



AL AHLEIA INSURANCE CO. S.A.K.P.

Report of Board of Directors

Submitted to the Esteemed Shareholders upon convening of the Sixty-First Ordinary General Assembly at the Company's headquarters

On Tuesday, March 25, 2025, at 12:30 PM

Dear Esteemed Shareholders,

I am pleased to present to you the performance of your company, Al Ahleia Insurance, along with its financial results and position following the conclusion of the fiscal year 2024, a year that carried both challenges and opportunities, which went hand in hand with significant successes. Through these, the company was able to achieve strong and remarkable financial performance, reflected in the growth figures of most key financial indicators, the majority of which recorded double-digit growth. Thus, the company adds another successful year to its long-standing history of outstanding results spanning over sixty years, in alignment with the trust of our shareholders and the aspirations of our investors, and as a testament to the soundness of the company's strategy and the validity of its choices.

At the outset, Al Ahleia Insurance Company achieved net profits of KD. 22.7 million for the fiscal year ending on December 31, 2024, with earnings per share amounting to 104.5 fils and a growth rate of 13.11%, compared to the fiscal year ending on December 31, 2023. This growth in annual profits is attributed to the optimal implementation of the Company's strategy aimed at continuously maximizing shareholders' returns and providing outstanding insurance services to clients, relying on the Company's financial solvency, strong credit rating, and high-quality assets, which reached KD. 432 million as

of December 31, 2024, reflecting an annual growth rate of 15.2% compared to the fiscal year ending on December 31, 2023.

Credit Rating

When discussing the financial statements of the insurance sector, it is essential to mention the credit rating as a safeguard for the sector. In this regard, Al Ahleia Insurance Company has succeeded in maintaining a high credit rating, as affirmed by consensus among three global credit rating agencies. On September 26, 2024, Moody's Agency affirmed its rating of the Company at (A3) with a stable outlook. The agency considered this rating as a reflection of Al Ahleia Insurance's strong position as one of the top three companies in the Kuwaiti market in terms of direct and underwritten premiums, product diversification, and geographical presence. Moreover, the international agency praised the Company for maintaining strong profitability with a high return on capital, which supports capital adequacy through the Group's strong consolidated total leverage ratio.

In the same context, AM Best affirmed the Company's rating in July 2024 at (A-) Excellent, with an upgrade of the outlook from stable to positive, confirming the Company's strong capital and revenues, along with a high ability to meet its financial obligations. The agency also emphasized the Company's strong operating performance, which is reflected in its balance sheet, as well as its neutral business profile and consistent enterprise risk management. Similarly, Standard & Poor's affirmed the Company's rating at (A-) with a stable outlook, considering that the level of confidence in the Company stands at 99.99% according to the risk-based model. This rating supports the Group's local and international expansion plans over the next two years, while also confirming the Company's ability to maintain its competitive position through outstanding growth and superior underwriting performance.

As for the insurance portfolio, the regional expansion has contributed to improving its management by focusing on personal, commercial, and large industrial insurance, where it is possible to share portions with sister companies. This approach has encouraged an increase in retention and continuous consideration of regional expansion through concrete plans and steps.

This report includes an overview of the most prominent figures and financial results of the Company as of the end of the fiscal year 2024, some of which I can summarize as follows:

The Company's total insurance revenues reached approximately KD. 132 million at the end of the fiscal year 2024, compared to approximately KD. 121 million at the end of the fiscal year 2023, reflecting a growth rate of about 9.09%.

First: Insurance Revenues

By the end of the fiscal year 2024, the total insurance revenues of all types amounted to approximately KD. 132.1 million, marking an increase of about KD. 10.7 million compared to the fiscal year 2023, during which total insurance revenues amounted to approximately KD. 121.4 million. Thus, the annual growth rate in insurance revenues reached about 10.07%.

Second: Investment Revenues

Investment revenues at Al Ahleia Insurance Company witnessed a significant increase during the past year, as total investment revenues amounted to approximately KD. 16.2 million at the end of the fiscal year ending on December 31, 2024, reflecting an increase of about KD. 2.8 million and an annual growth rate of 20.9%.

Third: Kuwait Reinsurance Company (Subsidiary)

Kuwait Reinsurance Company continued its outstanding performance during the past year, driven by an increase in both insurance revenues and net investment revenues. The Company's net profits surged by the end of 2024 to approximately KD. 14.1 million, with earnings per share amounting to 49.5 fils, compared to profits of KD. 10.8 million recorded in the fiscal year 2023. Thus, the Company's net profits grew by 30.4% on an annual basis.

The Company's operating revenues surged to approximately KD. 90 million during 2024, compared to revenues of KD. 79 million in 2023, thus achieving an annual growth rate of 14%. Shareholders' equity also increased to reach approximately KD. 92 million by the end of last year, reflecting a growth rate of 15% compared to the fiscal year 2023.

Moreover, the total assets of Reinsurance Company increased to KD. 232 million as of December 31, 2024, marking an increase of 16.5% compared to the end of 2023, when total assets amounted to KD 199 million.

In conclusion, allow me to extend my deepest thanks and appreciation to His Highness Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah - may Allah protect and preserve him - the Amir of the State of Kuwait, praying to Almighty Allah to bless him with continued health and wellness and to support him in his efforts to continue serving and elevating our beloved homeland, Kuwait.

I would also like to express my sincere gratitude and appreciation to the Company's shareholders and clients for their trust and ongoing support, and extend my thanks to all employees of Al Ahleia Insurance Company for their dedicated efforts in maintaining the success of this great institution.

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

Ayman Abdullatif Al-Shaya

Chairman of Board of Directors

(Signed)