedures comply with the principles and provisions of Islamic Shari'a. The process is conducted within a framework of transparency and fairness, and guided by the independent actuary, who reviews the company's technical data.

Nature	BHD
Surplus payable to Participants	350,904
Surplus paid during the year 2025	90,764
Balance payable to Participants (note 16)	260,140

Redemption Options

The Surplus amount can be redeemed through one of the following channels as per the preference of each participant:

1. Bank Transfer – The Surplus can be transferred to a bank account upon submission of a valid IBAN certificate through the designated online platform.
2. Policy Renewal Discount – A discount may be applied to the next policy renewal, regardless of any claims made during the coverage period.
3. Charitable Contribution – The Surplus may be donated to a charitable cause. The donation amounts will be allocated to the Royal Humanitarian Foundation.

Notes to the Financial Statements

for the year ended 31 December 2025

44 DOMESTIC MINIMUM TOP-UP TAX

On 1 September 2024, the Kingdom of Bahrain issued the Decree Law (11) of 2024 which introduces a Domestic Minimum Top-Up Tax ("DMTT") for Multinational Enterprises ("MNEs") (hereinafter referred to as the "DMTT Law") with an effective date of 1 January 2025.

DMTT Law is largely in line with the OECD Global Anti-Base Erosion Model Rules ('GloBE rules') and applies a %15 minimum tax rate to Bahrain profits of MNEs with global consolidated revenues of at least EUR 750 million in at least two of the previous four fiscal years. This includes MNEs headquartered in Bahrain as well as foreign MNEs with operations in Bahrain.

The Company has made an assessment and has concluded that it is within the scope of DMTT Law based on the consolidated revenue threshold of the ultimate parent entity and its operations in multiple jurisdictions.

DMTT	BHD
Tax Expense	199,823
Tax Paid to designated Filing Constituent Entity ("Bahrain Kuwait Insurance Company B.S.C.")	155,835
Tax liabilities	43,988

Under AAOIFI, the Participant Fund of TIC is maintained separately from shareholders' equity, and any surplus in the Participant Fund does not flow to shareholders' equity or retained earnings. Based on Management's judgement, while AAOIFI is a locally permitted financial accounting standard, the way how the Participant Fund's surplus is accounted for represents a material competitive distortion compared to the acceptable financial accounting standard (i.e. IFRS) and requires adjustment to the financial accounting net income or loss for the purpose of DMTT calculation. Therefore, no tax has been accounted for the Participant Fund's surplus for the year.

45 SUBSEQUENT EVENTS

There have been no subsequent events since the year ended 31 December 2025 which would have a material impact on the financial position of the Company as reflected in these financial statements.



Minutes of the Annual General Meetings